

Oxford Diocesan Board of Finance

Directors' Report and Financial Statements

For the year ended 31 December 2019

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

Table of Contents

	Page
Directors' Annual Report	2
Legal Objectives	2
Strategic Aims and Objectives	2
Achievements and Performance in the Year	3
Future Plans	7
Financial Review	9
Principal Risks and Uncertainties	12
Structure, Governance and Management	13
Directors' Responsibilities	17
Administrative Details	20
Independent Auditor's Report	23
Statement of Financial Activities	26
Income and Expenditure Account	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements	30

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	PACT	Parents and Children Together
CSUST	Church Schools Uniform Statutory Trust	PCC	Parochial Church Council
DAC	Diocesan Advisory Committee	RPI	Retail Price Index
DT(O)L	Diocesan Trustees (Oxford) Limited	SOFA	Statement of Financial Activities
EIG	Ecclesiastical Insurance Group	SORP	Statement of Recommended Practice
FRS	Financial Reporting Standard		
ICV	Initial Carrying Value		
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 2019.

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 has been transferred to DT(O)L, a separate charitable company resourced by ODBF.

STRATEGIC REPORT - STRATEGIC AIMS AND OBJECTIVES

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

The aims and objectives are largely achieved by providing:

- Ministry in the parishes – by the appointment of stipendiary and non-stipendiary clergy and other licensed lay ministers, the payment of stipends, the provision of houses for the clergy as necessary; by involvement in the selection and training of ordinands and lay ministers including the provision of financial support to those training for the ministry; by providing continuing ministerial training for clergy and lay ministers;

STRATEGIC AIMS AND OBJECTIVES (Cont'd.)

- Assistance to parishes – through the provision of parish development advisors in each archdeaconry; through support for work with children and young adults; through help with Christian giving and parish fundraising; through support for parishes in the administration of trusts; through assistance to churchwardens and treasurers and assistance with matters dealt with by the Diocesan Advisory Committee (DAC) in relation to church buildings;
- Resources, information and financial assistance on social concerns such as pastoral care, parents and children, the spiritual care of older people, world development, racial justice and other social responsibility issues;
- Specific ministries such as those to rural communities, and
- Support for church schools through training and support services and the provision of assistance and advice to head teachers and school governors through the annual grant to ODBE.

The Diocese 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'.

ACHIEVEMENTS AND PERFORMANCE IN THE YEAR

2019 was a year of change in the senior staff of the Diocese. Canon Rosemary Pearce retired in June after 21 years of excellent service as Diocesan Secretary and was succeeded in July by Mark Humphriss. In November the Venerable Olivia Graham, Archdeacon of Berkshire, was consecrated Bishop of Reading in succession to Bishop Andrew Proud, who retired in April. In February 2020 we welcomed the new Archdeacon of Berkshire, the Venerable Stephen Pullin. In December we said goodbye to the Venerable Martin Gorick, Archdeacon of Oxford, who was consecrated Bishop of Dudley in January and who is being succeeded as Archdeacon of Oxford in May 2020 by the Venerable Jonathan Chaffey.

The commitment to become **a more Christlike Church for the sake of God's world** has nonetheless 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. It is set out below what was planned and what ODBF, through its staff and volunteers, achieved in 2019:

- *Play a full part in supporting and enabling the emerging Diocesan vision, ethos and strategy process, particularly as Lead Advisers within working groups, leading to a realignment of the work of the departments as necessary. Developing and disseminating resources for parishes and deaneries to help them discern how God is calling them in service to be a more Christlike Church. Providing a Development Fund to support parish and deanery mission initiatives.*

The Diocese launched in September the Parish Planning Tool, which is a pack to enable parishes to navigate God's call for their church. We provided a pack for every parish and have been encouraged by the positive reaction and by the significant interest shown at the workshops we ran on how to make best use of it.

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

The Development Fund was established in 2019 and the first round of applications was considered by a newly formed Development Panel chaired by John Sykes, Chair of the House of Laity, in November. There will be three rounds of grants each year. We were encouraged by how many applications were submitted for missionally-creative projects across the Diocese.

- *Recruit a Director of New Communities to oversee the submission of national Strategic Development Fund bid, support the developing Reading Resource Hub and identify other areas where a Resource Hub or significant new churches could be established. Facilitate and support the development of Fresh Expressions in parishes across the Diocese.*

The Reverend Will Donaldson started on 1 October as Director of New Congregations and is already making an important contribution to overseeing our work towards having 750 new congregations in the Diocese by 2030. We were encouraged to hear in December that we had received first stage approval of our bid for Strategic Development Funding from the national Church for a £4M project to establish further resource hubs across the Diocese, to complement the good work which the Reading Resource Hub is enabling.

- *Make a bigger difference in the world by partnering with Citizens UK to invest in community organising as a means of seeking justice for the poor and vulnerable in our communities across the Diocese and undertaking energy audits with over 200 churches, with a significant number switching to a green energy tariff.*

We are now in a strategic partnership with Citizens UK investing £150,000 in community organising over the next five years to establish three civil society alliances.

PCCs can now obtain and begin to act on expert advice with subsidised energy audits carried out by professionals with experience of historic places of worship. The energy audit looks at a range of energy uses in the church building, from lighting to heating, and recommends the energy and carbon reduction measures available. These can include simple changes that will cost nothing – such as setting adjustments and changing practices – as well as options for renewable technologies, better controls, or changes in equipment. In 2019 energy audits were carried out in 60 churches. As part of declaring a climate emergency in 2020 we would like to see many more taking these up and then implementing the recommendations.

- *Undertake pilot activity to develop support for growing discipleship including cascading access to Personal Discipleship Plans in as many churches and deaneries as possible, launching “firepits” in at least 6 churches and 3 larger gatherings “Bonfire Parties” in 3 deaneries.*

Personal Discipleship Plans were successfully piloted across the Diocese in a variety of parish contexts. 300 mentors were trained (clergy and lay) in each Archdeaconry, with the intention that PDP's will be available in every church by the end of 2021. Everyday Faith resources for churches and mentors developed on Pathways <https://www.oxford.anglican.org/pathways/everyday-faith/>

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

After 6 months with a PDP (two conversations with an encourager):

100% say *'I am being encouraged and equipped to develop my gifts'* (from 50% baseline)

86% agree *'My church supports me to live out my faith Mon – Sat'* (from 35% baseline)

The Firepit is our resource to grow in faith as a small group. Early responses were mixed. Evaluation indicated the *'Firepit inspired me to notice more of God in my everyday life', 'to think more about my Christian journey, and how to share my story'*. We supported two large scale **'Bonfire'** Everyday faith events. These two events covered over 600 people. One full day event was in Milton Keynes, the other **'Sharing the Fire'** was in Wycombe deanery and gave Bishop Steven the opportunity to inspire and teach a large group with outstanding evaluation. Feedback included *'Today has inspired me to notice where God is working in me and the world'*.

We participated in a national Learning Community to share how we are approaching the culture change identified in the Setting God's People Free **#EverydayFaith** General Synod report. The Diocese is sharing resources, training and engaging with several other Dioceses particularly with PDPs.

- *Present clear priorities to enable significant impact in faith-based work with children and young people across the Diocese.*

The completion of the 'Disciples Together' strategy paper for engagement with Children, Young People and Families, was a major focus flowing out of work across 2019 including significant consultation and engagement with young people and practitioners. Aspects of this strategy are already in place including: a short term Pioneer Youth Ministry project experimenting and learning across two Deaneries; the writing and trialling of 'Contemplative Toolkits' in collaboration with colleagues in the Department of Education; and work on a family discipleship resource which is going to a trial phase (at the time of writing). The year also saw "Marked Out" begin which is a year-long discipleship journey with fifteen teenagers, who have contributed their voice into Diocesan thinking and planning as part of the project.

- *Develop a joint working group comprising Mission and Education representatives to develop and implement a transformation shift in the engagement between parishes and schools and the development of a range of chaplaincy models for both lay and ordained people.*

The Department of Mission worked in partnership with the Board of Education to develop effective ways of serving our children, young people and schools. This was through a new joint working group overseeing the work of developing chaplaincy and the relationships between schools and churches. One aspect of partnership work was realised through the contemplative toolkit that is being rolled out to be used with a variety of audiences. This has had positive take up and is being well received. The church/school relationship work is at a more embryonic stage but has already addressed a number of specific challenges in individual parishes.

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

- *Complete the final year of implementation and embedding of the 3 Year Rural Strategy known as "Enhancing and Resourcing the Rural Church Programme" To include a rural leaders' consultation and evaluation of the impact of the Programme.*

The work of the Rural Programme was affirmed by the Board of Mission at its autumn meeting; the recommendations were agreed and are now being implemented. The programme has done creative work in partnership with the DAC and Schools and developed thinking in terms of leadership and wellbeing. The highlight of 2019 was the two very well attended Rural Learning Communities which had over 50 attendees. The retirement in November 2019 of Canon Glyn Evans as half-time Diocesan Rural Officer provides an opportunity to think afresh in 2020 about how rural work is best handled.

- *Continue to provide and maintain more than 450 vicarages to support clergy in their planned ministry. Undertake Quinquennial surveys and related works on 80-90 properties plus works related to clergy moves.*

A record level of over 100 clergy moves (in and out) were managed, including related works to the vicarages. Over twenty refurbishment projects were completed, three of which were whole house major projects. We replaced 8 vicarages that were not fit for purpose, but only 4 of the old vicarages were sold by the year end. We expect that the remaining 4 vicarages will be sold in 2020. Construction of 2 new vicarages and a further house progressed significantly.

- *Process approximately 1000 faculty applications for work on church buildings and provide training for parishes through surgery and other events*

The DAC team received 929 applications in 2019, of which 94 were major schemes of conservation or development of the church building. In addition to supporting parishes through project specific site visits the DAC team partnered with the Mission team to deliver 3 capital funding workshops to over 90 parishes as well as churchwarden, IME and CMD training modules. A training day for parishes planning major building projects was well attended (over 40 parishes) and well received. Further to this the DAC team partnered with the Oxfordshire Historic Churches Trust to deliver 2 workshops. In March the Oxford DAC became the first (and so far only) DAC to utilise new legislation to delegate authority for reviewing minor faculty applications to the DAC officers, speeding up the application process for small works and freeing officer time to provide more in depth support to parishes undertaking large projects. A new, more rigorous and transparent Diocesan scheme for Quinquennial Inspections was enacted in April 2019.

FUTURE PLANS

We relaunched our Common Vision website in January 2020 and intend to have more of a forward-looking focus on what can be achieved, considering impact measures as part of this, within the following five areas:

1. Making a bigger difference in the world – in particular through declaring a climate emergency and under the oversight of a new high-profile task force chaired by Bishop Olivia, arriving at appropriate interventions to make a significant difference at all levels
2. Catechesis and discipleship – for Bishop Steven to conduct study days with all the clergy in the autumn and for personal discipleship plans to be available to every parish in the Diocese
3. Growing new congregations – to be awarded and launch our £4M SDF-funded programme for resource hubs and to communicate to all parishes and deaneries how they could consider whether they could launch a new congregation (such as Messy Church)
4. Schools, Children and Young People – to start to develop intergenerational approaches across our churches, deepening creative relationships between schools and parishes and helping to respond to the desire in schools for a spiritual presence
5. Celebrate and Bless Milton Keynes – have a realistic plan, inspired by prayer and reflection, to deliver church growth, flourishing churches and encourage continual innovation

We are keeping under constant review what remains appropriate to pursue at this stage in the light of Covid-19 but would still expect to be able to make worthwhile progress in relation to each of these five Common Vision focus areas.

In addition, as part of our normal business, we will:

- Formulate, keep actively under review on an ongoing basis, and implement appropriate financial strategies in the light of Covid-19
- Ensure that our church communities are as safe as they can be, including by conducting the Past Cases Review 2 exercise
- Carry out and implement a review of our communications function and carry out a review of the department of Mission
- Produce an impact leaflet on work being undertaken across the Diocese and significantly enhance our website
- 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
- Make good appointments to the roles of Bishop of Dorchester and Director of Finance, on the retirement of these postholders

Potential Impact of Covid-19

As with all organisations, the Covid-19 pandemic is having a significant impact on the future plans of ODBF. This is being carefully managed through an emergency planning team (which met twice-weekly through the peak periods) and through the organisation's existing management and governance structures.

FUTURE PLANS (Cont'd.)**Potential Impact of Covid-19 (cont'd.)**

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.

Communication to parishes has occurred whenever there have been changes in national or Diocesan guidance and to provide additional relevant resources to parishes. We have adapted our strategic work, recognising that whilst Common Vision remains as appropriate as ever in the changed circumstances, the timing, form and content have all needed revisiting.

Financially, we expect shortfalls in 2020 (estimated by deaneries currently at less than 10%) in parish share despite the valiant efforts of many parishes to maintain payments wherever they can, and parish fees will have been impacted by the closure of our churches. We expect to be able to quantify the impact on parish share, our main source of income, more accurately over the coming months as parishes gain a greater sense of the impact on their income. This situation is being managed supportively and in a planned way. The Diocese immediately 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, suspending a round of the Development Fund and reducing the buildings budget. The Diocese will take further decisions as required.

We are naturally concerned that the reduction in investment values affects our total return funds, from which our strategic activity is funded, and which supports parish share but encouraged that there has been some recovery in investment values. We accept that we may not be able to allocate funds for the next three years to the extent that we had originally hoped. However, funds had already been allocated to support our strategic activity over the coming year and we will be able to continue that activity sufficiently and to sustain the much-needed support to parish share.

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.

FINANCIAL REVIEW

Financial Performance

The Statement of Financial Activities (SOFA) for the year shows net income of £0.8M before investment and revaluation gains (2018: £0.8M net expenditure). Investment gains, property and pension revaluations totalling £11.6M resulted in an overall increase in funds of £12.4M (2018: £3.2M).

Glebe land decreased in value by £1.9M due to the decreased value per acre of agricultural land, whereas glebe listed investments increased in value due to market conditions, with a £10.5M unrealised gain as at 31 December 2019. Investment values fell during 2020 resulting from the Covid-19 pandemic, resulting in a decline in investment values since year end as at 30 June 2020 of £X.XM.

In addition, £0.8M of the revaluation increase is due to the 2019 year-end valuations of the staff and clergy defined benefit pension schemes. The housing market was static in 2019 and as such, there was no material change in the value of properties in the year (2018: 0% increase).

Total return accounting was adopted from 1 January 2018, with a 7% or £6.3M withdrawal to income in 2019. Within this, £3.0M has been included in income from investments as dividend income, with an additional £0.7M transfer to support general funds and £2.5M has been withdrawn to support expenditure: £2.1M for Diocesan Common Vision strategy and £0.4M for 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 £26.5M (2018: £26.1M), an increase 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 £19.2M (2018: £19.0M). Current year receipts before rebates grew by £0.2M from 2018 and 96.7% of apportioned share for the year was received (2018: 97.0%). The rate of increase in parish share for 2019 was set at an average of 1.75% (2018: 1.75%). Income from donations include a grant of £257K from All Churches Trust. The Diocese is most grateful for this grant which supports 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: this has resulted in a decline of dividend income of £0.2M since last year. Restricted income from charitable activities grew by £0.2M for funding ordinand training received directly by the Diocese from Archbishops' Council – this is matched by additional costs of £0.2M in payments to theological colleges. Other income relating to endowment funds increased by £0.2M due to surplus on property disposals.

2019 expenditure in the SOFA totalled £25.8M (2018: £26.9M), a decrease of £1.1M after an adjustment of £3.5M relating to revaluation of the clergy pension scheme. When this and the prior year pension adjustment is excluded, costs increased by £2.2M. 2019 is the first year of expenditure on Diocesan Common Vision, using the designated fund set aside from total return, and this totalled £0.6M, including £0.3M Development Fund grants and £0.6M expenditure on new initiatives. Clergy stipendiary costs were lower in 2018 due to high vacancies, and costs increased by £0.5M in 2019 as more posts were filled and the number of training curates in post increased. Clergy housing costs increased by £0.3M due to substantial repair projects in the year and renting in more houses for clergy. More training costs for ordinands were paid for via the Diocese with £0.3M extra costs mostly matched by additional funding from Archbishops' Council to pay the training colleges. Other costs include additional expenditure on parish support including safeguarding and DAC buildings advice.

FINANCIAL REVIEW (Cont'd.)**Balance Sheet**

Net assets totalling £460M (2018: £447M) consist principally of properties to house the clergy valued at £305M, (2018: £300M) and glebe investments of £131M (2018: £125M) 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 £31.5M at 31 December 2019 (2018: £36.4M), see note 16b. The decrease in value from 2019 was due to sales of glebe land and the decrease in value per acre of glebe agricultural land in the year. Rents receivable amounted to £0.6M (2018: £0.6M). It is possible that as a result of the Covid-19 pandemic there will have been further falls in the value of the land and buildings since the year end. It is not possible at this stage to ascertain the value of such decreases but it is believed that such falls will be temporary. As noted below, the policy is to only dispose of such land and buildings should favourable opportunities arise.

Glebe listed investments are managed by Newton Investment Management. Glebe listed investment holdings were valued at £99.9M at 31 December 2019 (2018: £88.7M). Investment values fell during 2020 resulting from the Covid-19 pandemic, and as at 30 June 2020 glebe listed investment holdings were valued at £96.8M.

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.

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 2019 the withdrawal to income funds from the unapplied total return was £6.3M (2018: £6.2M) and during the year £7.3M from the sales of glebe land at Haddenham and Bodicote was added to the investments.

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 458 houses and the employment of some 80 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 2019, ODBF's free reserves were equivalent to 3.2 months (2018: 5.02 months) of gross expenditure from general funds in the forthcoming year – the decrease in the year results from house purchases. Due to the Covid-19 pandemic there is the risk that our cash requirements will exceed free reserves, and so we will be using designated funds cash in the short term to enable us to meet our financial commitments if there is a significant delay or decrease in parish share income.

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 2019 total designated funds were £4.9M (2018: £3.8M), with the growth due to the new designated fund for the Diocesan 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 2019 restricted funds totalled £2.2M (2018: £2.7M) and endowment funds totalled £370.6M (2018: £358.5M).

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

Other than risks associated with the Covid-19 pandemic which are described earlier in this report, the risk register identifies six areas where the probability of occurrence or the impact of the event is considered 'high'. These areas and the associated mitigation strategies are:

Sudden significant under payment of Parish Share as a result of external events within the Diocese mitigated by:

- Ongoing discussions between Bishop's staff and other parties, building good relationships and an openness to discuss doctrinal issues

Harm to children, young people or vulnerable adults resulting from inappropriate behaviour of a Church Officer mitigated by:

- Safeguarding procedures in place and monitored
- Continuing use of policies for diocesan good practice
- Disciplinary procedure applicable to all Church officers is in place

PRINCIPAL RISKS AND UNCERTAINTIES (Cont'd.)

Inappropriate action or behaviour of volunteers at diocesan events leading to unsafe activities and injury to participants mitigated by:

- Completion of risk assessments
- All volunteers are made aware and briefed on best practice

Disclosure of an historic safeguarding case that would cause reputational damage mitigated by:

- Process in place in line with the national practice guide if and when such a disclosure is made

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
- Demonstration of how glebe income has been used wisely

Reputational risks associated with our transactions involving our property mitigated by:

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

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 Pension Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese of Oxford is itself divided into twenty-nine deaneries, each with its own Synod and within each parish there is a parochial church council which shares, with the parish priest, responsibility for the mission of the Church in that place.

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

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 and which has a small majority of lay members. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to five persons 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 in 2015. ODBF is a registered charity (No. 247954).

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

Decision-making structure

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

- Planning the business of the Diocesan Synod including the preparation of agendas and papers;
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- Transacting the business of the Diocesan Synod when not in session;
- Management of the funds and property of the Diocese;
- Preparation of annual estimates of expenditure;

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

The statutory committees are:-

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

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

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

In 2019 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 reports to the Glebe Committee.

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

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

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

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

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

Bishop's Council

The members of the Bishop's Council are the Board of Directors. In 2019 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 auditor, reviewing and proposing auditors for appointment and review of risk registers.

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

Both the Audit Committee and the Human Resources Panel also serve 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 School 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 S E Booy	Ex officio, Vice President of Synod
	Clerical member, Archdeaconry of Dorchester
The Revd Canon V Breed	Clerical member, Archdeaconry of Dorchester
Mr M N Burton	Lay member, Archdeaconry of Berkshire
The Ven J Chaffey from 01/05/20	Ex officio, Archdeacon of Oxford
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 Right Revd C W Fletcher	Ex officio, Bishop of Dorchester
The Ven J K French	Ex officio, Archdeacon of Dorchester
Mr H Gibbon	Lay member, Archdeaconry of Oxford
The Ven O Graham to 19/11/19	Ex officio, Archdeacon of Berkshire
The Right Revd O Graham from 19/11/19	Ex officio, Bishop of Reading
The Revd R J Lamey	Clerical member, Archdeaconry of Berkshire
Mr J J Macnamara	Lay member, Archdeaconry of Dorchester
The Revd D J Meakin	Clerical member, Archdeaconry of Buckingham
The Revd C Messervy from 25/01/19	Clerical member, Archdeaconry of Buckingham
Prof J F Missenden from 14/01/19	Lay member, Archdeaconry of Berkshire
Ms J Ozanne	Lay member, Archdeaconry of Oxford
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
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 Ven M C Gorick to 27/01/20	Ex officio, Archdeacon of Oxford
The Right Revd A Proud to 01/05/19	Ex officio, Bishop of Reading
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 2019 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 8 July 2020.

By order of the directors

A handwritten signature in black ink, appearing to read 'Revd J H Tattersall', written over a horizontal line.

Revd J H Tattersall
Chairman

8 July 2020

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 2019 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 2019 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.

Emphasis of matter – effects of Covid-19

We draw attention to note 1 to the financial statements and the accounting policy in respect to going concern and also to note 16 to the financial statements, both of which describe the impact of Covid-19 on the charity's finances.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

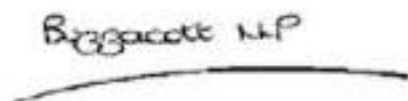
Auditor's responsibilities for the audit of the financial statements

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.

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.



Amanda Francis (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

13 August 2020

STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 December 2019

		Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds	Total Funds
		General & Designated Funds	Tangible Fixed Assets Property Fund			2019	2018
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Income and Endowments from:							
Donations	2	19,627	-	208	17	19,852	19,648
Charitable activities	3	2,004	-	531	-	2,535	2,285
Investments	4	751	-	183	2,974	3,908	4,146
Other sources	5	-	-	-	248	248	57
Total		22,382	-	922	3,239	26,543	26,136
Expenditure on:							
Raising and managing funds	6	350	-	-	538	888	693
Charitable activities	7	27,432	-	807	(3,486)	24,753	25,972
Other property costs	8	72	36	-	29	137	281
Total		27,854	36	807	(2,919)	25,778	26,946
Net (expenditure)/income before investment gains:		(5,472)	(36)	115	6,158	765	(810)
Net (losses)/gains on investments		(57)	-	117	10,713	10,773	2,112
Net (expenditure)/income		(5,529)	(36)	232	16,871	11,538	1,302
Total Return transfer	14	5,809	-	-	(5,809)	-	-
Net income/(expenditure) after Total Return transfer		280	(36)	232	11,062	11,538	1,302
Other transfers	14	(2,451)	3,206	(725)	(30)	-	-
		(2,171)	3,170	(493)	11,032	11,538	1,302
Other recognised (losses)/gains:							
Gains on re-valuation of tangible fixed assets		-	-	-	-	-	223
(Losses)/gains on defined benefit pension scheme	24	(248)	-	-	1,079	831	1,719
Net movement in funds		(2,419)	3,170	(493)	12,111	12,369	3,244
Total funds brought forward		15,137	70,822	2,733	358,505	447,197	443,953
Total funds carried forward	20	12,718	73,992	2,240	370,616	459,566	447,197

All activities derive from continuing activities. The notes on pages 30 to 66 form part of the financial statements.

The prior year comparative Statement of Financial Activities (SOFA) for 2018 is shown in Note 25 on page 66

INCOME AND EXPENDITURE ACCOUNT For the year ended 31 December 2019

	Total 2019 £'000	Total 2018 £'000
Income	23,304	22,832
Expenditure	<u>(28,697)</u>	<u>(26,739)</u>
Operating deficit for the year	(5,393)	(3,907)
Net gains /(losses) on investments	60	(22)
Transfers from endowment funds	<u>5,838</u>	<u>5,675</u>
Net income for the year	505	1,746
Other comprehensive income:		
Revaluation of tangible fixed assets	-	(9)
Actuarial (losses)/gains on defined benefit pension scheme	<u>(248)</u>	<u>667</u>
Total comprehensive income	<u>257</u>	<u>2,404</u>

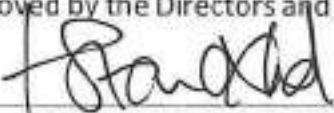
The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

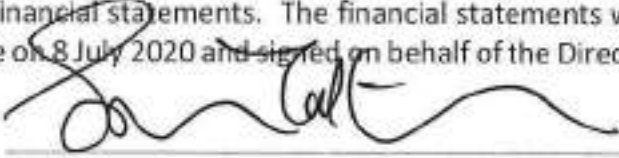
OXFORD DIOCESAN BOARD OF FINANCE
BALANCE SHEET as at 31 December 2019

Company No. 142978 (England and Wales)

	Note	2019 £'000	2018 £'000
FIXED ASSETS			
Tangible assets	15	308,264	304,040
Investments	16	137,383	130,406
		<u>445,647</u>	<u>434,446</u>
CURRENT ASSETS			
Debtors due after more than one year	17	557	476
Pension scheme surplus – staff scheme	17	604	832
Debtors due within one year	17	4,519	7,419
Cash on deposit and at bank		<u>16,284</u>	<u>15,162</u>
		21,964	23,889
CREDITORS: amounts falling due within one year	18	<u>(3,288)</u>	<u>(1,959)</u>
NET CURRENT ASSETS		<u>18,676</u>	<u>21,930</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>464,323</u>	<u>456,376</u>
CREDITORS: amounts falling due after more than one year			
Pension scheme liabilities – Clergy Scheme	24	(2,376)	(6,941)
Other creditors	19	<u>(2,381)</u>	<u>(2,238)</u>
NET ASSETS		<u>459,566</u>	<u>447,197</u>
FUNDS			
Endowment Funds			
(including asset revaluations of £185,959K (2018: £182,313K))		370,616	358,505
Restricted Income Funds			
(including asset revaluations of £241K (2018: £124K))		2,240	2,733
Unrestricted Income Funds:			
Tangible Fixed Asset Property Fund		73,992	70,822
(including asset revaluations of £36,822K (2018: £36,371K))			
Designated Funds		4,935	3,833
General Fund			
(including asset revaluation of £317K (2018: £366K))		<u>7,783</u>	<u>11,304</u>
TOTAL FUNDS	21	<u>459,566</u>	<u>447,197</u>

The notes on pages 29 to 66 form part of these financial statements. The financial statements were approved by the Directors and authorised for issue on 8 July 2020 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 2019**

	2019		2018	
	£'000	£'000	£'000	£'000
Net cash (used in)/provided by operating activities		(2,020)		627
Cash flows from investing activities				
Dividends, interest and rent from investments	3,908		4,146	
Interest paid	-		(1)	
Proceeds from the disposal of:				
Tangible Fixed Assets	1,830		3,331	
Fixed Asset Investments	18,192		29,465	
Purchase of:				
Tangible Fixed Assets	(6,027)		(2,799)	
Fixed Asset Investments	(14,395)		(31,235)	
Net cash provided by investing activities		3,508		2,907
Cash flows from financing activities				
Loans repaid by the ODBF	-		(106)	
Loans repaid to ODBF	126		162	
New loans advanced by ODBF	(492)		(171)	
Net cash used in financing activities		(366)		(115)
Change in cash and cash equivalents in the reporting period		1,122		3,419
Cash and cash equivalents at 1 January		15,162		11,743
Cash and cash equivalents at 31 December		16,284		15,162
Reconciliation of net movement in funds to net cash (used in)/provided by operating activities				
Net income for the year before investment gains		765		(810)
Adjustments for:				
Depreciation charges		139		161
Interest paid		-		1
Dividends, interest and rent from investments		(3,908)		(4,146)
(Gains)/losses on sale of functional assets		(166)		141
Decrease in debtors (ex loans)		3,190		5,918
Increase/(decrease) in creditors (ex loans)		1,466		(519)
Clergy pension scheme adjustment		(3,486)		(183)
Staff pension scheme adjustment		(20)		64
Net cash (used in)/provided by operating activities		(2,020)		627
Analysis of cash and cash equivalents				
Cash at bank and on deposit		16,284		15,162

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 2019 with comparative information provided for the year to *31 December 2018*.

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 shortfalls in 2020 in parish share despite the valiant efforts of many parishes to maintain payments wherever they can, and parish fees will have been impacted by the closure of churches. They expect to be able to quantify the impact on parish share, the charity's main source of income, more accurately over the coming months as parishes gain a greater sense of the impact on their income. This situation is being managed supportively and in a planned way. The charity immediately 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, suspending a round of the Development Fund and reducing the buildings budget. The charity will take further decisions as required.

The directors are naturally concerned that the reduction in investment values affects total return funds, from which the charity's strategic activity is funded, and which supports parish share. The directors acknowledge that it will not be possible to allocate funds for the next three years to the extent that they had originally hoped. However, funds had already been allocated to support the charity's strategic activity over the coming year and the directors expect to be able to continue that activity sufficiently and to sustain the much-needed support to parish share.

The impact of the Covid-19 pandemic is described in more detail within the Future Plans section of the Directors' Report. Whilst there will be challenges ahead, the directors have concluded that these do not cast doubt on the ability 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 2019, 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.

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

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

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.

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:

- a) 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.
- b) 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. 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.

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

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.

With the exception of Church House Oxford (net book value £3.508M), 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 and glebe assets were incorporated into the financial statements for the first time as at January 1997 at an initial carrying value (ICV). All residential properties at that date, including team vicarages held as glebe, were valued by the Director of Buildings, an architect, by reference to Council Tax bandings, and to find the appropriate level within the band, to insurance rebuild value after adding 50% to the latter for land value.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**1. Principal Accounting Policies (cont'd.)***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	33% of cost
Other office equipment	5% to 25% of cost

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

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.

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

The charity is permitted to allocate from the unapplied total return element such sums as the directors see 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.

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.

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

ODBF operates an occupational pension scheme through the Pensions Trust, which is a defined benefit scheme based on final salary and which closed to new entrants during 2006. In 2007 ODBF began to operate a defined benefit scheme through the Church Workers Pension Fund scheme for new staff. It also operates a stakeholder scheme and contributes to personal pension schemes.

A separate pension scheme for stipendiary clergy is administered by the Church of England Pensions Board (CEPB) and is a defined benefit scheme. Details of the staff and clergy schemes are set out in note 24.

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 24.

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**

	2019			2018		
	Unrestricted Funds	Restricted Funds	Endow- ment Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000	£'000
Parish contributions	19,782	-	-	19,558	-	19,558
Share rebates and discounts	(578)	-	-	(572)	-	(572)
	<u>19,204</u>	<u>-</u>	<u>-</u>	<u>18,986</u>	<u>-</u>	<u>18,986</u>
Archbishops' Council	-	-	-	45	24	69
All Churches Trust	257	-	-	270	-	270
Other donations	<u>166</u>	<u>208</u>	<u>17</u>	<u>67</u>	<u>256</u>	<u>323</u>
Total Income	<u>19,627</u>	<u>208</u>	<u>17</u>	<u>19,368</u>	<u>280</u>	<u>19,648</u>

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

Current year parish share receipts represent 96.7% of the total apportioned (2018 : 97.0%).

3. Income from Charitable Activities

	2019			2018		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	912	-	912	1,006	-	1,006
Training, events and similar	142	531	673	136	334	470
Housing income	819	-	819	699	-	699
School premises support	105	-	105	106	-	106
Other	<u>26</u>	<u>-</u>	<u>26</u>	<u>4</u>	<u>-</u>	<u>4</u>
	<u>2,004</u>	<u>531</u>	<u>2,535</u>	<u>1,951</u>	<u>334</u>	<u>2,285</u>

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

2019			
	Unrestricted Funds	Restricted Funds	Endowment Funds
	£'000	£'000	£'000
Dividends receivable	1	171	2,974
Interest receivable	106	12	-
Rents receivable	552	-	-
Other investment income	92	-	-
	<u>751</u>	<u>183</u>	<u>2,974</u>
			<u>3,908</u>
2018			
	Unrestricted Funds	Restricted Funds	Endowment Funds
	£'000	£'000	£'000
<i>Dividends receivable</i>	<i>2</i>	<i>162</i>	<i>3,258</i>
<i>Interest receivable</i>	<i>72</i>	<i>7</i>	<i>-</i>
<i>Rents receivable</i>	<i>558</i>	<i>-</i>	<i>-</i>
<i>Other investment income</i>	<i>87</i>	<i>-</i>	<i>-</i>
	<u>719</u>	<u>169</u>	<u>3,258</u>
			<u>4,146</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

5. Income from Other Sources

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

	2018		
	Tangible Fixed Assets Property Fund	Restricted Funds	Endowment Funds
	£'000	£'000	£'000
Surplus on disposal of properties	11	-	2
Other property income	-	-	44
	11	-	46

6. Expenditure on Raising and Managing Funds

	2019			2018		
	Unrestricted Funds	Endowment Funds	Total Funds 2019	Unrestricted Funds	Endowment Funds	Total Funds 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe costs	269	538	807	272	336	608
Parsonage rental costs	64	-	64	78	-	78
Other	17	-	17	7	-	7
	350	538	888	357	336	693

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

	2019			
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019
	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council				
Training for Ministry	924	-	-	924
National Church Responsibilities	734	-	-	734
Mission agency pension costs	10	-	-	10
Retired clergy housing	316	-	-	316
Grants and provisions	78	-	-	78
Pooling of ordinand maintenance grants	110	-	-	110
	<u>2,172</u>	<u>-</u>	<u>-</u>	<u>2,172</u>
Resourcing Ministry & Mission				
Parish Ministry:				
Stipends	9,682	-	-	9,682
National insurance	774	-	-	774
Pension contributions	3,354	-	-	3,354
Clergy pension adjustment (see note 24)	-	-	(3,486)	(3,486)
Apprenticeship levy	44	-	-	44
Housing costs	4,672	-	-	4,672
Removal, resettlement, parish & clergy grants	365	-	-	365
Other parish expenses	892	-	-	892
	<u>19,783</u>	<u>-</u>	<u>(3,486)</u>	<u>16,297</u>
Support for parish ministry & training				
Ordinand grants	527	10	-	537
Diocesan training costs	730	527	-	1,257
Mission in the Diocese	1,806	162	-	1,968
DAC, MPC & DT(O)L	412	-	-	412
Communications	301	-	-	301
Bishops, Archdeacons & Area Offices	537	-	-	537
	<u>4,313</u>	<u>699</u>	<u>-</u>	<u>5,012</u>
Expenditure on grants				
Grants to Oxford Diocesan Board of Education (ODBE)	594	-	-	594
Grants to other organisations (see note 11)	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.)**7. Expenditure on Charitable Activities (cont'd.)**

	2018			
	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds 2018</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Contributions to Archbishops' Council				
Training for Ministry	891	-	-	891
National Church Responsibilities	710	-	-	710
Mission agency pension costs	9	-	-	9
Retired clergy housing	300	-	-	300
Grants and provisions	77	-	-	77
Pooling of ordinand maintenance grants	10	-	-	10
	<u>1,997</u>	<u>-</u>	<u>-</u>	<u>1,997</u>
Resourcing Ministry and Mission				
Parish Ministry:				
Stipends	9,272	54	-	9,326
National insurance	756	-	-	756
Pension contributions	3,234	-	-	3,234
Clergy pension adjustment (see note 24)	-	-	(183)	(183)
Apprenticeship levy	43	-	-	43
Housing costs	4,415	-	-	4,415
Removal, resettlement, parish & clergy grants	406	1	-	407
Other parish expenses	732	-	-	732
	<u>18,858</u>	<u>55</u>	<u>(183)</u>	<u>18,730</u>
Support for parish ministry and training				
Ordinand grants	455	10	-	465
Diocesan training costs	681	334	-	1,015
Mission in the Diocese	1,549	120	-	1,669
DAC, MPC & DT(O)L	363	7	-	370
Communications	275	-	-	275
Bishops, Archdeacons & Area Offices	619	-	-	619
	<u>3,942</u>	<u>471</u>	<u>-</u>	<u>4,413</u>
Expenditure on grants				
Grants to Oxford Diocesan Board of Education (ODBE)	324	67	-	391
Grants to other organisations (see note 11)	254	186	1	441
	<u>578</u>	<u>253</u>	<u>1</u>	<u>832</u>
Total charitable activities	<u>25,375</u>	<u>779</u>	<u>(182)</u>	<u>25,972</u>

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

	2019			
	Unrestricted Funds			Total Funds 2019
	General Funds	Tangible Fixed Asset Property Fund	Endowment Funds	
	£'000	£'000	£'000	£'000
Loss on disposal of properties	-	-	29	29
Valuation and related costs	72	36	-	108
	72	36	29	137

	2018			
	Unrestricted Funds			Total Funds 2018
	General Funds	Tangible Fixed Asset Property Fund	Endowment Funds	
	£'000	£'000	£'000	£'000
Loss on disposal of properties	-	105	49	154
Valuation and related costs	123	-	4	127
	123	105	53	281

9. Analysis of Expenditure Including Allocation of Support Costs

	2019			2018		
	Activities Undertaken Directly	Support Costs (Note 10)	Total Costs 2019	Activities Undertaken Directly	Support Costs (Note 10)	Total Costs 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Raising and managing funds (note 6)	823	65	888	625	68	693
Charitable activities (note 7):						
Contributions to						
Archbishops' Council	2,172	-	2,172	1,997	-	1,997
Resourcing parish ministry	15,889	408	16,297	18,308	422	18,730
Support for parish ministry and training	4,082	930	5,012	3,577	836	4,413
Grant to Board of Education	594	-	594	391	-	391
Grants to other organisations	678	-	678	441	-	441
Other property related costs (Note 8)	137	-	137	281	-	281
	24,375	1,403	25,778	25,620	1,326	26,946

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	
	2019	2018
	£'000	£'000
Human resources and administration	251	203
Finance	312	318
Secretariat	198	159
ICT	163	203
Premises and other	292	270
Governance:		
External audit	26	22
Registrar and Chancellor	138	121
Synod costs	23	30
	<u>1,403</u>	<u>1,326</u>

11. Analysis of Grants Made

	2019	2018	2019	2018
	No.	No.	£'000	£'000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council (note 7)	<u>1</u>	<u>1</u>	<u>2,172</u>	<u>1,997</u>
From general and restricted funds to institutions: (Note 7)				
Parents and Children Together (PACT)	1	1	95	95
Deanery Mission Grants	-	36	-	94
Development Fund Grants	36	-	293	-
Ecumenical and chaplaincy grants	3	3	54	59
Grants for parish building projects	51	44	101	93
New communities grants	-	8	-	62
Bishops discretionary grants	4	4	21	21
Oxford Diocesan Council for the Deaf	1	1	7	7
Other grants	-	-	107	10
	<u>96</u>	<u>97</u>	<u>678</u>	<u>441</u>

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

	2019 £'000	2018 £'000
Staff costs during the year were as follows:-		
Wages and salaries	2,854	2,595
National Insurance contributions	287	258
Pension costs	491	455
Total	3,632	3,308
The average number of persons employed during the year based on headcount:	Number	Number
Charitable activities	69	69
Support	17	13
Total	86	82
The average number of persons employed during the year based on full-time equivalents		
Charitable activities	56	60
Support	15	12
Total	71	72
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	4
£70,001-£80,000	2	-
£80,001-£90,000	-	1

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 2019 comprise

Diocesan Secretary and Company Secretary	Canon Rosemary Pearce (to 30/06/19) Canon Mark Humphriss (from 01/07/19)
Director of Mission	Canon Andrew Anderson-Gear
Director of Finance	Mrs Alison Jestico
Director of Buildings	Mr David Mason
Director of Human Resources	Mrs Poli Shajko
Director of Communications	Mr Steven Buckley

The aggregate remuneration, including pensions and employer's National Insurance contributions for these 6 posts amounted to £540K (2018: £526K).

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 (2018: *£nil*) for acting as a director or a member of key management. However, 11 (2018: 16) directors, who held ecclesiastical office during the year, were paid aggregate stipends of £334,000 (2018: £453,000). Pension contributions on those stipends amounted to £112,000 (2018: £153,000) and employer's National Insurance thereon was £29,000 (2018: £39,000). 14 Directors (2018: 22) were reimbursed for travel, subsistence and incidental costs amounting to £22,000 (2018: £34,000) for services provided to ODBF in all the capacities in which they serve. Some directors are provided with housing because of their ecclesiastical office. Two of the archdeacons were provided with cars with a cost of £24K (2018: £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 A Proud	No	Yes
The Right Revd Dr A Wilson	No	Yes
The Venerable G Elsmore	Yes	Yes
The Venerable J French	Yes	Yes
The Venerable M Gorick	Yes	No
The Venerable O Graham	Yes	Yes
The Revd V Breed	Yes	Yes
The Revd Canon S Booy	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 £36,930 - £45,650 (2018 range £36,210 - £44,750). The annual rate of stipend, funded by the ODBF, paid to Archdeacons in 2019 was in the range £35,400-£36,100 (2018 range £34,700 to £35,400) and other stipendiary clergy who were directors were paid in the range £27,280 - £28,780 (2018 range £26,350 - £28,377).

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 (2018: *none*). The cover provided is up to £100,000 (2018: £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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Recharged by ODBF				
Pay costs	-	-	15	15
Grants made by ODBF	95	95	7	7
Amounts due to ODBF at 31 December	-	-	11	10

ODBF bears the entire operating costs of DT(O)L, consisting principally of accounting, secretarial and administrative services. These amounted to £109K (2018: £107K). At 31 December 2019 there was a balance of £3K due from DT(O)L to ODBF (2018: £4K) for land registry costs.

ODBF made grants of £341K to ODBE in 2019 (2018: £384K) and committed future grants payable to ODBE in 2020-22 totalling £253K. ODBF recharges ODBE for accounting, company secretarial, human resources, ICT, premises administrative services totalling £168K in 2019 (2018: £161K). The balance due from ODBE at 31 December 2019 was £14K (2018: £15K) and the balance due to ODBE was £253K (2018: £39K).

ODST occupy space in Church House Oxford and contribute towards the running costs of the building including reception and ICT £30K, (2018: £30K). The balance due from ODST at 31 December 2019 was £6K (2018: £5K).

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 Diocesan 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>
i) Following the adoption of total return accounting from 1 January 2018, £2.1M (2018: £2.4M) has been transferred to a designated income fund for expenditure in relation to the Diocesan Common Vision strategy. These funds will be expended in the next 1-4 years.				
ii) Transfer in line with the agreed withdrawal under the total return policy.				

2018 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 Diocesan Common Vision (note 16c)	2,391	-	-	(2,391)
ii) Total Return transfer to general funds to support Glebe revenue (note 16c)	3,542	-	-	(3,542)
	<u>5,933</u>	<u>-</u>	<u>-</u>	<u>(5,933)</u>

b) Other transfers

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

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

- iii) The purchase of Board owned properties requires an equivalent transfer from the general fund to the Board Properties Fund, which finances Board properties.
- iv) Benefice properties may become Board properties as a result of pastoral reorganisations under the provision of the Glebe and Pastoral Measure.
- v) When a Benefice property is purchased the endowment fund is increased by means of a transfer from restricted funds.

2018 prior year comparatives:

Type of transfer	Unrestricted Funds		Restricted Funds	Endowment Funds
	<i>General & designated Funds</i>	<i>Tangible Fixed Assets Fund</i>		
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
iii) Disposal of Board owned properties in the year	1,929	(1,929)	-	-
iv) Purchase and improvements to properties	(1,136)	1,136	-	-
v) Property transfers following measures	-	-	-	-
vi) Purchase, improvement and disposal of Benefice properties in the year	-	-	(258)	258
Other transfers of less than £250,000 each	148	(86)	(62)	-
	<u>941</u>	<u>(879)</u>	<u>(320)</u>	<u>258</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 2019	72,635	676	978	200,490	30,269	305,048
Additions	2,564	-	22	3,392	47	6,025
Disposals	-	-	-	(1,662)	-	(1,662)
Transfers	689	-	-	(689)	-	-
At 31 December 2019	75,888	676	1,000	201,531	30,316	309,411
Depreciation						
At 1 January 2019	253	-	755	-	-	1,008
Charge for the year	86	-	53	-	-	139
At 31 December 2019	339	-	808	-	-	1,147
Net Book Values						
At 31 December 2019	75,549	676	192	201,531	30,316	308,264
At 31 December 2018	72,382	676	223	200,490	30,269	304,040
Cost or ICV						
At 31 December 2019	38,551	-	1,000	75,409	13,810	128,770
At 31 December 2018	35,747	-	978	73,030	13,763	123,518

16 a) Fixed Asset Investments

	At 1 January 2019	Additions	Disposals	Change in Market Value	At 31 December 2019
	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds					
Equity Mortgage Loans	713	-	(167)	-	546
Designated Funds					
Administered funds	30	-	(3)	5	32
Restricted Funds					
ODBF Trusts & other	614	-	-	117	731
Endowment Funds					
Glebe (see note 16b)	125,041	14,377	(16,498)	8,454	131,374
ODBF Trusts & other	4,008	18	-	674	4,700
	129,049	14,395	(16,498)	9,128	136,074
Total	130,406	14,395	(16,668)	9,250	137,383

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 2019	29,696	2,562	1,909	2,213	88,661	125,041
Additions at cost	385	-	27	681	13,284	14,377
Disposals	(3,898)	-	-	-	(12,600)	(16,498)
Unrealised (losses)/gains	(1,917)	-	45	(215)	10,541	8,454
Net Book Value						
At 31 December 2019	24,266	2,562	1,981	2,679	99,886	131,374
Cost or ICV						
At 31 December 2019	4,098	1,544	2,482	1,743	81,578	91,445

It is possible that as a result of the Covid-19 pandemic there will have been falls in the value of the above land and building investments since the year end. It is not possible at this stage to ascertain the value of such decreases but it is believed that such falls will be temporary. The charity's policy is to only dispose of such land and buildings should favourable opportunities arise.

Glebe listed investments are managed by Newton Investment Management. Glebe listed investment holdings were valued at £99.9M at 31 December 2019 (2018: £88.7M). Investment values fell during 2020 resulting from the Covid-19 pandemic, and as at 30 June 2020 glebe listed investment holdings were valued at £96.8M.

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. £6,232K, 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 2019:			
Base value of the permanent endowment	81,361	-	81,361
Unapplied total return	-	7,678	7,678
Total	81,361	7,678	89,039
Movements in the year:			
Additional sale proceeds of glebe land sale	7,309	-	7,309
Investment returns: dividends received	-	2,974	2,974
Investment return: realised and unrealised gains	-	11,242	11,242
Investment management fees	-	(423)	(423)
Unapplied total return allocated to income in the year	-	(5,809)	(5,809)
Add indexation of base level of endowment	1,790	(1,790)	-
Net movements in the year	9,099	6,194	15,293
As at 31 December 2019:			
Base value of the permanent endowment	90,460	-	90,460
Unapplied total return	-	13,872	13,872
Valuation as at 31 December 2019	90,460	13,872	104,332

The total endowment includes cash funds in addition to listed investments.

Analysis of Withdrawal to income

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

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 ending 31.12.18*

	<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 2018:			
Base value of the permanent endowment	74,034	-	74,034
Unapplied total return	-	14,875	14,875
Total	74,034	14,875	88,909
Movements in the year:			
Additional sale proceeds of glebe land sale	5,328	-	5,328
Investment returns: dividends received	-	3,258	3,258
Investment return: realised and unrealised gains	-	(2,233)	(2,233)
Investment management fees	-	(290)	(290)
Unapplied total return allocated to income in the year	-	(5,933)	(5,933)
Add indexation of base level of endowment	1,999	(1,999)	-
Net movements in the year	7,327	(7,197)	130
As at 31 December 2018:			
Base value of the permanent endowment	81,361	-	81,361
Unapplied total return	-	7,678	7,678
Valuation as at 31 December 2018	81,361	7,678	89,039

The total endowment includes cash funds in addition to listed investments.

Analysis of Withdrawal to income

Supplementing revenue (see note 14a)	3,542
Designated fund for Common Vision (see note 14a)	2,391
Subtotal: Unapplied total return allocated to income	5,933
Investment management fees	290
Withdrawal to income	6,223

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

	2019 £'000	2018 £'000
Amounts due after more than one year		
Loans to parishes	557	476
Pension Scheme surplus (Note 24)	604	832
Amounts due within one year		
Prepayments	333	398
Accrued income	176	213
Other debtors	3,585	6,674
Loans	386	91
Amounts due from connected charities	39	43
Total	4,519	7,419
Total debtors	5,680	8,727

18 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Creditors and accruals	3,013	1,732
Taxation and social security	81	73
Deferred income	194	154
Total creditors: amounts falling due within one year	3,288	1,959

19 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Creditors and accruals	143	-
Loans	2,238	2,238
Total creditors: amounts falling due after more than one year	2,381	2,238

The maturity of the above loans may be analysed as follows:

Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
In five years and more	2,238	2,238
	2,238	2,238

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**

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

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

	2018					
	Balances at 1 Jan 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 Dec 2018 £'000
UNRESTRICTED FUNDS						
General	9,660	21,986	(25,493)	4,483	668	11,304
Designated Funds						
Diocesan Common Vision	-	-	-	2,391	-	2,391
Relocation fund	195	-	(123)	-	-	72
Development posts and new communities fund	1,324	-	(128)	-	-	1,196
Other funds	234	52	(111)	-	(1)	174
	1,753	52	(362)	2,391	(1)	3,833
Total General and Designated Funds	11,413	22,038	(25,855)	6,874	667	15,137
Tangible Fixed Assets Property Fund						
Board properties fund	71,804	11	(105)	(879)	(9)	70,822
RESTRICTED FUNDS						
Diocesan Pastoral Account	1,148	2	(24)	(258)	-	868
Mission grants fund	206	-	(65)	-	-	141
Parsonage repairs donation	2	-	-	-	-	2
Sillitoe Bequest	760	23	-	-	(21)	762
Other funds below £250K	955	758	(690)	(62)	(1)	960
	3,071	783	(779)	(320)	(22)	2,733
ENDOWMENT FUNDS						
Glebe team vicarages	31,336	2	(12)	-	-	31,326
Glebe investments	131,506	3,289	(340)	(5,932)	2,201	130,724
Clergy pension scheme deficit	(8,176)	-	183	-	1,052	(6,941)
Diocesan stipends fund	154,666	3,291	(169)	(5,932)	3,253	155,109
Parsonage house fund	198,858	13	(37)	257	232	199,323
Stipends bequest fund	1,701	-	-	-	(30)	1,671
Ordination candidates funds	1,255	-	(1)	-	(19)	1,235
Other funds	1,185	-	-	-	(18)	1,167
	357,665	3,304	(207)	(5,675)	3,418	358,505
Total funds	443,953	26,136	(26,946)	-	4,054	447,197

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

	Tangible Fixed Assets £'000	Investments £'000	2019 Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	192	546	9,403	(2,358)	7,783
Designated					
Diocesan Common Vision	-	-	4,253	(527)	3,726
Development posts and new communities fund	-	-	1,039	-	1,039
Other funds	-	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					
Board properties fund	76,225	-	4	(2,237)	73,992
RESTRICTED FUNDS					
Diocesan Pastoral Account	-	-	199	-	199
Mission grants fund	-	-	58	-	58
Sillitoe Bequest	-	719	182	-	901
Other funds below £250K each	-	12	1,210	(140)	1,082
	-	731	1,649	(140)	2,240
ENDOWMENT FUNDS					
Glebe team vicarages	30,316	300	710	-	31,326
Glebe investments	-	131,074	6,768	(402)	137,440
Clergy pension scheme deficit	-	-	-	(2,376)	(2,376)
Diocesan stipends fund	30,316	131,374	7,478	(2,778)	166,390
Parsonage house fund	201,531	-	(2,069)	-	199,462
Stipends bequest fund	-	1,909	38	-	1,947
Ordination candidates funds	-	1,422	-	-	1,422
Other	-	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.)**21 Summary of Assets by Fund (Cont'd.)**

	<i>Tangible Fixed Assets £'000</i>	<i>Investments £'000</i>	2018 <i>Current Assets £'000</i>	<i>Creditors £'000</i>	<i>Net Assets £'000</i>
UNRESTRICTED FUNDS					
<i>General</i>	224	713	11,569	(1,202)	11,304
Designated					
<i>Diocesan Common Vision</i>	-	-	2,491	(100)	2,391
<i>Relocation fund</i>	-	-	72	-	72
<i>Development posts and new communities fund</i>	-	-	1,196	-	1,196
<i>Other funds</i>	-	30	149	(5)	174
	-	30	3,908	(105)	3,833
Total general and designated funds	224	743	15,477	(1,307)	15,137
Tangible fixed assets property fund					
<i>Board properties fund</i>	73,057	-	3	(2,238)	70,822
RESTRICTED FUNDS					
<i>Diocesan Pastoral Account</i>	-	-	870	-	870
<i>Mission grants fund</i>	-	-	141	-	141
<i>Parsonage repairs donation</i>	-	-	2	-	2
<i>Sillitoe Bequest</i>	-	604	158	-	762
<i>Other funds below £250K each</i>	-	10	1,038	(90)	958
		614	2,209	(90)	2,733
ENDOWMENT FUNDS					
<i>Glebe team vicarages</i>	30,269	300	757	-	31,326
<i>Glebe investments</i>	-	124,741	6,545	(562)	130,724
<i>Clergy pension scheme deficit</i>	-	-	-	(6,941)	(6,941)
<i>Diocesan stipends fund</i>	30,269	125,041	7,302	(7,503)	155,109
<i>Parsonage house fund</i>	200,490	-	(1,167)	-	199,323
<i>Stipends bequest fund</i>	-	1,633	38	-	1,671
<i>Ordination candidates funds</i>	-	1,236	-	-	1,236
<i>Other</i>	-	1,139	27	-	1,166
	230,759	129,049	6,200	(7,503)	358,505
Total Funds	304,040	130,406	23,889	(11,138)	447,197

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**21 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 fundsDiocesan Common 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 Diocesan 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 1-4 years.

Development posts and relocation funds

In July 2014 and February 2015 Bishop's Council considered and approved the transfer of £600K to a new designated fund for development posts in new communities and £500K to a new designated fund for office relocation costs. In February 2016 Bishop's Council approved the transfer of an additional £800K to the fund for development posts. After net expenditure incurred these funds stand at £1.0M at the year-end (2018: £1.2M).

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 fund capital

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

Parsonage house fund

The parsonage 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 £0.4M at 31 December 2019 (2018: *no material commitments*).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**24 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 (2019: £3,354K, 2018: £3,234K), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total credit of £132K for 2019 (2018: charge of £3,051K).

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	1 January 2018 to 31 December 2020	1 January 2021 to 31 December 2022
Deficit repair contributions	11.9%	7.1%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**24. Pensions (cont'd).**

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 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.

	2019 £'000	2018 £'000
Balance sheet liability at 1 January	6,941	8,176
Deficit contribution paid	(1,079)	(1,052)
Interest cost	134	107
Remaining change to the Balance Sheet liability*	(3,620)	(290)
Pension adjustment to statement of financial activities	(3,486)	(183)
Balance sheet liability at 31 December	2,376	6,941

* 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 2019	December 2018
Discount rate	1.1%	2.1%
Price inflation	2.8%	3.1%
Increase to total pensionable payroll	1.3%	1.6%

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 and at which point the scheme closed to new entrants. The Scheme is a defined benefit (final salary) scheme administered by the Pensions Trust who are also the trustees.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**24. 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 2019 was 30.1% of basic salaries each month (2018: 29.2%), which amounted to £159K (2018: £172K). ODBF paid contributions of £29K for staff in the scheme previously employed by ODBF (2018: £26K). No additional contributions were due or paid in 2019 towards the previous deficit (2018: *£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 2019, £832K, decreased by £228K during the year to a surplus of £604K at 31 December 2019. The liabilities are valued on the basis of corporate bond yields at the date of calculation which this year was 2.05% (2018: 2.85%), 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 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.)**24. Pensions (cont'd).**

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

	2019	2018
	%	%
Discount rate	2.05	2.85
Salary increases	2.50	2.50
Inflation (RPI)	3.00	3.25
Inflation (CPI)	2.00	2.25
Allowance for pension in payment increases of RPI or 5% if less	2.90	3.10
Allowance for pension in payment increases of CPI or 5% if less	2.10	2.30

The discount rate is based on yields available on AA rated corporate bonds. The RPI assumption was based on market conditions at the date of the valuation and the same rate less 0.1% has been used for benefits that increase in line with LPI. Salary increases are assumed to run at 0.5% 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 2019 was £14,443K (2018: £12,913K) as below:

	2019	2018
	£'000	£'000
Equities	-	3,892
Deposit	275	18
Fixed Interest Bonds	6,895	1,638
Index-linked gilts	4,059	5,881
Property	1,570	1,484
Other	1,644	-
	<u>14,443</u>	<u>12,913</u>

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

	2019	2018
	£'000	£'000
Fair value of plan assets	14,443	12,913
Present value of defined benefit obligations	(12,383)	(10,990)
Unrecognised surplus	(1,456)	(1,091)
Surplus recognised (see note 17)	<u>604</u>	<u>832</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**24. Pensions (cont'd).**

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

	2019	2018
	£'000	£'000
Fair value of assets at 1 January	12,913	13,334
Interest income	366	327
Employer contributions	245	254
Benefits paid and expenses	(366)	(778)
Actuarial gain/(losses) on assets	1,285	(224)
Fair value of assets at 31 December	<u>14,443</u>	<u>12,913</u>

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

	2019	2018
	£'000	£'000
Defined benefit obligation at 1 January	10,990	13,105
Current service cost	190	241
Expenses	-	70
Interest cost	309	322
Benefit paid	(305)	(778)
Actuarial losses/(gains)	1,199	(1,982)
Loss due to benefit changes	-	12
Defined benefit obligation at 31 December	<u>12,383</u>	<u>10,990</u>

Defined benefit costs recognised in the SOFA:

	2019	2018
	£'000	£'000
Current service cost	190	241
Loss due to benefit changes	-	12
Net interest (income)/cost	(26)	(5)
Expenses	61	70
Total	<u>225</u>	<u>318</u>

Defined benefit costs recognised in other comprehensive income:

	2019	2018
	£'000	£'000
Return on plan assets – gains/(losses)	1,285	(224)
Experience gains arising on plan liabilities	20	79
Effects of changes in demographic & financial assumptions underlying the present value of the plan liabilities –(losses)/gains	(1,219)	1,903
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	(334)	(1,091)
Total amount recognised in other comprehensive income	<u>(248)</u>	<u>667</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**24. 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 (2019: £222K, 2018: £188K).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016. 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.)**25 Statements of Financial Activities (Prior) Year***For the year ended 31 December 2018*

	Note	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2018
		General & Designated Funds	Tangible Fixed Assets Property Fund			
		£'000	£'000	£'000	£'000	£'000
Income and Endowments from:						
Donations	2	19,368	-	280	-	19,648
Charitable activities	3	1,951	-	334	-	2,285
Investments	4	719	-	169	3,258	4,146
Other sources	5	-	11	-	46	57
Total		22,038	11	783	3,304	26,136
Expenditure on:						
Raising and managing funds						
	6	357	-	-	336	693
Charitable activities	7	25,375	-	779	(182)	25,972
Other property costs	8	123	105	-	53	281
Total		25,855	105	779	207	26,946
Net income/(expenditure) before investment gains:						
		(3,817)	(94)	4	3,097	(810)
Net (losses)/gains on investments						
		-	-	(22)	2,134	2,112
Net (expenditure)/income						
		(3,817)	(94)	(18)	5,231	1,302
Total Return transfer	14	5,933	-	-	(5,933)	-
Net income/(expenditure) after Total Return transfer						
		2,116	(94)	(18)	(702)	1,302
Other transfers	14	941	(879)	(320)	258	-
		3,057	(973)	(338)	(444)	1,302
Other recognised (losses)/gains:						
(Losses)/gains on re-valuation of tangible fixed assets						
	15	-	(9)	-	232	223
Gains on defined benefit pension scheme						
	24	667	-	-	1,052	1,719
Net movement in funds		3,724	(982)	(338)	840	3,244
Total funds brought forward		11,413	71,804	3,071	357,665	443,953
Total funds carried forward	20	15,137	70,822	2,733	358,505	447,197

