



Oxford Diocesan Board of Finance

Directors' Report and Financial Statements

For the year ended 31 December 2018

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	8
Financial Review	9
Principal Risks and Uncertainties	12
Structure, Governance and Management	13
Organisational Structure	13
Directors' Responsibilities	17
Administrative Details	19
Independent Auditor's Report	22
Statement of Financial Activities	25
Income and Expenditure Account	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29

Key to abbreviations:

CBF	Central Board of Finance	ODBE	Oxford Diocesan Board of Education
CEFPS	Church of England Funded Pension Scheme	ODBF	Oxford Diocesan Board of Finance
CEPB	Church of England Pensions Board	ODBOF	ODBOF Developments Limited
CSUST	Church Schools Uniform Statutory Trust	ODES	Oxford Diocesan Education Services Limited
DAC	Diocesan Advisory Committee	PACT	Parents and Children Together
DT(O)L	Diocesan Trustees (Oxford) Limited	PCC	Parochial Church Council
EIG	Ecclesiastical Insurance Group	RPI	Retail Price Index
FRS	Financial Reporting Standard	SOFA	Statement of Financial Activities
GMP	Guaranteed Minimum Pension	SORP	Statement of Recommended Practice
ICV	Initial Carrying Value	STRGL	Statement of Recognised Gains & Losses
LPI	Limited Price Index		
MPC	Mission & Pastoral Committee		

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 2018.

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

It was anticipated that, under the leadership of Bishop Steven, his Senior team and the Bishop's Council/Standing Committee of the ODBF, work on the diocesan Common Vision would be developed and projects related to the strategic objectives, considered and prioritised to help the Oxford Diocese be a more Christ-like church. It is set out below what was planned and what ODBF, through its staff and volunteers, achieved in 2018:

- *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 reassessing and realigning of the work of the departments as necessary in 2019.*

This was a very important area of work in 2018. Some project work has already begun for example with environmental audits being undertaken for a number of churches. Some pilot work has been identified and is being undertaken and staff time particularly, but not exclusively, in the Board of Mission is being refocussed to support the developing work streams.

- *Lead 10-15 benefice/parishes from across the diocese in the second cohort of the Partnership for Missional Church process (<https://www.oxford.anglican.org/mission-ministry/pmc/>).*

11 churches from across 3 archdeaconries commenced the PMC process in June 2018. Each parish has formed a Steering Team which meets 3 times a year for a 'Cluster' event. In between these, they have spent the first year 'Listening' to God, each other and their wider community through a variety of exercises as well as rooting themselves in the spiritual practice of Dwelling in the Word. There are already exciting signs of fruitfulness and shifts in culture emerging from the stories being told.

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

- *Promote the national prayer initiative "Thy Kingdom Come", and the "Whatever You Do" prayer calendar.*

With the focus on our Diocesan Common Vision process, including the production of supporting resources, it was decided not to undertake a major Diocesan promotion of 'Thy Kingdom Come' in 2018. However, details were publicised through the Diocesan website, e-news and social media and a number of churches participated. The 'Whatever you Do' prayer calendar was an experiment which ran for 12 months. It was a positive learning experience, with many good and powerful personal stories being shared on through The Door and social media. It did not attract the level of social media impact we hoped for and we have taken the learning into the wider Setting God's People Free work and Diocesan discipleship strategy.

- *Continue to promote the Parish Giving Scheme (PGS) through speaking at Deanery Synod meetings, the network of parish and deanery treasurers and responding to enquiries. Parishes and benefices will be fully supported as they adopt the scheme with training sessions in each archdeaconry. PGS publicity for churches will be developed to help them gain support from within their wider community.*

We have enjoyed a highly successful launch of the PGS with nearly 200 churches having registered by the end of 2018 and a further 150 churches having expressed interest. Excellent resources have been produced to support the launch including 2 videos which will be launched in early 2019. With the departure of the Generous Giving Adviser to the National Stewardship Adviser role at the end of 2018, plans have been put in place to ensure momentum is not lost during 2019. We have set a target of 45% of churches registered by the end of 2019.

- *Continue to develop resources and support for encouraging personal discipleship and vocational responses with the aim of supporting the national initiative of a 50% increase in Ordinands from 2016 to 2020.*

Personal discipleship was identified as a key priority within our Common Vision process and a Discipleship working group has developed 5 key priorities. These include piloting different approaches to enabling 'everyday faith' identified as being key to fostering confidence among churches. These pilots will be taken forward from 2019 with the appointment of a 3 year Discipleship Enabler role funded through the total return funding released by the Diocese. We have been particularly excited to see the considerable take up of Personal Discipleship Plans (Priority 1) and one of the key objectives is how these can be made available to all who want one going forward.

- *Finalise the planning and preparatory work necessary to bring together 300 clergy at the 2018 Clergy Conference.*

A highly successful Clergy Conference was held at The Hayes Conference Centre on 30 April – 3 May. Around 320 clergy attended across the 4 days, experiencing a flexible and creative programme on the theme of 'Living Waters' (from Ezekiel 37) and rooted in our vision to be more contemplative, more compassionate and more courageous. Bible studies on Colossians were led each morning by Bishop Steven and speakers included Rachel Mash (environmental adviser for the ACC), Archbishop Angaelos and Loretta Minghella. The feedback has been overwhelmingly positive

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

in terms of the content, shape and culture of the conference. Provisional arrangements are being made for a further clergy conference in 2022.

- *Explore the potential for training programmes for curates being part funded through the government's Apprenticeship Levy scheme.*

Beren Hartless has been representing the Diocese and South Central Region on the national Trailblazer group in this area. Negotiations with government agencies have been protracted and increasingly frustrating. At the end of 2018 it looked increasingly unlikely that the demands on the Church for implementing an apprenticeship programme will reap sufficient benefit either in terms of increased quality of training for curates or potential income to the Diocese to make the process worthwhile.

- *Appoint a Data Analyst (1/2 time post, one year), kindly funded by the Maurice and Hilda Laing Trust, to enable better collection and use of parish data.*

Diane Soper was appointed to this post in September and has been undertaking a thorough induction programme to understand how data is collected and analysed currently, with particular support at this stage from the national research and statistics team. The focus of this 1 year appointment has been to improve the quality of the data we are collecting and scope the potential for using the data we already collect to inform our planning for mission and finance going forward.

- *Enhance and resource the rural church in the diocese through the continued implementation of the rural strategy*

A day on the creative use of church buildings in the 21st Century, was organised and run jointly with the DAC. A paper to facilitate creative exploration of different models of governance in Multi Parish Benefices was produced. Two Rural Leaders' Gatherings were held and plans are now under way to form a Rural Learning Community. A day was held on the theme of "Telling a new story of the rural church", which provided an opportunity for participants to share good news stories of what rural churches were doing in mission and community engagement. The Planned Giving Scheme (PGS) was well received in the rural context, with its automatic processing of the Gift Aid being particularly valued.

- *Enable missional responses to the pastoral and evangelistic needs and opportunities offered by the major new housing developments across the diocese.*

Approval has been given to the funding of a 5 year post of Director of New Congregations to lead this work and to the funding of a programme of Growing New Congregations. This work is ongoing.

- *Under the leadership of the new Director of Communications, to see a refresh of diocesan website content and significant changes in the diocesan newspaper, the Door. Both projects are part of an overall approach to communications that will ensure parishioners, clergy and the communities are well resourced and part of an ongoing conversation with the diocese.*

After almost 30 years as the Diocese's flagship publication a proposal to cease publication of The Door was accepted by Bishop's Council in June. It was distributed in September 2018 as an autumn edition and replaced by a quarterly magazine, Pathways. The magazine was produced in the closing weeks of the year ready for distribution in early 2019. Significant work took place to increase the frequency and range of social media content during 2018 with accompanying improvements to the

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

website. The learning from that, and Pathways magazine, will support a wholesale refresh of website content – in particular site search functionality – during 2019.

- *Continue to ensure vicarages are in the right location and are fit for purpose. In 2018 it is intended to replace 5 vicarages with 5 new acquisitions. Two 'new builds' and some extensions are also planned. Consideration will be given to means of housing additional curates.*

We have worked with Archdeacons and Parishes to ensure vicarages are fit for purpose or where necessary planned replacements. Three new vicarages were purchased and six existing properties were sold in 2018. One new vicarage was constructed and two substandard properties extended. During the year over 20 vicarages had major refurbishment works undertaken. Planning permissions were granted on four sites and significant progress made on several key Glebe transactions. Planning was undertaken for the provision of housing if needed for additional curates as the diocese responds to the need to increase the number in training.

- *Implement the Total Return approach to investment to free funds for strategic projects within the diocese, including agreeing the accounting treatment and facilitating agreement of the new investment strategy and mandate with Newton Investment Management.*

This work has been completed.

- *Provide costings and projections for different proposals within the emerging strategy, compiling financial plans/budgets for the strategic vision and contributing financial support to the development of a bid for Strategic Development Funding from the Church Commissioners, if appropriate.*

Working Groups in consultation with the Finance Team have developed financial plans for consideration by the Planning and Budget Sub-Committee and by the Bishop's Council. The background work on a Strategic Development Fund bid is being undertaken.

- *Following the development of a diocesan wide strategy on safeguarding training, in line with the national guidelines, ensure its effective implementation and delivery of all modules as planned to clergy and appropriate lay people across the diocese.*

Throughout 2018 the Safeguarding Team focused on ensuring that all Core Safeguarding Training modules were being delivered within the diocese, that there was a significant increase in the provision of safeguarding training sessions, and that Parishes and Church Officers were supported to understand the safeguarding training requirements for their roles. Face-to-face safeguarding training was delivered to 3,131 participants and 4,652 participants completed eLearning safeguarding training through the Church of England Safeguarding Training Portal.

The delivery of C3 and C3 + S1 safeguarding training sessions focused on those who held a Licence or Permission to Officiate from a Bishop, Ordained or Lay. 38 C3 / C3 + S1 sessions were delivered to 922 participants. The C2 Leadership module, combined with S1 Safer Recruitment, started to be delivered in March 2018.

Safeguarding training information was distributed to parishes in February 2018 to support them in understanding the safeguarding training requirements for Church Officers. Information was also requested from parishes to understand the roles which they have and therefore the demand for C1 and C2 safeguarding training across the diocese.

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

Work has been undertaken, and continues, on the safeguarding training of diocesan staff, including completion of the C0 eLearning module. A strategy is being developed around the safeguarding training of Diocesan Panel, Committee and Board members. The National Safeguarding Team delivered C4 safeguarding training to Senior Staff in March 2018.

The National Safeguarding Team have responded to an independent review of the Safeguarding Training and Development Practice Guidance and proposed updates are currently under National Consultation.

- *Undertake a detailed review of the process surrounding Quinquennial Inspections and the requirements of inspectors undertaking these surveys. Proposals have been set out for increasing transparency of appointment, improving the quality and usefulness of the reports.*

The review was undertaken and Bishop's Council recommended the new documentation to go forward to Diocesan Synod for approval.

- *A further review into the areas of expertise covered by advisors to the Diocesan Advisory Committee (DAC) is to be undertaken to ensure more helpful and swifter responses to parishes where expertise is required during review of an application.*

This has been started with the appointment of 2 new architect advisors and a stained glass advisor. However, we await a new chairman to begin the systematic membership review process.

- *To manage ODBF assets, generate income and control costs with the aim of achieving a sustainably balanced budget with the application of an average increase in parish share across the diocese which is no more than the increase in clergy stipends and to provide additional training and resources for those involved in parish and deanery finance.*

The management of assets and budgetary control allowed the application of an average share increase of 1.75% and parishes contributed 97% of the share requested.

FUTURE PLANS

The commitment to become **a more Christlike Church for the sake of God's world** is continuing to shape the strategic work of the Diocese. In 2019 the ODBF will take forward the activities of the diocesan level working groups and facilitate access to the Development Fund to resource projects from parishes, benefices, deaneries and chaplaincies. This will be in addition to the routine work of maintaining and developing high quality diocesan support services. In the coming year the ODBF, through its staff team, will:

- 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.
- 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.
- 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.
- 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.
- Present clear priorities to enable significant impact in faith-based work with children and young people across the Diocese.
- 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.
- 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.
- Continue to provide and maintain more than 450 vicarages to support clergy in their ministry planned. Undertake Quinquennial surveys and related works on 80-90 properties plus works related to clergy moves.
- Process approximately 1000 faculty applications for work on church buildings and provide training for parishes through surgery and other events.

FINANCIAL REVIEW

Financial Performance

The Statement of Financial Activities (SOFA) for the year shows net expenditure of £0.8M before investment and revaluation gains (2017: £0.2M net income). Investment gains, property and pension revaluations totalling £4.0M resulted in an overall increase in funds of £3.2M (2017: £9.0M).

Glebe land increased in value by £4.4M due to the increased value per acre of agricultural land, whereas glebe listed investments fell in value due to market conditions, with a £2.1M unrealised loss as at 31 December 2018. In addition, £1.7M of the revaluation increase is due to the 2018 year-end valuations of the staff and clergy defined benefit pension schemes. The housing market was static in 2018 and as such, there was no material change in the value of properties in the year (2017: 0% increase).

Total return accounting was adopted from 1 January 2018, with a 7% or £6.2M withdrawal to income in 2018 including £0.3M investment management fees. Within this, £3.2M has been included in income from investments as dividend income, with an additional £0.3M transfer to support general funds and £2.7M has been withdrawn to support expenditure: £2.4M for Diocesan Common Vision strategy and £0.3M 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 £26.1M (2017: £26.3M), a decrease of £0.2M which includes one-off property income in 2017 not being received in 2018. 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 £19.0M (2017: £18.8M). Current year receipts before rebates grew by £0.2M from 2017 and 97% of apportioned share for the year was received (2017: 97.0%). The rate of increase in parish share for 2018 was set at an average of 1.75% (2017: 1.75%). Income from donations include a grant of £270K from All Churches Trust. The Diocese is most grateful for this grant which supports the work of the Parish Development Advisers and safeguarding training.

Investment income remained at a consistent level to 2017 at £4.1M. Restricted income from charitable activities grew by £0.2M as funding for ordinand training is now received directly by the diocese from Archbishops' Council – this is matched by additional costs of £0.2M in payments to theological colleges. Other income including that relating to restricted and endowment funds fell £0.7M as 2017 included one off sources of income: the sale of a closed church and other property transactions.

2018 expenditure in the SOFA totalled £26.9M (2017: £26.1M), an increase of £0.8M. £0.2M of the increase relates to the cost of training ordinands matched by restricted income as above. Other cost increases include £0.1M additional contributions to Archbishops' Council, £0.2M (2%) increase in stipends, and £0.3M across many categories, including additional new communities grants and support for pioneer posts.

Balance Sheet

Net assets totalling £447M (2017: £444M) consist principally of properties to house the clergy valued at £300M, (2017: £301M) and glebe investments of £125M (2017: £121M) 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.

FINANCIAL REVIEW (Cont'd.)**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 £36.4M at 31 December 2018 (2017: £32.0M), see note 16b. The increase in value from 2017 was due to the increase in value per acre of glebe agricultural land in the year. Rents receivable amounted to £0.6M (2017: £0.6M).

Glebe listed investments are managed by Newton Investment Management. Glebe listed investment holdings were valued at £88.7M at 31 December 2018 (2017: £88.9M).

Investment policies

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

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

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

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 2018 the withdrawal to income funds from the unapplied total return was £6.2M and during the year £5.3M from the sale of glebe land at Haddenham was added to the investments.

FINANCIAL REVIEW (Cont'd.)**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 two times a year to ensure that income is maximised and with a view to income growth over years whilst maintaining an appropriate asset allocation balancing risk and returns.

The policy is to sell agricultural holdings with planning consent, as favourable opportunities arise, and to reinvest for a better rate of return.

Short Term Investments

These funds are available for use in the short term as required for working capital. Deposit Funds are held as deposits with the Central Board of Finance.

Reserves policy**Free reserves**

ODBF has very substantial ongoing responsibilities including the remuneration of some 370 stipendiary clergy, the upkeep of 452 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 2018, ODBF's free reserves were equivalent to 5.02 months (*2017: 4.56 months*) of gross expenditure from general funds in the forthcoming year. This includes £3M held for clergy capital housing transactions anticipated to take place in 2019 – after this, reserves will drop to 3.38 months, close to the target of three months.

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 2018 total designated funds were £3.8M (*2017: £1.8M*), with the growth due to the new designated fund for the Diocesan Common Vision strategy.

Restricted and endowment funds

As set out in note 22, 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 2018 restricted funds totalled £2.7M (*2017: £3.1M*) and endowment funds totalled £358.5M (*2017: £357.7M*).

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).

FINANCIAL REVIEW (Cont'd.)**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.

The risk register identifies four 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

Centralisation of glebe funds by Church Commissioners leads to serious loss of capital funds and total return on funds mitigated by:

- Consultation with Church Commissioners
- 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

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

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

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.

ORGANISATIONAL STRUCTURE

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.

Through an area scheme the Diocesan Bishop, the Bishop of Oxford, has delegated certain powers to the Bishops of Reading, Buckingham and Dorchester in relation to the archdeaconries of Berkshire, Buckinghamshire and Dorchester respectively. Each archdeaconry is subdivided into deaneries, there being a total of 29 deaneries across the Diocese, which are further subdivided into some 620 parishes.

The Diocese is governed by Standing Orders approved on 27 February 1988 and subsequent amendments. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese and which has a small majority of lay members. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to five persons 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.

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

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;
- 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)

ORGANISATIONAL STRUCTURE (Cont'd.)

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.

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 2018 Bishop's Council consisted of 13 ex officio members, (including the Diocesan and Area Bishops and the four Archdeacons), 6 clerical and 9 lay members from each of the Berkshire, Buckingham and Dorchester archdeaconries, 1 clerical and 2 lay members from the Oxford archdeaconry, and a maximum of 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (Cont'd.)

ORGANISATIONAL STRUCTURE (Cont'd.)

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 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.

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.

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, 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.

DIRECTORS RESPONSIBILITIES (Cont'd.)

Connected Charities

The directors consider the following to be connected charities:

- Oxford Diocesan Board of Education (ODBE) – a charitable company with responsibility for some 280 Church schools across the Diocese, providing pastoral and professional support to all its schools and 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 Council for the Deaf - which works with deaf and hard-of-hearing people to meet their spiritual, social and general needs and to give them a voice and full participation in church and society.
- Parents and Children Together (PACT) – a charitable company supporting families through adoption, therapeutic support and community projects.

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

PUBLIC BENEFIT

The directors are aware of the Charity Commission's guidance on public benefit and 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 to the end of the year and 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 from 26/10/18	Lay member, Archdeaconry of Buckingham
The Revd Canon S E Booy	Ex officio, Vice President of Synod and Clerical member, Archdeaconry of Dorchester
The Revd V Breed from 26/10/18	Clerical member, Archdeaconry of Dorchester
Mr M N Burton from 28/09/18	Lay member, Archdeaconry of Berkshire
The Revd E K Denno from 28/09/18	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 M C Gorick	Ex officio, Archdeacon of Oxford
The Ven O J Graham	Ex officio, Archdeacon of Berkshire
The Revd R J Lamey from 19/11/18	Clerical member, Archdeaconry of Berkshire
Mr J J Macnamara	Lay member, Archdeaconry of Dorchester
The Revd D J Meakin from 28/09/18	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
Mrs S E Scane	Nominated by the Bishop of Oxford
Mr J P Smith	Lay member, Archdeaconry of Berkshire
The Revd M K J Smith from 28/09/18	Clerical member, Archdeaconry of Oxford
Mr J N Sykes from 17/11/18	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 from 26/10/18	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:**

Mr M F Chandler to 31/07/18	Lay member, Archdeaconry of Berkshire
The Revd Canon A M Daffern to 31/07/18	Clerical member, Archdeaconry of Dorchester
The Revd Dr G Fancourt to 19/11/18	Clerical member, Archdeaconry of Berkshire
Mr A Glaze to 31/07/18	Lay member, Archdeaconry of Berkshire
The Revd Canon R E Harper to 19/11/18	Clerical member, Archdeaconry of Buckingham
The Revd Canon A P Marsden to 31/07/18	Clerical member, Archdeaconry of Berkshire
The Revd D W McFarland to 31/07/18	Clerical member, Archdeaconry of Oxford
Mr R G Merrylees to 26/10/18	Lay member, Archdeaconry of Buckingham
The Right Revd A Proud to 01/05/19	Ex officio, Bishop of Reading
Mrs J M Scott to 17/11/18	Ex officio, Vice President of Synod
Mr G Slocombe to 26/10/18	Lay member, Archdeaconry of Buckingham
The Revd C I Walton to 31/07/18	Clerical member, Archdeaconry of Buckingham
The Revd Canon J J West to 26/10/18	Clerical member, Archdeaconry of Dorchester

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 2018 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

ADMINISTRATIVE DETAILS (Cont'd.)

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 10 May 2019.

By order of the directors

Revd J H Tattersall

Chairman

10 May 2019

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 2018 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 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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.

INDEPENDENT AUDITOR'S REPORT (Cont'd.)

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.

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.

INDEPENDENT AUDITOR'S REPORT (Cont'd.)

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

STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 December 2018

		Unrestricted Funds				Total Funds	Total Funds
		General & Designated Funds	Tangible Fixed Assets Property Fund	Restricted Funds	Endowment Funds	2018	2017
Note		£'000	£'000	£'000	£'000	£'000	£'000
Income and Endowments from:							
Donations	2	19,368	-	280	-	19,648	19,379
Charitable activities	3	1,951	-	334	-	2,285	2,006
Investments	4	719	-	169	3,258	4,146	4,189
Other sources	5	-	11	-	46	57	723
Total		22,038	11	783	3,304	26,136	26,297
Expenditure on:							
Raising and managing funds	6	357	-	-	336	693	655
Charitable activities	7	25,375	-	779	(182)	25,972	25,304
Other property costs	8	123	105	-	53	281	166
Total		25,855	105	779	207	26,946	26,125
Net income/(expenditure) before investment gains:							
Net (losses)/gains on investments		(3,817)	(94)	4	3,097	(810)	172
Net (expenditure)/income		-	-	(22)	2,134	2,112	6,544
Net (expenditure)/income		(3,817)	(94)	(18)	5,231	1,302	6,716
Total Return transfer	14	5,933	-	-	(5,933)	-	-
Net income/(expenditure) after Total Return transfer		2,116	(94)	(18)	(702)	1,302	6,716
Other transfers	14	941	(879)	(320)	258	-	-
		3,057	(973)	(338)	(444)	1,302	6,716
Other recognised (losses)/gains:							
(Losses)/gains on re-valuation of tangible fixed assets	15	-	(9)	-	232	223	126
Gains on defined benefit pension scheme	24	667	-	-	1,052	1,719	2,120
Net movement in funds		3,724	(982)	(338)	840	3,244	8,962
Total funds brought forward		11,413	71,804	3,071	357,665	443,953	434,991
Total funds carried forward	20	15,137	70,822	2,733	358,505	447,197	443,953

All activities derive from continuing activities. The notes on pages 29 to 62 form part of the financial statements.

The prior year comparative Statement of Financial Activities (SOFA) for 2017 is shown in Note 25 on page 62

INCOME AND EXPENDITURE ACCOUNT For the year ended 31 December 2018

	Total 2018 £'000	<i>Total</i> <i>2017</i> <i>£'000</i>
Income	22,832	26,056
Expenditure	<u>(26,739)</u>	<u>(25,761)</u>
Operating (deficit)/surplus for the year	(3,907)	295
Net (losses)/gains on investments	(22)	31
Transfers from endowment funds	<u>5,675</u>	<u>-</u>
Net (expenditure)/income for the year	1,746	326
Other comprehensive income:		
Revaluation of tangible fixed assets	(9)	(36)
Actuarial gains on defined benefit pension scheme	<u>667</u>	<u>896</u>
Total comprehensive (expenditure)/income	<u>2,404</u>	<u>1,186</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 Company No. 142978 (England and Wales)
BALANCE SHEET as at 31 December 2018

	Note	2018		2017	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15		304,040		304,654
Investments	16		130,406		126,522
			<u>434,446</u>		<u>431,176</u>
CURRENT ASSETS					
Debtors due after more than one year	17	476		6,353	
Pension scheme surplus – staff scheme	17	832		229	
Debtors due within one year	17	7,419		7,451	
Cash on deposit and at bank		15,162		11,743	
			<u>23,889</u>		<u>25,776</u>
CREDITORS: amounts falling due within one year	18		<u>(1,959)</u>		<u>(1,956)</u>
NET CURRENT ASSETS			<u>21,930</u>		<u>23,820</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			456,376		454,996
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities – Clergy Scheme	24		(6,941)		(8,176)
Other creditors	19		(2,238)		(2,867)
NET ASSETS			<u>447,197</u>		<u>443,953</u>
FUNDS					
Endowment Funds					
(including asset revaluations of £182,313K, 2017: £189,875K)			358,505		357,665
Restricted Income Funds					
(including asset revaluations of £124K, 2017: £145K)			2,733		3,071
Unrestricted Income Funds:					
Tangible Fixed Asset Property Fund			70,822		71,804
(including asset revaluations of £36,671K, 2017: £37,215K)					
Designated Funds			3,833		1,753
General Fund					
(including asset revaluation of £366K, 2017: £425K)			11,304		9,660
TOTAL FUNDS	21		<u>447,197</u>		<u>443,953</u>

The notes on pages 29 to 62 form part of these financial statements. The financial statements were approved by the Directors and authorised for issue on 10 May 2019 and signed on behalf of the Directors by :

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

The Reverend J. H. Tattersall
Chairman

	2018		2017	
	£'000	£'000	£'000	£'000
Net cash provided by/(used in) operating activities		627		(15,202)
Cash flows from investing activities				
Dividends, interest and rent from investments	4,146		4,189	
Interest paid	(1)		(1)	
Proceeds from the disposal of:				
Tangible Fixed Assets	3,331		5,975	
Fixed Asset Investments	29,465		23,896	
Purchase of:				
Tangible Fixed Assets	(2,799)		(3,845)	
Fixed Asset Investments	(31,235)		(13,171)	
Net cash provided by investing activities		2,907		17,043
Cash flows from financing activities				
Loans repaid by the ODBF	(106)		(42)	
Loans repaid to ODBF	162		106	
New loans advanced by ODBF	(171)		(71)	
Net cash used in financing activities		(115)		(7)
Change in cash and cash equivalents in the reporting period		3,419		1,834
Cash and cash equivalents at 1 January		11,743		9,909
Cash and cash equivalents at 31 December		15,162		11,743
Reconciliation of net movement in funds to net cash provided by/(used in) operating activities				
Net income for the year before investment gains		(810)		172
Adjustments for:				
Depreciation charges		161		176
Interest paid		1		1
Dividends, interest and rent from investments		(4,146)		(4,189)
Loss/(profit) on sale of functional assets		141		(206)
Decrease/(increase) in debtors (ex loans)		5,918		(12,032)
Increase/(decrease) in creditors (ex loans)		(519)		854
Clergy pension scheme adjustment		(183)		26
Staff pension scheme adjustment		64		(4)
Net cash provided by/(used in) used in operating activities		627		(15,202)
Analysis of cash and cash equivalents				
Cash at bank and on deposit		15,162		11,743

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 2018 with comparative information provided for the year to 31 December 2017.

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.

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 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 have concluded that there are no material uncertainties related to events or conditions that may cast significant 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. This is because 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.

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.

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

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

The overall net gain or loss for the year on revaluation is shown in the statement of financial activities.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

1. Principal Accounting Policies (Cont'd.)

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.

Other tangible fixed assets

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

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

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

Office furniture and small items of equipment costing less than £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.

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

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

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

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

The Glebe permanent endowment fund comprises assets (including listed investments) which must be held as capital. From 1 January 2018, the charity has operated a total return approach to the management of the listed investment portfolio representing the Glebe permanent endowment fund. Using this approach, the charity is required to analyse the fund between the amount held for investment (non-distributable funds) and the unapplied total return. The charity is permitted to allocate from the unapplied total return element such sums as the directors 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. They have been discounted to the present value of the future cash receipt where such discounting is material.

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

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

are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Funds structure

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

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

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

Pensions

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

A separate pension scheme for 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 as expenditure. 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**

	2018			2017		
	Unrestricted Funds	Restricted Funds	Total Funds 2018	Unrestricted Funds	Restricted Funds	Total Funds 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Parish contributions	19,558	-	19,558	19,365	-	19,365
Share rebates and discounts	(572)	-	(572)	(615)	-	(615)
	<u>18,986</u>	<u>-</u>	<u>18,986</u>	<u>18,750</u>	<u>-</u>	<u>18,750</u>
Archbishops' Council	45	24	69	-	82	82
All Churches Trust	270	-	270	270	-	270
Other donations	67	256	323	47	230	277
Total Income	<u>19,368</u>	<u>280</u>	<u>19,648</u>	<u>19,067</u>	<u>312</u>	<u>19,379</u>

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

Current year parish share receipts represent 97.0% of the total apportioned (2017 – 97.0%).

3. Income from Charitable Activities

	2018			2017		
	Unrestricted Funds	Restricted Funds	Total Funds 2018	Unrestricted Funds	Restricted Funds	Total Funds 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	1,006	-	1,006	1,058	-	1,058
Training, events and other	136	334	470	79	97	176
Housing income	699	-	699	626	-	626
School premises support	106	-	106	124	-	124
Other	4	-	4	22	-	22
	<u>1,951</u>	<u>334</u>	<u>2,285</u>	<u>1,909</u>	<u>97</u>	<u>2,006</u>

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

	2018			
	Unrestricted	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds
	£'000	£'000	£'000	£'000
Dividends receivable	2	162	3,258	3,422
Interest receivable	72	7	-	79
Rents receivable	558	-	-	558
Other investment income	87	-	-	87
	<u>719</u>	<u>169</u>	<u>3,258</u>	<u>4,146</u>
	2017			
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Endowment</i>	<i>Total</i>
	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>	<i>Funds</i>
	£'000	£'000	£'000	£'000
<i>Dividends receivable</i>	<i>3,349</i>	<i>158</i>	<i>-</i>	<i>3,507</i>
<i>Interest receivable</i>	<i>34</i>	<i>4</i>	<i>-</i>	<i>38</i>
<i>Rents receivable</i>	<i>559</i>	<i>-</i>	<i>-</i>	<i>559</i>
<i>Other investment income</i>	<i>85</i>	<i>-</i>	<i>-</i>	<i>85</i>
	<u><i>4,027</i></u>	<u><i>162</i></u>	<u><i>-</i></u>	<u><i>4,189</i></u>

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

	2018			Total Funds 2018 £'000
	Tangible Fixed Assets Property Fund	Restricted Funds	Endowment Funds	
	£'000	£'000	£'000	
Surplus on disposal of properties	11	-	2	13
Other property income	-	-	44	44
	<u>11</u>	<u>-</u>	<u>46</u>	<u>57</u>

	2017			Total Funds 2017 £'000
	<i>Tangible Fixed Assets Property Fund</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	
	£'000	£'000	£'000	
<i>Surplus on disposal of properties</i>	136	-	97	233
<i>Surplus on disposal of closed churches</i>	-	346	-	346
<i>Other property income</i>	-	-	144	144
	<u>136</u>	<u>346</u>	<u>241</u>	<u>723</u>

6. Expenditure on Raising and Managing Funds

	2018			2017		
	Unrestricted Funds	Endowment Funds	Total Funds	<i>Unrestricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe costs	272	336	608	272	320	592
Parsonage rental costs	78	-	78	41	-	41
Other	7	-	7	22	-	22
	<u>357</u>	<u>336</u>	<u>693</u>	<u>335</u>	<u>320</u>	<u>655</u>

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

	2018			Total Funds 2018 £'000
	Unrestricted Funds	Restricted Funds	Endowment Funds	
	£'000	£'000	£'000	
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
	1,997	-	-	1,997
Resourcing Ministry & 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
	18,858	55	(183)	18,730
Support for parish ministry & 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
	3,942	471	-	4,413
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
	578	253	1	832
Total charitable activities	25,375	779	(182)	25,972

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

	2017			Total Funds 2017 £'000
	<i>Unrestricted Funds</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	
Contributions to Archbishops' Council				
<i>Training for Ministry</i>	864	-	-	864
<i>National Church Responsibilities</i>	688	-	-	688
<i>Mission agency pension costs</i>	8	-	-	8
<i>Retired clergy housing</i>	284	-	-	284
<i>Grants and provisions</i>	76	-	-	76
<i>Pooling of ordinand maintenance grants</i>	(13)	-	-	(13)
	1,907	-	-	1,907
Resourcing Ministry and Mission				
<i>Parish Ministry:</i>				
<i>Stipends</i>	9,110	16	-	9,126
<i>National insurance</i>	752	-	-	752
<i>Pension contributions</i>	3,249	-	-	3,249
<i>Clergy pension adjustment (see note 24)</i>	-	-	26	26
<i>Apprenticeship levy</i>	32	-	-	32
<i>Housing costs</i>	4,390	23	-	4,413
<i>Removal, resettlement, parish & clergy grants</i>	395	96	-	491
<i>Other parish expenses</i>	591	-	-	591
	18,519	135	26	18,680
Support for parish ministry and training				
<i>Ordinand grants</i>	353	107	-	460
<i>Diocesan training costs</i>	688	-	-	688
<i>Mission in the Diocese</i>	1,452	267	-	1,719
<i>DAC, MPC & DT(O)L</i>	339	14	-	353
<i>Communications</i>	298	-	-	298
<i>Bishops, Archdeacons & Area Offices</i>	534	-	-	534
	3,664	388	-	4,052
Expenditure on grants				
<i>Grants to Oxford Diocesan Board of Education (ODBE)</i>	314	60	-	374
<i>Grants to other organisations (see note 11)</i>	171	120	-	291
	485	180	-	665
Total charitable activities	24,575	703	26	25,304

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

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

	2017			
	Unrestricted Funds			
	General Funds	Tangible Fixed Asset Property Fund	Endowment Funds	Total Funds 2017
	£'000	£'000	£'000	£'000
<i>Loss on disposal of properties</i>	-	9	18	27
<i>Loss on loans redemption</i>	14	-	-	14
<i>Valuation and related costs</i>	125	-	-	125
	<u>139</u>	<u>9</u>	<u>18</u>	<u>166</u>

9. Analysis of Expenditure Including Allocation of Support Costs

	2018			2017		
	Activities Undertaken Directly £'000	Support Costs (Note 10) £'000	Total Costs 2018 £'000	Activities Undertaken Directly £'000	Support Costs (Note 10) £'000	Total Costs 2017 £'000
Raising and managing funds (note 6)	625	68	693	593	62	655
Charitable activities (note 7):						
Contributions to Archbishops' Council	1,997	-	1,997	1,907	-	1,907
Resourcing parish ministry	18,308	422	18,730	18,294	386	18,680
Support for parish ministry and training	3,577	836	4,413	3,181	871	4,052
Grant to Board of Education	391	-	391	374	-	374
Grants to other organisations	441	-	441	291	-	291
Other property related costs (Note 8)	281	-	281	166	-	166
	<u>25,620</u>	<u>1,326</u>	<u>26,946</u>	<u>24,806</u>	<u>1,319</u>	<u>26,125</u>

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	
	2018	2017
	£'000	£'000
Human resources and administration	203	302
Finance	318	378
Secretariat	159	148
ICT	203	223
Premises and other	270	119
Governance:		
External audit	22	19
Registrar and Chancellor	121	99
Synod costs	30	31
	1,326	1,319

11. Analysis of Grants Made

	2018	2017	2018	2017
	No.	No.	£'000	£'000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council (note 7)	1	1	1,997	1,907
From general and restricted funds to institutions:				
Parents and Children Together (PACT)	1	1	95	95
Deanery Mission Grants	36	-	94	-
Ecumenical and chaplaincy grants	3	5	59	69
Grants for parish building projects	44	58	93	85
New communities grants	8	-	62	-
Bishops discretionary grants	4	4	21	21
Oxford Diocesan Council for the Deaf	1	1	7	8
Other small grants	-	-	10	13
	97	69	441	291

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)

12. Staff Costs

	2018 £'000	2017 £'000
Staff costs during the year were as follows:-		
Wages and salaries	2,595	2,400
National Insurance contributions	258	241
Pension costs	455	432
Total	3,308	3,073

	Number	Number
The average number of persons employed during the year based on headcount:		
Charitable activities	69	59
Support	13	16
Total	82	75

The average number of persons employed during the year based on full-time equivalents		
Charitable activities	60	49
Support	12	15
Total	72	64

The increase is principally due to staff vacancies being filled.

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	4	2
£70,001-£80,000	-	1
£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 2018 comprise

Diocesan Secretary and Company Secretary	Canon Rosemary Pearce
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 £526K (2017: £491K).

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 (2017: £nil) for acting as a director or a member of key management. However, 16 (2017: 12) directors, who held ecclesiastical office during the year, were paid aggregate stipends of £453,000 (2017: £333,000). Pension contributions on those stipends amounted to £153,000 (2017: £115,000) and employer's National Insurance thereon was £39,000 (2017: £30,000). 22 Directors (2017: 15) were reimbursed for travel, subsistence and incidental costs amounting to £34,000 (2017: £49,000) 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 (2017: £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 Booyes	Yes	Yes
The Revd E K Denno	Yes	Yes
The Revd Canon A Daffern	Yes	Yes
The Revd Dr G Fancourt	Yes	Yes
The Revd Canon R Harper	Yes	Yes
The Revd R J Lamey	Yes	Yes
The Revd Canon A Marsden	Yes	Yes
The Revd D J Meakin	Yes	Yes
The Revd D McFarland	Yes	Yes
The Revd M K J Smith	Yes	Yes
The Revd C Walton	Yes	Yes

The ODBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The ODBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Area Bishops but excluding 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 £36,210 -£44,750 (2017 range £35,500-£43,870). The annual rate of stipend, funded by the ODBF, paid to Archdeacons in 2018 was in the range £34,700 to £35,400 (2017 range £34,180 to £34,700) and other stipendiary clergy who were directors were paid in the range £26,350 -£28,377 (2017 range £25,834-£27,350).

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 (2017: none). The cover provided is up to £100,000 (2017: £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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Recharged by ODBF				
Pay costs	-	-	15	15
Grants made by ODBF	95	95	7	7
Amounts due to ODBF at 31 December	-	-	10	11

ODBF bears the entire operating costs of DT(O)L, consisting principally of accounting, secretarial and administrative services. These amounted to £107K (2017: £100K). At 31 December 2018 there was a balance of £4K due from DT(O)L to ODBF (2017: £6K) for land registry costs, included in other debtors in note 17.

ODBF made grants of £384K to ODBE in 2018 (2017: £374K). ODBF recharges ODBE for accounting, company secretarial, human resources, ICT, premises administrative services totalling £161K in 2018 (2017: £158K). The balance due from ODBE at 31 December 2018 was £15K (2017: £nil) and the balance due to ODBE was £39K (2017: £2K).

ODST occupy space in Church House Oxford and contribute towards the running costs of the building including reception and ICT (2018: £30K, 2017: £29K). The balance due from ODST at 31 December 2018 was £5K (2017: Nil).

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

	Unrestricted Funds			
	General & designated Funds	Tangible Fixed Assets Fund	Restricted Funds	Endowment Funds
	£'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>

i) Following the adoption of total return accounting from 1 January 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 2-5 years.

ii) Transfer in line with the agreed withdrawal under the total return policy.

b) Other transfers

Type of transfer	Unrestricted Funds			
	General & designated Funds	Tangible Fixed Assets Fund	Restricted Funds	Endowment Funds
	£'000	£'000	£'000	£'000
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>

iii) Board owned properties are financed by the Board Properties Fund. When a Board owned property is sold the designated fund is reduced by means of a transfer to the general fund.

iv) The purchase of Board owned properties requires an equivalent transfer from the general fund to the Board Properties Fund, which finances Board properties.

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

vi) When a Benefice property is purchased the endowment fund is increased by means of a transfer from restricted funds.

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 2018	73,473	676	966	200,099	30,287	305,501
Additions	1,195	-	12	909	682	2,798
Disposals	(2,024)	-	-	(750)	(700)	(3,474)
Revaluation	(9)	-	-	232	-	223
At 31 December 2018	<u>72,635</u>	<u>676</u>	<u>978</u>	<u>200,490</u>	<u>30,269</u>	<u>305,048</u>
Depreciation						
At 1 January 2018	167	-	680	-	-	847
Charge for the year	86	-	75	-	-	161
At 31 December 2018	<u>253</u>	<u>-</u>	<u>755</u>	<u>-</u>	<u>-</u>	<u>1,008</u>
Net Book Values						
At 31 December 2018	<u>72,382</u>	<u>676</u>	<u>223</u>	<u>200,490</u>	<u>30,269</u>	<u>304,040</u>
At 31 December 2017	<u>73,306</u>	<u>676</u>	<u>286</u>	<u>200,099</u>	<u>30,287</u>	<u>304,654</u>
Cost or ICV						
At 31 December 2018	<u>35,747</u>	<u>-</u>	<u>978</u>	<u>73,030</u>	<u>13,763</u>	<u>123,518</u>
At 31 December 2017	<u>35,742</u>	<u>-</u>	<u>966</u>	<u>72,345</u>	<u>13,307</u>	<u>122,360</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**16. a) Fixed Asset Investments**

	At 1 January 2018	Additions	Disposals	Change in Market Value	At 31 December 2018
	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds					
Equity Mortgage Loans	881	-	(168)	-	713
Designated Funds					
Administered funds	33	-	(3)	-	30
Restricted Funds					
ODBF Trusts & other	635	-	-	(21)	614
Endowment Funds					
Glebe (see note 16b)	120,899	31,234	(29,437)	2,345	125,041
ODBF Trusts & other	4,074	1	-	(67)	4,008
	124,973	31,235	(29,437)	2,278	129,049
Total	126,522	31,235	(29,608)	2,257	130,406

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 2018	25,306	2,562	1,909	2,213	88,909	120,899
Additions at cost	-	-	-	-	31,234	31,234
Disposals	(25)	-	-	-	(29,412)	(29,437)
Unrealised gains/(losses)	4,415	-	-	-	(2,070)	2,345
Net Book Value						
At 31 December 2018	29,696	2,562	1,909	2,213	88,661	125,041
Cost or ICV						
At 31 December 2018	3,766	1,544	2,455	1,062	80,598	90,181

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**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. £6,223K, 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.

	Trust for investment	Unapplied Total Return	Total endowment
	£'000	£'000	£'000
As at 1 January 2018:			
Base value of the permanent endowment	74,034	-	74,034
Unapplied total return	-	14,875	14,875
Total (note 16b)	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 losses	-	(2,233)	(2,233)
Investment manager's 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
Analysis of Withdrawal to income			
Support for Share (see note 14a)		3,542	
Designated fund for Common Vision (see note 14a)		2,391	
Investment management fees		290	
Withdrawal to income		6,223	

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

	2018 £'000	2017 £'000
Amounts due after more than one year		
Loans to parishes	476	466
Other debtors	-	5,887
Total	<u>476</u>	<u>6,353</u>
Pension Scheme surplus (Note 24)	<u>832</u>	<u>229</u>
Amounts due within one year		
Prepayments	398	337
Accrued income	213	71
Other debtors	6,674	6,933
Loans	91	92
Amounts due from connected charities	43	18
Total	<u>7,419</u>	<u>7,451</u>
Total debtors	<u><u>8,727</u></u>	<u><u>14,033</u></u>

18. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
CBF loans	-	35
Creditors and accruals	1,732	1,757
Taxation and social security	73	64
Deferred income	154	100
Total creditors: amounts falling due within one year	<u>1,959</u>	<u>1,956</u>

19. Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Loans	2,238	2,308
Other creditors	-	559
Total creditors: amounts falling due within one year	<u>2,238</u>	<u>2,867</u>
The maturity of the above loans may be analysed as follows:		
Within one year	-	35
Between one and two years	-	25
Between two and five years	-	46
In five years and more	2,238	2,237
	<u>2,238</u>	<u>2,343</u>

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**

	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
	<u>1,753</u>	<u>52</u>	<u>(362)</u>	<u>2,391</u>	<u>(1)</u>	<u>3,833</u>
Total General and Designated Funds	<u>11,413</u>	<u>22,038</u>	<u>(25,855)</u>	<u>6,874</u>	<u>667</u>	<u>15,137</u>
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
	<u>3,071</u>	<u>783</u>	<u>(779)</u>	<u>(320)</u>	<u>(22)</u>	<u>2,733</u>
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
	<u>357,665</u>	<u>3,304</u>	<u>(207)</u>	<u>(5,675)</u>	<u>3,418</u>	<u>358,505</u>
Total funds	<u>443,953</u>	<u>26,136</u>	<u>(26,946)</u>	<u>-</u>	<u>4,054</u>	<u>447,197</u>

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

	2017					
	<i>Balances at 1 Jan 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Gains and Losses</i>	<i>Balances at 31 Dec 2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
UNRESTRICTED FUNDS						
<i>General</i>	4,199	24,984	(24,792)	4,385	884	9,660
Designated Funds						
<i>Relocation fund</i>	319	-	(124)	-	-	195
<i>Development posts and new communities fund</i>	1,390	-	(66)	-	-	1,324
<i>Other funds</i>	279	19	(67)	-	3	234
	<u>1,988</u>	<u>19</u>	<u>(257)</u>	<u>-</u>	<u>3</u>	<u>1,753</u>
Total General and Designated Funds	<u>6,187</u>	<u>25,003</u>	<u>(25,049)</u>	<u>4,385</u>	<u>887</u>	<u>11,413</u>
Tangible Fixed Assets						
Property Fund						
<i>Board properties fund</i>	74,302	136	(9)	(2,589)	(36)	71,804
RESTRICTED FUNDS						
<i>Diocesan Pastoral Account</i>	337	346	(66)	531	-	1,148
<i>Mission grants fund</i>	361	-	(155)	-	-	206
<i>Parsonage repairs donation</i>	11	-	(9)	-	-	2
<i>Sillitoe Bequest</i>	702	21	-	-	37	760
<i>Other funds below £250K</i>	936	550	(473)	(61)	3	955
	<u>2,347</u>	<u>917</u>	<u>(703)</u>	<u>470</u>	<u>40</u>	<u>3,071</u>
ENDOWMENT FUNDS						
<i>Glebe team vicarages</i>	28,873	-	(18)	2,500	(19)	31,336
<i>Glebe investments</i>	127,972	144	(320)	(2,500)	6,210	131,506
<i>Clergy pension scheme deficit</i>	(9,374)	-	(26)	-	1,224	(8,176)
<i>Diocesan stipends fund</i>	147,471	144	(364)	-	7,415	154,666
<i>Parsonage house fund</i>	200,846	97	-	(2,266)	181	198,858
<i>Stipends bequest fund</i>	1,580	-	-	-	121	1,701
<i>Ordination candidates funds</i>	1,166	-	-	-	89	1,255
<i>Other funds</i>	1,092	-	-	-	93	1,185
	<u>352,155</u>	<u>241</u>	<u>(364)</u>	<u>(2,266)</u>	<u>7,899</u>	<u>357,665</u>
Total funds	<u>434,991</u>	<u>26,297</u>	<u>(26,125)</u>	<u>-</u>	<u>8,790</u>	<u>443,953</u>

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

	Tangible Fixed Assets £'000	Investments £'000	2018 Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	224	713	11,569	(1,202)	11,304
Designated					
Diocesan Common Vision	-	-	2,491	(100)	2,391
Relocation fund	-	-	72	-	72
Development posts and new communities fund	-	-	1,196	-	1,196
Other funds	-	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					
Board properties fund	73,057	-	3	(2,238)	70,822
RESTRICTED FUNDS					
Diocesan Pastoral Account	-	-	870	-	870
Mission grants fund	-	-	141	-	141
Parsonage repairs donation	-	-	2	-	2
Sillitoe Bequest	-	604	158	-	762
Other funds below £250K each	-	10	1,038	(90)	958
	-	614	2,209	(90)	2,733
ENDOWMENT FUNDS					
Glebe team vicarages	30,269	300	757	-	31,326
Glebe investments	-	124,741	6,545	(562)	130,724
Clergy pension scheme deficit	-	-	-	(6,941)	(6,941)
Diocesan stipends fund	30,269	125,041	7,302	(7,503)	155,109
Parsonage house fund	200,490	-	(1,167)	-	199,323
Stipends bequest fund	-	1,633	38	-	1,671
Ordination candidates funds	-	1,236	-	-	1,236
Other	-	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. Summary of Assets by Fund (Cont'd.)**

	<i>Tangible Fixed Assets £'000</i>	<i>Investments £'000</i>	2017 <i>Current Assets £'000</i>	<i>Creditors £'000</i>	<i>Net Assets £'000</i>
UNRESTRICTED FUNDS					
<i>General</i>	286	881	9,778	(1,285)	9,660
Designated					
<i>Relocation fund</i>	-	-	195	-	195
<i>Development posts and new communities fund</i>	-	-	1,324	-	1,324
<i>Other funds</i>	-	33	212	(11)	234
	-	33	1,731	(11)	1,753
Total general and designated funds	286	914	11,509	(1,296)	11,413
Tangible fixed assets property fund					
<i>Board properties fund</i>	73,982	-	60	(2,238)	71,804
RESTRICTED FUNDS					
<i>Diocesan Pastoral Account</i>	-	-	1,148	-	1,148
<i>Mission grants fund</i>	-	-	206	-	206
<i>Parsonage repairs donation</i>	-	-	2	-	2
<i>Sillitoe Bequest</i>	-	625	135	-	760
<i>Other funds below £250K each</i>	-	10	967	(22)	955
	-	635	2,458	(22)	3,071
ENDOWMENT FUNDS					
<i>Glebe team vicarages</i>	30,287	300	749	-	31,336
<i>Glebe investments</i>	-	120,599	12,103	(1,196)	131,506
<i>Clergy pension scheme deficit</i>	-	-	-	(8,176)	(8,176)
<i>Diocesan stipends fund</i>	30,287	120,899	12,852	(9,372)	154,666
<i>Parsonage house fund</i>	200,099	-	(1,170)	(71)	198,858
<i>Stipends bequest fund</i>	-	1,663	38	-	1,701
<i>Ordination candidates funds</i>	-	1,255	-	-	1,255
<i>Other</i>	-	1,156	29	-	1,185
	230,386	124,973	11,749	(9,443)	357,665
Total Funds	304,654	126,522	25,776	(12,999)	443,953

NOTES TO THE FINANCIAL STATEMENTS (Cont'd.)**22. Description of Funds****General fund**

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

Designated fundsDiocesan Common Vision

Following the adoption of total return accounting from 1 January 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 2-5 years. No expenditure took place from this fund in 2018 whilst plans are being implemented.

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 £1.268M at the year-end (2017: £1.519M).

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

There are no material capital commitments at 31 December 2018 (2017: none).

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 (2018: £3,234K, 2017: £3,249K).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2015. A valuation at 31 December 2018 is currently under way, but the results of this are yet to be determined. The 2015 valuation revealed a deficit of £236M, based on assets of £1,308M and a funding target of £1,544M, assessed using the following assumptions:

An investment strategy of:

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

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

% of pensionable stipends	<i>1 January 2015 to 31 December 2017</i>	1 January 2018 to 31 December 2025
Deficit repair contributions	<u>14.1%</u>	<u>11.9%</u>

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

The deficit recovery contributions under the recovery plan in force as at 31 December 2016 for 2017 and 2018 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 provision is set out in the table below.

	2018	2017
	£'000	£'000
Balance sheet liability at 1 January	8,176	9,374
Deficit contribution paid	(1,052)	(1,224)
Interest cost	107	131
Remaining change to the Balance Sheet liability*	(290)	(105)
Pension adjustment to statement of financial activities	(183)	26
Balance sheet liability at 31 December	<u>6,941</u>	<u>8,176</u>

* 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 2018	December 2017
Discount rate	2.1%	1.4%
Price inflation	3.1%	3.0%
Increase to total pensionable payroll	1.6%	1.5%

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.

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

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

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 2018 was 29.2% of basic salaries each month (2017: 29.2%), which amounted to £172K (2017: £181K). ODBE paid contributions of £26K for staff in the scheme previously employed by ODBF (2017: £25K). No additional contributions were due or paid in 2018 towards the previous deficit (2017: £97K deficit payments made).

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 2018, £229K, increased by £603K during the year to a surplus of £832K at 31 December 2018. The liabilities are valued on the basis of corporate bond yields at the date of calculation which this year was 2.85% (2017: 2.5%), 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 2019 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):

	2018	2017
	%	%
Discount rate	2.85	2.50
Salary increases	2.50	2.50
Inflation (RPI)	3.25	3.25
Inflation (CPI)	2.25	2.25
Allowance for pension in payment increases of RPI or 5% if less	3.10	3.10
Allowance for pension in payment increases of CPI or 5% if less	2.30	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 0.15% has been used for benefits that increase in line with LPI. Salary increases are assumed to run at 0.75% 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 2018 was £12,913K (2017: £13,334K) as below:

	2018	2017
	£'000	£'000
Equities	3,892	6,474
Deposit	18	38
Fixed Interest Bonds	1,638	902
Index-linked gilts	5,881	4,459
Property	1,484	1,461
	<u>12,913</u>	<u>13,334</u>

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

	2018	2017
	£'000	£'000
Fair value of plan assets	12,913	13,334
Present value of defined benefit obligations	(10,990)	(13,105)
Unrecognised surplus	(1,091)	-
Surplus recognised (see note 17)	<u>832</u>	<u>229</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:

	2018	2017
	£'000	£'000
Fair value of assets at 1 January	13,334	12,109
Interest income	327	329
Employer contributions	254	361
Benefits paid and expenses	(778)	(221)
Actuarial (loss)/gain on assets	(224)	756
Fair value of assets at 31 December	<u>12,913</u>	<u>13,334</u>

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

	2018	2017
	£'000	£'000
Defined benefit obligation at 1 January	13,105	12,780
Current service cost	241	274
Expenses	70	65
Interest cost	322	347
Benefit paid and expenses	(778)	(221)
Actuarial gain	(1,982)	(140)
Loss due to benefit changes	12	-
Defined benefit obligation at 31 December	<u>10,990</u>	<u>13,105</u>

Defined benefit costs recognised in the SOFA:

	2018	2017
	£'000	£'000
Current service cost	241	274
Loss due to benefit changes	12	-
Net interest (income)/cost	(5)	18
Expenses	70	65
Total	<u>318</u>	<u>357</u>

Defined benefit costs recognised in other comprehensive income:

	2018	2017
	£'000	£'000
Return on plan assets – (loss)/gain	(224)	756
Experience gains arising on plan liabilities	79	241
Effects of changes in demographic & financial assumptions underlying the present value of the plan liabilities –gain/(loss)	1,903	(101)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	(1,091)	-
Total amount recognised in other comprehensive income	<u>667</u>	<u>896</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 (2018: £188K, 2017: £157K).

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 2017*

		Unrestricted Funds				
		<i>General & Designated Funds</i>	<i>Tangible Fixed Assets Property Fund</i>	<i>Restricted Funds</i>	<i>Endowment Funds</i>	<i>Total Funds 2017</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Income and Endowments						
from:						
<i>Donations</i>	2	19,067	-	409	-	19,379
<i>Charitable activities</i>	3	1,909	-	-	-	2,006
<i>Investments</i>	4	4,027	-	162	-	4,189
<i>Other sources</i>	5	-	136	346	241	723
Total		25,003	136	917	241	26,297
Expenditure on:						
<i>Raising & managing funds</i>	6	335	-	-	320	655
<i>Charitable activities</i>	7	24,575	-	703	26	25,304
<i>Other property related costs</i>	8	139	9	-	18	166
Total		25,049	9	703	364	26,125
Net (expenditure)/income before investment (losses)/gains:						
		(46)	127	214	(123)	172
<i>Net (losses)/gains on investments</i>		(9)	-	40	6,513	6,544
Net (expenditure)/income		(55)	127	254	6,390	6,716
Transfers between funds	14	4,385	(2,589)	470	(2,266)	-
		4,330	(2,462)	724	4,124	6,716
Other recognised gains/(losses)						
<i>(Losses)/gains on revaluation of tangible fixed assets</i>	15	-	(36)	-	162	126
<i>Gains/(losses) on defined benefit pension scheme</i>	24	896	-	-	1,224	2,120
Net movement in funds		5,226	(2,498)	724	5,510	8,962
Total funds brought forward		6,187	74,302	2,347	352,155	434,991
Total funds carried forward	20	11,413	71,804	3,071	357,665	443,953