PORTSMOUTH DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249256

Details

Status	Registered
Legal form	Charitable company
Company number	00226466
Registered	1966-09-08
Register	View on the Charity Commission register

Contact

Address	Portsmouth Diocesan Board Of Finance Peninsular House Wharf Road Portsmouth PO2 8HB
Phone	02392899650
Email	accounts@portsmouth.anglican.org
Website	portsmouth.anglican.org

Activities

Objects: TO PROMOTE, AID AND FURTHER THE WORK AND PURPOSES OF THE CHURCH OF ENGLAND IN THE DIOCESE OF PORTSMOUTH.

Activities: Church of England

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Religious Activities
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Downloaded from opencharities.uk/ew/249256

Geography

- **Area of benefit:** DIOCESE OF PORTSMOUTH
- Hampshire
- Isle Of Wight

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£8,337,189	£8,825,127	£98,938,011	44
2023-12-31	£8,090,081	£8,522,498	£97,271,482	40
2022-12-31	£8,472,649	£8,122,894	£95,706,132	36
2021-12-31	£8,634,146	£7,613,009	£87,830,770	35
2020-12-31	£9,772,687	£8,541,471	£80,586,110	41

Downloaded from opencharities.uk/ew/249256

Trustees

Name	Role	Appointed
The Right Revd Jonathan Hugh Frost	Chair	2022-03-12
Adrian Jordan		2019-01-01
Amy Victoria Adeniran		2025-01-01
CANON DEBBIE SUTTON		
Canon Lucy Docherty		
Coleen Rachel Jackson		2025-01-01
Martin Charles Andrew How		2025-01-01
Neil Roy Chrimes		2022-01-01
Oyinlolu Alonge		2025-04-01
Peter John Gywnn		2025-02-18
Philip Poulter		2019-01-20
REV ROBERT CHARLES WHITE		
Rev David Morgan		2025-01-01
Rev James Hunt		2019-01-01
Rev Kathryn Percival		2023-07-02
Rev Ray Driscoll		2025-04-01
Simon Lemieux		2022-01-01
Steven Smart		2022-01-01
The Very Revd D Anthony Cane		2019-03-16

Downloaded from opencharities.uk/ew/249256

PORTSMOUTH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249256

Accounts

ANNUAL REPORT AND FINANCIAL STATEMENTS



For the year ended 31 December 2024

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number - 226466

Registered charity number – 249256

Jesus-centred, Kingdom-seeking

TABLE OF CONTENTS

TABLE OF CONTENTS **2**

Legal Objects **4**

Strategic Aims **4**

Activities & Achievements for the Year **5**

Future Plans **7**

Financial Review **8**

Principal Risks & Uncertainties **12**

Structure & Governance **15**

Trustees' Responsibilities **18**

Administrative Details **20**

Independent Auditors report **23**

Statement of Financial Activities **26**

Balance sheet **27**

Cashflow Statement **28**

Notes to the financial statements **29**

A large print version is available on request from Jane Dobbs

Email: jane.dobbs@portsmouth.anglican.org

Foreword



It is a pleasure to commend the Annual Report and Financial Statements for the year ended 31 December 2024. I do so with a profound sense of gratitude for the character, focus and quality of corporate life within the Diocese of Portsmouth.

The past year was lived in the context of global and regional uncertainty: war has been waged on East European soil; a cost of living crisis continued to make life difficult for many of our parishioners (especially the most deprived among them); while political change in the United States has up-ended many of the West's political certainties, not least a sense of security and high esteem for truthful speech.

It is in this febrile context that our people and communities have demonstrated their Christian commitment, resolve, and character.

The accounts reveal the extraordinary financial generosity of those who resource the work of God's Kingdom across South-East Hampshire and the Isle of Wight. Centred in Jesus Christ (or *anchored* as our Cathedral community puts it so visually) a community of disciples has kept its nerve and has continued to serve generously, courageously, and sacrificially. I give thanks for the character of the diocese.

In 2024 the Bishop's Staff Team and Diocesan Board of Finance have kept a steady focus on the drive towards financial sustainability and the interwoven strands of our financial strategy. In terms of culture, an enabling diocesan team continues to build the confidence and trust of the diocesan community: not through words, but by financial practices and disciplines that exemplify grip, transparency and sound organisation. Or, put simply, by being worthy of trust. In 2024 we began to reap the benefits of robust disciplines of financial reporting, monitoring, scrutiny, and control introduced in 2022-23. We have not come through our financial challenges: but we now have a much clearer picture of those challenges. In early 2025, the diocese welcomed a new Parish Share Scheme. Early results are encouraging. The design of the scheme - its patent fairness, transparency, and the vital way it expresses inter-dependence and mutuality within the diocesan community – has gained a broad base of support. I am most grateful to Sue Jones and her team for their effective and impactful work in this area, and to Philip Poulter for his readiness to meet and support our faithful band of parish treasurers.

In 2024, under the leadership of Chris Parker, we have continued to build a culture of generosity – and to build the confidence of clergy and lay leaders in speaking about giving as a part of Christian discipleship. Generosity Week, in which we draw on resources provided by the national church, is becoming a fixed part of diocesan and parish life.

Through Chris Parker's work in commending the Parish Giving Scheme he has been able to lighten the workload for treasurers and deliver extraordinary results. There are approximately 3,000 givers using PGS to give to their parish, 54% of whom Gift Aid their gift (a return which places us 1st nationally). 87% of givers have chosen to enable their gift to be increased annually in line with inflation.

As I commend these accounts for information and scrutiny, I would like to put on record my appreciation for Elaine Coe, Head of Finance and her team for their tireless work in supporting ministry and mission.

+Jonathan Portsmouth

The Right Revd Jonathan Frost
Bishops of Portsmouth

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2024. The directors/trustees are one and the same and in signing as trustees they are also signing the report in their capacity as directors. This combined report satisfies the legal requirements for:

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

Legal Objects

The Portsmouth Diocesan Board of Finance ("PDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Portsmouth by acting as the financial executive of the Portsmouth Diocesan Synod.

The Diocese of Portsmouth covers principally South East Hampshire and the Isle of Wight.

Strategic Aims

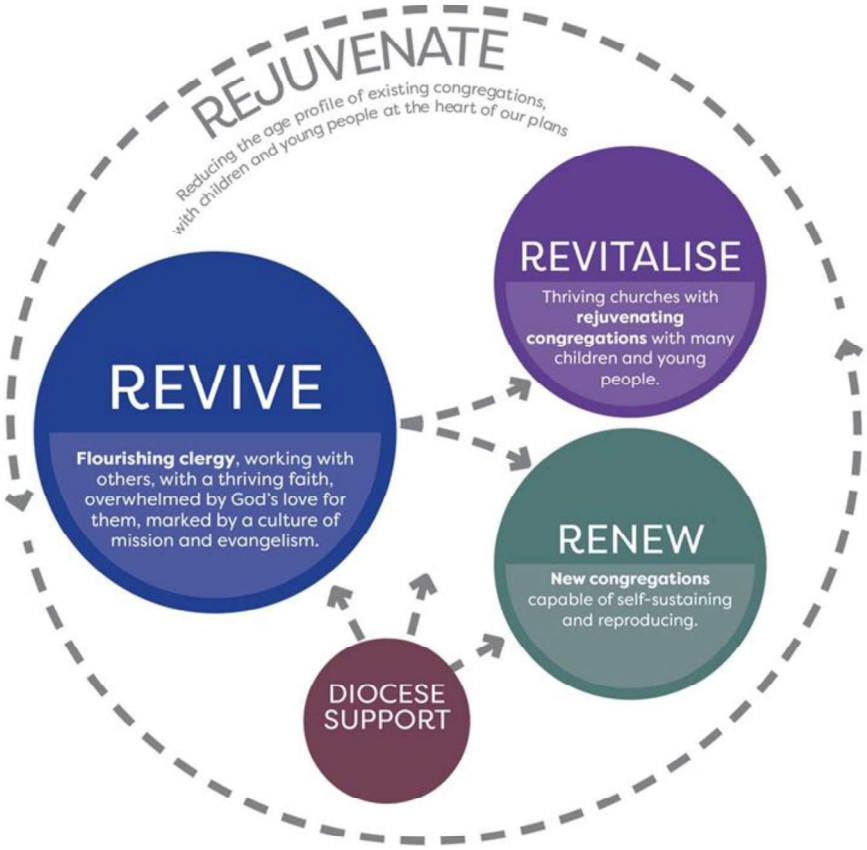
During 2024, we formally approved our Vision and Strategy for the future. Our Vision is for our diocese to become **a rejuvenating community** *[one that rejuvenates itself and seeks to rejuvenate others]* **of Jesus-centred** *[learners and followers of Jesus, with our actions shaped by him]*, **Kingdom-seeking** *[including our devotion to God, our passion for social justice, our care for Creation and fellowship with each other]* **disciples.** *[we are committed to our faith, and want to keep on becoming more like Jesus}.*

Our Strategy (which we refer to as our **REJUVENATE** strategy) aims to place children and young people at the heart of our planning, and to reduce the age profile of our congregations. It also seeks to achieve three things:

- To **REVIVE** the spiritual leadership of the diocese, so our lay and clergy leaders are vibrant disciples, whose faith is deep and attractive to others;
- To **REVITALISE** our parishes, developing a culture where there are clear pathways for the unchurched to become new disciples; and
- To **RENEW** the Church, seeking to plant new congregations and create new worshipping communities in areas where we have little effective presence currently.

This Strategy is effectively communicated in the following diagram:

Activities & Achievements for the Year



The year 2024 saw the formal approval of our diocese's Vision and Strategy in June, which paved the way for an application for strategic funding from the national Church of England in the Autumn. The success of this application unlocked more than £5m of funding over the next five years to support our diocese's strategic plans. This will allow us to employ the people, create the projects and revamp the buildings to help our parishes, chaplaincies and church schools to thrive.

Among the areas that will be funded will be:

- Under REVIVE: a series of Cairns, which are local networks of clergy and lay leaders who will eat, pray and study together regularly, to help deepen their own faith;
- Under REVITALISE: funding for parishes to develop their pathways to discipleship, which will help them to create brand new disciples;
- Under REVITALISE: mission projects in specific areas of our diocese, such as Paulsgrove and Leigh Park, which aim to revitalise existing congregations with young people and families as the heartbeat of their congregations;
- Under REVITALISE: training in youthwork to establish expertise and create new leaders to work with children, families and young people;
- Under RENEW: brand new church plants, in urban Portsmouth and suburban Fareham, including moving towards a brand new church in the major new development of Welborne.

Among other achievements during 2024 were some progress on efforts to combat climate change by reducing carbon emissions. A new team, partly funded by the national Church, was created to drive our

diocese towards net zero carbon, with our cathedral and diocesan offices both achieving a silver Eco-Church award, meaning that our diocese overall merited a bronze Eco-Church award.

Our Bishop's Lent Appeal raised more than £9,000 towards Foodbanks within our diocese and the Tearfund appeal to offer humanitarian aid to those suffering in the conflict between Israel, Gaza and Lebanon. The Easter story was told on the streets of Havant by local churchgoers, and Cbeebies star Gemma Hunt led two pirate-themed services at St John's Church, Locks Heath.

It was a significant moment as HRH Prince Edward celebrated the formal re-opening of Newport Minster, at the end of a £2.6m refurbishment and redevelopment that had seen the minster closed for eight months. This was the final phase of the development of the historic church that began in 2006. HRH the Duke of Edinburgh had been the royal patron of the campaign to renew the minster and took part in the re-opening service on May 1.

Bishop Jonathan paid his first visit to our Anglican friends in Ghana, who this diocese has been linked to for 40 years. He spent 10 days there, visiting all 13 of the bishops who lead the Anglican church there, as well as churches, schools and communities across the country. He also led the annual pilgrimage to the Taizé Community in France for young people, who came from two Isle of Wight schools – Christ the King College in Newport and the Bay CofE School in Sandown.

The bishop continued to appoint new clergy to roles throughout 2024. Several stipendiary clergy were appointed to posts on the Isle of Wight, reducing the number of vacant posts significantly. And for the second year there was a 'Michaelmas' cohort of clergy ordained, having been trained on an in-house programme over the previous 12 months. This meant the bishop ordained 18 deacons in total in the summer.

Bishop Jonathan also launched a national initiative in the summer called 'Flourish', which aims to create new worshipping communities within schools. They may be voluntary or after-school groups that can worship, pray and study together. There are 40 pilot Flourish projects across the country, with four of them within our diocese, in Horndean, Sandown and Bembridge.

Diocesan staff were also heavily involved in a campaign to keep three Isle of Wight church schools open, after the Isle of Wight Council earmarked them for closure in September because of the number of surplus places across the island.

Education

The Diocesan Board of Education has now become a Charitable Incorporated Organisation as a result of the Diocesan Board of Education Measure which came into effect at the start of 2022. Registration with the Charity Commission was completed on 12th January 2024. The employment of the education team transferred to Portsmouth and Winchester Diocesan Board of Education (DBE) from 1st July 2024, and income and costs relating to the team ceased being processed through PDBF from this date.

The DBE is linked to the DBF through shared members but it will be independent of its governance, finance management and policies. Alongside Winchester DBF, the PDBF is a grant giving body into the DBE and supports with office space and other services under Service Level Agreements.

Recruitment of senior leaders across all schools (not just CofE) continues to present challenges in the current climate. We have been taking steps to engage Chairs of Governors in preparing for a change of leadership and planning for a range of outcomes.

The team's engagement in national priorities like Net Zero Carbon initiatives, anti-racism and other areas has received endorsement. The work around the national pilot for the Growing Faith Foundation has continued during 2024.

Ministry and Discipleship

The end of 2024 saw an expansion of the Ministry and Discipleship Team, under the new interim Director, Revd Andrew Hargreaves, in post from 1 October 2024, to include team positions of 'Lead for Revive' (Clergy Wellbeing, Continuing Ministerial Development and Lay Discipleship), 'Lead for Revitalise' (Parish Mission and Discipleship), 'Lead for Renew' (New Worshipping Communities, Church Planting and Pioneer Ministry), a 'Children's Youth and Families Officer', a 'Lay Ministry Discipleship Officer' and a 'Team Executive Assistant', to add to our 'Lead for Vocations', 'Assistant Lead for Vocations' and 'Anna Chaplaincy co-ordinator'. These were funded by a successful £5.3million Strategic Ministry and Mission Investment Board (SMMIB) grant with generous assistance from the PDBF to supplement the successful grant.

These posts and team will help us to fulfil our vision to be a rejuvenating community of Jesus-centred, Kingdom-seeking disciples from which our strategy to deliver the vision has Rejuvenation, children and young people, as the intentional focus of everything we do. Our primary strategy to have congregations full of children and young people is to have flourishing churches, with our strategy themes of 'Revive', 'Revitalise' and 'Renew' to help us to do this. The expanded Ministry and Discipleship Team will be key in supporting the implementing the new vision and strategy. Building on last year's report we have continued to raise up Ordained and Lay Vocations from the discernment to the training phase and beyond, as well as providing clergy and lay training and support throughout the whole of the year. Much of this was previously overseen by Revd Anthony Rustell, who left for a new post, following 10 years of faithful and fruitful service.

Community Engagement & Impact

Churches continued to offer support in a variety of ways including food banks, cafés, coffee mornings, friendship groups, bereavement support groups, toddler groups community hubs etc. Chaplains have also been active across a variety of sectors in our diocese in a variety of work settings including hospitals, hospices, the prison, university, further education, schools, retail, and Portsmouth port. The PDBF's partnership with CSR meant support continued through the Good Neighbours' Network, serving the diocese but more widely in Hampshire also.

Future Plans

Our future plans focus on growth in mission as we work towards becoming a rejuvenating community of Jesus-centred, Kingdom-seeking disciples following the approval during 2024 of our revised Diocesan vision and strategy. Our missional work will have an emphasis on growing younger, and reaching more children and young people. The plans continue to build on the Deanery plans that were part of the 2022 Road Map, that have been developing and evolving since.

Our priority to Revive the spiritual leadership of the diocese includes the creation of Pilot Cairns where invited clergy will use specific resources to move their parishes from maintenance to mission. We are also putting in place wider structures for all in leadership roles including peer group Cairns, renewed learning opportunities, better wellbeing provision and clearer expectations to enable us to fulfil our vision of making Jesus-centred, kingdom-seeking disciples.

Our priorities to Revitalise include inviting all parishes and deaneries who are involved with Revive, to develop their own vision and strategy to create pathways into discipleship to grow their church. Alongside this we will encourage further ministry in partnership with schools, for example:

- We will continue pilots of the Church of England Flourish initiative, to create worshipping communities in schools
- We plan to establish the next cohort programme of Choir Churches, using music as a means to engage with the Christian faith.

Our priorities to Renew include:

- Continued support for significant investment in Haven Church Gosport, North Gosport, and Newport
- Implementation of a strategic plan for church planting on the Isle of Wight, which has started with major investment in Ryde.
- New strategic plants on the mainland, with work towards these starting in early 2025.

These plans have been made possible as a result of our successful application for major grant funding from the Church Commissioners via the SMMIB. Alongside that we will be rolling out our revised parish share system in 2025 after significant consultation during 2024 to shape this.

In order to provide the right ministry resources we will continue to develop a pipeline of leaders, both lay and ordained, and including children, families and youth workers.

Financial Review

Financial Performance

The operational financial results for 2024 reflect another challenging year before taking into account revaluation of property assets and investments. We continue to operate in an environment where declining parish attendance and giving, and significant pressures on parish costs, as a result of sustained high levels of inflation, coupled with the desire for parishes to invest in local ministry, leads to continued pressure on parish share payments. Despite this, we have seen an increase in cash collected through the parish share system and have continued to invest in clergy recruitment in order to encourage growth in mission and ministry for the future.

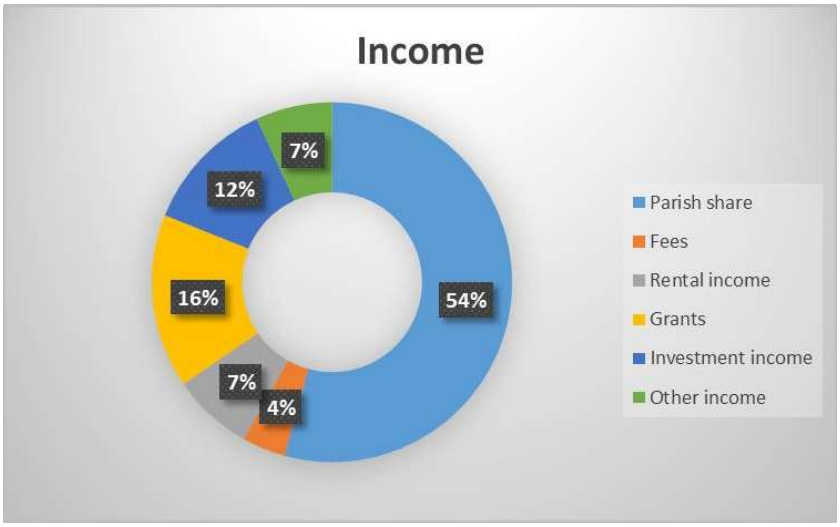
We wish to express our gratitude to all parishes for their engagement with their parish share payments; during 2024. We received a payment from each and every parish in the diocese.

Costs relating to property repairs and maintenance have continued to run at unprecedented levels and include works preparing properties for clergy appointments; works seen as vital in acknowledging our commitment to clergy welfare.

Balancing this there has been an improvement in investment valuations during the year, and we have benefitted from the sale of a property at a surplus of £97k.

The overall surplus of £1,644,645 has increased from the previous year (£1,565,350), largely driven by the revaluations of investments and property. The land values have remained steady during the year.

Income for 2024:



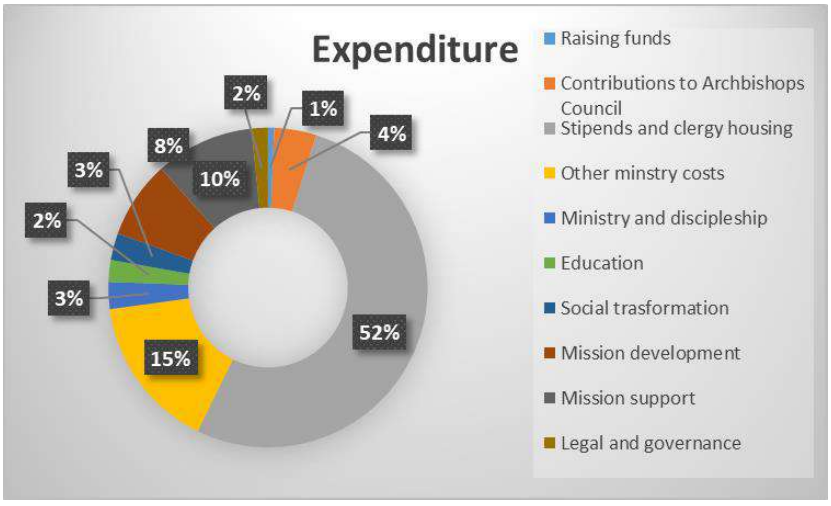
During 2024, total income generated increased by £225,224 to £8,315,305 (2023: £8,090,081). The majority of the increase was seen across general funds which increased from £6,767,749 to £7,097,767 and included an uplift of Parish share contributions of £187,489; increasing the collection rate to 86.4% (2023: 84.4%).

We also received an increase of £19,929 in Low Income Community (LINC) grant. This is directed towards those parishes with the highest levels of deprivation to support with mission and ministry.

Restricted income included grant income from the Strategic Development Fund (SDF) and the Strategic Mission and Ministry Investment Board (SMMIB) towards strategic projects totalling £521,335. We commenced a new project in Ryde on the Isle of Wight in early 2024 under the SMMIB funding.

We have continued to generate rental income from properties during clergy vacancies, and investment income has benefitted from the increase to interest rates during the year, offset by the use of funds held on deposit to support with operational cashflow.

Expenditure for 2024:



Resources expended across all funds before any transfers, gains and losses on disposal or revaluations, increased by £302,630 to £8,825,127 (2023: £8,522,499). Recruitment of stipendiary clergy to key posts continued throughout the year as well as continued focus on increasing numbers of Anna Chaplains and Self Supporting Ministers to increase ministry across the diocese. As well as an increase in headcount, both stipends

and lay staff salaries were uplifted to enable both staff and clergy to manage the impact of the inflationary pressures.

As in 2023, we continued to see significant catch up of property repairs either due to delayed quinquennial works, or preparing properties for clergy appointments. Due to the levels of inflationary pressures on costs that have been seen post COVID, this has led to a significant increase in property costs, and where possible restricted funds have been used to support with this.

As a result of the continued challenge on parish share collection and the ongoing cost pressures impacting from inflation, the operating result on the general fund was a deficit of £782,739 (2023: £689,628).

Balance sheet position

The Trustees consider that the balance sheet, together with details in note 20, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £98,938,008 (2023: £97,293,366) it must be remembered that included in this total are properties and other fixed assets, mostly in use for the ministry, whose value amounted to £68,832,105 (2023: £67,092,483). Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the PDBF.

Reserves policy

The free reserves, being the unrestricted general fund net of tangible assets and long term financing totalled £3.0m (2023: £2.7m) which represented 6.9 months (2023: 6.3 months) of parish share requested. The Trustees aim to maintain between 3 and 6 months.

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold not more than 12 weeks' normal expenditure in cash or on deposit, this being around £2,231,000 based on the budgeted expenditure for 2025. The reserves at 31 December 2024 equated to around 16 weeks expenditure. It has been considered appropriate to hold this increased level of cash and free reserves for the short to medium term whilst parish funds remain under pressure (impacting on parish share collection levels) and we await confirmation of future funding from Archbishop's Council for the next triennium 2026-2028.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequately justified for their retention.

A description of each reserve together with the intended use of the reserve is set out in note 21. The total value of designated funds at the end of 2024 reduced by £0.3m to £2.4m (2023: £2.7m), reflecting the strategic use of these funds, particularly to support our SDF and SMMIB funded projects.

Restricted and endowment funds

As set out in note 20 PDBF also holds and administers many restricted and endowment funds. As at 31 December 2024 restricted funds totalled £6.3m (2023: £6.3m) and endowment funds totalled £66.6m (2023: £65.9m). Neither are available for the general purposes of the PDBF.

Grant making policy

The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2024 is indicated in note 11.

Investment policy and report

In managing its investments, the PDBF continues to receive advice from its Investment Advisory Group (IAG), and the fund managers, CCLA Investment Management. The level of cash being held remains under scrutiny and throughout the year amounts held on deposit have remained high, benefitting from the increases in interest rates to generate greater return. Due to previous performance of the fund, the decision was made to reduce the holding the property portfolio, and we continue to keep this under review.

The investment income relied upon for the underpinning of the mission work of the Diocese can only be achieved through an active investment strategy that delivers real growth in total return. The IAG continue to encourage a similar approach in relation to parish funds and members of the group continue to engage with parishes to provide support and guidance in this important area.

The investment policy of the IAG as set out in the terms of reference for this group are:

a) Not more than 12 weeks normal expenditure is to be held in cash for routine purposes. This money (currently about £1.9m) is to be held in the CBF Deposit fund (or such other bank deposit account as may be deemed suitable by the Board from time to time). It being understood that the bank current account be maintained in credit.
b) The Diocesan Secretary following discussion with the IAG is authorised to switch investments managed by CCLA from time to time in order to achieve the Board's required total return.
c) Any fund managed by CCLA may be used for the Board`s investments, but no other types of investment may be used without the Board's prior approval.
d) The investment managers are to be instructed to achieve a yield of not less than 4% over a 10 year rolling period (taking into account the total cash at a) above), and a total return in line with the appropriate Benchmarks agreed by the Board annually.
e) Funds are to be invested in line with the Statement of Ethical Investment Policy, issued by the Church of England Investment Advisory Group.
f) This policy will be reviewed at least annually by the Board.

The income from financial investments in 2024 was £898,363 (2023: £938,450) and reflected a 3.6% yield. For the year ended 31 December 2024 the investment portfolio achieved an overall total return of 6.44% (being the increase in market value and the actual income received) (2023: 11.26%).

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report. The property and global investment funds outperformed the selected benchmark in for the year to varying degrees. The investment fund has performed below the benchmark throughout the year. Each fund has outperformed the benchmark on an annualised 5 year basis. The PDBF's investment strategy continues to be, to maintain a high level of income, and to concentrate on good quality companies and properties with long term growth potential. The property fund's performance improved to 6.14% (2023: -1.19%) whilst the global equity fund produced a total return of 8.82% (2023: 17.97%). The investment fund resulted in a reduced return of 5.09% (2023: 12.57%). The % allocation of assets to funds was as follows (the decision was made during the prior year to reduce the holding in the property fund due the sustained negative returns):

	2024	2023
Investment fund	80%	78%
Property Fund	12%	12%
Global Equity Fund	8%	10%
	100%	100%

Principal Risks & Uncertainties

The Trustees and management of PDBF are responsible for the identification, mitigation and management of risks. To manage this, a risk register is maintained and subject to regular review by Trustees and the subcommittees noted below to ensure that any changes to risks are identified. Responsibility for the management of strategies to mitigate these risks is delegated to the Diocesan Secretary.

Key risks and mitigating actions are as follows:

Key risks	**How managed**
Growth in congregations: the number and age profile of worshipping communities and of ministers remains a concern, with a high proportion in the upper age brackets. This has potentially far-reaching implications for the aims and objectives of both the PDBF and each PCC in the medium to long term. The future plans of the PDBF as outlined above are designed specifically to address and mitigate these key risks and uncertainties and in this way to continue to fulfil its charitable aims and objectives.	During 2024 we continued to make significant clergy appointments into some parishes that have been in vacancy for a period of time, as well as seeing the impact of appointments made during 2023 on mission. As part of our Rejuvenation strategy we have received national funding for the formation of cairns which will enable us to ensure support for mission and ministry is available at a local, deanery and diocesan level. PDBF continues to seek opportunities for significant funding investment to ensure that the relevant resources are available to meet the desired plans for growth and revitalisation.
Finances: We continue to experience pressure on costs and salary levels resulting from sustained periods of above average inflation. The impact on clergy, staff and PCCs has been felt strongly and results in ongoing challenges to parish share payments as well as an increase to the cost base for the diocese.	Management accounts are reported monthly to Bishops Staff Team and Audit Committee and finances are discussed at each Bishop's Council meeting. Cash flow forecasts are also updated regularly to aid early identification of pressure points. We continue to encourage open communication with PCCS to ensure that any financial challenges they face can be identified and the appropriate support offered where possible.
Parish share: Parish share accounts for around 64%	Receipts are closely monitored on a monthly basis

Key risks	How managed
of the diocese's general income therefore any reduction in this can have significant impact on the future finances and the ability to deliver mission longer term and support the growth of parishes.	and deanery treasurers are supported by diocesan staff and the Diocesan Deanery Finance Committee to understand the budgets and why regular payment of the parish share is preferable. Parishes are assisted to promote the Parish Giving Scheme to aid income generation and enable them to allocate resources to the payment of the parish share. Diocesan finances are reviewed monthly by Bishops Staff Team, Diocesan Deanery Finance Committee, Audit Committee and Bishops Council to ensure the impact of any shortfall in parish share payments can be identified on a timely basis. A parish share review has been completed during 2024 with wide consultation. Questionnaires were available to both individuals and PCCs to respond, to ensure the way we allocate parish share reflects a fair and equitable method across the diocese, that is driven by the parishes.
People: The clergy and lay staff employed by the diocese are critical to the ability to meet the diocesan mission. If the staff teams and clergy are not adequately supported then they will be unable to meet the needs of the parishes and the wider needs of the communities we serve. There is a risk of parishes feeling unsupported when clergy vacancies occur.	Recruitment procedures are in place to ensure that all those employed have the sufficient skills and training to undertake their roles. Parishes and archdeacons will be kept up to date with any changes in the recruitment of clergy. An induction programme is in place for staff joining the diocese and the HR advisory Board has continued to review key policies to ensure that they remain up to date and relevant for the support and wellbeing of staff and clergy.
Funding: The diocese receives significant grant funding from National church and other sources which underpins operations. Any reduction in these grants places additional reliance on parish share and use of reserves to meet any shortfall.	Key members of staff maintain open communication with funders to ensure that they can feed into any consultations around changes to funding and access any additional grants as and when they become available. We to continue to engage with the national review of financial support for dioceses, ensuring that our financial requirements and challenges are understood, and sharing the impact of the funding we receive.

Key risks	How managed
Governance: The work of the diocese is dependent on good governance, trust and transparency, and confidence in the culture and decision making.	Committee membership is reviewed regularly to ensure that decision making groups are appropriately skilled and training is provided where necessary. A skills audit is undertaken when new trustees are appointed to ensure that key skills or gaps can be identified. Each sub-committee has a Trustee (as representative of Bishop's Council) either as a full member or observer. Terms of reference and membership of committees are regularly reviewed to ensure all areas of Diocesan life are appropriately addressed and considered. PDBF is committed to openness and consultation around budgets and sharing of financial information, and wider communication and engagement.
Safeguarding: The care of children and vulnerable adults remains a key priority to the diocese as it is a Gospel imperative and at the heart of who we are and what we do.	The diocese invests in suitable trained officers and training and support of parishes and schools. In recent years the staffing level within the team has been increased to enable the team to better support parishes. Systems are in place to ensure that all personnel are trained at the appropriate level for their roles and that this training is renewed regularly. Safeguarding is discussed at each Bishops Council meeting as well as at each meeting of Bishops Staff Team. During 2024, a new safeguarding database was implemented to enable better monitoring and reporting of the progress of cases. The DBF will be subject to the INEQE audit during 2025 which is part of the 5 year audit programme commissioned by Archbishop's Council.

Structure & Governance

Summary Information about the structure of the Church of England

The Church of England is the established church, and HM The King 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 the benefices and parishes which together make up the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives 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 leadership assisted by the governance functions of the Diocesan Synod. The Diocese of Portsmouth has seven deaneries, each with its own deanery 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 parish.

Organisational structure

The Portsmouth Diocesan Board of Finance is constituted under the provisions of the Diocesan Boards of Finance Measure 1925. It is a registered charitable company and has responsibility for conducting the financial affairs of the Diocese.

The Board of Directors is the main governing body of the charity. Its members are the Directors and Trustees. The Diocesan Synod, however, agrees the overall annual budget, including the overall level of parish contributions to be sought from parishes under the Parish Share system. The Directors also form the Bishop's Council (Standing Committee of the Diocesan Synod), the Diocesan Mission and Pastoral Committee, and the Diocesan Parsonages Board. These arrangements achieve the uniting of the Diocese's policy-setting and finance-controlling responsibilities. Membership comprises ex-officio members, clergy and lay members elected by their respective Diocesan Synod houses, and one member nominated by the Bishop. Bishop's Council is also supported by employed staff as appropriate.

Trustee recruitment, selection, and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. A skills audit at the start of the triennium informs future training needs also. Those likely to stand for election are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Portsmouth are set by the Diocesan Synod, and the PDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The company meets once a year in general meeting to receive and consider the annual report and financial statements and to appoint the auditors. The Diocesan

Synod each year receives and agrees the annual budget, prepared, and approved by the PDBF.

The Trustees, meeting within the context of the Bishop's Council and Standing Committee, normally hold eight meetings during the year to:

- plan the business of the synod, to prepare the agenda for its sessions, and to circulate to members, information about matters for discussion.
- initiate proposals for action by the synod and to advise it on matters of policy which are placed before it.
- advise the president on any matters which he may refer to the council.
- transact the business of the synod when it is not in session.
- undertake the responsibilities of the Diocesan Board of Finance
- undertake the responsibilities of the Diocesan Mission and Pastoral Committee (DMPC)
- to hold all boards and committees accountable for their work and to provide an annual report to synod of that work.
- to work with deanery standing committees on the communication of diocesan issues and the understanding of deanery issues.
- carry out such other functions as the Synod delegates to it.

The Trustees are assisted in their work by several sub-committees and there is a flow of work through those groups thus making effective recommendations to the trustees in Bishop's Council: -

- **Diocesan Deanery Finance Committee** reviews and reports on the finances of individual parishes and their ability to meet their parish share commitments. In addition to this important monitoring and evaluation of parish share contributions, this group also agree the approach to individual parish share arrears with the Diocesan Stewardship Adviser, communicate financial matters to Deanery Finance Committees and parishes and provide parish feedback into the Diocesan Audit Committee.
- **Diocesan Audit Committee** scrutinises matters of financial management and governance including budgets, management accounts and cashflows, annual report and accounts, risk management as well as considering each of those aspects in the light of recommendations from the Investment Advisory Group. Taking into account all these different interlinking aspects, the Diocesan Audit Committee bring recommendations to Bishop's Council.
- **Investment Advisory Group** provides advice (the sub-committee has no executive authority) on PDBF's investments and funds available for investment and the PDBF's overall investment strategy.
- **Property Sub Committee** reports to the Trustees; it oversees repairs to parsonages, glebe property, properties held for the charity's own use, and the disposal and purchase of property.
- **Diocesan Synod Agenda Group supports Bishop's Council** by planning the annual business of Synod for approval.
- **HR Advisory Board** meets to review the pay, conditions and policies affecting the lay members of staff employed by the DBF.

Delegation of day-to-day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and their colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the PDBF in accordance with the policies framed by the Trustees.

Related Parties

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. Details of these costs can be found in note 8. The PDBF currently receives annual grants from the Church Commissioners in the form of Lowest Income Community Funding and an annual grant from The Benefact Trust. Further details of these receipts can be found in notes 2b and 2c.

Fundraising

The Diocese provides guidance to the parishes with regards to fundraising but does not engage in fundraising activities itself and therefore we have not received any complaints regarding our fundraising activities. Due regard is given to the Fundraising Code of Practice set by Fundraising Regulator when providing guidance to the parishes.

Remuneration of key management personnel

The Board operates a set salary scale and employees are placed on this benchmarked where possible against comparable roles in other dioceses and the external employment market. The salary scale is reviewed each year by the Board with reference to cost-of-living, movements in clergy and national church staff pay. This process is supported by the HR Advisory Board . Emoluments of higher-paid employees are determined in consultation between the Bishop of Portsmouth (as chair of the Board), the Chair of the Audit Committee and the Diocesan Secretary.

Funds held as Custodian Trustee

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them. They are segregated from the PDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £10.2m at 31 December 2024 (2023: £9.9m), are available from the PDBF on request, and are summarised in note 26. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the PDBF's solicitor, Messrs Batt Broadbent.

Funds held on behalf of schools

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education receives contributions from governors of church schools within the Dioceses in connection with major repair and capital projects to church schools and government grants in connection with the same. The staff of the Board of Education (who were employees of the PDBF until 1 July 2024) administer these monies as managing agent and make appropriate payments to contractors for work carried out. The monies do not belong to the PDBF or the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2024 is £1,236,505 (2023: £1,275,038). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1,887,696 and £1,782,584 respectively in 2024 (2023: £1,978,913 and £2,406,505).

Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations**.**

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF for that period.
In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently.
- observe methods and principles in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF 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 PDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the PDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.
In all matters the Trustees complies with the Charity Governance Code which covers seven areas:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk and control
- Board effectiveness
- Equality, diversity and inclusion
- Openness and accountability

Trustees confirm that they have referred and had due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

Statement of Disclosure to the Auditors

So far as the Trustees are aware:

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

Appointment of Auditors

On 18 November 2024, the charity's auditors changed their name from Haysmacintyre LLP to HaysMac LLP.

There will be a tender process for the appointment of auditors for the PDBF for the year ended 31 December 2025.

Administrative Details

Trustees

No Trustee had any beneficial interest in the company during 2024.

General Synod Members can be in attendance at all meetings of Bishop's Council; Portsmouth has 6 members of General Synod at any one time (3 lay and 3 ordained).

The following are the Trustees who served at any time during 2024 and those that are now serving from the start of 2025 covering the period up to the date of this report along with details of those in attendance:-

1. Trustees who served between 1st January 2024 and 31st December 2024:

a) Ex Officio Members

Chair:	The Rt Rev Dr Jonathan Frost (Bishop of Portsmouth)
Dean of Portsmouth:	The Very Revd Dr Anthony Cane
Archdeacons:	The Ven Jenny Rowley (Portsdown, resigned 1st February 2024) The Ven Steve Daughtery (Archdeacon of Isle of Wight) The Ven Kathryn Percival (Archdeacon of the Meon) The Revd Canon Robert White (Acting Archdeacon of Portsdown, appointed 25 March 2024)
Chairs of the Houses:	The Revd Canon Robert White (Chair of the House of Clergy) Canon Debbie Sutton (Chair of the House of Laity)
Diocesan Secretary:	Mr Philip Poulter

b) Elected by House of Clergy

Revd Andrew Hargreaves	Revd Dr Susie Collingridge
Revd James Hunt	Revd Canon Tom Kennar
Revd Sam Martell (resigned 22nd September 2024)	Revd Mark Williams

c) Elected by House of Laity

Mr James Bremridge	Mr Neil Chrimes
Canon Lucy Docherty	Mr Mark Emerton
Canon Stuart Forster	Mrs Irene James
Canon Adrian Jordan	Mrs Vanda Leary
Mr Simon Lemieux	Mr Steven Smart

d) Members in Attendance

Throughout 2024, 3 General Synod members are also voting members of Council in either ex officio or elected capacities (Rev Canon R White, Canon Lucy Docherty, Revd Andrew Hargreaves). Therefore, 3 members of General Synod (Mrs Rebecca Hunt, Mr Ian Johnston and Revd Dr Paul Chamberlain) are in attendance.

Trustees serving since 1st January 2025 post elections and to the date of this report:

e) Ex Officio Members

Chair:	The Rt Rev Dr Jonathan Frost (Bishop of Portsmouth)
Dean of Portsmouth:	The Very Revd Dr Anthony Cane
Archdeacons:	The Ven Steve Daughtery (Archdeacon of Isle of Wight, resigned 20 April 2025) The Ven Kathryn Percival (Archdeacon of the Meon) The Revd Canon Robert White (Acting Archdeacon of Portsdown, from 25 March 2024)
Chairs of the Houses:	The Revd Canon Robert White (Chair of the House of Clergy) Canon Debbie Sutton (Chair of the House of Laity)
Diocesan Secretary:	Mr Philip Poulter
Director of Ministry and Discipleship:	Revd Andrew Hargreaves

f) Elected by House of Clergy

Revd Amy Adeniran	Revd Ray Driscoll (appointed 27 January 2025)
Revd James Hunt	Revd Dr Coleen Jackson
Revd David Morgan	Revd Adam Tams

g) Elected by House of Laity

Oyinlolu Alonge (appointed 24 March 2025)	Mr Neil Chrimes
Canon Lucy Docherty	Mrs Bethan Fogell (resigned 9 April 2025)
Canon John Gwynn (appointed 19 February 2025)	Mr Martin How
Canon Adrian Jordan	Mr Simon Lemieux
Mr Steven Smart	

h) Members in Attendance

From 1st January 2025 to the date of this report, 3 General Synod members are also voting members of Council in either ex officio or elected capacities (Rev Canon R White, Canon Lucy Docherty, Revd Andrew Hargreaves). Therefore, 3 members of General Synod (Mrs Rebecca Hunt, Mr Ian Johnston and Revd Dr Paul Chamberlain) are in attendance.

Senior staff and advisers

Diocesan Secretary	Philip Poulter
Director of Mission and Ministry	Anthony Rustell (resigned 3rd December 2024)
Interim Director of Mission and Discipleship	Andrew Hargreaves (appointed 1st October 2024)
Director of Education	Jeff Williams (resigned 30 June 2024)
Executive Director, CSR	Nick Ralph
Director of Communications	Neil Pugmire
Head of Safeguarding	Emily Hassan
Head of Finance	Elaine Coe

Registered Office

Diocesan Office, 1st Floor, Peninsular House, Wharf Road, Portsmouth, PO2 8HB

Key Advisers and Agents

Bankers	Barclays PLC, PO Box 165, Crawley, RH10 1YX
Auditors	HaysMac LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors & registrar	Batt Broadbent LLP, Minster Chambers, 42-44 Castle Street, Salisbury, SP1 3TX
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	ElG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Advisers	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW

ON BEHALF OF THE TRUSTEES



The Right Revd Jonathan Frost

Chairman

19 May 2025



Philip Poulter

Diocesan Secretary

19 May 2025

Opinion
We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant 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 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Other information
The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 Annual Report (which incorporates the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at the year-end and those with unusual descriptions;
- Challenging assumptions and judgements made by management in their accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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.



Jane Askew (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Date:

10 Queen Street Place
London
EC4R 1AG

Company No: 226466

STATEMENT OF FINANCIAL ACTIVITIES

At 31 December 2024

	Note	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2024 £	Total funds 2023 £
Income and endowments from							
Donations							
Parish contributions	2a	4,510,614	-	-	-	4,510,614	4,323,125
Archbishops' Council	2b	597,563	-	704,125	-	1,301,688	1,395,981
Other donations	2c	86,260	-	67,000	-	153,260	129,360
Charitable activities	3	632,675	23,217	10,000	-	665,892	558,984
Other trading activities	4	559,539	-	44,499	-	604,038	647,538
Investments	5	613,762	81,118	211,587	97,876	1,004,343	1,035,093
Other	6	97,354	-	-	-	97,354	-
Total		**7,097,767**	**104,336**	**1,037,211**	**97,876**	**8,337,189**	8,090,081
Expenditure on:							
Raising funds	7	55,350	-	-	-	55,350	67,555
Charitable activities	8	7,825,155	226,106	718,516	-	8,769,777	8,454,943
Total	9	**7,880,505**	**226,106**	**718,516**	**-**	**8,825,127**	8,522,498
Net income/(expenditure) before investment gains/(losses)		**(782,738)**	**(121,771)**	**318,695**	**97,876**	**(487,938)**	(432,417)
Net gains on investments	15	100,625	47,359	118,401	263,042	529,427	1,438,122
Net income		**(682,113)**	**(74,412)**	**437,096**	**360,918**	**41,489**	1,005,705
Transfers between funds	13	**1,336,163**	**(190,177)**	**(440,588)**	**(705,398)**	-	-
Other recognised gains/(losses)							
Gains on revaluation of fixed assets	14	596,661	-	-	981,216	1,577,877	509,746
Gain/(loss) on disposal of investments		-	(998)	-	48,161	47,163	49,899
Remeasurement of pension scheme provision		-	-	-	-	-	-
		596,661	**(998)**	**-**	**1,029,377**	**1,625,040**	559,645
Net movement in funds		**1,250,711**	**(265,587)**	**(3,492)**	**684,897**	**1,666,529**	1,565,350
Total funds at 1 January		**22,413,352**	**2,684,572**	**6,277,263**	**65,896,295**	**97,271,482**	95,706,132
Total funds at 31 December	19	**23,664,063**	**2,418,985**	**6,273,771**	**66,581,192**	**98,938,011**	97,271,482

The net surplus/(deficit) of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net incoming resources before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above. All income and resources expenditure derive from continuing activities.

The comparative data for year ended 31 December 2023 is included in note 27.

The notes on pages 29 to 59 form part of the financial statements.

Company No: 226466

BALANCE SHEET

At 31 December 2024

	Note	2024		2023	
FIXED ASSETS					
Tangible Fixed Assets	14		68,832,105		67,092,483
Investments	15		25,681,472		25,928,144
			94,513,577		93,020,627
CURRENT ASSETS					
Debtors	16	532,241		740,217	
Cash on Deposit		5,338,513		5,579,083	
Cash at bank and in hand		548,456		300,416	
		6,419,210		6,619,716	
CREDITORS: amounts falling due within one year	17	1,707,276		2,368,861	
NET CURRENT ASSETS			4,711,934		4,250,855
Total assets less current liabilities			99,225,511		97,271,482
CREDITORS amounts falling due after more than one year	18				
Loans and long term provisions		287,500		-	
			287,500		-
NET ASSETS			98,938,011		97,271,482
FUNDS					
Unrestricted income funds:					
General funds			23,664,063		22,413,352
Designated funds			2,418,985		2,684,572
			26,083,048		25,097,924
Restricted funds			6,273,771		6,277,263
Endowment funds			66,581,192		65,896,295
TOTAL FUNDS	19/20		98,938,011		97,271,482

Revaluation reserves of the following amounts are included within the above funds: endowment funds £25.0m (2023: £23.6m), restricted funds £2.0m (2023: £1.9m), designated funds £1.5m (2023: £1.5m), general funds £5.3m (2023: £4.6m).

The Notes on pages 29 to 59 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 19th May 2025 and signed on behalf of the Board by:



The Right Revd Jonathan Frost

Company No: 226466

STATEMENT OF CASHFLOWS

At 31 December 2024

		2024		2023
Net cash flow from operating activities				
Net cash used in operating activities		**(1,944,846)**		**(1,671,554)**
Cash flows from investing activities				
Dividends, interest and rent from investments	**928,296**		**963,767**	
Purchase of property and equipment	**(726,698)**		**-**	
Purchase of investments	**(637,039)**		**(3,589,884)**	
Sale of property and equipment	**611,074**		**-**	
Sale of investments	**1,489,183**		**4,234,356**	
Net cash provided by investing activities		**1,664,816**		**1,608,239**
Cash flows from financing activities				
Loans repaid by PDBF	**-**		**(607,083)**	
Cash inflows from new borrowing	**287,500**		**-**	
Net cash used in financing		**287,500**		**(607,083)**
Change in cash and cash equivalents in the reporting period		**7,470**		**(670,398)**
Cash and cash equivalents at 1 January		**5,879,499**		**6,549,897**
Cash and cash equivalents at 31 December		**5,886,969**		**5,879,499**

Reconciliation of net income to net cash flow from operating activities

	2024	2023
Net income for the year ended 31 December	**41,489**	**1,005,705**
Adjustments for:		
Depreciation charges	**51,233**	**52,540**
(Gains)/losses on investments	**(529,427)**	**(1,438,122)**
Dividends, interest and rent from investments	**(1,004,343)**	**(1,035,093)**
(Gain)/loss on sale of functional assets	**(97,354)**	**-**
(Gain)/loss on disposal of investments	**47,163**	**49,899**
(Increase)/decrease in operating debtors	**207,976**	**(101,403)**
Increase/(decrease) in operating creditors	**(661,583)**	**(205,080)**
Net cash provided by operating activities	**(1,944,846)**	**(1,671,554)**

Analysis of net debt	25	
Cash at bank and in hand	**548,456**	**300,416**
Cash on deposit	**5,338,513**	**5,579,083**
Bank/other loan	**(287,500)**	**-**
Total net debt	**5,599,469**	**5,879,499**

1. ACCOUNTING POLICIES

Portsmouth DBF is a company limited by guarantee, incorporated in England and Wales, and is a Public Benefit Entity as defined by FRS102. The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The Trustees consider that there are no material uncertainties that could cast doubt on the charity's ability to continue as a going concern. After reviewing the charity's forecasts and projections, the Trustees have a reasonable expectation that the charity has adequate resources to continue as a going concern for the foreseeable future. The Trustees therefore continue to adopt the going concern basis in preparing this Annual Report and Financial Statements.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the PDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

i) **Parish Share** is recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.

ii) **Rent** is recognised as income when receivable.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

v) **Parochial fees** are recognised as income in the year in which it is received, plus an accrual for any late payments received in the following year.

vi) **Donations** other than grants are recognised when receivable**.**

vii) **Gains on disposal of fixed assets for the PDBF's own use** (i.e., non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activities category.

i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

1. ACCOUNTING POLICIES (CONTINUED)

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.

iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) **Pension contributions**. The majority of PDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of any deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year. We also have a small number of staff who are part of the Teacher's Pension Scheme. The pension costs charged represent the contributions payable by PDBF.

c) Tangible fixed assets and depreciation

Properties are accounted for at their fair value and are reviewed annually and revalued accordingly. Each property is subject to a full revaluation review on at least a five-year cycle. This review is led by our internal property specialist and is used as the basis of assessing the valuation of the remainder of the portfolio. The fair value assessment is reviewed by management and the Board of Trustees.

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The PDBF has a policy of regular structural inspection, 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 deteriorate or suffer from 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. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Parsonage houses

The PDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form.

1. ACCOUNTING POLICIES (CONTINUED)

The PDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated fair value, using the same valuation methodology as for freehold properties as noted above. This treatment is also applied to any property where the title will revert to the PCC in the event that it should no longer be required as a parsonage.

Computer equipment

Items of computer equipment are stated at cost, being the purchase price and any incidental acquisition costs.

d) Depreciation

Depreciation is provided on leasehold properties over the lesser of 50 years or the life of the lease.

Depreciation is provided on computer equipment over a period of 3 years.

e) Other accounting policies

i) **Fixed asset investments** are included in the balance sheet at bid value and the gain or loss taken to the Statement of Financial Activities. The single property held as an investment is revalued by the Diocesan surveyor on a five-year cycle alongside all other properties.

Glebe land is accounted for at fair value and is reviewed on a five-year cycle and revalued accordingly.

ii) **Leases**. The PDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the lease term.

iii) **Financial instruments** are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. The charity only has financial assets and liabilities which qualify as basic financial instruments.

Financial assets and liabilities measured at amortised cost, which includes parish share receivable and other debtors, bank loans and creditors, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest rate method.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 15.

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the PDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the PDBF. There are two types of unrestricted funds:
  - **General funds** which the PDBF intends to use for the general purposes of the PDBF and
  - **Designated funds** set aside out of unrestricted funds by the PDBF for a purpose specified by the Trustees

1. ACCOUNTING POLICIES (CONTINUED)

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the PDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the PDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Basis for non-depreciation of functional residential property
- Assumptions underpinning the clergy and church workers' pension scheme liabilities.
- Fair value of properties

2 DONATIONS

2a Parish Contributions

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Parish share requested	5,222,779	-	-	-	5,222,779
Short fall against cash received	(745,463)	-	-	-	(745,463)
Payments received	4,477,316	-	-	-	4,477,316
Amounts received for prior year	33,298	-	-	-	33,298
Parish share receivable	4,510,614	-	-	-	4,510,614

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Parish share requested	5,122,000	-	-	-	5,122,000
Short fall against cash received	(848,713)	-	-	-	(848,713)
Payments received	4,273,287	-	-	-	4,273,287
Amounts received for prior year	49,838	-	-	-	49,838
Parish share receivable	4,323,125	-	-	-	4,323,125

2a Parish Contributions (continued)

The majority of donations are collected from parishes of the diocese through the parish share system. Current year parish share receipts represent 85.7% of the total apportioned (2023: 83.4%) or when receipts for previous years are included, 86.4% (2023: 84.4%) of the amount requested.

2b Archbishops' Council

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Lowest income community funding	597,563	-	-	-	597,563
Church Commission grant for Resourcing Ministerial Education	-	-	21,700	-	21,700
Strategic Development Fund	-	-	521,335	-	521,335
Net Zero Carbon Funding	-	-	42,100	-	42,100
Other Archbishops's Council Grants	-	-	118,990	-	118,990
	597,563	-	704,125	-	1,301,688

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Lowest income community funding	577,634	-	-	-	577,634
Church Commission grant for Resourcing Ministerial Education	-	-	141,245	-	141,245
Strategic Development Fund	-	-	677,102	-	677,102
	577,634	-	818,347	-	1,395,981

2c Other donations

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Benefact Trust	84,280	-	-	-	84,280
Donations	1,980	-	67,000	-	68,980
	86,260	-	67,000	-	153,260

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Benefact Trust	98,000	-	-	-	98,000
Donations	25,965	-	5,665	-	31,630
	123,965	-	5,665	-	129,630

3 CHARITABLE ACTIVITIES

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Statutory fees and chaplaincy income	325,245	-	-	-	325,245
Miscellaneous income	50,803	23,217	10,000	-	84,020
Section income:					
Education	60,050	-	-	-	60,050
Ministry Support	61,448	-	-	-	61,448
Social Transformation	135,129	-	-	-	135,129
	632,675	23,217	10,000	-	665,892

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Statutory fees and chaplaincy income	282,595	-	-	-	282,595
Miscellaneous income	47,841	5,505	25,000	-	78,346
Section income:					
Education	41,416	-	-	-	41,416
Ministry support	69,366	-	-	-	69,366
Social Transformation	87,261	-	-	-	87,261
	528,479	5,505	25,000	-	558,984

4 OTHER TRADING ACTIVITIES

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Rental income from properties	559,539	-	44,499	-	604,038
	559,539	-	44,499	-	604,038

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Rental income from properties	601,395	-	46,143	-	647,538
	601,395	-	46,143	-	647,538

5 INVESTMENT INCOME

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Dividends receivable	378,691	43,362	177,712	86,041	685,806
Interest receivable	129,090	37,756	33,875	11,835	212,556
Rents receivable	105,981	-	-	-	105,981
	613,762	81,118	211,587	97,876	1,004,343

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Dividends receivable	376,864	62,631	188,011	89,521	717,027
Interest receivable	139,914	38,158	32,264	11,087	221,423
Rents receivable	96,643	-	-	-	96,643
	613,421	100,789	220,275	100,608	1,035,093

6 OTHER INCOME

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Gain on sale of properties	97,354	-	-	-	97,354
	97,354	-	-	-	97,354

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Gain on sale of properties	-	-	-	-	-
	-	-	-	-	-

7 FUND RAISING COSTS

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Glebe agent's fees and repairs	11,866	-	-	-	11,866
Management fees of rentals	43,484	-	-	-	43,484
	55,350	-	-	-	55,350

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Glebe agent's fees and repairs	13,845	-	-	-	13,845
Management fees of rentals	53,710	-	-	-	53,710
	67,555	-	-	-	67,555

8 CHARITABLE ACTIVITIES

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	168,051	-	-	-	168,051
National church responsibilities	111,233	-	-	-	111,233
Grants and provisions	19,162	-	-	-	19,162
Mission agency pension contributions	-	-	-	-	-
Retired clergy housing costs	77,498	-	-	-	77,498
	375,944	-	-	-	375,944
Resourcing ministry and mission					
Training for ministry	169,828	-	19,598	-	189,426
Parish ministry:					
Stipends and national insurance	2,695,679	-	22,713	-	2,718,392
Pension costs	546,290	-	4,466	-	550,756
Housing costs	1,312,875	36,139	2,438	-	1,351,452
Removal, resettlement & other grants	158,696	-	-	-	158,696
Other expenses	168,883	189,967	669,301	-	1,028,151
	5,052,251	226,106	718,516	-	5,996,873
Support for ministry and mission					
Ministry and Discipleship	240,846	-	-	-	240,846
Education	194,895	-	-	-	194,895
Mission development	691,885	-	-	-	691,885
Mission Support	882,883	-	-	-	882,883
Social transformation	239,826	-	-	-	239,826
Governance	33,894	-	-	-	33,894
Legal and registrar	112,731	-	-	-	112,731
	2,396,960	-	-	-	2,396,960
	7,825,155	226,106	718,516	-	8,769,777

8 CHARITABLE ACTIVITIES (CONTINUED)

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	166,797	-	-	-	166,797
National church responsibilities	107,864	-	-	-	107,864
Grants and provisions	18,996	-	-	-	18,996
Mission agency pension contributions	5,905	-	-	-	5,905
Retired clergy housing costs	73,069	-	-	-	73,069
	372,631	-	-	-	372,631
Resourcing ministry and mission					
Training for ministry	156,992	-	119,311	-	276,303
Parish ministry:					-
Stipends and national insurance	2,494,352	12,621	-	-	2,506,973
Pension costs	582,980	19,953	-	-	602,933
Housing costs	1,358,653	35,730	2,620	-	1,397,003
Removal, resettlement & other grants	165,363	-	-	-	165,363
Other expenses	12,500	36,891	767,165	-	816,556
	4,770,840	105,195	889,096	-	5,765,131
Support for ministry and mission					
Ministry and Discipleship	271,297	61,470	-	-	332,767
Education	181,543	-	-	-	181,543
Mission development	420,183	-	-	-	420,183
Mission Support	985,917	-	9,360	-	995,277
Social transformation	211,418	-	-	-	211,418
Governance	79,915	-	-	-	79,915
Legal and registrar	96,078	-	-	-	96,078
	2,246,351	61,470	9,360	-	2,317,181
	7,389,822	166,665	898,456	-	8,454,943

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2024	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2024
	£	£	£	£
Raising funds	55,350	-	-	55,350
Contributions to Archbishops' Council	-	375,944	-	375,944
Parish Ministry	5,829,282	167,591	-	5,996,873
Support for Ministry and Mission	2,266,225	-	70,684	2,336,910
Education	60,050	-	-	60,050
	8,210,907	543,535	70,684	8,825,127

2023	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2023
	£	£	£	£
Raising funds	67,555	-	-	67,555
Contributions to Archbishops' Council	-	372,631	-	372,631
Parish Ministry	5,674,246	170,944	-	5,845,190
Support for Ministry and Mission	2,079,805	-	115,901	2,195,706
Education	41,416	-	-	41,416
	7,863,022	543,575	115,901	8,522,498

10 ANALYSIS OF SUPPORT COSTS

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	33,894	-	-	-	33,894
	70,684	-	-	-	70,684

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	79,111	-	-	-	79,111
	115,901	-	-	-	115,901

Auditors' remuneration for the year was £20,490 (2023: £19,530) and the cost of operating lease rentals was £25,256 (2023: £22,530).

11 ANALYSIS OF GRANTS

2024	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	375,944	375,944
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	1,241	-	1,241
Removal and resettlement grants	36	166,350	-	166,350
	37	167,591	-	167,591
From restricted funds for various purposes:				
Youth development grant to PCCs	1	-	1,700	1,700
Alpha grant to PCCs	13	-	1,430	1,430
Minor repairs and improvements grant to PCCs	2	-	13,552	13,552
Quick wins grant to PCCs	6	-	9,908	9,908
Energy grants to PCCs	1	-	500	500
	23	-	27,090	27,090
	61	167,591	403,034	570,625

2023	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	372,631	372,631
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	2,145	-	2,145
Removal and resettlement grants	38	168,799	-	168,799
	39	170,944	-	170,944
From restricted funds for various purposes:				
Hardship grants to clergy	10	5,000	-	5,000
Hardship grants to lay staff	37	19,000	-	19,000
Energy grants to PCCs	49	-	42,666	42,666
	96	24,000	42,666	66,666
	136	194,944	415,297	610,241

12 STAFF COSTS

Employee costs during the year were as follows:

	2024 £	2023 £
Wages and salaries	1,329,796	1,176,011
National insurance contributions	134,763	118,960
Pension costs	95,522	200,463
	1,560,081	1,495,434

Included in the above are settlement payments totalling £2,500 (2023: £2,242).

The reduction in pension costs compared to the prior year is due to a surplus on the historical lay staff DBS scheme, which is being used to offset current pension contributions for lay staff. The monies are held by the Church of England Pension Board.

12 STAFF COSTS (CONTINUED)

The average number of persons employed during the year:

	2024 no.	2023 no.
Property and parish support	8.3	7.0
Education	7.0	7.0
Ministry and discipleship	3.8	3.8
Safeguarding	7.8	7.2
Communications	2.0	2.0
Strategic projects	2.3	2.5
Social Transformation	4.3	3.0
Admistrative and finance support	5.0	5.3
	40.5	37.8
Parochial Assistants	3.0	2.5
	43.5	40.3

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

	2024 fte	2023 fte
Property and parish support	6.7	5.7
Education	2.2	2.1
Ministry and discipleship	3.1	2.9
Safeguarding	5.7	4.8
Communications	1.6	1.6
Strategic projects	2.2	1.9
Social Transformation	3.3	2.1
(of which 3.3 are externally funded, 2023: 1.7)		
Admistrative and finance support	4.7	4.7
	29.5	25.8
Parochial Assistants	2.7	2.0
	32.2	27.8

Included in the figures above are a small number of staff who work within the deaneries including the PA's to the Archdeacons, as well as those in central diocesan support roles. In addition, 2 members of staff are funded under the Strategic Development funds, 2 funder under the Net Zero Carbon funds and 1 funded under the Church Building Support Officer funds.

The staff team included above under Education are shared with the Winchester Diocesan Board of Finance (WDBF). Two thirds of the cost of this team are recharged to the WDBF based on the number of schools in each diocese and the FTE head count reflects the average headcount paid for by PDBF. From 1st July 2024 these staff were TUPE'd to the Portsmouth and Winchester Diocesan Board of Education (P&WDBE). The figures above include their costs for the first 6 months of the year only.

The finance team for the PDBF are also a shared team with WDBF. The costs of this team are charged from WDBF to PDBF on the basis of time spent providing support to each diocese. The average FTE for these staff is included in the headcount above, based on the time spent supporting PDBF.

12 STAFF COSTS (CONTINUED)

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 was as follows:

	2024	2023
	no.	no.
£60,000 - £70,000	2	1
£80,000 - £90,000	1	1

Pension payments of £17,862 (2023: £26,139) were made for these employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2024 they were:

Diocesan Secretary	Philip Poulter
Director of Mission and Ministry (resigned 3 December)	Revd Anthony Rustell
Interim Director of Ministry and Discipleship (appointed 1 October)	Revd Andrew Hargreaves
Director of Education (resigned 30 June)	Jeff Williams (33%)
Head of Social Transformation	Nick Ralph (10%)
Director of Communications	Neil Pugmire
Head of Safeguarding	Emily Hassan
Head of Finance	Elaine Coe (95%)

Remuneration, pensions and expenses for these 8 employees (2023: 7) amounted to £406,876 (2023: £405,960).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses totalling £15,726 (2023: £21,965) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees. During the year, no trustees were in receipt of resettlement grants (2023: 3).

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the PDBF during the year (this includes any appointments made in 2025):

	Stipend	Housing
The Archdeacon of Portsdown (Rowley)	Yes	Yes
Archdeacon of the Isle of Wight (Daughtery)	Yes	Yes
Archdeacon of the Meon (Percival)	Yes	Yes
Acting Archdeacon of Portsdown (Canon R C White)	Yes	Yes
The Revd James Hunt	Yes	Yes
The Revd Andrew Hargreaves	Yes	No
The Revd Canon Tom Kennar	Yes	Yes
The Revd Sam Martell	Yes	Yes
The Revd Mark Williams	Yes	Yes
The Revd Susie Collingridge	Yes	Yes
The Revd Amy Adeniran	Yes	Yes
The Revd Adam Tams	Yes	Yes
The Revd David Marsh	Yes	Yes
The Revd Ray Driscoll	Yes	Yes

The following Trustees are also members of the PDBF staff team and were in receipt of a salary for these roles during the year:

Vanda Leary (resigned 31 December 2024)
Philip Poulter

12 STAFF COSTS (CONTINUED)

The PDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The PDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The PDBF paid an average of 78.5 (2023: 74.5) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024	2023
	£	£
Stipends	2,403,709	2,213,119
National insurance contributions	217,425	188,393
Pension costs - current year	550,756	602,933
	3,171,890	3,004,445

Included in the figures above are settlement payments totalling £nil (2023: £90,555).

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

2024	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Transfer of investment income to support operating costs	50,779	(86,802)	-	36,023
Transfer of parsonage assets to DBF property assets after pastoral scheme	741,421	-	-	(741,421)
Portsmouth share of Interest earned by P&WCSG Fund	11,339	-	(11,339)	-
Transfer for previous years costs	95,078	(95,078)	-	-
Transfer to diocesan conference fund	(8,000)	8,000	-	-
Transfer cost of education team activities	171,501	-	(171,501)	-
Transfer of matched funding commitments	-	240,630	-	-
(sustainability fund to mission fund)	-	(240,630)	-	-
Transfer for parsonage repairs	261,060	-	(261,060)	-
Transfer for office repair costs	13,758	(13,758)	-	-
Transfer of SDF costs not claimed	(3,312)	-	3,312	-
Transfer for property enhancements (capital	-	-	-	(151,698)
stipends fund to parsonage house)	-	-	-	151,698
Transfer towards stipends	2,540	(2,540)	-	-
	1,336,164	(190,178)	(440,588)	(705,398)

Further details of the transfers are included in note 19.

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS (CONTINUED)

2023	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Transfer for costs of 2022 parsonage insurance	33,561	(33,561)	-	-
Portsmouth share of Interest earned by P&WCSG Fund	8,933	-	(8,933)	-
To charge the sustainability fund for property repairs	1,591	(1,591)	-	-
Transfer from sustainability fund for CBIL repayments	-	607,000	-	-
	-	(607,000)	-	-
Transfer unspent communications budget for	(30,000)	30,000	-	-
Transfer to correct fund for 2022 revaluation posting	60,750	-	-	(60,750)
Transfer cost of education team activities	140,428	-	(140,428)	-
Transfer for catch up on property repairs	315,000	(315,000)	-	-
Transfer of SDF costs not claimed	(35,149)	-	35,149	-
Transfer from sustainability fund for additional matched funding commitments for SDF projects	-	57,000	-	-
	-	(57,000)	-	-
	1,096,801	(921,839)	(114,212)	(60,750)

14 TANGIBLE FIXED ASSETS – Land and Buildings

	Freehold Land and Buildings	Leasehold Buildings	Computer Equipment	Total 2024
	£	£	£	£
At Cost or Valuation				
At 1 January 2024	65,827,177	1,851,443	47,249	67,725,869
Additions	726,698	-	-	726,698
Disposals	(513,720)	-	-	(513,720)
Revaluation	1,577,877	-	-	1,577,877
At 31 December 2024	67,618,032	1,851,443	47,249	69,516,724
Accumulated depreciation				
At 1 January 2024	-	600,580	32,806	633,386
Charge for the year	-	36,790	14,443	51,233
At 31 December 2024	-	637,370	47,249	684,619
Net book value at 31 December 2024	67,618,032	1,214,073	-	68,832,105
Net book value at 31 December 2023	65,827,177	1,250,863	14,443	67,092,483

All of the properties in the balance sheet are freehold and are vested in the PDBF, except for benefice houses which are vested in the incumbent. All properties are held at market value and are subject to a five-year cycle of survey and consequent repairs are charged as expenditure, unless they demonstrate enhancement to the property value, in which case they are capitalised.

The Diocesan Office at Peninsular House is a leasehold property for which the premium is being amortised over 50 years. Just under half of the office space is sublet as it is not required for diocesan use. The carrying value of this property valued on a part functional, part investment basis would not be materially different from that quoted above.

15 FIXED ASSETS INVESTMENTS

	At 1st January 2024 £	Additions £	Disposals £	Change in Market Value £	At 31st December 2024 £
Unrestricted General Funds					
Unlisted investments	2,743,489	-	-	100,625	2,844,114
Designated Funds					
Unlisted investments	1,743,087	34,157	(481,408)	47,359	1,343,195
Restricted Funds					
Unlisted investments	5,077,274	71,890	(448,897)	118,401	4,818,668
Endowment Funds					
Unlisted investments	12,214,292	607,039	(558,878)	238,042	12,500,495
Investment Property	437,000	-	-	25,000	462,000
Investment Land	3,713,000	-	-	-	3,713,000
Total Funds	25,928,142	713,086	(1,489,183)	529,427	25,681,472

16 DEBTORS

	2024 £	2023 £
Parish share receivable	56,468	73,927
Prepayments and accrued income	329,745	312,287
Other debtors	146,028	354,003
	532,241	740,217

The parish share receivable relates to amounts received in January 2024 relating to 2023 parish share requests and are treated as accrued income in the accounts. Any payments against arrears received after this date will be recorded as 2025 income.

17 CREDITORS: amounts falling due within one year

	2024 £	2023 £
Accruals	113,086	234,533
Other creditors	162,900	594,259
* P&WCSG Fund Creditors	1,236,505	1,275,038
Deferred income	73,552	30,579
Provision for repairs	93,492	200,731
Tax and social security	27,741	33,721
	1,707,276	2,368,861

* The P&WCSG Fund holds £1,286,951 (2023: £1,330,550) on deposit with CCLA and Barclays.

Deferred income relates to rental income received in advance which is fully released in the subsequent year, and Strategic Ministry and Mission funding for Ryde received in advance which has not been fully spent at the end of the year. This is expected to be spent in the coming year.

18 CREDITORS: amounts falling due after more than one year

	2024	2023
	£	£
Loan repayment instalments due after more than one year		
Over 5 years	287,500	
	287,500	-

The loan balance is an amount due to the Parish of Warblington with Emsworth parish in relation to the purchase of a property during the year. There is no interest due and the property is to be held on trust for three years. The loan will be settled from the proceeds of the sale of the property when this arises.

19 SUMMARY OF FUND MOVEMENTS

2024	Balances at 1 January 2024	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2024
	£	£	£	£	£	£
Unrestricted funds - General	22,413,352	7,097,767	(7,880,505)	1,336,163	697,286	**23,664,063**
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	68,393	-	(6,630)	1,904	2,157	**65,824**
Circus Charity Fund	2,487	-	-	(2,540)	53	**-**
Diocesan Conference Fund	55,905	1,634	-	8,000	-	**65,539**
Diocesan Loan Fund	346,067	6,740	-	(31,450)	16,644	**338,001**
Parsonages Repairs Fund	304,042	16,211	(34,754)	-	6,607	**292,106**
CME Fund	145,039	1,083	-	-	-	**146,122**
Valpy Bequest	36,148	-	-	-	869	**37,017**
Winterbotham Legacy	168,970	6,208	-	(28,446)	4,042	**150,774**
Office Repair Fund	121,886	3,541	(5,809)	(13,758)	1,418	**107,278**
Mission Fund	334,379	14,726	(173,849)	232,626	-	**407,882**
Lambeth Conference Fund	8,715	-	-	-	-	**8,715**
Evangelism Fund	1,495	-	(1,385)	-	-	**110**
Building Repair Fund	80,494	-	-	(80,494)	-	**-**
Catherington House Fund	714,052	19,189	(1,293)	(52,415)	15,621	**695,154**
Sustainability Fund	326,817	9,276	-	(249,906)	5	**86,192**
CBIL repayment fund	(26,985)	1,738	-	26,302	(1,055)	**-**
Reader board	(3,331)	23,990	(2,386)	-	-	**18,273**
	2,684,572	104,336	(226,106)	(190,177)	46,361	**2,418,985**

19 SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at 1 January 2024 £	Income £	Expenditure £	Transfers £	Gains and losses £	**Balances at 31 December 2024 £**
Restricted funds						
Barclay Bequest	7,864	245	-	-	129	**8,238**
Ben Aug Fund	112,240	-	-	-	2,850	**115,090**
Bishop's Lent Appeal	4,342	17	(389)	-	-	**3,970**
Christian Healing Fund	261	10	-	-	-	**271**
Harrision Parochial Loan Fund	19,150	581	-	-	-	**19,731**
Huckstepp Legacy	123,412	-	-	-	1,962	**125,374**
James Legacy	24,673	-	-	-	561	**25,234**
New Churches Fund	1,336,943	40,120	-	-	27,729	**1,404,792**
Turret House Fund	132,729	3,728	-	-	3,014	**139,471**
Surrexit Fund	5,195	23,744	(13,199)	-	-	**15,740**
Pastoral Fund	2,371,045	69,076	(7,438)	(261,060)	44,404	**2,216,027**
P&WCSGF	39,107	34,399	(23,060)	(11,339)	-	**39,107**
Corban Fund	50,784	1,478	-	-	1,039	**53,301**
Eckersley Clergy families	486,669	14,642	-	-	9,339	**510,650**
Education Restricted	1,439,320	100,473	(4,111)	(171,501)	27,374	**1,391,555**
Resourcing Ministerial Education	102,946	21,700	(19,598)	-	-	**105,048**
Strategic Development	(391)	521,335	(524,708)	3,312	-	**(452)**
Energy Grant	15,334	-	(500)	-	-	**14,834**
Net Carbon Zero	5,640	42,673	(49,519)	-	-	**(1,206)**
Church Building Support Officer	-	21,800	(11,955)	-	-	**9,845**
Minor Repairs and Improvements	-	72,765	(9,908)	-	-	**62,857**
Flourish	-	44,000	(23,866)	-	-	**20,134**
Quick Wins	-	24,425	(13,552)	-	-	**10,873**
Strategic Mission and Ministry - Rejuvenation	-	-	(16,713)	-	-	**(16,713)**
	6,277,263	1,037,211	(718,516)	(440,588)	118,401	**6,273,771**
Expendable Endowment funds						
Parsonage Houses	45,157,130	-	-	(589,723)	998,091	**45,565,498**
Education Endowment	1,844,541	28,203	-	-	18,456	**1,891,200**
Permanent Endowment funds	-					
Stipends Capital Fund	9,350,205	-	-	(151,698)	189,206	**9,387,713**
Bells Loan Fund	525,475	14,124	-	26,900	20,916	**587,415**
Boyd Richardson Trust	195,746	-	-	-	4,702	**200,448**
Constance Trust	36,667	-	-	-	881	**37,548**
Cowes St M Ben Aug	1,128	-	-	-	24	**1,152**
Diocesan House Trust	264,710	-	-	-	6,094	**270,804**
Fawdry Bequest	45,821	(41)	-	-	1,042	**46,822**
Glebe Fund	1,218,193	49,384	-	-	22,464	**1,290,041**
Glebe Property	6,932,799	-	-	-	8,126	**6,940,925**
Glebe House Cottage Trust	5,238	-	-	-	119	**5,357**
Hayling St M Curacy End	1,470	-	-	-	32	**1,502**
Lambert Loan Fund	206,973	6,206	-	9,123	3,677	**225,979**
Glebe Capital	110,199	-	-	-	18,589	**128,788**
	65,896,296	97,876	-	(705,398)	1,292,419	**66,581,192**
Total Funds	97,271,482	8,337,189	(8,825,127)	-	2,154,468	**98,938,011**

19 SUMMARY OF FUND MOVEMENTS (CONTINUED)

2023	Balances at 1 January 2023	Income	Expenditure	Transfers	Gains and losses	**Balances at 31 December 2023**
	£	£	£	£	£	**£**
Unrestricted funds - General	21,794,387	6,767,748	(7,457,377)	1,096,801	211,792	**22,413,352**
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	34,900	-	-	30,000	3,493	**68,393**
Circus Charity Fund	2,283	-	-	-	204	**2,487**
Diocesan Conference Fund	45,749	1,486	-	8,670	-	**55,905**
Car Loan Fund	(31,418)	62	-	21,870	9,486	**0**
Diocesan Loan Fund	304,985	6,582	-	-	34,500	**346,067**
Parsonages Repairs Fund	341,810	21,972	(35,729)	(33,561)	9,550	**304,042**
CME Fund	144,308	731	-	-	-	**145,039**
Valpy Bequest	32,859	-	-	-	3,289	**36,148**
Winterbotham Legacy	150,153	6,600	-	-	12,217	**168,970**
Office Repair Fund	112,855	3,664	-	-	5,367	**121,886**
Mission Fund	338,497	351	(61,470)	57,000	-	**334,379**
Lambeth Conference Fund	18,715	-	-	(10,000)	-	**8,715**
Evangelism Fund	1,495	-	-	-	-	**1,495**
Building Repair Fund	395,494	-	-	(315,000)	-	**80,494**
Catherington House Fund	612,827	19,554	-	-	81,671	**714,052**
Sustainability Fund	1,013,867	11,111	(32,574)	(665,591)	4	**326,817**
CBIL repayment fund	(13,563)	28,676	(28,056)	(15,227)	1,185	**(26,985)**
Reader board	-	5,505	(8,836)	-	-	**(3,331)**
	3,505,816	106,294	(166,665)	(921,839)	160,966	2,684,572

19 SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at 1 January 2023 £	Income £	Expenditure £	Transfers £	Gains and losses £	**Balances at 31 December 2023 £**
Restricted funds						
Barclay Bequest	7,128	247	-	-	489	**7,864**
Ben Aug Fund	102,029	-	-	-	10,211	**112,240**
Bishop's Lent Appeal	4,159	184	-	-	-	**4,343**
Christian Healing Fund	250	11	-	-	-	**261**
Harrision Parochial Loan Fund	18,498	652	-	-	-	**19,150**
Huckstepp Legacy	122,357	-	-	-	1,055	**123,412**
James Legacy	22,548	-	-	-	2,125	**24,673**
New Churches Fund	1,193,435	45,099	-	-	98,409	**1,336,943**
Surrexit Fund	5,195	-	-	-	-	**5,195**
Strategic Development	(45,956)	677,102	(666,687)	35,149	-	**(391)**
Pastoral Fund	2,219,978	68,435	(7,620)	-	90,252	**2,371,045**
P&WCSGF	39,107	27,207	(18,274)	(8,933)	-	**39,107**
Corban Fund	45,415	1,434	-	-	3,935	**50,784**
Eckersley Clergy families	438,395	14,406	(1,500)	-	35,368	**486,669**
Education Restricted	1,437,122	115,336	(9,039)	(140,428)	36,329	**1,439,320**
Resourcing Ministerial Education	81,012	141,245	(119,311)	-	-	**102,946**
Clergy Hardship Fund	18,500	5,500	(24,000)	-	-	**-**
Energy Grant	58,000	-	(42,666)	-	-	**15,334**
Net Carbon Zero	-	15,000	(9,360)	-		**5,640**
	5,885,033	1,115,430	(898,456)	(114,212)	289,468	6,277,263
Expendable Endowment funds						
Parsonage Houses	44,858,200	-	-	(60,750)	359,680	**45,157,130**
Education Endowment	1,761,785	28,800	-	-	53,956	**1,844,541**
Permanent Endowment funds	-					
Stipends Capital Fund	8,724,109	-	-	-	626,096	**9,350,205**
Bells Loan Fund	462,866	13,463	-	-	49,146	**525,475**
Boyd Richardson Trust	177,938	-	-	-	17,808	**195,746**
Constance Trust	33,331	-	-	-	3,336	**36,667**
Cowes St M Ben Aug	1,036	-	-	-	92	**1,128**
Diocesan House Trust	243,461	-	-	-	21,249	**264,710**
Fawdry Bequest	41,846	30	-	-	3,944	**45,821**
Glebe Fund	1,144,889	52,149	-	-	21,156	**1,218,193**
Glebe Property	6,832,799	-	-	-	100,000	**6,932,799**
Glebe House Cottage Trust	4,787	-	-	-	451	**5,238**
Hayling St M Curacy End	1,350	-	-	-	120	**1,470**
Lambert Loan Fund	186,882	6,166	-	-	13,925	**206,973**
Glebe Capital	45,618	-	-	-	64,581	**110,199**
	64,520,897	100,608	-	(60,750)	1,335,541	**65,896,296**
Total Funds	95,706,133	8,090,081	(8,522,499)	-	1,997,767	**97,271,482**

20 SUMMARY OF ASSETS BY FUND

2024	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	**20,646,734**	**2,844,114**	**875,947**	**(702,732)**	**23,664,063**
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	**65,824**	-	-	**65,824**
Diocesan Conference Fund	-	-	**65,539**	-	**65,539**
Diocesan Loan Fund	-	**282,575**	**55,426**	-	**338,001**
Parsonages Repair Fund	-	**169,981**	**122,125**	-	**292,106**
CME Fund	-	-	**146,122**	-	**146,122**
Valpy Bequest	-	**38,808**	**(1,791)**	-	**37,017**
Winterbotham Legacy	-	**120,296**	**30,478**	-	**150,774**
Office Repair Fund	-	**63,330**	**43,948**	-	**107,278**
Mission Fund	-	-	**407,882**	-	**407,882**
Lambeth Conference Fund	-	-	**8,715**	-	**8,715**
Evangelism Fund	-	-	**110**	-	**110**
Catherington House Fund	-	**602,382**	**92,772**	-	**695,154**
Sustainability Fund	-	-	**86,192**	-	**86,192**
Reader board	-	-	**18,273**	-	**18,273**
	-	**1,343,196**	**1,075,791**	-	**2,418,985**

20 SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Restricted funds					
Barclay Bequest	-	5,773	2,465	-	8,238
Ben Aug Fund	-	115,090	-	-	115,090
Bishop's Lent Appeal	-	-	5,159	(1,189)	3,970
Christian Healing Fund	-	-	271	-	271
Harrision Parochial Loan Fund	-	-	19,731	-	19,731
Huckstepp Legacy	-	123,534	1,840	-	125,374
James Legacy	-	25,081	153	-	25,234
New Churches Fund	-	1,328,936	75,856	-	1,404,792
Turret House Fund	-	138,893	578	-	139,471
Surrexit Fund	-	-	15,740	-	15,740
Pastoral Fund	-	1,929,510	286,517	-	2,216,027
P&WCSGF	-	-	1,275,612	(1,236,505)	39,107
Corban Trust	-	46,439	6,862	-	53,301
Eckersley Clergy families	-	417,374	93,276	-	510,650
Education Restricted	-	688,039	699,264	4,252	1,391,555
Resourcing Ministerial Education	-	-	105,048	-	105,048
Strategic Development	-	-	58,146	(58,598)	(452)
Energy grant	-	-	14,834	-	14,834
Net Carbon Zero	-	-	(1,206)	-	(1,206)
Church Building Support Officer	-	-	9,845	-	9,845
Minor Repairs and Improvements	-	-	62,857	-	62,857
Flourish	-	-	20,134	-	20,134
Quick Wins	-	-	10,873	-	10,873
Strategic Mission and Ministry - Rejuvenation	-	-	(16,713)	-	(16,713)
	-	4,818,669	2,747,142	(1,292,040)	6,273,771
Expendable Endowment funds					
Parsonage Houses	45,683,320	-	(117,822)	-	45,565,498
Education Endowment	-	1,076,505	814,694	-	1,891,199
Permanent Endowment funds					
Stipends Capital Fund	-	8,964,708	423,006	-	9,387,714
Bells Loan Fund	-	468,826	118,589	-	587,415
Boyd Richardson Trust	-	210,155	(9,707)	-	200,448
Constance Trust	-	39,367	(1,819)	-	37,548
Cowes St M Ben Aug	-	1,091	61	-	1,152
Diocesan House Trust	-	282,657	(11,853)	-	270,804
Fawdry Bequest	-	46,546	276	-	46,822
Glebe Fund	-	1,276,578	13,463	-	1,290,041
Glebe Property	2,502,051	4,013,003	425,871	-	6,940,925
Glebe House Cottage Trust	-	5,317	40	-	5,357
Hayling St M Curacy End	-	1,421	81	-	1,502
Lambert Loan Fund	-	164,327	61,652	-	225,979
Glebe Capital	-	124,992	3,796	-	128,788
	48,185,371	16,675,493	1,720,328	-	66,581,192
Total Funds	68,832,105	25,681,472	6,419,210	(1,994,776)	98,938,011

20 SUMMARY OF ASSETS BY FUND (CONTINUED)

2023	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	**19,723,600**	**2,743,489**	**632,655**	**(686,392)**	**22,413,352**
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	**40,297**	**28,096**	-	**68,393**
Circus Charity Fund	-	**2,352**	**135**	-	**2,487**
Diocesan Conference Fund	-	-	**55,905**	-	**55,905**
Car Loan Fund	-	-	-	-	-
Diocesan Loan Fund	-	**265,930**	**80,137**	-	**346,067**
Parsonages Repair Fund	-	**455,713**	**(151,671)**	-	**304,042**
CME Fund	-	-	**145,039**	-	**145,039**
Valpy Bequest	-	**37,940**	**(1,792)**	-	**36,148**
Winterbotham Legacy	-	**179,327**	**(10,357)**	-	**168,970**
Office Repair Fund	-	**61,913**	**59,973**	-	**121,886**
Mission Fund	-	-	**334,378**	-	**334,378**
Lambeth Conference Fund	-	-	**8,715**	-	**8,715**
Evangelism Fund	-	-	**1,495**	-	**1,495**
Building Repair Fund	-	-	**80,494**	-	**80,494**
Catherington House Fund	-	**586,760**	**127,292**	-	**714,052**
Sustainability Fund	-	**105**	**326,712**	-	**326,817**
CBIL repayment fund	-	**112,754**	**(139,739)**	-	**(26,985)**
Reader board	-	-	**(3,331)**	-	**(3,331)**
	-	**1,743,089**	**941,481**	-	**2,684,572**
Restricted funds					
Barclay Bequest	-	**5,643**	**2,221**	-	**7,864**
Ben Aug Fund	-	**117,804**	**(5,564)**	-	**112,240**
Bishop's Lent Appeal	-	-	**9,015**	**(4,672)**	**4,343**
Christian Healing Fund	-	-	**261**	-	**261**
Harrision Parochial Loan Fund	-	-	**19,150**	-	**19,150**
Huckstepp Legacy	-	**121,572**	**1,840**	-	**123,412**
James Legacy	-	**24,520**	**153**	-	**24,673**
New Churches Fund	-	**1,267,574**	**69,369**	-	**1,336,943**
Turret House Fund	-	**132,172**	**557**	-	**132,729**
Surrexit Fund	-	-	**5,195**	-	**5,195**
Pastoral Fund	-	**1,850,556**	**520,489**	-	**2,371,045**
P&WCSGF	-	-	**1,314,145**	**(1,275,038)**	**39,107**
Corban Trust	-	**45,400**	**5,384**	-	**50,784**
Eckersley Clergy families	-	**408,035**	**78,634**	-	**486,669**
Education Restricted	-	**1,103,999**	**738,077**	**(402,756)**	**1,439,320**
Resourcing Ministerial Education	-	-	**102,946**	-	**102,946**
Strategic Development	-	-	**(392)**	-	**(392)**
Ministry Hardship Fund	-	-	-	-	-
Energy grant	-	-	**15,334**	-	**15,334**
Net zero	-	-	**5,640**	-	**5,640**
	-	**5,077,275**	**2,882,454**	**(1,682,466)**	**6,277,263**

20 SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	44,849,953	-	307,177	-	45,157,130
Education Endowment	-	1,058,050	786,491	-	1,844,542
Permanent Endowment funds					-
Stipends Capital Fund	-	8,775,502	574,703	-	9,350,205
Bells Loan Fund	-	447,911	77,564	-	525,474
Boyd Richardson Trust	-	205,452	(9,706)	-	195,746
Constance Trust	-	38,486	(1,819)	-	36,667
Cowes St M Ben Aug	-	1,067	61	-	1,127
Diocesan House Trust	-	276,563	(11,853)	-	264,710
Fawdry Bequest	-	45,505	316	-	45,821
Glebe Fund	-	1,254,115	(35,921)	-	1,218,194
Glebe Property	2,618,928	3,888,000	425,870	-	6,932,798
Glebe House Cottage Trust	-	5,198	40	-	5,238
Hayling St M Curacy End	-	1,389	81	-	1,470
Lambert Loan Fund	-	160,650	46,323	-	206,972
Glebe Capital	-	106,404	3,795	-	110,199
	47,468,881	16,264,292	2,163,122	-	65,896,295
Total Funds	67,192,481	25,828,145	6,619,711	(2,368,859)	97,271,482

21 DESCRIPTION OF FUNDS

Fund	Purpose
Unrestricted funds - General	
FHP Capital Fund	Provision of clergy housing
Freehold Property	Housing other clergy
General Fund	DBF's revenue operations
Leasehold Property	Property for the charities own use
Unrestricted funds - Designated	
Brown, Doig, Silver Bequest	To offset DBF office costs
Building Repair Fund	Additional repair work on Diocesan properties
Car Loan Fund	Loans to DBF employees
Catherington House Fund	For work of the Diocesan Spirituality Adviser
Circus Charity Fund	For stipends
CME Fund	Continuing ministerial education
Coronavirus Business Interruption Loan Fund	For repayment of the CBIL loan
Diocesan Conference Fund	To offset cost of diocesan Clergy Conference
Diocesan Loan Fund	Loans to Parishes
Evangelism Fund	For evangelism within the diocese
Lambeth Conference Fund	To offset the next Lambeth conference costs
Mission Fund	For outward focussed mission activities
Office Repair Fund	Repair and maintenance of Office Equipment
Parsonages Repairs Fund	Repair and maintenance of parsonages
Sustainability Fund	To aid transition
Valpy Bequest	For stipends
Winterbotham Legacy	For DBF's own purposes
Reader Board	For the activites of the Reader Board

21 DESCRIPTION OF FUNDS (CONTINUED)

Restricted funds	
Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Corban Trust Fund	For Poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
Harrision Parochial Loan Fund	Loans to Parishes
Huckstepp Legacy	Support Ordinands
James Legacy	Support Ordinands
New Churches Fund	For 'new churches' buildings
P&WCSGF	Income from school governors' funds
Pastoral Fund	Management of money in accordance with the Mission and Pastoral M
Resourcing Ministerial Education	Grants received to fund ordinand training
Strategic Development Fund	For activities specifically identified in the strategic plan
Surrexit Fund	For youth development
Turret House Fund	For church building projects
Youth Development	For work with the young people of the diocese
Hardship Fund	To support individuals in financial hardship as a result of the cost of
Energy Grant fund	To support Parochial Church Councils with increased energy costs
Net Carbon Zero	To support work towards net carbon zero initiatives
Church Building Support Officer	Towards costs of Church Buildings Support Officer in delivering suppo
Minor Repairs and Improvements	For small scale repairs and improvements for church buildings
Flourish	For school partnerships to develop new worshipping communities.
Quick Wins	For small grants to parishes to support net zero projects
Strategic Mission and Ministry - Rejuvenation	For activities specifically identified in the strategic plan
Expendable Endowment funds	
Parsonage Houses	Housing incumbents/priests in charge
Education Endowment	To fund education

	Original Capital £	
Permanent Endowment funds		
Bells Loan Fund	14,563	Loans to parishes in Portsmouth Deanery
Boyd Richardson Trust	2,500	For DBF's own purposes
Constance Trust	500	To offset DBF office costs
Cowes St M Ben Aug	679	For stipend (Cowes:St Mary)
Diocesan House Trust	4,800	Upkeep of DBF offices & payment of staff
Fawdry Bequest	12,001	For clergy widows & DBF general purposes
Glebe Fund		Glebe funds held on deposit
Glebe Capital Fund		
Glebe House Cottage Trust	2,200	For DBF's own purposes
Glebe Property		Glebe held for investment and housing
Hayling St M Curacy Ed	630	For stipend (Hayling Island)
Lambert Loan Fund	21,300	Loans to clergy and PCCs
Stipends Capital Fund		For stipends

22 OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2024 £	2023 £
Operating leases payable:		
Within 1 year	9,324	26,027
In 1-5 years	6,386	1,920
	15,710	27,947

23 ANALYSIS OF CHANGES IN NET DEBT

	As at 1st January 2024 £	Cashflows £	Other £	As at 31st December 2024 £
Cash and cash equivalents	5,879,499	7,466	-	5,886,965
Loans falling due within one year	-	-	-	-
Loans falling due after more than one year	-	(287,500)	-	(287,500)
TOTAL	5,879,499	(280,034)	-	5,599,465

24 PENSIONS

Portsmouth DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. 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 Church of England Funded Pensions 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. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2024: £566,346, 2023: £585,666), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £0 (2023: £0).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% pa;
- RPI inflation of 3.6% pa (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increases in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

24 PENSIONS (CONTINUED)

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

% of pensionable stipends	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was in made with effect from April 2022 and remained in place until December 2022.

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. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2024 is nil. The movement in the balance sheet liability over 2023 and over 2024 is set out in the table below.

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

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

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

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

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
    a. a deferred annuity section known as Pension Builder Classic, and,
    b. a cash balance section known as Pension Builder 2014.

24 PENSIONS (CONTINUED) Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, 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. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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 is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means 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 the contributions payable (2024: £51,917, 2023: £175,556).

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m 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, Portsmouth DBF could become responsible for paying a share of the failed employer's pension liabilities.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £nil, 2023: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £nil (2023: £nil).

24 PENSIONS (CONTINUED)

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

The movement in the provision is set out in the table below.

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

* 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 2024	December 2023	December 2022
Discount rate	N/A	N/A	0.00%

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

Teachers' pension scheme (TPS)

The PDBF made contributions to the TPS on behalf of 3 employees who had previously been teachers. The TPS is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers and lecturers in part-time employment following appointment or a change of contract, although they are able to opt out.

24 PENSIONS (CONTINUED)

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020 and full details are available on the Government website at: https://www.gov.uk/government/collections/teachers-pension-scheme.

25 RELATED PARTY TRANSACTIONS

The Portsmouth Diocesan Council for Social Responsibility (PDCSR) is a separate charitable limited company. Staff engaged in the activities of PDCSR are employed by the PDBF and a contribution towards their staff costs was made by the PDCSR for £132,967 (2023: £83,271). The PDBF has also supported the work of the PDCSR for several years and in 2024 provided free use of office space, and IT Cloud functionality.

The Portsmouth and Winchester Diocesan Board of Education (DBE) shares trustees with PDBF and provides funding to the charity for its operations. Funding provided in the year totalled £86,666 (2023: £nil). The PDBF provided free use of office space to the DBE.

26 FUNDS HELD AS CUSTODIAN TRUSTEE

The PDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the PDBF does not control them. The financial assets held in this way may be summarised as follows:

	2024 £	2023 £
CBF Investment Fund income shares	6,062,905	5,684,034
CBF Investment Fund accumulation shares	486,052	462,444
CBF Property Fund income shares	691,076	687,259
CBF Global Equity Fund	330,783	311,299
CBF Fixed Interest Securities Fund Shares	553,632	536,939
CBF COIF Investments	172,025	181,732
Other unit trust units	8,982	9,233
UK Equity holdings	15,201	15,201
UK Gilt-edged stocks	79,320	79,320
Other Fixed interest stock	11,320	11,320
Foreign Equities	10,876	10,876
Deposits & Cash at Bank	1,773,993	1,931,887
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	10,193,386	9,918,765

27 STATEMENT OF FINANCIAL ACTIVITIES PRIOR YEAR

	Note	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2023 £
Income and endowments from						
Donations						
Parish contributions	2a	4,323,125	-	-	-	4,323,125
Archbishops' Council	2b	577,634	-	818,347	-	1,395,981
Other donations	2c	123,695	-	5,665	-	129,360
Charitable activities	3	528,479	5,505	25,000	-	558,984
Other trading activities	4	601,395	-	46,143	-	647,538
Investments	5	613,421	100,789	220,275	100,608	1,035,093
Total		**6,767,749**	**106,294**	**1,115,430**	**100,608**	**8,090,081**
Expenditure on:						
Raising funds	6	67,555	-	-	-	67,555
Charitable activities	7	7,389,822	166,665	898,456	-	8,454,943
Total	8	**7,457,377**	**166,665**	**898,456**	**-**	**8,522,498**
Net income/(expenditure) before investment gains/(losses)		**(689,628)**	**(60,371)**	**216,974**	**100,608**	**(432,417)**
Net gains on investments	14	161,726	111,067	289,468	875,861	1,438,122
Net income		**(527,902)**	**50,696**	**506,442**	**976,469**	**1,005,705**
Transfers between funds	12	**1,096,801**	**(921,839)**	**(114,212)**	**(60,750)**	-
Other recognised gains/(losses)						
Gains on revaluation of fixed assets	13	50,066	-	-	459,680	509,746
Gain/(loss) on disposal of investments		-	49,899	-	-	49,899
Remeasurement of pension scheme provision		-	-	-	-	-
		50,066	**49,899**	**-**	**459,680**	**559,645**
Net movement in funds		**618,965**	**(821,244)**	**392,230**	**1,375,399**	**1,565,350**
Total funds at 1 January		**21,794,387**	**3,505,816**	**5,885,033**	**64,520,896**	**95,706,132**
Total funds at 31 December	19	**22,413,352**	**2,684,572**	**6,277,263**	**65,896,295**	**97,271,482**

PORTSMOUTH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249256

Accounts



End-of-Year Accounts

YEAR ENDING
DECEMBER 2023

THE CHURCH OF ENGLAND

Diocese of Portsmouth







Diocese of Portsmouth

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2023

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number–226466

Registered charity number – 249256



TABLE OF CONTENTS

Foreword	5
Legal Objects	7
Strategic Aims	8
Activities & Achievements for the Year	10
Future Plans	14
Financial Review	16
Principal Risks & Uncertainties	22
Structure & Governance	25
Trustees' Responsibilities	30
Administrative Details	32
Opinion	35
Notes to Financial Statements	43

A large print version is available on request from Jane Dobbs
Email: jane.dobbs@portsmouth.anglican.org

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

FOREWORD



I am delighted to commend the Annual Report and Financial Statements, for the year ended December 31st 2023. For me the Report speaks of an organisation leaning into its opportunities and challenges; and there are, of course, an abundance of both.

May I express my thanks to all those who have contributed to its production. Where appreciation is due, particular mention must be made of the Diocesan Secretary, Philip Poulter, and our Financial Controller with primary responsibility for Portsmouth, Elaine Coe. They are a gift to the Diocese as together we seek to live out our Jesus-centred and Kingdom-seeking vision.

If it is your practice, pray for the Diocese of Portsmouth: we are a 'work in progress' held in Christ's gracious embrace, ready to serve God's Kingdom.

+Jonathan Portsmouth

The Right Rev Jonathan Frost
Bishop of Portsmouth



The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2023. The directors/trustees are one and the same and in signing as trustees they are also signing the report in their capacity as directors. This combined report satisfies the legal requirements for:

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

LEGAL OBJECTS

The principal object of Portsmouth Diocesan Board of Finance (PDBF) is to promote, assist and advance the work of the Church of England in the Diocese of Portsmouth by acting as the financial executive of the Portsmouth Diocesan Synod.

The Diocese of Portsmouth covers principally South East Hampshire and the Isle of Wight.



STRATEGIC AIMS

DIOCESAN MISSION, MINISTRY, AND FINANCE PLAN 2022-25

The Plan was approved by Diocesan Synod in November 2022, having been developed through contributions from all the deaneries, the Cathedral, the Council for Social Responsibility, members of diocesan staff, and Bishop's Staff Team.

The nine month process sought to honour, integrate, and gather up all that was good from the immediately preceding years. Bishop Jonathan invited participants to bring the fruit of existing vision and planning exercises into conversation with a new bishop's vision for the Church and Diocese: a vision for a Church in which Jesus Christ is the radiant, life-giving, centre; a Church seeking God's reign or kingdom 'in and for the world'; a Church where children and young people find their voice, as the Church of today (not of tomorrow); a Church where our older generations are cherished and they too find their voice as the Church of today (not of yesterday).

Bishop Jonathan invited participants to reframe and review their existing plans in conversation with his vision of the Church and two strategic priorities: the priority of growing faith among children and young people; and the priority of spiritual care, discipleship, and nurture of older people.

It was with a sense of joy and of moving forward together that the Diocesan Mission, Ministry, and Finance Plan 2022-2025 was adopted and approved by Diocesan Synod on November 5th 2022.

During 2023, the process of implementing, delivering, and updating the plan went forward at a healthy pace.

For example, the plan provided a strategic framework to underpin and inform a significant number of appointments by the end of 2023.

During the year, each deanery leadership team was invited to Bishop's Staff

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Team to share their deanery-level plans. The quality of conversation has contributed to the 'culture' change the Bishop's Staff Team is seeking to model in its life together and before the diocese; a culture of mutual accountability, transparency, interdependence, and of serving Christ in one another.

DEVELOPING THE PLAN: GROUNDWORK FOR A BID

In late 2023, and at the time of writing, the work preparatory to a diocesan bid for investment from the Church of England's Strategic Investment Board is underway (anticipated submission October 2024). It is led by Archdeacon Steve Daughtery and Vanda Leary.

The Diocesan Mission, Ministry, and Finance Plan has been an invaluable resource and springboard in generating a new Diocesan-level Vision and Strategy.

The emerging Vision speaks of a diocese which longs to be:

'a rejuvenating community of Jesus-centred, Kingdom-seeking disciples'

Running through the emerging Strategy, like a golden thread, is the desire for rejuvenation, for our church communities to grow younger in various ways. The emerging Strategy seeks to:

- revive and revitalise our existing churches, whatever their tradition, to build on all that is good and strong–so that they might become increasingly attractive and engaging places for all age-ranges in our community.
- renew local ministry: through church plants with an emphasis on children and youth; and the creation of new worshipping communities in schools, including piloting the Church of England's "Flourish" initiative and "Growing Faith" across home, church and schools.

It is anticipated that Bishop's Council will bring the renewed Vision and Strategy to Diocesan Synod for adoption and approval in June 2024.



ACTIVITIES & ACHIEVEMENTS FOR THE YEAR

The diocese's two key priorities – spiritual support for older people via Anna Chaplaincy, and our work with children and young people – were both high profile in 2023.

After a celebration of Anna Chaplaincy in our cathedral in February, we had trained and licensed a total of 41 Anna Chaplains by the end of the year. They offered spiritual support to the elderly, visiting care homes or visiting people in their own homes.

Bishop Jonathan launched an annual pilgrimage to the Taizé Community in France for young people, visited church youth groups and confirmed teenagers across the diocese.

The ecumenical High Tide youth services – which bring together church youth groups of all denominations – met monthly and ran a residential holiday for teenagers to deepen their discipleship.

The bishop also formally opened a new Church of England school in March, formed by the merger of primary schools in Freshwater and Yarmouth, and the development of a brand new building.

After a pause in recruitment for three years, the bishop was pleased to be able to appoint more than 20 new clergy to parish roles during 2023, with significant posts filled at Newport Minster, Harbour Church and our cathedral, among others.

A new Archdeacon of the Meon, the Ven Kathryn Percival, was appointed to support parishes in Gosport, Fareham, Bishop's Waltham and Petersfield.

A new Archdeacon, the Ven Stephen Daughtery, started work on the Isle of Wight, after his appointment in December 2022.

As well as the regular ordination services in July, a new 'Michaelmas' cohort

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

of clergy were ordained in September, having been trained on an in-house programme over the previous year. These seven new deacons were joined by a second cohort of ordinands, who started training in the autumn on their one-year course.

We were able to showcase the great work happening across our diocese over a weekend in October, when the Archbishop of Canterbury visited our churches and communities. He saw for himself the Christian ethos at two Isle of Wight secondary schools, our chaplaincy work in the Isle of Wight prison and with naval personnel, and the engagement with local community groups in Portsmouth.

He was also impressed to see three very different styles of church service, including a celebration of Eucharist to mark 100 years of St Wilfrid's Church, Cowplain; a family-friendly service hosted by Christ Church, Gosport; and a reflective Evensong at St Peter's, Petersfield, with an Anna Chaplaincy focus.

Churches and church schools across our diocese also marked the Coronation of the new King in May, with church services, community events and street parties.

Our diocese's scheme to help Ukrainian refugees find temporary homes in our diocese continued throughout 2023, although our refugee co-ordinator ended her role by the end of the year.

The year was rounded off with the live broadcast of Midnight Mass from our cathedral on BBC1, helping the nation to welcome Christmas Day in style.

EDUCATION

Recruitment of senior leaders across all schools (not just CofE) continues to present challenges in the current climate. The diocesan team have taken steps to engage chairs of governors in preparing for a change of leadership and planning for a range of outcomes.

The team's engagement in national priorities like Net Zero Carbon initiatives, anti-racism and other areas has received endorsement.

Our diocese is part of a pilot project supported by the C of E's Growing Faith initiative, which aims to put children and young people central to the



Church's ministry. Our pilot, Chatting Faith, involves parents, schools and churches working together to 'normalise' conversation about faith, using secular books as prompts.

The Diocesan Board of Education has now become a Charitable Incorporated Organisation as a result of the Diocesan Board of Education Measure which came into effect at the start of 2022, and detailed administrative and management matters are being finalised to ensure a smooth transition to this new status. Due to delays with the registration process, registration with the Charity Commission wasn't completed until 12th January 2024.

The new CIO is linked to the DBF through shared members but it will be independent of its governance, finance management and policies. Alongside Winchester DBF, the PDBF is a grant giving body into the Board of Education and supports with office space and other services under Service Level Agreements.

LAY & ORDAINED MINISTRY

Through the work of the Vocations (Lay & Ordained Ministry) Team, discernment and training for clergy and laity continued during 2023 as did the lay discipleship courses and courses for those training to be Lay Worship leaders and Occasional Preachers.

The Portsmouth Pathway continued to train LLMs and ordinands as the diocese transitions to moving LLM training to Sarum College, where 3 new LLM trainees began in September 2023.

In the 2022/3 season, 13 candidates were sent to Stage One Carousels; 6 of these went on to be ordained through our Michaelmas Cohort route and 4 went to Stage Two Panels nationally. Three new ordinands entered full time residential training in September 2023. 6 deacons and 6 priests were ordained at Petertide and a further 6 deacons at Michaelmas. 4 LLMs, including 1 Lay Pioneer, were licensed and 11 Lay ministers began to discern a vocation to ordained ministry in September 2023, through the Michaelmas Cohort Route. We provided financial and pastoral support for 16 ordinands in training and 12 lay ministers in training.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

COMMUNITY ENGAGEMENT & IMPACT

Churches continued to offer support to their communities in a variety of ways including food banks, cafés, coffee mornings, friendship groups, bereavement support groups, toddler groups, and community hubs.

Chaplains have also been active across a variety of sectors in our diocese in a variety of work settings including hospitals, hospices, the prison, university, further education, schools, retail, and Portsmouth port.

The PDBF's partnership with CSR meant support continued through the Good Neighbours' Network, serving the people and communities of living within our diocese and beyond it.



FUTURE PLANS

Our future plans focus on growth in mission as we work towards becoming a rejuvenating community of Jesus-centred, Kingdom-seeking disciples. The revised Diocesan vision and strategy will be formally proposed for adoption during 2024 and we will then further develop our detailed plans to Revive, Revitalise and Renew. All of our missional work will have an emphasis on growing younger, and reaching more children and young people.

Our priorities to Revive spiritual leadership in our diocese includes a process by which experienced leaders can come alongside, coach, equip, and encourage our clergy and lay leaders.

Our priorities to Revitalise include inviting all parishes and deaneries to create pathways into discipleship, to increase the number of disciples in our ranks.

Alongside this we will encourage further ministry in partnership with schools, for example:

- Piloting the Church of England Flourish initiative, to create worshipping communities in schools
- Establishing a programme of Choir Churches, using music as a means to engage with the Christian faith.

Our priorities to Renew include:

- Continued support for significant investment in Haven Church Gosport, North Gosport, and Newport.
- Implementation of a strategic plan for church planting on the Isle of Wight, which has started with major investment in Ryde.
- Development of strategic plan for planting on the mainland, with at least 1 major plant to start in early 2025.

To support these plans for mission we require significant financial and people

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

resources. As noted above, during 2024 we will seek major grant funding from the Church Commissioners via the Strategic Mission and Ministry Investment (SMMI) Board.

Alongside that we will be implementing an amended approach to raising income from our parishes, with our work informed by a parish share review process which is already underway.

In order to provide the right ministry resources we will be developing a pipeline of leaders, both lay and ordained, and including children, families and youth workers.



FINANCIAL REVIEW

FINANCIAL PERFORMANCE

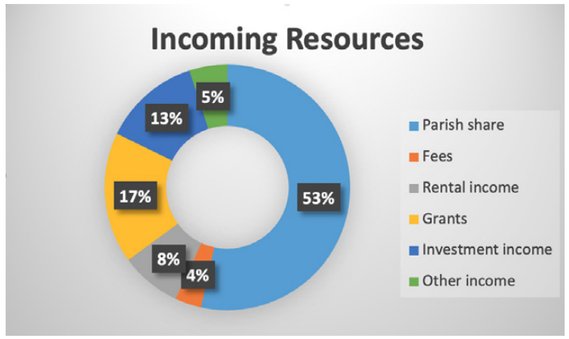
The operational financial results for 2023 show a significant decline compared to the 2022 results before taking into account the revaluations of property and investments. This has been impacted by pressures on parish finances which has left some PCCs unable to meet their full parish share requests, the inflationary pressures on costs including stipends and salaries in light of the cost of living crisis, and increased property costs. Costs relating to property repairs and maintenance include works to update properties in readiness for recruitment which has been well underway during the year and continues into 2024, and the catch up of quinquennial works that had to be deferred during the pandemic.

There has however been an improvement in investment valuations during the year and so the overall result does show a surplus across most funds. The overall surplus of £1,565,350 has fallen from the previous year (£7,875,362) however the 2022 results included a revaluation of glebe assets in excess of £3m as these had not been formally valued for some time. The land values have remained steady during the year. Property values have also stabilised due to the impact of interest rates on the housing market and so the revaluation of properties has not had such a significant impact on results this year.

INCOMING RESOURCES FOR 2023:

Total income in 2023 for the diocese reduced by £382,568 to £8,090,081 (2022: £8,472,649). Parish share contributions reduced by £91,170 to £4,323,125 (2022: £4,414,295) which represented a fall in the recovery rate to 84.4% (2022: 86.2%) against the amount requested. Parishes were impacted by the high levels of inflation, in particular with regards energy costs, and the ongoing decline in attendances, leading to a reduction in financial resources available for parish share contributions. The diocese continues to support parishes to improve their income through use of the parish giving scheme and implementation of contactless payment devices. The roll out of contactless payments devices supported by national funding was completed in summer 2023 and parishes were seeing the benefits of income being generated from

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

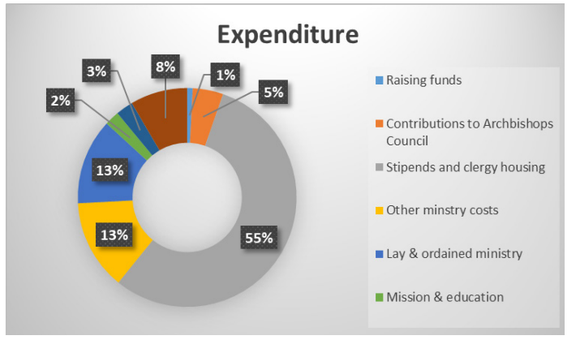


this in the latter part of the year. The diocese also provided a small number of devices to ensure that all parishes requesting a device were able to receive one.

During 2022, £253k of restricted funding was received for hardship payments for clergy, and for a contribution to parishes for energy costs. No such funding has been received during 2023 and so restricted income has fallen.

We have continued to generate rental income from properties during clergy vacancies, and investment income has benefitted from the increase to interest rates during the year.

RESOURCES EXPENDED FOR 2023:



Expenditure across all funds before any transfers, gains and losses on disposal or revaluations, increased by £399,604 to £8,522,498 (2022: £8,122,894). Recruitment of clergy was in place throughout the year with significant appointments being made towards the end of the year and early in 2024. As well as an increase in headcount, both stipends and lay staff salaries were uplifted to enable both staff and clergy to manage the impact of the inflationary pressures.

The diocesan share of Archbishops' Council fees increased by £27,777 to £372,631 (2022: £344,854).



Significant catch up of property repairs was also completed during 2023 which has increased housing costs from £912,102 in 2022 to £1,469,447 in 2023. A designated fund was set aside during the pandemic of £315,000 which has been used to partly offset of the additional costs and is shown within the transfers line.

As a result of the increases in interest rates, PDBF incurred interest charges on the CBIL loan of £20,487 (2022: £50,252). The loan was repaid in full before the end of the year.

PDBF budgets aim to break even on its general fund before any capital gains/ losses. As a result of the continued challenge on parish share collection and the ongoing cost pressures impacting from inflation, the operating result on the general fund was a deficit of £689,628 (2022: £144,443).

BALANCE SHEET POSITION

The Trustees consider that the balance sheet, together with details in note 19, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £97,271,482 (2022: £95,706,132) it must be remembered that included in this total are properties and other fixed assets, mostly in use for the ministry, whose value amounted to £67,192,483 (2022: £66,735.277). Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the PDBF.

RESERVES POLICY

The free reserves, being the unrestricted general fund net of tangible assets and long term financing totalled £2.7m (2022: £2.6m) which represented 6.0 months (2022: 6.3 months) of parish share requested. The Trustees aim to maintain between 3 and 6 months.

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold not more than 12 weeks' normal expenditure in cash or on deposit, this being around £1,721,000. The reserves at 31 December 2023 equated to around 16 weeks expenditure. It has been considered appropriate to hold this increased level of

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

cash and free reserves for the short to medium term whilst parish funds begin to recover, and alternative income sources can be sought.

DESIGNATED FUNDS

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequately justified for their retention. The last review undertaken involved the re-designation of a substantial amount of designated funds such that the DBF is better placed to meet its financial obligations and address the current financial challenges. This has aided with early repayment of a proportion of the CBIL loan.

A description of each reserve together with the intended use of the reserve is set out in note 20. The total value of designated funds at the end of 2023 reduced by £0.8m to £2.7m (2022: £3.5m).

RESTRICTED AND ENDOWMENT FUNDS

As set out in notes 18-20 PDBF also holds and administers many restricted and endowment funds. As at 31 December 2023 restricted funds totalled £6.3m (2022: £5.9m) and endowment funds totalled £65.9m (2022: £64.5m). Neither are available for the general purposes of the PDBF.

GRANT MAKING POLICY

The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2023 is indicated in note 10.

INVESTMENT POLICY AND REPORT

In managing its investments, the PDBF continues to receive advice from its Investment Advisory Group (IAG), and the fund managers, CCLA Investment Management. The level of cash being held remains under scrutiny and throughout the year amounts held on deposit have remained high, benefitting from the increases in interest rates to generate greater return. Due to performance of the fund, the decision was made to reduce the holding the property portfolio.



The investment income relied upon for the underpinning of the mission work of the Diocese can only be achieved through an active investment strategy that delivers real growth in total return. The IAG continue to encourage a similar approach in relation to parish funds and members of the group continue to engage with parishes to provide support and guidance in this important area.

The investment policy of the IAG as set out in the terms of reference for this group are:

a. Not more than 12 weeks normal expenditure is to be held in cash for routine purposes. This money (currently about £1.9m) is to be held in the CBF Deposit fund (or such other bank deposit account as may be deemed suitable by the Board from time to time). It being understood that the bank current account be maintained in credit.

b. The Diocesan Secretary following discussion with the IAG is authorised to switch investments managed by CCLA from time to time in order to achieve the Board's required total return.

c. Any fund managed by CCLA may be used for the Board`s investments, but no other types of investment may be used without the Board's prior approval.

d. The investment managers are to be instructed to achieve a yield of not less than 4% over a 10 year rolling period (taking into account the total cash at a) above), and a total return in line with the appropriate Benchmarks agreed by the Board annually.

e. Funds are to be invested in line with the Statement of Ethical Investment Policy, issued by the Church of England Investment Advisory Group.

f. This policy will be reviewed at least annually by the Board.

The income from financial investments in 2023 was £938,450 (2022: £802,224) and reflected a 3.5% yield.

For the year ended 31 December 2023 the investment portfolio achieved an overall total return of 11.23% (being the increase in market value and the actual income received) (2022: -7.9%).

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report. The property and global investment funds outperformed the selected benchmark for the year to varying degrees. The investment fund has performed below the benchmark throughout the year. Each fund has outperformed the benchmark on an annualised 5 year basis. The PDBF's investment strategy continues to be, to maintain a high level of income, and to concentrate on good quality companies and properties with long term growth potential. The property fund's performance improved to -1.19% (2022: -7.8%) whilst the global equity fund increased significantly and produced a total return of 17.97% (2022: -11.2%). The investment fund resulted in a reduced return of 12.57% (2022: -9.16%). The % allocation of assets to funds was as follows (the decision was made during the year to reduce the holding in the property fund due the sustained negative returns):

	2023	**2022**
Investment fund	78%	70%
Property Fund	12%	22%
Global Equity Fund	10%	8%
	100%	100%



PRINCIPAL RISKS & UNCERTAINTIES

The Trustees and management of PDBF are responsible for the identification, mitigation and management of risks. To manage this, a risk register is maintained and subject to regular review by Trustees and the subcommittees noted below to ensure that any changes to risks are identified. Responsibility for the management of strategies to mitigate these risks is delegated to the Diocesan Secretary.

Key risks and mitigating actions are as follows:

Key risks	How managed
Growth in congregations: the number and age profile of worshipping communities and of ministers is a concern, with a high proportion in the upper age brackets. This has potentially far-reaching implications for the aims and objectives of both the PDBF and each PCC in the medium to long term. The future plans of the PDBF as outlined above are designed specifically to address and mitigate these key risks and uncertainties and in this way to continue to fulfil its charitable aims and objectives.	During 2023 we have seen significant clergy appointments into some PCCs that have been in vacancy for a period of time. As we move forward with the diocesan strategy we plan to use the formation of clusters to ensure support for mission and ministry is available. PDBF continues to seek opportunities for significant funding investment to ensure that the relevant resources are available to meet the desired plans for growth and revitalisation.
Finances: We have now experienced a period of sustained inflation and pressure on costs and salary levels resulting from the cost of living crisis. The impact on clergy, staff and PCCs has been felt strongly and results in a reduction to parish share and increases to the cost base for the diocese.	Management accounts are reported monthly to Bishop's Staff Team and Audit Committee and finances are discussed at each Bishop's Council meeting. Due to increases in interest rates, the DBF made the decision to repay the Coronavirus Business Interruption Loan in full during 2023. We continue to encourage open communication with PCCS to ensure that any financial challenges can be identified and the appropriate support offered where possible.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Key risks	How managed
Parish share: Parish share accounts for around 53% of the diocese's general income therefore any reduction in this can have significant impact on the future finances and the ability to deliver mission longer term and support the growth of parishes.	Receipts are closely monitored on a monthly basis and deanery treasurers are supported by diocesan staff and the Diocesan Deanery Finance Committee to understand the budgets and why regular payment of the parish share is preferable. Parishes are assisted to promote the Parish Giving Scheme to aid income generation and enable them to allocate resources to the payment of the parish share. We have also supported the roll out of digital giving devices across the diocese during 2023. Diocesan finances are reviewed monthly by Bishop's Staff Team, Audit Committee and Bishop's Council to ensure the impact of any shortfall in parish share payments can be identified on a timely basis. A parish share review is under way to ensure that the allocation of share reflects a fair and equitable method across the diocese.
People: The clergy and lay staff employed by the diocese are critical to the ability to meet the diocesan mission. If the staff teams and clergy are not adequately supported then they will be unable to meet the needs of the parishes and the wider needs of the communities we serve. There is a risk of parishes feeling unsupported when clergy vacancies occur.	Recruitment procedures are in place to ensure that all those employed have the sufficient skills and training to undertake their roles. Parishes and archdeacons will be kept up to date with any changes in the recruitment of clergy. An induction programme is in place for staff joining the diocese and the HR advisory Board which has been formed during 2023 will take on responsibility for ensuring that HR policies are kept up to date and remain relevant.
Funding: The diocese receives significant grant funding from National Church and other sources which underpins operations. Any reduction in these grants places additional reliance on parish share and use of reserves to meet any shortfall.	Key members of staff maintain open communication with funders to ensure that they can feed in to any consultations around changes to funding and access any additional grants as and when they become available. During 2023 we participated in the national review of diocesan finances to feed in the financial challenges faced locally and provide opportunity to help shape future national funding.



Key risks	How managed
Governance: The work of the diocese is dependent on good governance, trust and transparency, and confidence in the culture and decision making.	Committee membership is reviewed regularly to ensure that decision making groups are appropriately skilled and training is provided where necessary. Terms of reference and membership of committees are regularly reviewed to ensure all areas of Diocesan life are appropriately addressed and considered. PDBF is committed to openness and consultation around budgets and sharing of financial information, and wider communication and engagement.
Safeguarding: The care of children and vulnerable adults remains a key priority to the diocese as it is a Gospel imperative and at the heart of who we are and what we do.	The diocese invests in suitable trained officers and training and support of parishes and schools. During 2023 the staffing level within the team has been increased to enable the team to better support parishes. Systems are in place to ensure that all personnel are trained at the appropriate level for their roles and that this training is renewed regularly. Safeguarding is discussed at each Bishop's Council meeting as well as at each meeting of Bishop's Staff Team. During 2024, a new safeguarding database will be implemented to enable better monitoring and reporting of the progress of cases.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

STRUCTURE & GOVERNANCE

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is the established church, and HM The King 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 the benefices and parishes which together make up the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives 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 leadership assisted by the governance functions of the Diocesan Synod. The Diocese of Portsmouth has seven deaneries, each with its own deanery 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 parish.

ORGANISATIONAL STRUCTURE

The Portsmouth Diocesan Board of Finance is constituted under the provisions of the Diocesan Boards of Finance Measure 1925. It is a registered charitable company and has responsibility for conducting the financial affairs of the Diocese.

The Board of Directors is the main governing body of the charity. Its members are the Directors and Trustees. The Diocesan Synod, however, agrees the overall annual budget, including the overall level of parish contributions to be



sought from parishes under the Parish Share system. The Directors also form the Bishop's Council (Standing Committee of the Diocesan Synod), the Diocesan Mission and Pastoral Committee, and the Diocesan Parsonages Board. These arrangements achieve the uniting of the Diocese's policy-setting and finance-controlling responsibilities. Membership comprises ex-officio members, clergy and lay members elected by their respective Diocesan Synod houses, and one member nominated by the Bishop. Bishop's Council is also supported by employed staff as appropriate (see note 11 for further information).

TRUSTEE RECRUITMENT, SELECTION, AND INDUCTION

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. A skills audit at the start of the triennium informs future training needs also. Those likely to stand for election are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee.

DECISION MAKING STRUCTURE

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Portsmouth are set by the Diocesan Synod, and the PDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The company meets once a year in general meeting to receive and consider the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared, and approved by the PDBF.

The Trustees, meeting within the context of the Bishop's Council and Standing Committee, normally hold eight meetings during the year to:

- plan the business of the synod, to prepare the agenda for its sessions, and to circulate to members, information about matters for discussion.
- initiate proposals for action by the synod and to advise it on matters of policy which are placed before it.
- advise the president on any matters which he may refer to the council.
- transact the business of the synod when it is not in session.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

- undertake the responsibilities of the Diocesan Board of Finance
- undertake the responsibilities of the Diocesan Mission and Pastoral Committee (DMPC)
- to hold all boards and committees accountable for their work and to provide an annual report to synod of that work.
- to work with deanery standing committees on the communication of diocesan issues and the understanding of deanery issues.
- carry out such other functions as the Synod delegates to it.

The Trustees are assisted in their work by several sub-committees and there is a flow of work through those groups thus making effective recommendations to the trustees in Bishop's Council:

- **Diocesan Deanery Finance Committee** reviews and reports on the finances of individual parishes and their ability to meet their parish share commitments. In addition to this important monitoring and evaluation of parish share contributions, this group also agree the approach to individual parish share arrears with the Diocesan Stewardship Adviser, communicate financial matters to Deanery Finance Committees and parishes and provide parish feedback into the Diocesan Audit Committee.
- **Diocesan Audit Committee** scrutinises matters of financial management and governance including budgets, management accounts and cashflows, annual report and accounts, risk management as well as considering each of those aspects in the light of recommendations from the Investment Advisory Group. Taking into account all these different interlinking aspects, the Diocesan Audit Committee bring recommendations to Bishop's Council.
- **Investment Advisory Group** provides advice (the sub-committee has no executive authority) on PDBF's investments and funds available for investment and the PDBF's overall investment strategy.
- **Property Sub Committee** reports to the Trustees; it oversees repairs to parsonages, glebe property, properties held for the charity's own use, and the disposal and purchase of property.
- **Diocesan Synod Agenda Group supports Bishop's Council** by planning the annual business of Synod for approval.



- **HR Advisory Board** meets to review the pay, conditions and policies affecting the lay members of staff employed by the DBF.

DELEGATION OF DAY-TO-DAY DELIVERY

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and their colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the PDBF in accordance with the policies framed by the Trustees.

RELATED PARTIES

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. Details of these costs can be found in note 7. The PDBF currently receives annual grants from the Church Commissioners in the form of Lowest Income Community Funding and an annual grant from The Benefact Trust (previously The All Churches Trust). Further details of these receipts can be found in notes 2b and 2c.

FUNDRAISING

The Diocese provides guidance to the parishes with regards to fundraising but does not engage in fundraising activities itself. Due regard is given to the Fundraising Code of Practice set by Fundraising Regulator when providing guidance to the parishes.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Board operates a set salary scale and employees are placed on this benchmarked where possible against comparable roles in other dioceses and the external employment market. The salary scale is reviewed each year by the Board with reference to cost-of-living, movements in clergy and national church staff pay. This process is supported by the HR Advisory Board . Emoluments of higher-paid employees are determined in consultation between the Bishop of Portsmouth (as chair of the Board), the Chair of the Audit Committee and the Diocesan Secretary.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

FUNDS HELD AS CUSTODIAN TRUSTEE

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them. They are segregated from the PDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £9.9m at 31 December 2023 (2022: £9.6m), are available from the PDBF on request, and are summarised in note 25. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the PDBF's solicitor, Messrs Brutton & Co.

FUNDS HELD ON BEHALF OF SCHOOLS

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education (which was not incorporated throughout 2023) receives contributions from governors of church schools within the Dioceses in connection with major repair and capital projects to church schools and government grants in connection with the same. The staff of the Board of Education (who were employees of the PDBF throughout 2023) administer these monies as managing agent and make appropriate payments to contractors for work carried out. The monies do not belong to the PDBF or the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2023 is £1,275,038 (2022: £1,665,649). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1,978,913 and £2,406,505 respectively in 2023 (2022: £2,627,509 and £3,608,058).



TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently.
- observe methods and principles in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF 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 PDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the PDBF's website.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

In all matters the Trustees complies with the Charity Governance Code which covers seven areas:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk and control
- Board effectiveness
- Equality, diversity and inclusion
- Openness and accountability

Trustees confirm that they have referred and had due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

a. there is no relevant audit information of which the charitable company's auditors are unaware, and

b. we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

The re-appointment of Haysmacintyre LLP as auditors to the PDBF will be proposed at the Annual General Meeting.



ADMINISTRATIVE DETAILS

TRUSTEES

No Trustee had any beneficial interest in the company during 2023.

General Synod Members can be in attendance at all meetings of Bishop's Council; Portsmouth has 6 members of General Synod at any one time (3 lay and 3 ordained).

The following are the Trustees who served at any time during 2023 and those that are now serving from the start of 2024 covering the period up to the date of this report along with details of those in attendance:-

TRUSTEES SERVING SINCE 1ST JANUARY 2023 AND UP TO THE DATE OF THIS REPORT:

Ex Officio Members

Chair:	The Rt Rev Dr Jonathan Frost (Bishop of Portsmouth)
Dean of Portsmouth:	The Very Rev Dr Anthony Cane
Archdeacons:	The Ven Jenny Rowley (Portsdown) (resigned 1st February 2024)
	The Rev Canon Will Hughes (Acting Archdeacon of the Meon until 1st July 2023)
	The Ven Steve Daughtery (Archdeacon of Isle of Wight from 22nd January 2023)
	The Ven Kathryn Percival (Archdeacon of the Meon) (appointed 1st July 2024)
	The Rev Canon Robert White (Acting Archdeacon of Portsdown from 25th March 2024)
Chairs of the Houses:	The Rev Canon Robert White (Chair of the House of Clergy)
	Canon Debbie Sutton (Chair of the House of Laity)
Diocesan Secretary:	Mr Philip Poulter

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Elected by House of Clergy

Rev Andrew Hargreaves	Rev Dr Susie Collingridge
Rev Bruce Deans (resigned 26th June 2023)	Rev James Hunt
Rev Canon Tom Kennar	Rev Sam Martell
Rev Mark Williams	

Elected by House of Laity

Mr James Bremridge	Mr Neil Chrimes
Canon Lucy Docherty	Mr Mark Emerton
Canon Stuart Forster	Dr Coleen Jackson (resigned 30th September 2023)
Mrs Irene James	Canon Adrian Jordan
Mrs Vanda Leary	Mr Simon Lemieux
Mr Steven Smart	

Members in Attendance

From 1st January to the date of this report, 3 General Synod members are also voting members of Council in either ex officio or elected capacities (Rev Canon R White, Canon Lucy Docherty, Rev Andrew Hargreaves). Therefore, 3 members of General Synod (Mrs Rebecca Hunt, Mr Ian Johnston and Rev Dr Paul Chamberlain) are in attendance.

Senior staff and advisers

Diocesan Secretary	Philip Poulter
Director of Mission and Ministry	Anthony Rustell
Director of Education	Jeff Williams
Head of Social Transformation	Nick Ralph
Director of Communications	Neil Pugmire
Diocesan Safeguarding Team Manager	Emily Hassan
Financial Controller	Elaine Aplin

Registered Office

Diocesan Office,
1st Floor, Peninsular House, Wharf Road, Portsmouth, PO2 8HB



Key Advisers and Agents

Bankers	Barclays PLC, PO Box 165, Crawley, RH10 1YX
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors & registrar	Batt Broadbent LLP, Minster Chambers, 42-44 Castle Street, Salisbury, SP1 3TX
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Advisers	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW

ON BEHALF OF THE TRUSTEES

The Right Rev Jonathan Frost
Chairman
20 May 2024

Philip Poulter
Diocesan Secretary
20 May 2024

OPINION

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant 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 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2023

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 Annual Report (which incorporates the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2023

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at the year-end and those with unusual descriptions;
- Challenging assumptions and judgements made by management in their accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.



Jane Askew (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 26 July 2024

10 Queen Street Place
London
EC4R 1AG



	Note	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2023 £	Total funds 2022 £
Income and endowments from							
Donations							
Parish contributions	2a	4,323,125	-	-	-	4,323,125	4,414,295
Archbishops' Council	2b	577,634	-	818,347	-	1,395,981	1,578,692
Other donations	2c	123,695	-	5,665	-	129,360	144,420
Charitable activities	3	528,479	5,505	25,000	-	558,984	839,744
Other trading activities	4	601,395	-	46,143	-	647,538	611,298
Investments	5	613,421	100,789	220,275	100,608	1,035,093	884,200
Total		6,767,749	106,294	1,115,430	100,608	8,090,081	8,472,649
Expenditure on:							
Raising funds	6	67,555	-	-	-	67,555	64,891
Charitable activities	7	7,389,822	166,665	898,456	-	8,454,943	8,058,003
Total	8	7,457,377	166,665	898,456	-	8,522,498	8,122,894
Net income/(expenditure) before investment gains/(losses)		(689,628)	(60,371)	216,974	100,608	(432,417)	349,755
Net gains on investments	14	161,726	111,067	289,468	875,861	1,438,122	527,345
Net income		(527,902)	50,696	506,442	976,469	1,005,705	877,100
Transfers between funds	12	1,096,801	(921,839)	(114,212)	(60,750)	-	-
Other recognised gains/(losses)							
Gains on revaluation of fixed assets	13	50,066	-	-	459,680	509,746	6,924,389
Gain/(loss) on disposal of investments		-	49,899	-	-	49,899	(15,127)
Remeasurement of pension scheme provision		-	-	-	-	-	89,000
		50,066	49,899	-	459,680	559,645	6,998,262
Net movement in funds		618,965	(821,244)	392,230	1,375,399	1,565,350	7,875,362
Total funds at 1 January		21,794,387	3,505,816	5,885,033	64,520,896	95,706,132	87,830,770
Total funds at 31 December	19	22,413,352	2,684,572	6,277,263	65,896,295	97,271,482	95,706,132

The net surplus/(deficit) of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net incoming resources before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above: net income of £8,090,081, net expenditure of £8,522,498 and a net movement in funds of £1,565,350; resulting in total funds at 31 December 2023 of £97,271,482 (2022: £95,706,132).

All income and resources expenditure derive from continuing activities.

The notes on pages 42 to 78 form part of the financial statements.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
COMPANY NO: 226466 • STATEMENT OF FINANCIAL ACTIVITIES AT 31 DECEMBER 2023

	Note	2023		2022	
FIXED ASSETS					
Tangible Fixed Assets	13		67,192,483		66,735,277
Investments	14		25,828,144		24,963,168
			93,020,627		91,698,445
CURRENT ASSETS					
Debtors	15	740,217		638,814	
Cash on Deposit		5,579,083		6,205,345	
Cash at bank and in hand		300,416		344,552	
		6,619,716		7,188,711	
CREDITORS: amounts falling due within one year	16	2,368,861		2,728,941	
NET CURRENT ASSETS			4,250,855		4,459,770
Total assets less current liabilities			97,271,482		96,158,215
CREDITORS amounts falling due after more than one year	17		-		452,083
Loans and long term provisions		-		452,083	
NET ASSETS			97,271,482		95,706,132
FUNDS					
Unrestricted income funds:					
General funds			22,413,352		21,794,387
Designated funds			2,684,572		3,505,816
			25,097,924		25,300,203
Restricted funds			6,277,263		5,885,033
Endowment funds			65,896,295		64,520,896
TOTAL FUNDS	18/19		97,271,482		95,706,132

Revaluation reserves of the following amounts are included within the above funds: endowment funds £23.7m (2022: £22.4m), restricted funds £1.9m (2022: £1.6m), designated funds £1.5m (2022: £1.4m), general funds £4.6m (2022: £4.4m).

The Notes on pages 42 to 78 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 20th May 2024 and signed on behalf of the Board by:

The Right Rev Jonathan Frost



	2023		2022	
Net cash flow from operating activities				
Net cash used in operating activities		(1,671,554)		(228,107)
Cash flows from investing activities				
Dividends, interest and rent from investments	963,767		815,897	
Purchase of property and equipment	-		(513,720)	
Purchase of investments	(3,589,884)		(403,176)	
Sale of investments	4,234,356		418,302	
Net cash provided by investing activities		1,608,239		317,303
Cash flows from financing activities				
Loans repaid by PDBF	(607,083)		(1,399,643)	
Net cash used in financing		(607,083)		(1,399,643)
Change in cash and cash equivalents in the reporting period		(670,398)		(1,310,447)
Cash and cash equivalents at 1 January		6,549,897		7,860,344
Cash and cash equivalents at 31 December		5,879,499		6,549,897

Reconciliation of net income to net cash flow from operating activities

	2023	2022
Net income for the year ended 31 December	1,005,705	877,100
Adjustments for:		
Depreciation charges	52,540	52,536
(Gains)/losses on investments	(1,438,122)	(527,345)
Dividends, interest and rent from investments	(1,035,093)	(884,200)
(Gain)/loss on sale of functional assets	-	648
(Gain)/loss on disposal of investments	49,899	(15,127)
(Increase)/decrease in operating debtors	(101,403)	332,212
Increase/(decrease) in operating creditors	(205,080)	(63,931)
Net cash provided by operating activities	(1,671,554)	(228,107)

Analysis of net debt

Cash at bank and in hand	300,416	344,552
Cash on deposit	5,579,083	6,205,345
Bank loan	-	(607,083)
Total net debt	5,879,499	5,942,814

1 ACCOUNTING POLICIES

Portsmouth DBF is a company limited by guarantee, incorporated in England and Wales, and is a Public Benefit Entity as defined by FRS102. The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The Trustees consider that there are no material uncertainties that could cast doubt on the charity's ability to continue as a going concern. After reviewing the charity's forecasts and projections, the Trustees have a reasonable expectation that the charity has adequate resources to continue as a going concern for the foreseeable future. The Trustees therefore continue to adopt the going concern basis in preparing this Annual Report and Financial Statements.

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the PDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

i) **Parish Share** is recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.

ii) **Rent** is recognised as income when receivable.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at



the year-end are included in creditors to be carried forward to the following year.

v) **Parochial fees** are recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.

vi) **Donations** other than grants are recognised when receivable**.**

vii) **Gains on disposal of fixed assets for the PDBF's own use** (i.e., non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activities category.

i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.

iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) **Pension contributions**. The majority of PDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of any deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year. We also have a small number of staff who are part of the Teacher's Pension Scheme. The pension costs charged represent the contributions payable by PDBF.

c) Tangible fixed assets and depreciation

Freehold properties

Properties are accounted for at their fair value and are reviewed annually and revalued accordingly. Each property is subject to a full revaluation review on at least a five-year cycle. This review is led by our internal property specialist and is used as the basis of assessing the valuation of the remainder of the portfolio. The fair value assessment is reviewed by management and the Board of Trustees.

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their



expected residual value is not materially less than their carrying value. The PDBF has a policy of regular structural inspection, 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 deteriorate or suffer from 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. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Parsonage houses

The PDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form.

The PDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated fair value, using the same valuation methodology as for freehold properties as noted above. This treatment is also applied to any property where the title will revert to the PCC in the event that it should no longer be required as a parsonage.

Computer equipment

Items of computer equipment are stated at cost, being the purchase price and any incidental acquisition costs.

d) Depreciation on leasehold property

Depreciation is provided on leasehold properties over the lesser of 50 years or the life of the lease.

Depreciation is provided on computer equipment over a period of 3 years.

e) Fixed asset investments

Fixed asset investments are included in the balance sheet at bid value and the gain or loss taken to the Statement of Financial Activities. The single property held as an investment is revalued by the Diocesan surveyor on a five-year cycle alongside all other properties.

Glebe land is accounted for at fair value and is reviewed annually and revalued accordingly. Each property is subject to a full revaluation review on at least a five-year cycle.

f) Other accounting policies

i) **Leases**. The PDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the lease term.

ii) **Financial instruments** are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. The charity only has financial assets and liabilities which qualify as basic financial instruments.

Financial assets and liabilities measured at amortised cost, which includes loans to parishes, parish share receivable and other debtors, bank loans and creditors, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest rate method.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 14.

g) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the PDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the PDBF. There are two types of unrestricted funds:



- **General funds** which the PDBF intends to use for the general purposes of the PDBF and
- **Designated funds** set aside out of unrestricted funds by the PDBF for a purpose specified by the Trustees

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the PDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the PDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

h) Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date,

and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Basis for non-depreciation of functional residential property
- Assumptions underpinning the clergy and church workers' pension scheme liabilities.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2 DONATIONS

2a Parish Contributions

2023	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2023
	£	£	£	£	£
Parish share requested	5,122,000	-	-	-	5,122,000
Short fall against cash received	(848,713)	-	-	-	(848,713)
Payments received	4,273,287	-	-	-	4,273,287
Amounts received for prior year	49,838	-	-	-	49,838
Parish share receivable	4,323,125	-	-	-	4,323,125

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Parish share requested	5,120,000	-	-	-	5,120,000
Short fall against cash received	(779,457)	-	-	-	(779,457)
Payments received	4,340,543	-	-	-	4,340,543
Amounts received for prior year	73,752	-	-	-	73,752
Parish share receivable	4,414,295	-	-	-	4,414,295

The majority of donations are collected from parishes of the diocese through the parish share system. Current year parish share receipts represent 83.4% of the total apportioned (2022: 84.7%) or when receipts for previous years are included, 84.4% (2022: 86.2%) of the amount requested.

2b Archbishops' Council

2023	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2023
	£	£	£	£	£
Lowest income community funding	577,634	-	-	-	577,634
Church Commission grant for Resourcing Ministerial Education	-	-	141,245	-	141,245
Strategic Development Fund	-	-	677,102	-	677,102
	577,634	-	818,347	-	1,395,981

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Lowest income community funding	494,941	-	-	-	494,941
Church Commission grant for Resourcing Ministerial Education	-	-	216,057	-	216,057
Strategic Development Fund	-	-	614,694	-	614,694
Ministry Hardship Fund	-	-	39,000	-	39,000
Energy grant	-	-	214,000	-	214,000
	494,941	-	1,083,751	-	1,578,692



2c Other donations

2023	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2023
	£	£	£	£	£
Benefact Trust	98,000	-	-	-	98,000
Donations	25,695	-	5,665	-	31,360
	123,695	-	5,665	-	129,360

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Benefact Trust	112,000	-	-	-	112,000
Donations	7,519	-	24,901	-	32,420
	119,519	-	24,901	-	144,420

3 CHARITABLE ACTIVITIES

2023	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2023
	£	£	£	£	£
Statutory fees and chaplaincy income	282,595	-	-	-	282,595
Miscellaneous income	47,841	5,505	25,000	-	78,346
Section income:					
Mission and Education	41,416	-	-	-	41,416
Strategic Implementation & Resources	69,366	-	-	-	69,366
Social Transformation	87,261	-	-	-	87,261
	528,479	5,505	25,000	-	558,984

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Statutory fees and chaplaincy income	266,074	-	-	-	266,074
Miscellaneous income	92,930	-	2,562	249,943	345,435
Section income:					
Mission and Education	50,792	-	-	-	50,792
Strategic Implementation & Resources	78,516	-	-	-	78,516
Social Transformation	98,927	-	-	-	98,927
	587,239	-	2,562	249,943	839,744

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4 OTHER TRADING ACTIVITIES

2023	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2023
	£	£	£	£	£
Rental income from properties	601,395	-	46,143	-	647,538
	601,395	-	46,143	-	647,538

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Rental income from properties	588,436	-	22,862	-	611,298
	588,436	-	22,862	-	611,298

5 INVESTMENT INCOME

2023	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2023
	£	£	£	£	£
Dividends receivable	376,864	62,631	188,011	89,521	717,027
Interest receivable	139,914	38,158	32,264	11,087	221,423
Rents receivable	96,643	-	-	-	96,643
	613,421	100,789	220,275	100,608	1,035,093

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Dividends receivable	435,616	89,699	176,289	30,530	732,134
Interest receivable	58,029	4,413	7,648	-	70,090
Rents receivable	81,976	-	-	-	81,976
	575,621	94,112	183,937	30,530	884,200

6 FUND RAISING COSTS

2023	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2023
	£	£	£	£	£
Glebe agent's fees and repairs	13,845	-	-	-	13,845
Management fees of rentals	53,710	-	-	-	53,710
	67,555	-	-	-	67,555

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Glebe agent's fees and repairs	15,544	-	-	-	15,544
Management fees of rentals	49,347	-	-	-	49,347
	64,891	-	-	-	64,891



7 CHARITABLE ACTIVITIES

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	166,797	-	-	-	166,797
National church responsibilities	107,864	-	-	-	107,864
Grants and provisions	18,996	-	-	-	18,996
Mission agency pension contributions	5,905	-	-	-	5,905
Retired clergy housing costs	73,069	-	-	-	73,069
	372,631	-	-	-	372,631
Resourcing ministry and mission					
Training for ministry	156,992	-	119,311	-	276,303
Parish ministry:					
Stipends and national insurance	2,494,352	12,621	-	-	2,506,973
Pension costs	582,980	19,953	-	-	602,933
Housing costs	1,431,097	35,730	2,620	-	1,469,447
Removal, resettlement & other grants	165,363	-	-	-	165,363
Other expenses	20,115	36,891	767,165	-	824,171
	4,850,899	105,195	889,096	-	5,845,190
Support for ministry and mission					
Lay and ordained ministry	984,315	61,470	-	-	1,045,785
Mission and Education	178,798	-	-	-	178,798
Strategic implement and resources	712,650	-	9,360	-	722,010
Social transformation	211,418	-	-	-	211,418
Governance	79,111	-	-	-	79,111
Other Diocesan Central Support	-	-	-	-	-
	2,166,292	61,470	9,360	-	2,237,122
	7,389,822	166,665	898,456	-	8,454,943

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	139,019	-	-	-	139,019
National church responsibilities	112,982	-	-	-	112,982
Grants and provisions	15,566	-	-	-	15,566
Mission agency pension contributions	7,704	-	-	-	7,704
Retired clergy housing costs	69,583	-	-	-	69,583
	344,854	-	-	-	344,854
Resourcing ministry and mission					
Training for ministry	150,650	-	178,103	-	328,753
Parish ministry:					-
Stipends and national insurance	2,533,218	76,133	-	-	2,609,351
Pension costs	661,035	-	-	-	661,035
Housing costs	909,252	-	2,850	-	912,102
Removal, resettlement & other grants	34,055	-	-	-	34,055
Other expenses	48,195	-	857,919	-	906,114
	4,336,405	76,133	1,038,872	-	5,451,410
Support for ministry and mission					
Lay and ordained ministry	1,086,908	83,395	-	-	1,170,303
Mission and Education	187,265	-	-	-	187,265
Strategic implement and resources	618,167	-	-	-	618,167
Social transformation	224,893	-	-	-	224,893
Governance	61,111	-	-	-	61,111
Other Diocesan Central Support	-	-	-	-	-
	2,178,344	83,395	-	-	2,261,739
	6,859,603	159,528	1,038,872	-	8,058,003

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2023	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2023
	£	£	£	£
Raising funds	67,555	-	-	67,555
Contributions to Archbishops' Council	-	372,631	-	372,631
Parish Ministry	5,674,246	170,944	-	5,845,190
Support for Ministry and Mission	2,079,805	-	115,901	2,195,706
Education	41,416	-	-	41,416
	7,863,022	543,575	115,901	8,522,498

2022	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2022
	£	£	£	£
Raising funds	64,891	-	-	64,891
Contributions to Archbishops' Council	-	344,854	-	344,854
Parish Ministry	5,416,071	35,339	-	5,451,410
Support for Ministry and Mission	2,113,046	-	97,901	2,210,947
Education	50,792	-	-	50,792
	7,644,800	380,193	97,901	8,122,894

9 ANALYSIS OF SUPPORT COSTS

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	79,111	-	-	-	79,111
	115,901	-	-	-	115,901

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	61,111	-	-	-	61,111
	97,901	-	-	-	97,901

Auditors remuneration for the year was £19,530 (2022: £18,600) and the cost of operating lease rentals was £22,530 (2022: £16,864).



10 ANALYSIS OF GRANTS

2023	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	372,631	372,631
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	2,145	-	2,145
Removal and resettlement grants	38	168,799	-	168,799
	39	170,944	-	170,944
From restricted funds for various purposes:				
Hardship grants to clergy	10	5,000	-	5,000
Hardship grants to lay staff	37	19,000	-	19,000
Energy grants to PCCs	49	-	42,666	42,666
	96	24,000	42,666	66,666
	136	194,944	415,297	610,241

2022	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	344,854	344,854
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	2,043	-	2,043
Removal and resettlement grants	9	33,296	-	33,296
	10	35,339	-	35,339
From restricted funds for various purposes:				
Hardship grants to clergy	82	41,000	-	41,000
Energy grants to PCCs	104	-	156,000	156,000
	186	41,000	156,000	197,000
	197	76,339	500,854	577,193

11 STAFF COSTS

Employee costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	1,176,011	1,215,966
National insurance contributions	118,960	193,491
Pension costs	200,463	201,911
	1,495,434	1,611,368

Included in the above are settlement payments totalling £2,242 (2022: £64,663).

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

	2023 fte	2022 fte
Property and parish support	5.7	5.4
Mission & Education	2.1	2.2
Lay & Ordained Ministry	2.9	2.4
Safeguarding	4.8	3.4
Communications	1.4	1.4
Strategic projects	1.9	1.7
Social Transformation (of which 1.7 are externally funded)	2.1	3.0
Admistrative and finance support	4.7	4.9
	25.6	24.4
Parochial Assistants	2.0	1.2
	27.6	25.6

The average number of persons employed during the year:

	2023 no.	2022 no.
Property and parish support	7.0	7.3
Mission & Education	7.0	7.0
Lay & Ordained Ministry	3.8	2.5
Safeguarding	7.2	5.0
Communications	2.0	2.0
Strategic projects	2.5	2.3
Social Transformation	3.0	4.3
Admistrative and finance support	5.3	5.6
	37.8	36.0
Parochial Assistants	2.5	2.0
	40.3	38.0

Included in the figures above are a small number of staff who work within the deaneries including the PA's to the Archdeacons, as well as those in central diocesan support roles. In addition, 2 members of staff are funded under the Strategic Development funds.

The staff team included above under Mission and Education are shared with the Winchester Diocesan Board of Finance (WDBF). Two thirds of the cost of this team are recharged to the WDBF based on the number of schools in each diocese and the FTE head count reflects the average headcount paid for by PDBF.

The finance team for the PDBF are also a shared team with WDBF. The



costs of this team are charged from WDBF to PDBF on the basis of time spent providing support to each diocese. The average FTE for these staff is included in the headcount above.

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 was as follows:

	2023	2022
	no.	no.
£60,000 - £70,000	1	2
£70,000 - £80,000	-	-
£80,000 - £90,000	1	1
£90,000 - £100,000	-	1

Pension payments of £26,139 (2022: £47,368) were made for these employees.

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2023 they were:

Diocesan Secretary	Philip Poulter
Director of Mission and Ministry	Rev Anthony Rustell
Director of Education	Jeff Williams (33.3%)
Head of Social Transformation	Nick Ralph (10%)
Director of Communications	Neil Pugmire
Diocesan Safeguarding Team Manager	Emily Hassan
Financial Controller	Elaine Aplin (95%)

Remuneration, pensions and expenses for these 7 employees (2022: 7) amounted to £405,960 (2022: £350,162).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses totalling £21,965 (2022: £9,456) in respect of General Synod duties, duties as archdeacon

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

or area/rural dean, and other duties as Trustees. As serving clergy, trustees also received the hardship grant payment during 2022. No such payment was made this year. During the year, 3 trustees were in receipt of resettlement grants (2022: nil).

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the PDBF during the year (this includes any appointments made in 2023):

	Stipend	Housing
The Archdeacon of Portsdown (Rowley)	Yes	Yes
Acting Archdeacon of the Meon (Hughes)	Yes	Yes
Archdeacon of the Isle of Wight (Daughtery)	Yes	Yes
Archdeacon of the Meon (Percival)	Yes	Yes
Chair of House of Clergy (Canon R C White)	Yes	Yes
The Revd James Hunt	Yes	Yes
The Revd Bruce Deans	Yes	Yes
The Revd Andrew Hargreaves	Yes	No
The Revd Canon Tom Kennar	Yes	Yes
The Revd Sam Martell	Yes	Yes
The Revd Mark Williams	Yes	Yes
The Revd Susie Collingridge	Yes	Yes

The following Trustees are also members of the PDBF staff team and were in receipt of a salary for these roles during the year:

Vanda Leary
Philip Poulter

The PDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The PDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The PDBF paid an average of 74.5 (2022: 80) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2023	2022
	£	£
Stipends	2,213,119	2,346,596
National insurance contributions	188,393	193,491
Pension costs - current year	602,933	567,035
- deficit reduction	-	94,000
	3,004,445	3,201,122



Included in the figures above are settlement payments totalling £90,555 (2022: £76,133).

12 ANALYSIS OF TRANSFERS BETWEEN FUNDS

2023	Unrestricted funds		Restricted	Endowment
	General	Designated	funds	funds
	£	£	£	£
Transfer for costs of 2022 parsonage insurance	33,561	(33,561)	-	-
Portsmouth share of Interest earned by P&WCSG Fund	8,933	-	(8,933)	-
To charge the sustainability fund for property repairs	1,591	(1,591)	-	-
Transfer from sustainability fund for CBIL repayments	-	-	-	-
Transfer from CBIL fund for CBIL loan repayments	600,357	(600,357)	-	-
Transfer to cover safeguarding conference costs	1,330	(1,330)		
Transfer unspent communications budget for website review	(30,000)	30,000	-	-
Transfer to correct fund for 2022 revaluation posting	60,750	-	-	(60,750)
Transfer cost of education team activities	140,428	-	(140,428)	-
Transfer for catch up on property repairs	315,000	(315,000)	-	-
Transfer of SDF costs not claimed	(35,149)	-	35,149	-
Transfer from sustainability fund for additional matched funding commitments for SDF projects	-	-	-	-
	1,096,801	(921,839)	(114,212)	(60,750)

Further details of the transfers are included in note 18.

2022	Unrestricted funds		Restricted	Endowment
	General	Designated	funds	funds
	£	£	£	£
Portsmouth share of Interest earned by P&WCSG Fund	2,386	-	(2,386)	-
To charge the General Fund for the reduction in pension deficit provision	(94,000)	-	-	94,000
Transfer from CBIL fund for CBIL loan repayments	1,399,643	(1,399,643)	-	-
Transfer cost of education team activities	133,538	-	(133,538)	-
Transfer to RME fund in respect of 2021 costs transferred in error	(43,057)	-	43,057	
Transfer of properties on pastoral reorganisation	1,888,427	-	-	(1,888,427)
Transfer from Education fund for contribution to Cornerstone	-	-	-	-
	3,286,937	(1,399,643)	(92,867)	(1,794,427)

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

13 TANGIBLE FIXED ASSETS – LAND AND BUILDINGS

	Freehold Land and Buildings	Leasehold Buildings	Computer Equipment	Total 2023
	£	£	£	£
At Cost or Valuation				
At 1 January 2023	65,417,431	1,851,443	47,249	67,316,123
Revaluation	509,746	-	-	509,746
At 31 December 2023	65,927,177	1,851,443	47,249	67,825,869
Accumulated depreciation				
At 1 January 2023	-	563,790	17,056	580,846
Charge for the year	-	36,790	15,750	52,540
At 31 December 2023	-	600,580	32,806	633,386
Net book value at 31 December 2023	65,927,177	1,250,863	14,443	67,192,483
Net book value at 31 December 2022	65,417,431	1,287,653	30,193	66,735,277

All the properties in the balance sheet are freehold and are vested in the PDBF, except for benefice houses which are vested in the incumbent. All properties are held at market value and are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The Diocesan Office at Peninsular House is a leasehold property for which the premium is being amortised over 50 years. Just under half of the office space is sublet, as it is not required for diocesan use. The carrying value of this property valued on a part functional, part investment basis would not be materially different from that quoted above.



14 FIXED ASSETS INVESTMENTS

	At 1st January 2023 £	Additions £	Disposals £	Change in Market Value £	At 31st December 2023 £
Unrestricted General Funds					
Unlisted investments	1,844,133	1,082,223	(344,593)	161,726	2,743,489
Designated Funds					
Unlisted investments	2,732,540	1,074,385	(2,174,905)	111,067	1,743,087
Restricted Funds					
Unlisted investments	4,998,062	696,046	(906,302)	289,468	5,077,274
Endowment Funds					
Unlisted investments	11,338,431	808,556	(808,556)	875,861	12,214,292
Investment Property	362,000	-	-		362,000
Investment Land	3,688,002	-	-		3,688,002
Total Funds	24,963,168	3,661,210	(4,234,356)	1,438,122	25,828,144

15 DEBTORS

	2023 £	2022 £
Parish share receivable	73,927	76,315
Prepayments and accrued income	312,287	269,439
Other debtors	354,003	293,060
	740,217	638,814

The parish share receivable relates to amounts received in January 2024 relating to 2023 parish share requests and are treated as accrued income in the accounts. Any payments against arrears received after this date will be recorded as 2024 income.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Accruals	234,533	130,685
Other creditors	594,259	583,241
* P&WCSG Fund Creditors	1,275,038	1,665,649
Loan repayments due in less than one year	-	155,000
Deferred income	30,579	2,215
Provision for repairs	200,731	157,866
Tax and social security	33,721	34,285
	2,368,861	2,728,941

* The P&WCSG Fund holds £1,330,550 (2022: £1,712,227) on deposit with CCLA and Barclays.

Deferred income relates to rental income received in advance and is fully released in the subsequent year.

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £	2022 £
Loan repayment instalments due after more than one year		
1 - 2 years	-	155,000
2 -5 years	-	297,083
	-	452,083

The loan relates to a Coronavirus Business Interruption Loan which was fully repaid during the 2023 financial year.



18 SUMMARY OF FUND MOVEMENTS

2023	Balances at 1 January 2023	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2023
	£	£	£	£	£	£
Unrestricted funds - General	21,794,387	6,767,749	(7,457,377)	1,096,801	211,792	22,413,352
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	34,900	-	-	30,000	3,493	68,393
Circus Charity Fund	2,283	-	-	-	204	2,487
Diocesan Conference Fund	45,749	1,486	-	8,670	-	55,905
Car Loan Fund	(31,418)	62	-	21,870	9,486	0
Diocesan Loan Fund	304,985	6,582	-	-	34,500	346,067
Parsonages Repairs Fund	341,810	21,972	(35,729)	(33,561)	9,550	304,042
Pastoral Fund	-		-	-	-	-
CME Fund	144,308	731	-	-	-	145,039
Valpy Bequest	32,859	-	-	-	3,289	36,148
Winterbotham Legacy	150,153	6,600	-	-	12,217	168,970
Office Repair Fund	112,855	3,664	-	-	5,367	121,886
Mission Fund	338,497	351	(61,470)	57,000	-	334,378
Lambeth Conference Fund	18,715	-	-	(10,000)	-	8,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	395,494	-	-	(315,000)	-	80,494
Catherington House Fund	612,827	19,554	-	-	81,671	714,052
Sustainability Fund	1,013,867	11,111	(32,574)	(665,591)	4	326,817
CBIL repayment fund	(13,563)	28,676	(28,056)	(15,227)	1,185	(26,985)
Reader board	-	5,505	(8,836)	-	-	(3,331)
	3,505,816	106,294	(166,665)	(921,839)	160,966	2,684,572

	Balances at 1 January 2023	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2023
	£	£	£	£	£	£
Restricted funds						
Barclay Bequest	7,128	247	-	-	489	7,864
Ben Aug Fund	102,029	-	-	-	10,211	112,240
Bishop's Lent Appeal	4,159	184	-	-	-	4,343
Christian Healing Fund	250	11	-	-	-	261
Harrision Parochial Loan Fund	18,498	652	-	-	-	19,150
Huckstepp Legacy	122,357	-	-	-	1,055	123,412
James Legacy	22,548	-	-	-	2,125	24,673
New Churches Fund	1,193,435	45,099	-	-	98,409	1,336,943
Turret House Fund	117,861	3,574	-	-	11,294	132,729
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	677,102	(666,687)	35,149	-	(392)
Pastoral Fund	2,219,978	68,435	(7,620)	-	90,252	2,371,045
P&WCSGF	39,107	27,207	(18,274)	(8,933)	-	39,107
Corban Fund	45,415	1,434	-	-	3,935	50,784
Eckersley Clergy families	438,395	14,406	(1,500)	-	35,368	486,669
Education Restricted	1,437,122	115,336	(9,039)	(140,428)	36,329	1,439,320
Resourcing Ministerial Educat	81,012	141,245	(119,311)	-	-	102,946
Clergy Hardship Fund	18,500	5,500	(24,000)	-	-	-
Energy Grant	58,000	-	(42,666)	-	-	15,334
Net Carbon Zero	-	15,000	(9,360)	-		5,640
	5,885,033	1,115,432	(898,457)	(114,212)	289,467	6,277,263

	Balances at 1 January 2023	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2023
	£	£	£	£	£	£
Expendable Endowment funds						
Parsonage Houses	44,858,200	-	-	(60,750)	359,680	45,157,130
Education Endowment	1,761,785	28,800	-	-	53,956	1,844,541
Permanent Endowment funds	-					
Stipends Capital Fund	8,724,109	-	-	-	626,096	9,350,205
Bells Loan Fund	462,866	13,463	-	-	49,146	525,475
Boyd Richardson Trust	177,938	-	-	-	17,808	195,746
Constance Trust	33,331	-	-	-	3,336	36,667
Cowes St M Ben Aug	1,036	-	-	-	92	1,128
Diocesan House Trust	243,461	-	-	-	21,249	264,710
Fawdry Bequest	41,846	30	-	-	3,945	45,821
Glebe Fund	1,144,889	52,149	-	-	21,156	1,218,194
Glebe Property	6,832,798	-	-	-	100,000	6,932,798
Glebe House Cottage Trust	4,787	-	-	-	451	5,238
Hayling St M Curacy End	1,350	-	-	-	120	1,470
Lambert Loan Fund	186,882	6,166	-	-	13,925	206,973
Glebe Capital	45,618	-	-	-	64,581	110,199
	64,520,896	100,608	-	(60,750)	1,335,541	65,896,295
Total Funds	95,706,132	8,090,083	(8,522,499)	-	1,997,766	97,271,482

The transfers made between funds take into account the gains and losses generated on the funds throughout the year, based on the underlying assets held in the funds.

2022	Balances at 1 January 2022	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2022
	£	£	£	£	£	£
Unrestricted funds - General	17,096,457	6,780,051	(6,924,494)	3,286,937	1,555,436	21,794,387
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	39,786	-	-	-	(4,886)	34,900
Circus Charity Fund	2,568	-	-	-	(285)	2,283
Diocesan Conference Fund	45,329	420	-	-	-	45,749
Car Loan Fund	-	9,366	-	-	(40,784)	(31,418)
Diocesan Loan Fund	369,610	11,697	-	-	(76,322)	304,985
Parsonages Repairs Fund	380,988	20,098	-	-	(59,276)	341,810
Pastoral Fund	-		-	-	-	-
CME Fund	144,101	207	-	-	-	144,308
Valpy Bequest	37,459	-	-	-	(4,600)	32,859
Winterbotham Legacy	165,715	5,743	-	-	(21,305)	150,153
Office Repair Fund	118,130	2,232	-	-	(7,507)	112,855
Mission Fund	421,793	99	(83,395)	-	-	338,497
Lambeth Conference Fund	18,715	-	-	-	-	18,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	395,494	-	-	-	-	395,494
Catherington House Fund	738,575	41,241	-	-	(166,989)	612,827
Sustainability Fund	1,090,000	-	(76,133)	-	-	1,013,867
CBIL repayment fund	1,383,820	3,009	-	(1,399,643)	(749)	(13,563)
	5,353,578	94,112	(159,528)	(1,399,643)	(382,703)	3,505,816



2022	Balances at 1 January 2022 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2022 £
Restricted funds						
Barclay Bequest	7,633	179	-	-	(684)	7,128
Ben Aug Fund	116,312	-	-	-	(14,283)	102,029
Bishop's Lent Appeal	20,122	3,406	(19,369)	-	-	4,159
Christian Healing Fund	247	3	-	-	-	250
Harrision Parochial Loan Fund	18,314	184	-	-	-	18,498
Huckstepp Legacy	138,371	-	-	-	(16,014)	122,357
James Legacy	25,521	-	-	-	(2,973)	22,548
New Churches Fund	1,298,683	44,674	-	34,000	(183,922)	1,193,435
Turret House Fund	129,706	3,437	-	-	(15,282)	117,861
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	614,694	(614,694)	-	-	(45,956)
Pastoral Fund	2,407,157	70,326	(23,412)	-	(234,093)	2,219,978
P&WCSGF	39,107	7,385	(4,999)	(2,386)	-	39,107
Corban Fund	49,637	1,282	-	-	(5,504)	45,415
Eckersley Clergy families	475,918	11,950	-	-	(49,473)	438,395
Education Restricted	1,676,848	69,936	(296)	(167,538)	(141,828)	1,437,122
Resourcing Ministerial Educat	-	216,057	(178,102)	43,057	-	81,012
Clergy Hardship Fund	-	60,500	(42,000)			18,500
Energy Grant	-	214,000	(156,000)			58,000
	6,362,815	1,318,013	(1,038,872)	(92,867)	(664,056)	5,885,033

	Balances at 1 January 2022 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2022 £
Expendable Endowment funds						
Parsonage Houses	41,877,465	-	-	(1,888,427)	4,869,162	44,858,200
Education Endowment	1,843,082	30,530	-	-	(111,827)	1,761,785
Permanent Endowment funds						
Stipends Capital Fund	9,639,174	-	-	94,000	(1,009,065)	8,724,109
Bells Loan Fund	521,987	-	-	-	(59,121)	462,866
Boyd Richardson Trust	202,848	-	-	-	(24,910)	177,938
Constance Trust	37,997	-	-	-	(4,666)	33,331
Cowes St M Ben Aug	1,165	-	-	-	(129)	1,036
Diocesan House Trust	277,359	-	-	-	(33,898)	243,461
Fawdry Bequest	47,363	-	-	-	(5,517)	41,846
Glebe Fund	1,246,994	-	-	-	(102,105)	1,144,889
Glebe Property	2,988,154	249,943	-	-	3,594,701	6,832,798
Glebe House Cottage Trust	5,417	-	-	-	(630)	4,787
Hayling St M Curacy End	1,518	-	-	-	(168)	1,350
Lambert Loan Fund	206,360	-	-	-	(19,478)	186,882
Glebe Capital	121,037	-	-	-	(75,419)	45,618
	59,017,920	280,473	-	(1,794,427)	7,016,930	64,520,896
Total Funds	87,830,770	8,472,649	(8,122,894)	-	7,525,607	95,706,132

19 SUMMARY OF ASSETS BY FUND

2023	Fixed Assets Tangible £	Fixed Assets Investments £	Current Assets £	Liabilities £	Net Assets £
Unrestricted funds - General	19,723,600	2,743,489	632,655	(686,392)	22,413,352
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	40,297	28,096	-	68,393
Circus Charity Fund	-	2,352	135	-	2,487
Diocesan Conference Fund	-	-	55,905	-	55,905
Car Loan Fund	-	-	-	-	-
Diocesan Loan Fund	-	265,930	80,137	-	346,067
Parsonages Repair Fund	-	455,713	(151,671)	-	304,042
CME Fund	-	-	145,039	-	145,039
Valpy Bequest	-	37,940	(1,792)	-	36,148
Winterbotham Legacy	-	179,327	(10,357)	-	168,970
Office Repair Fund	-	61,913	59,973	-	121,886
Mission Fund	-	-	334,378	-	334,378
Lambeth Conference Fund	-	-	8,715	-	8,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	80,494	-	80,494
Catherington House Fund	-	586,760	127,292	-	714,052
Sustainability Fund	-	105	326,712	-	326,817
CBIL repayment fund	-	112,754	(139,739)	-	(26,985)
Reader board	-	-	(3,331)	-	(3,331)
	-	1,743,091	941,481	-	2,684,572

	Fixed Assets Tangible £	Fixed Assets Investments £	Current Assets £	Liabilities £	Net Assets £
Restricted funds					
Barclay Bequest	-	5,643	2,221	-	7,864
Ben Aug Fund	-	117,804	(5,564)	-	112,240
Bishop's Lent Appeal	-	-	9,015	(4,672)	4,343
Christian Healing Fund	-	-	261	-	261
Harrision Parochial Loan Fund	-	-	19,150	-	19,150
Huckstepp Legacy	-	121,572	1,840	-	123,412
James Legacy	-	24,520	153	-	24,673
New Churches Fund	-	1,267,574	69,369	-	1,336,943
Turret House Fund	-	132,172	557	-	132,729
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,850,556	520,489	-	2,371,045
P&WCSGF	-	-	1,314,145	(1,275,038)	39,107
Corban Trust	-	45,400	5,384	-	50,784
Eckersley Clergy families	-	408,035	78,634	-	486,669
Education Restricted	-	1,103,999	738,077	(402,756)	1,439,320
Resourcing Ministerial Education	-	-	102,946	-	102,946
Strategic Development	-	-	(392)	-	(392)
Ministry Hardship Fund	-	-	-	-	-
Energy grant	-	-	15,334	-	15,334
Net Carbon Zero	-	-	5,640	-	5,640
	-	5,077,275	2,882,454	(1,682,466)	6,277,263



	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	44,849,953	-	307,177	-	45,157,130
Education Endowment	-	1,058,050	786,491	-	1,844,541
Permanent Endowment funds					
Stipends Capital Fund	-	8,775,502	574,703	-	9,350,205
Bells Loan Fund	-	447,911	77,564	-	525,475
Boyd Richardson Trust	-	205,452	(9,706)	-	195,746
Constance Trust	-	38,486	(1,819)	-	36,667
Cowes St M Ben Aug	-	1,067	61	-	1,128
Diocesan House Trust	-	276,563	(11,853)	-	264,710
Fawdry Bequest	-	45,505	316	-	45,821
Glebe Fund	-	1,254,115	(35,921)	-	1,218,194
Glebe Property	2,618,928	3,888,000	425,870	-	6,932,798
Glebe House Cottage Trust	-	5,198	40	-	5,238
Hayling St M Curacy End	-	1,389	81	-	1,470
Lambert Loan Fund	-	160,650	46,323	-	206,973
Glebe Capital	-	106,404	3,795	-	110,199
	47,468,881	16,264,292	2,163,122	-	65,896,295
Total Funds	67,192,481	25,828,147	6,619,712	(2,368,858)	97,271,482

2022	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	19,665,324	1,844,137	759,479	(474,553)	21,794,387
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	36,804	(1,904)	-	34,900
Circus Charity Fund	-	2,148	135	-	2,283
Diocesan Conference Fund	-	-	45,749	-	45,749
Car Loan Fund	-	193,212	(224,630)	-	(31,418)
Diocesan Loan Fund	-	231,530	73,455	-	304,985
Parsonages Repair Fund	-	446,162	(104,352)	-	341,810
CME Fund	-	-	144,308	-	144,308
Valpy Bequest	-	34,651	(1,792)	-	32,859
Winterbotham Legacy	-	162,976	(12,823)	-	150,153
Office Repair Fund	-	56,546	56,309	-	112,855
Mission Fund	-	-	338,497	-	338,497
Lambeth Conference Fund	-	-	18,715	-	18,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	395,494	-	395,494
Catherington House Fund	-	1,166,082	(553,255)	-	612,827
Sustainability Fund	-	-	1,013,867	-	1,013,867
Barclay Bequest	-	402,425	204,013	(620,001)	(13,563)
	-	2,732,536	1,393,281	(620,001)	3,505,816

2022	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Restricted funds					
Barclay Bequest	-	5,155	1,973	-	7,128
Ben Aug Fund	-	107,593	(5,564)	-	102,029
Bishop's Lent Appeal	-	-	4,159	-	4,159
Christian Healing Fund	-	-	250	-	250
Harrision Parochial Loan Fund	-	-	18,498	-	18,498
Huckstepp Legacy	-	120,516	1,841	-	122,357
James Legacy	-	22,395	153	-	22,548
New Churches Fund	-	1,409,495	(216,060)	-	1,193,435
Turret House Fund	-	117,328	533	-	117,861
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,733,779	486,199	-	2,219,978
P&WCSGF	-	-	1,704,756	(1,665,649)	39,107
Youth Development	-	-	-	-	-
Corban Trust	-	41,466	3,949	-	45,415
Eckersley Clergy families	-	372,667	65,728	-	438,395
Education Restricted	-	1,067,670	772,208	(402,756)	1,437,122
Resourcing Ministerial Education	-	-	81,012	-	81,012
Strategic Development	-	-	(27,889)	(18,067)	(45,956)
Ministry Hardship Fund	-	-	18,500	-	18,500
Energy grant	-	-	58,000		58,000
	-	4,998,064	2,973,441	(2,086,472)	5,885,033

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	44,551,023	-	307,177	-	44,858,200
Education Endowment	-	1,004,094	757,691	-	1,761,785
Permanent Endowment funds					-
Stipends Capital Fund	-	8,149,405	574,704	-	8,724,109
Bells Loan Fund	-	398,764	64,102	-	462,866
Boyd Richardson Trust	-	187,645	(9,707)	-	177,938
Constance Trust	-	35,149	(1,818)	-	33,331
Cowes St M Ben Aug	-	975	61	-	1,036
Diocesan House Trust	-	255,314	(11,853)	-	243,461
Fawdry Bequest	-	41,561	285	-	41,846
Glebe Fund	-	1,232,959	(88,070)	-	1,144,889
Glebe Property	2,518,929	3,888,000	425,869	-	6,832,798
Glebe House Cottage Trust	-	4,748	39	-	4,787
Hayling St M Curacy End	-	1,269	81	-	1,350
Lambert Loan Fund	-	146,725	40,157	-	186,882
Glebe Capital	-	41,823	3,795	-	45,618
	47,069,952	15,388,431	2,062,513	-	64,520,896
Total Funds	66,735,276	24,963,168	7,188,714	(3,181,026)	95,706,132



20 DESCRIPTION OF FUNDS

Fund	Purpose
Unrestricted funds - General	
FHP Capital Fund	Provision of clergy housing
Freehold Property	Housing other clergy
General Fund	DBF's revenue operations
Leasehold Property	Property for the charities own use
Unrestricted funds - Designated	
Brown, Doig, Silver Bequest	To offset DBF office costs
Building Repair Fund	Additional repair work on diocesan properties
Car Loan Fund	Loans to DBF employees
Catherington House Fund	For work of the diocesan spirituality adviser
Circus Charity Fund	For stipends
CME Fund	Continuing ministerial education
Coronavirus Business Interruption Loan Fund	For repayment of the CBIL loan
Diocesan Conference Fund	To offset cost of diocesan clergy conference
Diocesan Loan Fund	Loans to parishes
Evangelism Fund	For evangelism within the diocese
Lambeth Conference Fund	To offset the next Lambeth conference costs
Mission Fund	For outward focussed mission activities
Office Repair Fund	Repair and maintenance of Office Equipment
Parsonages Repairs Fund	Repair and maintenance of parsonages
Sustainability Fund	To aid transition
Valpy Bequest	For stipends
Winterbotham Legacy	For DBF's own purposes
Reader Board	For the activites of the Reader Board
Restricted funds	
Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Corban Trust Fund	For poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
Harrision Parochial Loan Fund	Loans to parishes
Huckstepp Legacy	Support ordinands
James Legacy	Support ordinands
New Churches Fund	For 'new churches' buildings
P&WCSGF	Income from school governors' funds
Pastoral Fund	Management of money in accordance with the Pastoral Measure 1983
Resourcing Ministerial Education	Grants received to fund ordinand training
Strategic Development Fund	For activities specifically identified in the strategic plan
Surrexit Fund	For youth development
Turret House Fund	For church building projects
Youth Development	For work with the young people of the diocese
Hardship Fund	To support individuals in financial hardship as a result of the cost of living crisis
Energy Grant fund	To support parochial church councils with increased energy costs
Net Carbon Zero	To support work towards net carbon zero initiatives
Expendable Endowment funds	
Parsonage Houses	Housing incumbents/priests in charge
Education Endowment	To fund education

	Original Capital	
Permanent Endowment funds	£	
Bells Loan Fund	14,563	Loans to parishes in Portsmouth Deanery
Boyd Richardson Trust	2,500	For DBF's own purposes
Constance Trust	500	To offset DBF office costs
Cowes St M Ben Aug	679	For stipend (Cowes:St Mary)
Diocesan House Trust	4,800	Upkeep of DBF offices & payment of staff
Fawdry Bequest	12,001	For clergy widows & DBF general purposes
Glebe Fund		Glebe funds held on deposit
Glebe Capital Fund		
Glebe House Cottage Trust	2,200	For DBF's own purposes
Glebe Property		Glebe held for investment and housing
Hayling St M Curacy Ed	630	For stipend (Hayling Island)
Lambert Loan Fund	21,300	Loans to clergy and PCCs
Stipends Capital Fund		For stipends

21 OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Operating leases payable:		
Within 1 year	26,027	18,034
In 1-5 years	1,920	18,744
	27,947	36,778

22 ANALYSIS OF CHANGES IN NET DEBT

	As at 1st January 2023	Cashflows	Other	As at 31st December 2023
	£	£	£	£
Cash and cash equivalents	6,549,897	(670,398)	-	5,879,499
Loans falling due within one year	(155,000)	155,000	-	-
Loans falling due after more than one year	(452,083)	452,083	-	-
TOTAL	5,942,814	(63,315)	-	5,879,499

23 PENSIONS

Portsmouth DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. 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 membership figures that we hold as at December 2023 and December 2022 for Portsmouth DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2023	December 2022
Number of members at this Responsible Body	87	86

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2023: £585,666, 2022: £721,483), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £585,666 for 2023 (2022: £742,483).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumption.

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustments from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 =0%).

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

% of pensionable stipends	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was in made with effect from April 2022 and remained in place until December 2022.

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. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 is nil. The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

	2023 £	2022 £
Balance sheet liability at 1 January	-	167,000
Deficit contribution paid	-	(94,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(73,000)
Balance sheet liability at 31 December	-	-

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions 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. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	December 2022	December 2020
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5%

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

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

CWPF has two sections:

1) the Defined Benefits Scheme
2) the Pension Builder Scheme, which has two subsections;
    a) a deferred annuity section known as Pension Builder Classic, and,
    b) a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Pension Builder Classic provides a pension, 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. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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 is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means 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 the contributions payable (2023: £175,556, 2022: £159,906).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pension in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.



The next valuation is due on 31 December 2022. Calculations for this are currently under way.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided.

From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £nil, 2021: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £nil (2022: £19,000).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

A valuation of DBS is carried out once every three years. The most recently finalised valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.

Following the 2019 valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,500 per year. In addition, deficit payments of £3,206 per year have been agreed for 7.0 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. A s a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out in the table below.

	2023 £	2022 £
Balance sheet liability at 1 January	-	19,000
Deficit contribution paid	-	(3,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(16,000)
Balance sheet liability at 31 December	-	-

* 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 2023	December 2022	December 2021
Discount rate	N/A	0.00%	1.5%

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

Teachers' pension scheme (TPS)

The PDBF made contributions to the TPS on behalf of 3 employees who had previously been teachers. The TPS is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers and lecturers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020 and full details are available on the Government website at: https://www.gov.uk/government/collections/teachers-pension-scheme

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

24 RELATED PARTY TRANSACTIONS

The Portsmouth Diocesan Council for Social Responsibility (PDCSR) is a separate charitable limited company. Staff engaged in the activities of PDCSR are employed by the PDBF and a contribution towards their staff costs was made by the PDCSR for £83,721 (2022: £93,516). The PDBF has also supported the work of the PDCSR for several years and in 2023 provided free use of office space, and IT Cloud functionality.

25 FUNDS HELD AS CUSTODIAN TRUSTEE

The PDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the PDBF does not control them. The financial assets held in this way may be summarised as follows:

	2023 £	2022 £
CBF Investment Fund income shares	5,684,034	5,524,978
CBF Investment Fund accumulation shares	462,444	735,635
CBF Property Fund income shares	687,259	732,217
CBF Global Equity Fund	311,299	270,921
CBF Fixed Interest Securities Fund Shares	536,939	506,368
CBF COIF Investments	181,732	172,016
Other unit trust units	9,233	9,444
UK Equity holdings	15,201	13,173
UK Gilt-edged stocks	79,320	79,320
Other Fixed interest stock	11,320	11,320
Foreign Equities	10,876	10,876
Deposits & Cash at Bank	1,931,887	1,492,670
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	9,918,764	9,556,158



26 POST BALANCE SHEET EVENT

On 1st January 2023, the Diocesan Board of Education transferred to a new Charitable Incorporated Organisation (CIO) as a result of the new Diocesan Board of Education Measure which came into effect during 2022. Unfortunately, due to delays, the CIO was not registered as a separate charity until January 2024. Along with Winchester DBF, PDBF remains a grant giving body to the Board of Education and continues to provide office space and services under a service level agreement. The CIO has independent governance, financial management and policies.



Diocese of Portsmouth

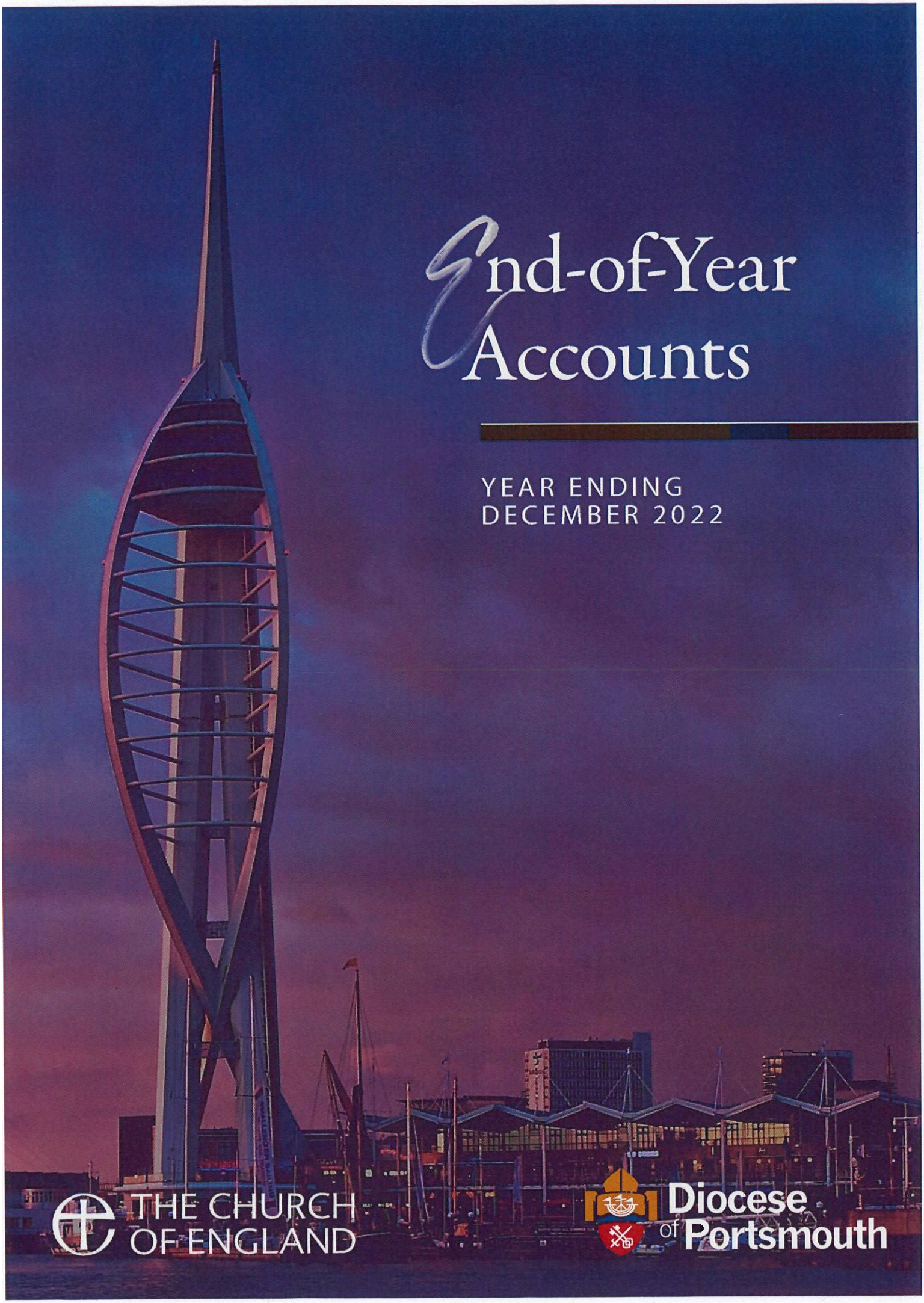
1st Floor, Peninsular House
Wharf Road
Portsmouth
PO2 8HB
023 9289 9650
portsmouth.anglican.org
@CofEPortsmouth

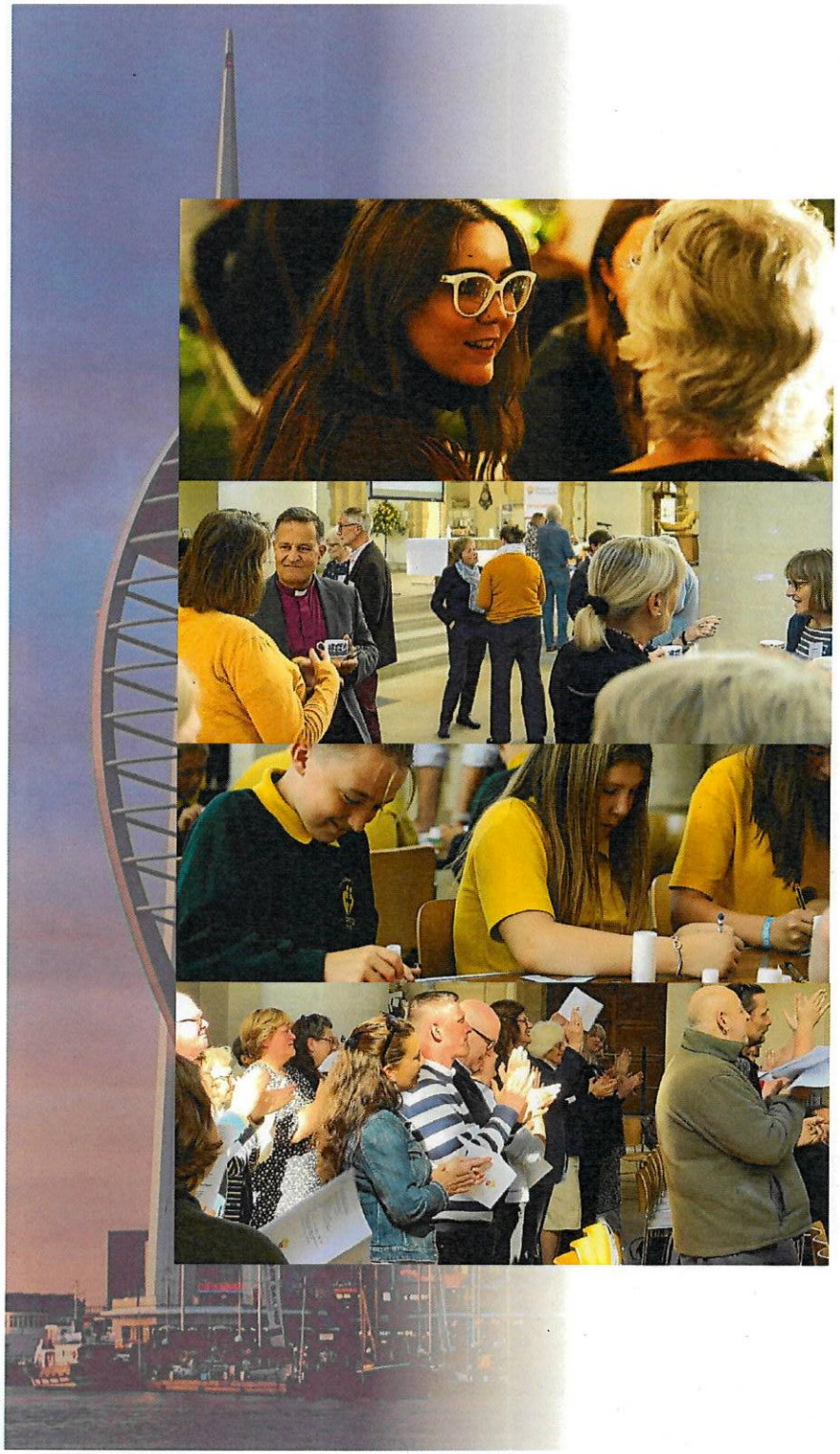
THE CHURCH OF ENGLAND

PORTSMOUTH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249256

Accounts


End-of-Year Accounts
YEAR ENDING
DECEMBER 2022
THE CHURCH OF ENGLAND
Diocese of Portsmouth



Diocese of Portsmouth

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2022

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number: 226466
Registered charity number: 249256

Live | Pray | Serve

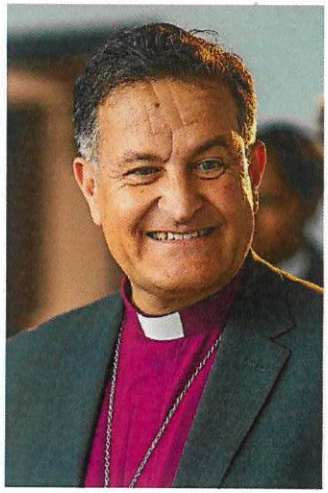
TABLE OF CONTENTS

Foreword	5
Legal Objects	7
Strategic Aims	8
Activities & Achievements for the Year	10
Future Plans	14
Financial Review	16
Principal Risks & Uncertainties	22
Structure & Governance	26
Administrative Details	33
Opinion	37
Statement of Financial Activities at 31 December 2022	43
Balance Sheet at 31 December 2022	44
Statement of Cash Flows At 31 December 2022	45
Notes to the Financial Statements	46

A large print version is available on request from Jane Dobbs
Email: jane.dobbs@portsmouth.anglican.org

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

FOREWORD



ver the past year organisations and households across the nation have faced significant financial challenges. In a number of respects, the impact of a global pandemic has been overtaken by events associated with war in Ukraine and a cost of living crisis, in part generated by a rise in the cost of fuel, food and other commodities.

In this context the Christian community – alongside others in society – will need to ensure its organisational shape and financial disciplines are fit for purpose. It is vital for a small to medium size organisation like ours to attend to its own culture, processes and effectiveness. Over the past year the leadership team in the diocese has frequently described itself as a work in progress.

In seeking to develop an organisation which is resilient, focused and financially sustainable we have taken a number of steps: reviewing organisational purpose, vision, values and strategy; a restructuring of the Bishop's Staff Team and executive level organisation has begun; the design of a Roadmap – a conversational process in which deaneries engaged with diocesan support staff to deliver a 'Diocesan, Ministry, Mission and Finance Plan 2022-2025'(received at Diocesan Synod on November 5th 2022: in its preface the plan anticipates an eradication of an underlying structural deficit by the end of 2025); key appointments at executive level have been made; routine disciplines enabling financial reporting, management and executive level oversight have been put in place. In the Diocese of Portsmouth, the Bishop's Staff Team (in other organisational contexts, the Senior Management Team) exists to serve, enable and resource the ministry and mission of the parishes, chaplaincies, fresh expressions and church schools of the diocese. In the next 12 months a review of governance in the diocese will be completed



to deliver effective, executive operation within the framework of policy governance.

It is encouraging to report that after a period in which appointments had been frozen, the diocese has been able to attract excellent applicants for shortlisting for the many positions being advertised and filled. Over the past nine months, several appointments in various parts of the diocese have been made; both stipendiary and non-stipendiary.

The Gospel gives us a beautiful picture of Jesus with his disciples as a storm threatens to overwhelm their boat. In the storms of life Christ accompanies us. He bids us face our fears. At the end of the financial year I would describe the Diocese of Portsmouth as being in good heart, facing its challenges while trusting in Christ and the gifts we bring to each other. Financially we are moving towards transparent accountability, good financial management and addressing an underlying deficit position. The storms will blow; but we will look for Christ's presence, trust of one another and seek always to do the work of the Kingdom.

+Jonathan Portsmouth

The Right Rev Jonathan Frost
Bishops of Portsmouth

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022. The directors/trustees are one and the same and in signing as trustees they are also signing the report in their capacity as directors. This combined report satisfies the legal requirements for:

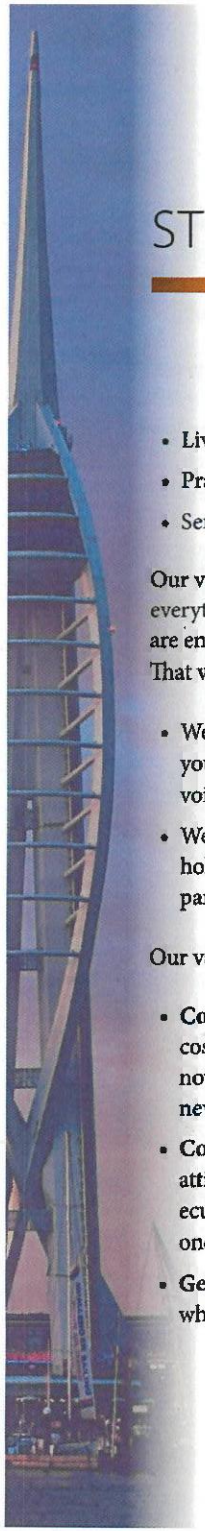
- a Directors' Report of a charitable company, and
- a Trustees Annual Report under the Charities Act 2011

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

LEGAL OBJECTS

he Portsmouth Diocesan Board of Finance ("PDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Portsmouth by acting as the financial executive of the Portsmouth Diocesan Synod.

The Diocese of Portsmouth covers principally South East Hampshire and the Isle of Wight.



STRATEGIC AIMS

Our shared vocation during 2022 has been to **Live | Pray | Serve** so that we:

- Live the Good News of God in Jesus Christ
- Pray on our own and in community to know God's will, and to
- Serve the people among whom we live and work.

Our vision in this diocese is to be a Church with Jesus Christ at the heart of everything we do, a Church in which we seek God's Kingdom, and where all are enabled to experience a life-transforming encounter with Jesus Christ. That vision is supplemented by two further priorities:

- We deliberately prioritise our work with children, young people and young adults, to enable a new generation to grow in faith and find their voice. They are the Church of today;
- We value and treasure our older people, and ensure they are being care for holistically, by the provision of Anna Chaplaincy to support them in every parish, benefice and cluster across the diocese.

Our values determine how we go about fulfilling our vision. We seek to be:

- **Courageous** – we are bold and obedient in our actions, willing to make costly decisions that we and others have shied away from in the past, and not just for the sake of those within our churches but for those who might never consider entering them.
- **Collaborative** – we strive through our structures but also through our attitude and approach to work together across parishes, deaneries, ecumenically and throughout the diocese, because we believe that we are one body with many parts all working in the service of God.
- **Generous** – we share our time, money and other resources with those who have least, being patient and supportive, as communities discover

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

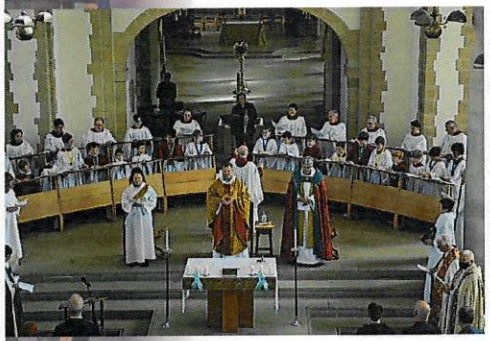
and offer their own gifts, consciously and prayerfully allowing our resources to follow what we believe God is asking us to do in mission.

- **Resourceful** – we will be good stewards who see that God gives us what is sufficient to do His work, who make the most of what we have, and who respond wholeheartedly to opportunities for mission when they arise.
- **Pioneering** – we follow the first disciples after Pentecost, considering with fresh and transformed eyes what God is asking us to do to reach others with the good news of Christ, being creative, taking risks and sometimes failing, being willing to let go of the habits which hinder us, and all this in the spirit of trust in the resurrection.

ACTIVITIES & ACHIEVEMENTS FOR THE YEAR

022 was a year of transition for PDBF. The Right Revd Bishop Jonathan Frost was appointed as the 10th Bishop of Portsmouth with the confirmation of election taking place on 18th January 2022 and installation on 12th March 2022.

Since his appointment, Bishop Jonathan has been spent time engaging with the parishes and deaneries of the dioceses to understand what visions they have and what the PDBF can do to enable these to happen.



The 'Roadmap' process invited deanery leaders to gather the fragments, value and recast – in the light of a new diocesan bishop's presence and vision – the plans each deanery had discerned and formed in the immediately preceding years, as part of the **Live | Pray | Serve** process.

Along the way, the Road Map gave opportunities for prayer, to break bread together, to re-establish relationships after lockdown, to listen to each other and to discern God's promptings for a renewed way forward as a diocese. The journey gave a new diocesan bishop an opportunity to join in with his new diocese and to affirm and recognise signs of the Holy Spirit's gracious presence and work.

Major events in the year were linked to Her Majesty Queen Elizabeth II as events were held across the diocese to celebrate the platinum jubilee. Activities included services of thanksgiving, flower festivals, parties and community fairs. We then joined with the whole nation and friends across

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

the world in expressing our sorrow at her death. Amidst the pain and grief, we also lifted prayers of thanksgiving for her life, service and example to our nation and to the world. In his sermon at our cathedral's thanksgiving service, Bishop Jonathan spoke about HM Queen Elizabeth's Christian faith, drawing it together with Portsmouth's motto to conclude that: 'Heaven's light was her guide'. He paid tribute to her decades of service to our nation and her compassion, emphasising that the source of these virtues was her deep faith in Jesus Christ – a faith that is only a prayer away for us all.

EDUCATION

The Portsmouth and Winchester Joint Diocesan Education Team supports 140 schools with 34,000 pupils, engaging with the children, their families and teachers. The team has continued to provide substantial support to diocesan schools this year, delivering high quality training and resources to support Christian distinctiveness. It has worked in partnership with local authorities and multi-academy trusts to ensure that our schools provide a high-quality education provision for their communities.

Education continues to be a challenging context; a significant consultation exercise has been carried out this year to establish the views of stakeholders on the academisation of schools in order to inform policy formation. Once again, the team have supported numerous leadership appointment processes.



The education team's commitment to the diocesan strands of social justice and environmental matters continues. To this end, three Portsmouth diocesan schools now have the Global Neighbours Award, with two others having started the process. We have delivered lots of online training on Courageous Advocacy, where schools are sharing good practice with each other.

We encouraged schools to take part in Interfaith Week in November and a pleasing number organised visits from members of the Sikh, Muslim, Hindu

and Jewish communities, arranged trips to places of worship, or led workshops where children could experience food, dance or music from other cultures and traditions. Hands-on experience of aspects of other faiths is a common action point in the Statutory Inspection of Anglican and Methodist Schools (SIAMS) reports, so it is encouraging to see schools taking the initiative in this area.

Our annual four days of events and services for the Year 6 Leavers was held in person for the first time since 2020's Covid restrictions, and was attended by over 300 children each day. Our Christmas project centred around the book 'An Angel Just Like Me' and was incorporated into our local authority schools, five other dioceses and beyond.

Virtual training has been extremely positive in terms of supporting and informing foundation governors. We have run far more courses and have had far better attendance than ever before and will continue with this mode of delivery for foundation governors.

Supporting parishes and schools that are impacted by parish re-organisation and reduction in clergy has been a priority. Chaplaincy, pastoral support and ex-officio governor roles are being developed and have been received positively.



LAY & ORDAINED MINISTRY

Through the work of the Lay and Ordained Ministry Team, mission facilitation and pioneering development continued to be provided for parishes, discipleship

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

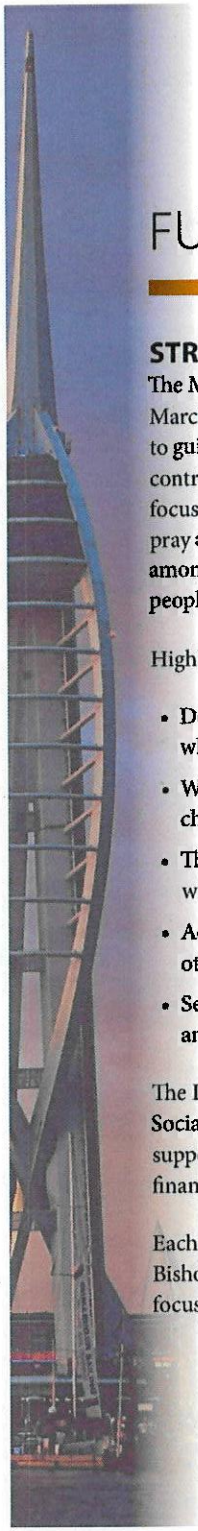
and spirituality support were provided for individuals, and vocational discernment and ministry training for clergy and laity continued to expand. Alongside the Lay Pastoral Assistant, Lay Preacher and Lay Worship Leader courses, we launched our new programme of support for Anna Chaplaincy.

As well as sending candidates to the national panel discernment system, in 2022 we also launched a local diocesan discernment system that will allow those with significant ministry experience and theological training to be locally discerned for ordination.

In July 2022 the diocese ordained 6 deacons and 7 priests.

COMMUNITY ENGAGEMENT & IMPACT

Churches continued to offer support in a variety of ways including food banks, food pantries, cafés, warm hubs, befriending, bereavement support, and pastoral care. Chaplains have also been active across a variety of sectors in our diocese including in hospitals, prisons, the police, hospices, schools, and the university. The PDBF's partnership with CSR meant support continued through the Good Neighbours' Network, serving the diocese but more widely in Hampshire as well as with project support and community engagement for certain parishes in areas of disadvantage.



FUTURE PLANS

STRATEGY

The Mission, Ministry and Finance Plan 2022-25 was drawn together from March to November 2022 as a result of the Roadmap process. The plan aims to guide our mission, ministry and finances and has been developed with contributions from all deaneries as well as the central diocesan staff team. It is focussed on a vision for a diocese with Jesus Christ at its centre, called to live, pray and serve the Kingdom, and the two strategic priorities of growing faith among children and young people; and the spiritual care and nurture of older people, as described above.

Highlights from the plan include:

- Developing pioneer work in the Boorley Green housing development which sits within Bishop's Waltham Deanery;
- Working alongside the Welborne development to move forward with a church plant and C of E school within the Fareham Deanery;
- The plant of a new congregation in Ryde with Harbour Church, and a wider review of other parishes across the Isle of Wight;
- Across several deaneries there are plans to expand Anna Chaplaincy and other lay ministries;
- Several deanery plans are focussed on working more closely with schools and enhancing family, children and youth ministries.

The Diocesan Plan also includes input from our cathedral, the Council for Social Responsibility and environmental advisory group, as well as those supporting parishes and schools in church planting, communications, finance, discipleship, pioneering, education and stewardship.

Each deanery's leadership team is being invited to share their ideas with the Bishop's Staff Team during 2023, and that dialogue will help to refine and focus the entire Diocesan Plan.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

One consequence of a necessary reduction in the number of stipendiary clergy posts across the diocese is a new emphasis on self-supporting and lay ministry. Bishop Jonathan told Diocesan Synod members in November 2022 that he plans to ordain a new 'Michaelmas cohort' of unpaid clergy, who could be deployed across the diocese, as needs be. They have now been recruited, and the plan is to ordain them at Michaelmas 2023.

For more details, see: portsmouth.anglican.org/strategy.

BOARD OF EDUCATION

Each diocese has a Diocesan Board of Education (DBE). Ours currently is a joint Board with Winchester Diocese and was an unincorporated body. A new Diocesan Board of Education Measure came into effect at the start of 2022 which required changes to how the DBE was constituted. It was agreed that the DBE would become an Charitable Incorporated Organisation (CIO). This came into effect on 1st January 2023.

The new CIO is linked to the DBF through shared members but it will be independent of its governance, finance management and policies. Alongside Winchester DBF, the PDBF is a grant giving body into the Board of Education and supports with office space and other services under Service Level Agreements.

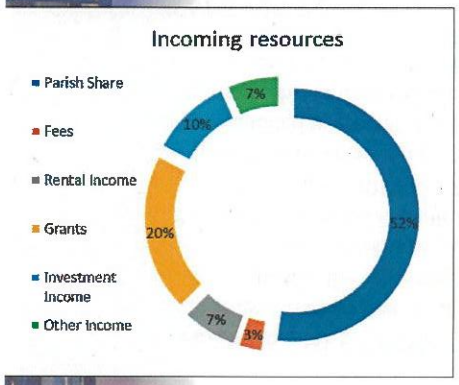
FINANCIAL REVIEW

FINANCIAL PERFORMANCE

The results for 2022 in the Statement of Financial Activity demonstrate a surplus position however this is due to the upwards revaluation of both the property holdings and glebe land to reflect the expected market value of these assets.

Operationally, the impact of inflationary increases on PDBF expenses, and the impact of increasing costs on parishes (and therefore their ability to pay parish share), as well as the ongoing and lasting challenges presented by COVID leads to the financial results for 2022 reflecting a decline compared to the 2021 results. Our total ask in 2022 for parish share income reflected an increase, therefore despite a consistent receipts figure in the accounts compared to 2021, the overall collection rates have declined.

INCOME FOR 2022:



Total income in 2022 for the diocese reduced by £161,497 to £8,472,649 (2021: £8,634,146). Parish share contributions rose by £9,180 to £4,414,295 (2021: £4,405,115) which represented a fall in the recovery rate to 86.2% (2021: 88.6%) against the amount requested. Parishes continue to seek new ways to generate additional income where reserves have been utilised for payment of parish share during COVID. The diocese continues to support parishes to improve their income through use of the parish giving scheme and implementation of contactless payment devices.

Parochial fees have decreased by £94,411 to £266,074 from £360,485 in 2021. Whilst this is a small proportion of the income for PDBF, this is an area that

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

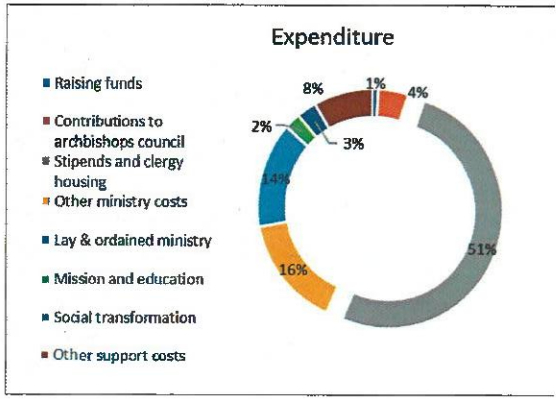
will be reviewed moving forward to ensure that we are enabling these additional ministries where they are required.

Rental income has increased by £105,923 from £505,375 in 2021 to £611,298 in 2022. The diocese has benefited from renting properties where clergy vacancies have occurred.

During 2021, income was received from the sale of four properties totalling £432,833. There have been no such property sales during 2022 however a sum of £249,943 has been received in relation to an option agreement for a plot of glebe land.

EXPENDITURE FOR 2022:

Resources expended across all funds increased by £509,885 to £8,122,894 (2021: £7,613,009) as the diocese has returned to a full year of operation with no COVID restrictions, and the impact of inflationary pressures and the energy crisis on costs has unfolded. The diocesan share of Archbishops' Council fees increased by £67,050 to £344,854 (2021: £277,804).



During 2020 and 2021, as a result of the impact of COVID, housing costs fell as repairs couldn't be completed. There have also been challenges in engaging contractors to complete repair works. Towards the end of 2022, this position improved, and housing costs have increased from £746,789k to £1,110,102.

As a result of the increases in interest rates, PDBF has incurred interest charges on the CBIL loan of £50,252 (2021: £4,112). Additional repayments of £1m have been made against the loan during the year and we continue to review cash levels and changes in interest rates to consider whether further repayments should be made where there is in the best interests of the PDBF.



PDBF budgets aim to break even on its general fund before any capital gains/ losses. As a result of the continued challenge on parish share collection and the ongoing cost pressures impacting from inflation and in particular the increasing energy costs , the operating result on the general fund was a deficit of £144,443 (2021: surplus of £154,788).

BALANCE SHEET POSITION

The Trustees consider that the balance sheet, together with details in note 20, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £95,706,132 (2021: £87,730,770) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £66,735,277 (2021: £59,350,360). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the PDBF.

RESERVES POLICY

The free reserves, being the unrestricted general fund net of tangible assets and long term financing totalled £2.6m (2021: £3.1m) which represented 6.0 months (2021: 7.6 months) of parish share requested. The Trustees aim to maintain between 3 and 6 months.

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold not more than 12 weeks' normal expenditure in cash or on deposit, this being around £1,910,000. The cash at 31 December 2022 equated to around 22 weeks expenditure. It has been considered appropriate to hold this increased level of cash and free reserves for the short to medium term whilst parish funds begin to recover, and alternative income sources can be sought however this level of holding will be kept under review.

DESIGNATED FUNDS

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequately

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

justified for their retention. The last review undertaken involved the re-designation of a substantial amount of designated funds such that the DBF is better placed to meet its financial obligations and address the current financial challenges. This has aided with early repayment of a proportion of the CBIL loan.

A description of each reserve together with the intended use of the reserve is set out in note 21. The total value of designated funds at the end of 2022 reduced by £1.9m to £3.5m (2021: £5.4m).

RESTRICTED AND ENDOWMENT FUNDS

As set out in note 20 PDBF also holds and administers many restricted and endowment funds. As at 31 December 2022 restricted funds totalled £5.9m (2021: £6.4m) and endowment funds totalled £64.52m (2021: £59.0m). Neither are available for the general purposes of the PDBF.

GRANT MAKING POLICY

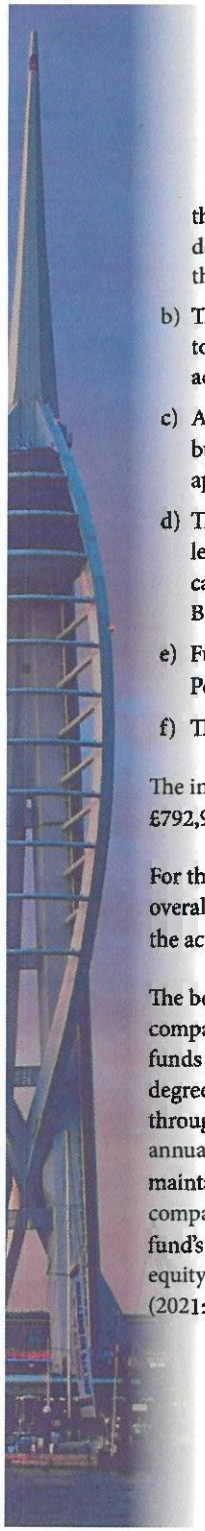
The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2022 is indicated in note 11.

INVESTMENT POLICY AND REPORT

In managing its investments, the PDBF continues to receive advice from its Investment Advisory Group (IAG), and the fund managers, CCLA Investment Management. The level of cash being held remains under scrutiny and throughout the year amounts held on deposit have remained high, benefitting from the increases in interest rates to generate greater return. The investment income relied upon for the underpinning of the mission work of the Diocese can only be achieved through an active investment strategy that delivers real growth in total return. The IAG continue to encourage a similar approach in relation to parish funds and members of the group continue to engage with parishes to provide support and guidance in this important area.

The investment policy of the IAG as set out in the terms of reference for this group are:

a) Not more than 12 weeks normal expenditure is to be held in cash for routine purposes. This money (currently about £1.9m) is to be held in



the CBF Deposit fund (or such other bank deposit account as may be deemed suitable by the Board from time to time). It being understood that the bank current account be maintained in credit.

b) The Diocesan Secretary following discussion with the IAG is authorised to switch investments managed by CCLA from time to time in order to achieve the Board's required total return.

c) Any fund managed by CCLA may be used for the Board`s investments, but no other types of investment may be used without the Board's prior approval.

d) The investment managers are to be instructed to achieve a yield of not less than 4% over a 10 year rolling period (taking into account the total cash at a) above), and a total return in line with the appropriate Benchmarks agreed by the Board annually.

e) Funds are to be invested in line with the Statement of Ethical Investment Policy, issued by the Church of England Investment Advisory Group.

f) This policy will be reviewed at least annually by the Board.

The income from financial investments in 2022 was £876,726 (2021: £792,970) and reflected a 3.9% yield.

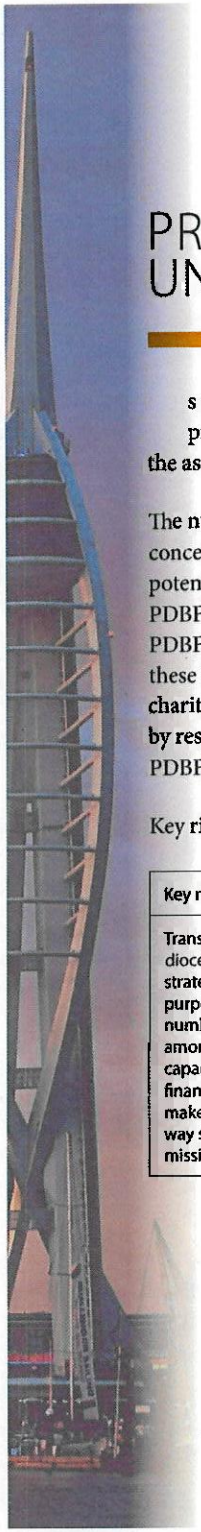
For the year ended 31 December 2022 the investment portfolio achieved an overall total return of -7.9% (being the decrease in market value offset against the actual income received) (2021: +18.0%).

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report. The property and investment funds outperformed the selected benchmark in for the year to varying degrees. The global equity fund has performed below the benchmark throughout the year. Each fund has outperformed the benchmark on an annualised 5 year basis. The PDBF's investment strategy continues to be, to maintain a high level of income, and to concentrate on good quality companies and properties with long term growth potential. The property fund's performance dropped to -7.8% (2021: +19.74%) whilst the global equity fund dropped more significantly and produced a total return of -11.2% (2021: +19.2%). The investment fund resulted in a reduced return of -9.16%

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

(2021: +17.46%). The % allocation of assets to funds was as follows:

	2022	2021
Investment fund	70%	69%
Property Fund	22%	21%
Global Equity Fund	8%	10%
	100%	100%



PRINCIPAL RISKS & UNCERTAINTIES

s this report has evidenced, the PDBF is fit for purpose: financially stable, proactive, and responsive to the needs of the Diocese and parishes and the assets and investments held by the PDBF are well managed and secure.

The number and age profile of worshipping communities and of ministers is a concern, with a high proportion in the upper age brackets. This has potentially far-reaching implications for the aims and objectives of both the PDBF and each PCC in the medium to long term. The future plans of the PDBF as outlined above are designed specifically to address and mitigate these key risks and uncertainties and in this way to continue to fulfil its charitable aims and objectives and thus serve God faithfully in this Diocese, by responding to His call to action and to fulfil the strategic outcomes of the PDBF to grow in depth, impact and number.

Key risks and mitigating actions are as follows:

Key risks	How managed
Transformation and journey of change: The diocese is continuing on a programme of strategic change to continue to fulfil its purpose to grow in depth, impact and number. This journey is reliant upon stability amongst those in senior leadership roles, capacity amongst the wider staff team and financial or other resources required to make the desired changes in a sustainable way so as not to negatively impact on future mission and growth.	Management plan for any unforeseen vacancies and ensure that knowledge and resources are shared amongst teams to cover any absences, ensure plans can continue to be implemented and aid succession planning. PDBF continues to seek opportunities for transformation development funding to ensure that the relevant resources are available to meet the desired plans.

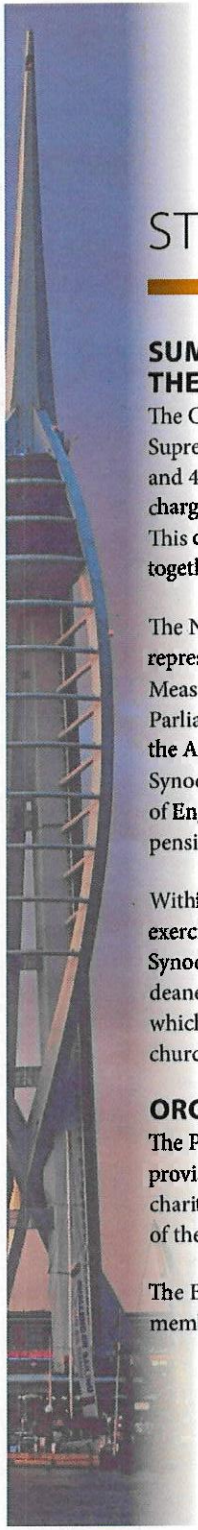
Key risks	How managed
Impact of cost of living crisis: As we have emerged into what we might perceive as the new normal post pandemic, we continue to face a sustained reduction in numbers attending services compared to pre pandemic, reduction in parish share receipts as parishes feel less able to contribute, and the ongoing impact of the global pandemic on the economy; including that on the investment portfolio where much of the diocese's financial resources are impacted. The inflationary pressures in 2022 have also led to further challenges for parishes and the diocese as we see unprecedented increases in costs which are expected to continue into 2023.	Bishop's Council are meeting frequently to ensure that the financial position is reviewed and monitored, and the Finance Chair continues to work closely with senior management between meetings. Due to increases in interest rates, the DBF has made additional repayments of the CBIL to reduce the impact of the interest charges on this moving forward. Funds are being utilised where possible to support parishes, clergy and lay staff with the increased cost of living.
Parish share: Parish share accounts for around 68% of the diocese's income therefore any reduction in this can have significant impact on the future finances and the ability to deliver mission longer term and support the growth of parishes.	Receipts are closely monitored on a monthly basis and deanery treasurers are supported by diocesan staff and the Diocesan Deanery Finance Committee to understand the budgets and why regular payment of the parish share is required. Archdeacons are also clear about the need to make parish share a priority and hold this line on local conversations. Parishes are assisted to promote the Parish Giving Scheme to aid income generation and enable them to allocate resources to the payment of the parish share. Diocesan finances are reviewed monthly by BST and further scrutinised by Audit Committee and Bishops Council to ensure the impact of any shortfall in parish share payments can be identified on a timely basis.



Key risks	How managed
People: The clergy and lay staff employed by the diocese are critical to the ability to meet the diocesan mission. If the staff teams and clergy are not adequately supported then they will be unable to meet the needs of the parishes and the wider needs of the communities we serve. There is a risk of parishes feeling unsupported when clergy vacancies occur.	Recruitment procedures are in place to ensure that all those employed have the sufficient skills and training to undertake their roles. Parishes and archdeacons will be kept up to date with any changes in the recruitment of clergy. Appraisal systems are in place to ensure that staff are aware of their objectives and their roles within the diocese. The diocese has an agreement in place with health assured to support the health and wellbeing of clergy and lay staff.
Funding: The diocese receives significant grant funding from national Church and other sources which underpins operations. Any reduction in these grants places additional reliance on parish share and use of reserves to meet any shortfall.	Key members of staff maintain open communication with funders to ensure that they can feed in to any consultations around changes to funding and access any additional grants as and when they become available.
Governance: The work of the diocese is dependent on good governance and decision making.	Committee membership is reviewed annually to ensure that decision making groups are appropriately skilled. Training is also provided at least at the start of each triennium but more frequently as the need arises. Following a review of governance structures in 2020, a Finance Executive Committee (now renamed Audit Committee) was introduced to increase the financial scrutiny throughout the year and give Bishop's Council greater confidence in the recommendations it receives. Terms of reference and membership of committees are regularly reviewed to ensure all areas of Diocesan life are appropriately addressed and considered. To ensure compliance with law and regulation, training is provided for key members of staff as well as maintaining appropriate professional memberships.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Key risks	How managed
Safeguarding: The care of children and vulnerable adults remains a key priority to the diocese as it is a Gospel imperative and at the heart of who we are and what we do.	The diocese invests in suitable trained officers and training and support of parishes and schools. The diocesan safeguarding procedures have previously been inspected by the national review panel which validated their high quality and work was undertaken to implement any recommendations resulting from the review. Systems are in place to ensure that all personnel are trained at the appropriate level for their roles and that this training is renewed regularly. Safeguarding is discussed at each Bishops Council meeting as well as at each meeting of Bishops Staff Team. During 2023, a new safeguarding database will be implemented to enable better monitoring and reporting of the progress of cases.



STRUCTURE & GOVERNANCE

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is the established church, and HM The King 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 the benefices and parishes which together make up the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives 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 leadership assisted by the governance functions of the Diocesan Synod. The Diocese of Portsmouth has seven deaneries, each with its own deanery 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 parish.

ORGANISATIONAL STRUCTURE

The Portsmouth Diocesan Board of Finance is constituted under the provisions of the Diocesan Boards of Finance Measure 1925. It is a registered charitable company and has responsibility for conducting the financial affairs of the Diocese.

The Board of Directors is the main governing body of the charity. Its members are the Directors and Trustees. The Diocesan Synod, however,

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

agrees the overall annual budget, including the overall level of parish contributions to be sought from parishes under the Parish Share system. The Directors also form the Bishop's Council (Standing Committee of the Diocesan Synod), the Diocesan Mission and Pastoral Committee, and the Diocesan Parsonages Board. These arrangements achieve the uniting of the Diocese's policy-setting and finance-controlling responsibilities. Membership comprises ex-officio members, clergy and lay members elected by their respective Diocesan Synod houses, and one member nominated by the Bishop. Bishop's Council is also supported by employed staff as appropriate (See section 12 for further information).

TRUSTEE RECRUITMENT, SELECTION, AND INDUCTION

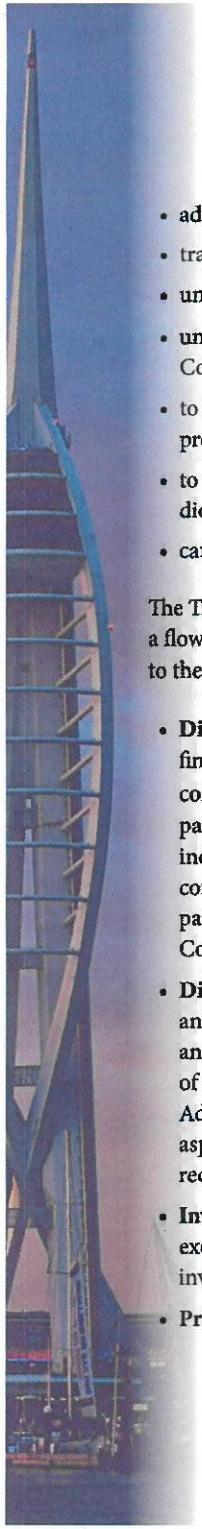
Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. A skills audit at the start of the triennium informs future training needs also. Those likely to stand for election are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee.

DECISION MAKING STRUCTURE

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Portsmouth are set by the Diocesan Synod, and the PDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared, and approved by the PDBF.

The Trustees, meeting within the context of the Bishop's Council and Standing Committee, normally hold eight meetings during the year to:

- plan the business of the synod, to prepare the agenda for its sessions, and to circulate to members, information about matters for discussion.
- initiate proposals for action by the synod and to advise it on matters of policy which are placed before it.



- advise the president on any matters which he may refer to the council.
- transact the business of the synod when it is not in session.
- undertake the responsibilities of the Diocesan Board of Finance
- undertake the responsibilities of the Diocesan Mission and Pastoral Committee (DMPC)
- to hold all boards and committees accountable for their work and to provide an annual report to synod of that work.
- to work with deanery standing committees on the communication of diocesan issues and the understanding of deanery issues.
- carry out such other functions as the Synod delegates to it.

The Trustees are assisted in their work by several sub-committees and there is a flow of work through those groups thus making effective recommendations to the trustees in Bishop's Council:

- **Diocesan Deanery Finance Committee** reviews and reports on the finances of individual parishes and their ability to meet their parish share commitments. In addition to this important monitoring and evaluation of parish share contributions, this group also agree the approach to individual parish share arrears with the Diocesan Stewardship Adviser, communicate financial matters to Deanery Finance Committees and parishes and provide parish feedback into the Diocesan Finance Executive Committee.
- **Diocesan Audit Committee** scrutinises matters of financial management and governance including budgets, management accounts and cashflows, annual report and accounts, risk management as well as considering each of those aspects in the light of recommendations from the Investment Advisory Group. Taking into account all these different interlinking aspects, the Diocesan Finance Executive Committee bring recommendations to Bishop's Council.
- **Investment Advisory Group** provides advice (the sub-committee has no executive authority) on PDBF's investments and funds available for investment and the PDBF's overall investment strategy.
- **Property Sub Committee** reports to the Trustees; it oversees repairs to

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

parsonages, glebe property, properties held for the charity's own use, and the disposal and purchase of property.

- **Diocesan Synod Agenda Group supports Bishop's Council** by planning the annual business of Synod for approval.
- **Lay Staff Remuneration and Conditions of Service Committee** meets annually to review the pay, conditions and policies affecting the lay members of staff employed by the DBF.

DELEGATION OF DAY-TO-DAY DELIVERY

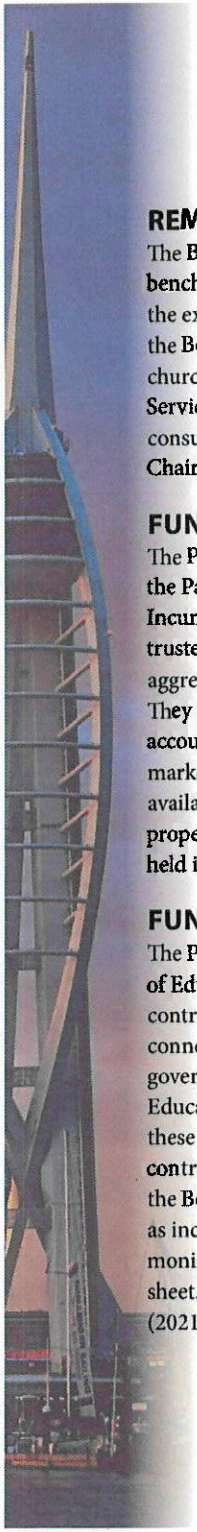
The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and their colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the PDBF in accordance with the policies framed by the Trustees.

RELATED PARTIES

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. Details of these costs can be found in note 8. The PDBF currently receives annual grants from the Church Commissioners in the form of Lowest Income Community Funding and an annual grant from The Benefact Trust (previously The All Churches Trust). In 2021 and the PDBF also received a Sustainability Grant payment from the Church Commissioners to support with the financial challenge caused by the ongoing impact of the Coronavirus Pandemic and its associated restrictions. Further details of these receipts can be found in notes 2b and 2c.

FUNDRAISING

The Diocese provides guidance to the parishes with regards to fundraising but does not engage in fundraising activities itself. Due regard is given to the Fundraising Code of Practice set by Fundraising Regulator when providing guidance to the parishes.



REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Board operates a set salary scale and employees are placed on this benchmarked where possible against comparable roles in other dioceses and the external employment market. The salary scale is reviewed each year by the Board with reference to cost-of-living, movements in clergy and national church staff pay. This process is supported by the Lay Staff Conditions of Service Committee. Emoluments of higher-paid employees are determined in consultation between the Bishop of Portsmouth (as chair of the Board), the Chair of the Finance Committee and the Diocesan Secretary.

FUNDS HELD AS CUSTODIAN TRUSTEE

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them. They are segregated from the PDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £9.6m at 31 December 2022 (2021: £10.8m), are available from the PDBF on request, and are summarised in note 26. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the PDBF's solicitor, Messrs Brutton & Co.

FUNDS HELD ON BEHALF OF SCHOOLS

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education (which was not incorporated throughout 2022) receives contributions from governors of church schools within the Dioceses in connection with major repair and capital projects to church schools and government grants in connection with the same. The staff of the Board of Education (who were employees of the PDBF throughout 2022) administer these monies as managing agent and make appropriate payments to contractors for work carried out. The monies do not belong to the PDBF or the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2022 is £1,566,313 (2021: £1,778,239). The income and expenditure relating to school projects

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

not reflected in the Statement of Financial Activities amounted to £2,627,509 and £3,608,058 respectively in 2022 (2021: £1,881,075 and £1,798,495).

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF 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 PDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the PDBF's website.



Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

In all matters the Trustees complies with the Charity Governance Code which covers seven areas:

- Organisational purpose.
- Leadership.
- Integrity.
- Decision making, risk and control.
- Board effectiveness.
- Diversity.

Trustees confirm that they have referred and had due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

a) there is no relevant audit information of which the charitable company's auditors are unaware, and

b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of than information.

APPOINTMENT OF AUDITORS

The re-appointment of Haysmacintyre LLP as auditors to the PDBF will be proposed at the Annual General Meeting.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

ADMINISTRATIVE DETAILS

TRUSTEES

No Trustee had any beneficial interest in the company during 2022.

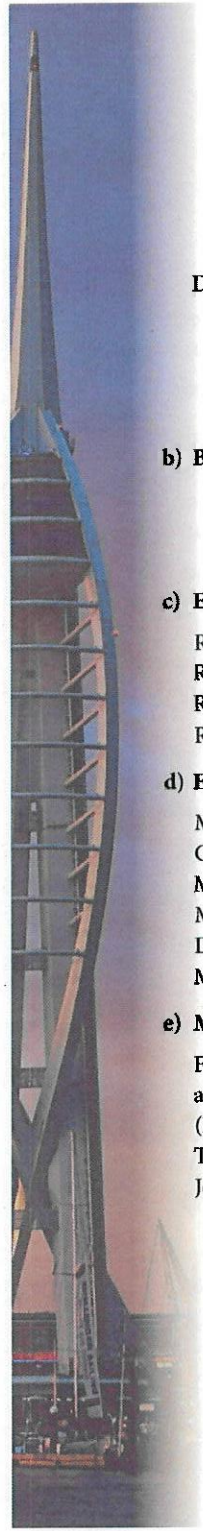
General Synod Members can be in attendance at all meetings of Bishop's Council; Portsmouth has 6 members of General Synod at any one time (3 lay and 3 ordained).

The following are the Trustees who served at any time during 2022 and those that are now serving from the start of 2023 covering the period up to the date of this report along with details of those in attendance:

TRUSTEES SERVING SINCE 1ST JANUARY 2022 AND UP TO THE DATE OF THIS REPORT:

a) **Ex Officio Members**

Chair:	Rt Rev Rob Wickham (Commissary Bishop of Portsmouth until 12th March 2022)
	Rt Rev Dr Jonathan Frost (Bishop of Portsmouth from 18th January 2022; installed 12th March 2022)
Dean of Portsmouth:	Very Rev Dr Anthony Cane
Archdeacons:	Ven Peter Leonard (Isle of Wight; resigned 27th February 2022)
	Rev Allie Kerr (Acting Archdeacon of Isle of Wight from 27th February 2022 to 5th November 2022)
	Ven Jenny Rowley (Portsdown)
	Rev Canon Will Hughes (Acting Archdeacon of Meon)
	Rev Steve Daughtery (Archdeacon of Isle of Wight from 22nd January 2023)
Chairs of the Houses:	Rev Canon Robert White (Chair of the House of Clergy)



Canon Debbie Sutton (Chair of the House of Laity)

Diocesan Secretary: Mrs Victoria James (resigned 8th August 2022)

Mrs Jenny Hollingsworth (Acting Diocesan Secretary 9th August 2022 to 4th December 2022)

Mr Philip Poulter (Interim Diocesan Secretary from 5th December 2022)

b) Bishop's Nominee

Mr Philip Poulter (Chair of the Diocesan Deanery Finance Committee and the Audit Committee until 5th December 2023).

c) Elected by House of Clergy

Rev Dr Susie Collingridge
Rev Andrew Hargreaves
Rev Sam Martell
Rev Bruce Deans
Rev James Hunt
Rev Mark Williams
Rev Canon Tom Kennar

d) Elected by House of Laity

Mr James Bremridge
Canon Stuart Forster
Mrs Vanda Leary
Mr Neil Chrimes
Dr Coleen Jackson
Mr Simon Lemieux
Canon Lucy Docherty
Mrs Irene James
Mr Steven Smart
Mr Mark Emerton
Canon Adrian Jordan

e) Members in Attendance

From 1st January to the date of this report, 3 General Synod members are also voting members of Council in either ex officio or elected capacities (Rev Canon R White, Canon Lucy Docherty, Rev Andrew Hargreaves). Therefore, 3 members of General Synod (Mrs Rebecca Hunt, Mr Ian Johnston and Revd Dr Paul Chamberlain) are in attendance.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

SENIOR STAFF AND ADVISERS

Diocesan Secretary	Victoria James (resigned 8th August 2022)
Interim Diocesan Secretary	Philip Poulter (appointed 5th December 2022)
Finance Director	Lisa Streeter (resigned 7th November 2022)
Head of Strategic Implementation and Resources & Deputy Diocesan Secretary	Jenny Hollingsworth (resigned 31st December 2022)
Head of Lay and Ordained Ministry	Anthony Rustell
Head of Mission and Education and Director of Education	Jeff Williams
Head of Social Transformation	Nick Ralph

REGISTERED OFFICE

Diocesan Office, 1st Floor, Peninsular House, Wharf Road, Portsmouth, PO2 8HB

KEY ADVISERS AND AGENTS

Bankers	Barclays, PO Box 612, Ocean Village, Southampton, SO14 2ZP
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors	Messrs Brutton & Co, West End House, 288 West Street, Fareham, PO16 0AJ
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Advisers	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW



ON BEHALF OF THE TRUSTEES

Jonathan Portsmouth

Right Rev Jonathan Frost
Chair
25 May 2023

P A Poulter

Philip Poulter
Interim Diocesan Secretary
25 May 2023

OPINION

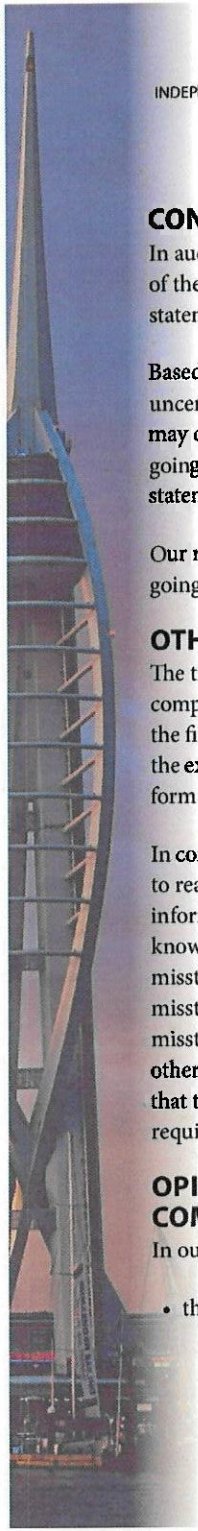
e have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting 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 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

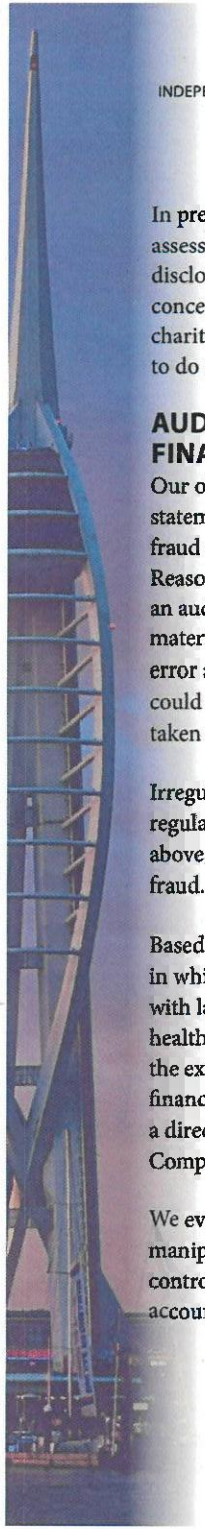
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the directors' report).

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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition.

Audit procedures performed by the engagement team included:

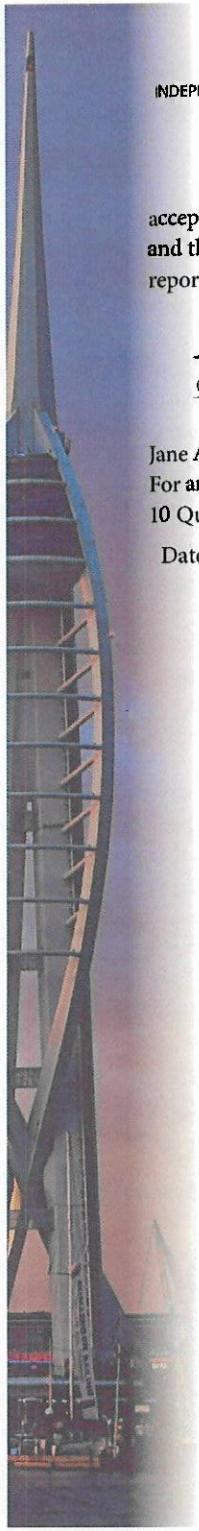
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at the year-end and those with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

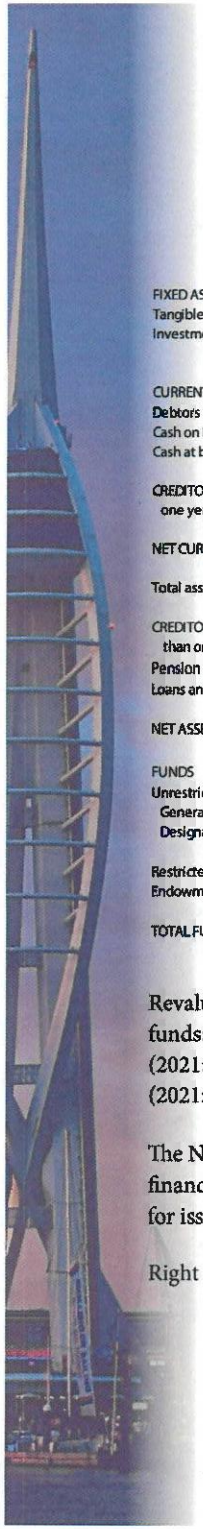
Jane Askew (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place, London, EC4R 1AG

Date: 7 June 2023

	Note	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2022 £	Total funds 2021 £
Income and endowments from							
Donations							
Parish contributions	2a	4,414,295	-	-	-	4,414,295	4,405,115
Archbishops' Council	2b	494,941	-	1,083,751	-	1,578,692	1,796,288
Other donations	2c	119,519	-	24,901	-	144,420	118,783
Charitable activities	3	587,239	-	2,562	249,943	839,744	582,782
Other trading activities	4	588,436	-	22,862	-	611,298	505,375
Investments	5	575,621	94,112	183,937	30,530	884,200	792,970
Other	6	-	-	-	-	-	432,893
Total		6,780,051	94,112	1,318,013	280,473	8,472,649	8,634,146
Expenditure on:							
Raising funds	7	64,891	-	-	-	64,891	46,993
Charitable activities	8	6,859,603	159,528	1,038,872	-	8,058,003	7,566,016
Total	9	6,924,494	159,528	1,038,872	-	8,122,894	7,613,009
Net income/(expenditure) before investment gains/(losses)		(144,443)	(65,416)	279,141	280,473	349,755	1,021,137
Net gains/(losses) on investments	15	(259,164)	(367,576)	(664,056)	1,818,141	527,345	3,032,731
Net income		(403,607)	(432,992)	(384,915)	2,098,614	877,100	4,053,868
Transfers between funds	13	3,286,937	(1,399,643)	(92,867)	(1,794,427)	-	-
Other recognised gains/(losses)							
Gains on revaluation of fixed assets	14	1,798,600	-	-	5,125,789	6,924,389	3,209,792
Loss on disposal of investments		-	(15,127)	-	-	(15,127)	-
Remeasurement of pension scheme provision		16,000	-	-	73,000	89,000	(19,000)
		1,814,600	(15,127)	-	5,198,789	6,998,262	3,190,792
Net movement in funds		4,697,930	(1,847,762)	(477,782)	5,502,976	7,875,362	7,244,660
Total funds at 1 January		17,096,457	5,353,578	6,362,815	59,017,920	87,830,770	80,586,110
Total funds at 31 December	20	21,794,387	3,505,816	5,885,033	64,520,896	95,706,132	87,830,770

The net surplus/(deficit) of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net incoming resources before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above. All income and resources expenditure derive from continuing activities.

The notes on pages 26 to 54 form part of the financial statements.



	Note	2022		2021	
FIXED ASSETS					
Tangible Fixed Assets	14		66,735,277		59,350,360
Investments	15		24,963,168		24,382,639
			91,698,445		83,732,999
CURRENT ASSETS					
Debtors	16	638,814		971,026	
Cash on Deposit		6,205,345		7,129,175	
Cash at bank and in hand		344,552		731,169	
		7,188,711		8,831,370	
CREDITORS: amounts falling due within one year	17	2,728,941		2,999,532	
NET CURRENT ASSETS			4,459,770		5,831,838
Total assets less current liabilities			96,158,215		89,564,837
CREDITORS amounts falling due after more than one year	18		452,083		1,734,067
Pension scheme liabilities		-		167,400	
Loans and long term provisions		452,083		1,566,667	
NET ASSETS			95,706,132		87,830,770
FUNDS					
Unrestricted income funds:					
General funds			21,794,387		17,096,457
Designated funds			3,505,816		5,353,578
			25,300,203		22,450,035
Restricted funds			5,885,033		6,362,815
Endowment funds			64,520,896		59,017,920
TOTAL FUNDS	19/20		95,706,132		87,830,770

Revaluation reserves of the following amounts are included within the above funds: endowment funds £22.4m (2021: £15.4m), restricted funds £1.6m (2021: £2.2m), designated funds £1.4m (2021: £1.7m), general funds £4.4m (2021: £2.9m).

The Notes on pages 26 to 54 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 25th May 2023 and signed on behalf of the Board by:

Right Rev Jonathan Frost



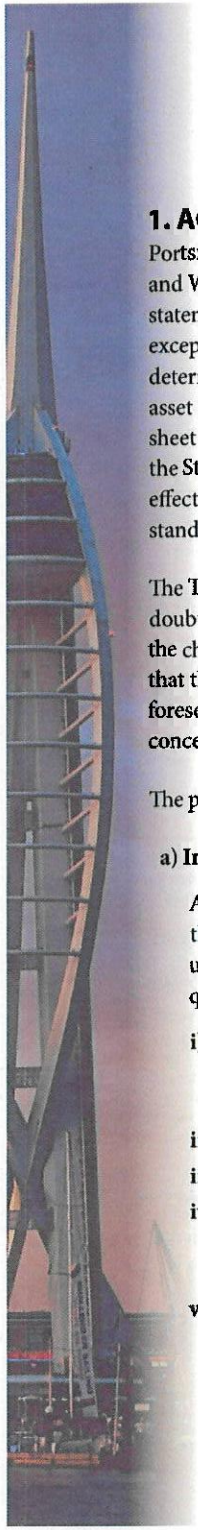
	2022		2021	
			£	£
Net cash flow from operating activities				
Net cash used in operating activities		(228,107)		(429,368)
Cash flows from investing activities				
Dividends, interest and rent from investments	815,897		728,669	
Purchase of property and equipment	(513,720)		(47,249)	
Purchase of investments	(403,176)		-	
Sale of property and equipment	-		2,122,833	
Sale of investments	418,302		-	
Net cash provided by investing activities		317,303		2,804,253
Cash flows from financing activities				
Loans repaid to PDBF	-		2,100	
Loans repaid by PDBF	(1,399,643)		(73,393)	
Net cash used in financing		(1,399,643)		(71,293)
Change in cash and cash equivalents in the reporting period		(1,310,447)		2,303,592
Cash and cash equivalents at 1 January		7,860,344		5,556,752
Cash and cash equivalents at 31 December		6,549,897		7,860,344

Reconciliation of net income to net cash flow from operating activities

	2022	2021
Net income for the year ended 31 December	877,100	4,053,868
Adjustments for:		
Depreciation charges	52,536	38,102
(Gains)/losses on investments	(527,345)	(3,032,731)
Dividends, interest and rent from investments	(884,200)	(792,970)
(Gain)/loss on sale of functional assets	648	(432,833)
(Gain)/loss on disposal of investments	(15,127)	-
Decrease in operating debtors	332,212	52,023
Increase/(decrease) in operating creditors	(63,931)	(314,827)
Net cash provided by operating activities	(228,107)	(429,368)

Analysis of cash and cash equivalents

		2022	2021
Cash at bank and in hand		344,552	731,169
Cash on deposit		6,205,345	7,129,175
	23	6,549,897	7,860,344



1. ACCOUNTING POLICIES

Portsmouth DBF is a company limited by guarantee, incorporated in England and Wales, and is a Public Benefit Entity as defined by FRS102. The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The Trustees consider that there are no material uncertainties that could cast doubt on the charity's ability to continue as a going concern. After reviewing the charity's forecasts and projections, the Trustees have a reasonable expectation that the charity has adequate resources to continue as a going concern for the foreseeable future. The Trustees therefore continue to adopt the going concern basis in preparing this Annual Report and Financial Statements

The principal accounting policies and estimation techniques are as follows.

a) **Income**

All income is included in the Statement of Financial Activities (SOFA) when the PDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

i) **Parish Share** is recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.

ii) **Rent** is recognised as income when receivable.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

v) **Parochial fees** are recognised as income in the year in which it is

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

received, plus an accrual for any late payments received in January of the following year.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets for the PDBF's own use** (i.e., non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

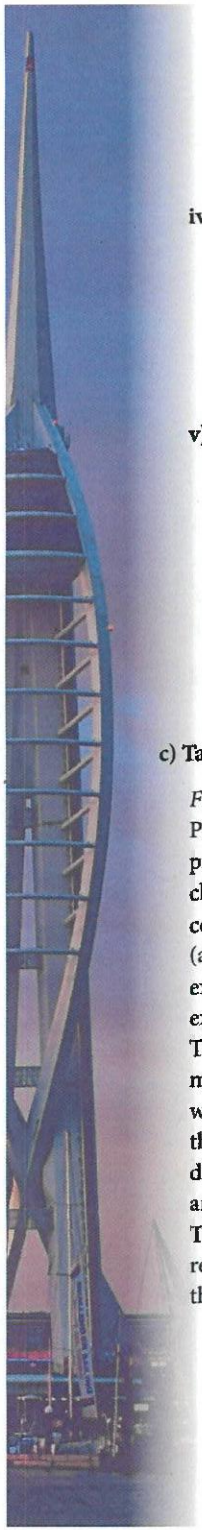
b) **Expenditure**

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activities category.

i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and freehold properties and investment management costs of glebe and any other investment properties.

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.

iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.



iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) **Pension contributions.** The PDBF's staff are members of the Church Workers Pension Fund; either the Pension Builder or the Defined Benefit Schemes, and Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of the deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties
Properties are accounted for at their fair value. On a five-year cycle all properties are formally revalued, with annual reviews based on market changes undertaken in years where full valuation has not been completed. Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The PDBF has a policy of regular structural inspection, 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 deteriorate or suffer from 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. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Parsonage houses
The PDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The PDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. This treatment is also applied to any property where the title will revert to the PCC in the event that it should no longer be required as a parsonage. Parsonage houses are revalued on a five-year cycle.

Property cost values
For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the property was brought into the accounting system in 2007.

Computer equipment
Items of computer equipment are stated at cost, being the purchase price and any incidental acquisition costs.

d) Depreciation on leasehold property

Depreciation is provided on leasehold properties over the lesser of 50 years or the life of the lease.
Depreciation is provided on computer equipment over a period of 3 years.

e) Other accounting policies

i) **Fixed asset investments** are included in the balance sheet at bid value and the gain or loss taken to the Statement of Financial Activities. The properties held as an investment are formally revalued by the Diocesan surveyor on a five-year cycle alongside all other properties, with annual reviews undertaken to identify any changes that may impact the valuation.



Glebe land is accounted for at fair value and is formally revalued on a five-year cycle and reviewed annually for any changes that may impact the valuation.

ii) **Leases**. The PDBF has only entered into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the lease term.

iii) **Financial instruments** are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. The charity only has financial assets and liabilities which qualify as basic financial instruments.
Financial assets and liabilities measured at amortised cost, which includes loans to parishes, parish share receivable and other debtors, bank loans and creditors, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest rate method.
Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 15.

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the PDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the PDBF. There are two types of unrestricted funds:
  - **General funds** which the PDBF intends to use for the general purposes of the PDBF and
  - **Designated funds** set aside out of unrestricted funds by the PDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the PDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the PDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Basis for non-depreciation of functional residential property
- Assumptions underpinning the clergy and church workers' pension scheme liabilities.

2. DONATIONS

2a Parish Contributions

2022	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Parish share requested	5,120,000	-	-	-	5,120,000
Short fall against cash received	(779,457)	-	-	-	(779,457)
Payments received	4,340,543	-	-	-	4,340,543
Amounts received for prior year	73,752	-	-	-	73,752
Parish share receivable	4,414,295	-	-	-	4,414,295

2021	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2021
	£	£	£	£	£
Parish share requested	4,973,000	-	-	-	4,973,000
Short fall against cash received	(621,842)	-	-	-	(621,842)
Payments received	4,351,158	-	-	-	4,351,158
Amounts received for prior year	53,957	-	-	-	53,957
Parish share receivable	4,405,115	-	-	-	4,405,115

The majority of donations are collected from parishes of the diocese through the parish share system. Parish share payments received represented 86.2% (2021: 87.5%) of the amount requested.

2b Archbishops' Council

2022	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Lowest income community funding	494,941	-	-	-	494,941
Church Commission grant for Resourcing Ministerial Education	-	-	216,057	-	216,057
Strategic Development Fund	-	-	614,694	-	614,694
Ministry Hardship Fund	-	-	39,000	-	39,000
Energy grant	-	-	214,000	-	214,000
	494,941	-	1,083,751	-	1,578,692

2021	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2021
	£	£	£	£	£
Lowest income community funding	478,430	-	-	-	478,430
Church Commission grant for Resourcing Ministerial Education	-	-	191,811	-	191,811
Strategic Development Fund	-	-	636,047	-	636,047
Sustainability grant	-	490,000	-	-	490,000
	478,430	490,000	827,858	-	1,796,288

2c Other donations

2022	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Benefact Trust	112,000	-	-	-	112,000
Donations	7,519	-	24,901	-	32,420
	119,519	-	24,901	-	144,420

2021	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2021
	£	£	£	£	£
All Churches Trust	102,250	-	-	-	102,250
Donations	9,983	-	6,550	-	16,533
	112,233	-	6,550	-	118,783

3. CHARITABLE ACTIVITIES

2022	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Statutory fees and chaplaincy income	266,074	-	-	-	266,074
Miscellaneous income	92,930	-	2,562	249,943	345,435
Section income:					
Mission and Education	50,792	-	-	-	50,792
Strategic Implementation & Resources	78,516	-	-	-	78,516
Social Transformation	98,927	-	-	-	98,927
	587,239	-	2,562	249,943	839,744

2021	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2021
	£	£	£	£	£
Statutory fees and chaplaincy income	360,485	-	-	-	360,485
Miscellaneous income	44,386	-	2,031	-	46,417
Section income:					
Lay & Ordained Ministry	555	-	-	-	555
Mission and Education	34,112	-	-	-	34,112
Strategic Implementation & Resources	49,770	-	-	-	49,770
Social Transformation	91,443	-	-	-	91,443
	580,751	-	2,031	-	582,782



4. OTHER TRADING ACTIVITIES

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Rental income from properties	588,436	-	22,862	-	611,298
	588,436	-	22,862	-	611,298

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Rental income from properties	430,926	-	74,449	-	505,375
	430,926	-	74,449	-	505,375

5. INVESTMENT INCOME

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Dividends receivable	435,616	89,699	176,289	30,530	732,134
Interest receivable	58,029	4,413	7,648	-	70,090
Rents receivable	81,976	-	-	-	81,976
	575,621	94,112	183,937	30,530	884,200

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Dividends receivable	428,584	87,947	136,835	57,303	710,669
Interest receivable	34	124	619	53	830
Rents receivable	81,471	-	-	-	81,471
	510,089	88,071	137,454	57,356	792,970

6. OTHER INCOME

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Gain on sale of properties	-	-	-	-	-
	-	-	-	-	-

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Gain on sale of properties	142,804	-	220,900	69,129	432,833
	142,804	-	220,900	69,129	432,833

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. FUND RAISING COSTS

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Glebe agent's fees and repairs	15,544	-	-	-	15,544
Management fees of rentals	49,347	-	-	-	49,347
	64,891	-	-	-	64,891

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Glebe agent's fees and repairs	11,615	-	-	-	11,615
Management fees of rentals	35,378	-	-	-	35,378
	46,993	-	-	-	46,993

8.CHARITABLE ACTIVITIES

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	139,019	-	-	-	139,019
National church responsibilities	112,982	-	-	-	112,982
Grants and provisions	15,566	-	-	-	15,566
Mission agency pension contributions	7,704	-	-	-	7,704
Retired clergy housing costs	69,583	-	-	-	69,583
	344,854	-	-	-	344,854
Resourcing ministry and mission					
Training for ministry	150,650	-	178,103	-	328,753
Parish ministry:					
Stipends and national insurance	2,533,218	76,133	-	-	2,609,351
Pension costs	661,035	-	-	-	661,035
Housing costs	909,252	-	2,850	-	912,102
Removal, resettlement & other grants	34,055	-	-	-	34,055
Other expenses	48,195	-	857,919	-	906,114
	4,336,405	76,133	1,038,872	-	5,451,410
Support for ministry and mission					
Lay and ordained ministry	1,086,908	83,395	-	-	1,170,303
Mission and Education	187,265	-	-	-	187,265
Strategic implement and resources	618,167	-	-	-	618,167
Social transformation	224,893	-	-	-	224,893
Governance	61,111	-	-	-	61,111
Other Diocesan Central Support	-	-	-	-	-
	2,178,344	83,395	-	-	2,261,739
	6,859,603	159,528	1,038,872	-	8,058,003

8.CHARITABLE ACTIVITIES (CONTINUED)

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,912	-	-	-	184,912
National church responsibilities	144,663	-	-	-	144,663
Grants and provisions	(127,918)	-	-	-	(127,918)
Mission agency pension contributions	8,261	-	-	-	8,261
Retired clergy housing costs	67,886	-	-	-	67,886
	277,804	-	-	-	277,804
Resourcing ministry and mission					
Training for ministry	137,321	-	191,811	-	329,132
Parish ministry:					-
Stipends and national insurance	2,681,889	-	-	-	2,681,889
Pension costs	689,683	-	-	-	689,683
Housing costs	713,331	31,637	1,821	-	746,789
Removal, resettlement & other grants	88,567	-	-	-	88,567
Other expenses	74,911	303	646,989	-	722,203
	4,385,702	31,940	840,621	-	5,258,263
Support for ministry and mission					
Lay and ordained ministry	828,134	74,673	154,500	-	1,057,307
Mission and Education	158,041	-	315	-	158,356
Strategic implement and resources	625,904	-	-	-	625,904
Social transformation	115,585	-	-	-	115,585
Governance	51,397	-	5,400	-	56,797
Other Diocesan Central Support	16,000	-	-	-	16,000
	1,795,061	74,673	160,215	-	2,029,949
	6,458,567	106,613	1,000,836	-	7,566,016

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2022	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2022
	£	£	£	£
Raising funds	64,891	-	-	64,891
Contributions to Archbishops' Council	-	344,854	-	344,854
Parish Ministry	5,416,071	35,339	-	5,451,410
Support for Ministry and Mission	2,113,046		97,901	2,210,947
Education	50,792	-	-	50,792
	7,644,800	380,193	97,901	8,122,894

2021	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2021
	£	£	£	£
Raising funds	46,993	-	-	46,993
Contributions to Archbishops' Council	-	277,804	-	277,804
Parish Ministry	5,203,931	54,332	-	5,258,263
Support for Ministry and Mission	1,902,250	-	93,587	1,995,837
Education	34,112	-	-	34,112
	7,187,286	332,136	93,587	7,613,009

10. ANALYSIS OF SUPPORT COSTS

2022	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2022
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	61,111	-	-	-	61,111
	97,901	-	-	-	97,901

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	51,397	-	5,400	-	56,797
	88,187	-	5,400	-	93,587

Auditors remuneration for the year was £18,600 (2021: £15,840) and the cost of operating lease rentals was £16,864 (2021: £15,052).

11. ANALYSIS OF GRANTS

2022	Number	Individuals	Institutions	Total
		£	£	£
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	344,854	344,854
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	2,043	-	2,043
Removal and resettlement grants	9	33,296	-	33,296
	10	35,339	-	35,339
From restricted funds for various purposes:				
Hardship grants to clergy	82	41,000	-	41,000
Energy grants to PCCs	104	-	156,000	156,000
Bishops Lent Appeal grants	-	-	-	-
	186	41,000	156,000	197,000
	197	76,339	500,854	577,193

2021	Number	Individuals	Institutions	Total
		£	£	£
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	277,804	277,804
From unrestricted funds:				
Cathedral	1	-	16,000	16,000
Retired Lay Worker Pension Grant	1	2,043	-	2,043
Removal and resettlement grants	14	75,795	-	75,795
	16	77,838	16,000	93,838
From restricted funds for various purposes:				
Bishops Lent Appeal grants	-	-	-	-
	17	77,838	293,804	371,642

12. STAFF COSTS

Employee costs during the year were as follows:

	2022	2021
	£	£
Wages and salaries	1,215,966	1,055,388
National insurance contributions	193,491	105,709
Pension costs	201,911	180,320
	1,611,368	1,341,417

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

	2022	2021
	fte	fte
Mission & Education	6.6	6.8
Lay & Ordained Ministry	4.7	5.5
Strategic Implementation & Resources	8.1	8.4
Safeguarding	3.4	3.4
Social Transformation (of which 2.2 are externally funded)	4.4	5.2
	27.2	29.3
Parochial Assistants	1.2	1.2
	28.4	30.5

The average number of persons employed during the year:

	2022	2021
	no.	no.
Mission & Education	7	7
Lay & Ordained Ministry	6	6
Strategic Implementation & Resources	9	9
Safeguarding	5	4
Social Transformation	7	7
	34	33
Parochial Assistants	2	2
	36	35

Included in the figures above are a small number of staff who work within the deaneries including the PA's to the Archdeacons, as well as those in central diocesan support roles. In addition, 3 members of staff are funded under the Strategic Development funds.

The staff team included above under Mission and Education are shared with the Winchester Diocesan Board of Finance (WDBF). Two thirds of the cost of this team are recharged to the WDBF based on the number of schools in each diocese.

The finance team for the PDBF are also a shared team with WDBF. The costs

of this team are charged from WDBF to PDBF on the basis of time spent providing support to each diocese. These staff are not reflected in the headcount above however the cost of their salaries is reflected.

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 was as follows:

	2022	2021
	no.	no.
£60,000 - £70,000	2	-
£70,000 - £80,000	-	2
£80,000 - £90,000	1	-
£90,000 - £100,000	1	-

Pension payments of £47,368 (2021: £27,383) were made for these employees.

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

Diocesan Secretary & Company Secretary	Victoria James (resigned 8 August 2022)
Interim Diocesan Secretary	Philip Poulter (appointed 5 December 2022)
Director of Finance	Lisa Streeter (45%) (resigned 7 November 2022)
Deputy Diocesan Secretary	Jenny Hollingsworth (resigned 31 December 2022)
Head Lay and Ordained Ministry	Anthony Rustell
Head of Education	Jeff Williams (33%)
Head of Social Transformation	Nick Ralph (10%)

Remuneration, pensions and expenses for these 7 employees (2021: 6 employees) amounted to £350,162 (2021: £281,841).

TRUSTEES' EMOLUMENTS

No Trustee received any remuneration for services as Trustee. The Trustees

received travelling and out of pocket expenses totalling £9,456 (2021: £8,341 in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees. As serving clergy, 7 trustees also received the hardship grant payment (2021: nil). No trustees were in receipt of resettlement grants during the year (2021: nil).

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the PDBF during the year (this includes any appointments made in 2023):

	Stipend	Housing
Archdeacon of Portsdown(Rowley)	Yes	Yes
Acting Archdeacon of the Meon (Hughes)	Yes	Yes
Acting Archdeacon of the Isle of Wight (Kerr)	Yes	Yes
Archdeacon of the Isle of Wight (Daughtery)	Yes	Yes
Chair of House of Clergy (Canon R C White)	Yes	Yes
Rev James Hunt	Yes	Yes
Rev Bruce Deans	Yes	Yes
Rev Andrew Hargreaves	Yes	No
Rev Canon Tom Kennnar	Yes	Yes
Rev Sam Martell	Yes	Yes
Rev Mark Williams	Yes	Yes

The PDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The PDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The PDBF paid an average of 80 (2021: 85) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022	2021
	£	£
Stipends	2,346,596	2,476,289
National Insurance contributions	193,491	205,600
Pension costs - current year	567,035	525,683
- deficit reduction	94,000	164,000
	3,201,122	3,371,572

Included in the figures above are settlement payments totalling £76,133 (2021: Nil).

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

2022	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Portsmouth share of interest earned by P&WCSG Fund	2,386	-	(2,386)	-
To charge the General Fund for the reduction in pension deficit provision	(94,000)	-	-	94,000
Transfer from CBIL fund for CBIL loan repayments	1,399,643	(1,399,643)	-	-
Transfer cost of education team activities	133,538	-	(133,538)	-
Transfer to RME fund in respect of 2021 costs transferred in error	(43,057)	-	43,057	
Transfer of properties on pastoral reorganisation	1,888,427	-	-	(1,888,427)
Transfer from Education fund for contribution to Cornerstone	-	-	-	-
	3,286,937	(1,399,643)	(92,867)	(1,794,427)

Further details of the transfers are included in note 19.

2021	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Portsmouth share of interest earned by P&WCSG Fund	63	-	(63)	-
To charge the General Fund for the reduction in pension deficit provision	(164,000)	-	-	164,000
Redesignation of funds from Catherington Trust to CBIL fund	-	-	-	-
Redesignation of funds from car loan fund to CBIL fund	-	-	-	-
Redesignation of funds from diocesan loan fund to CBIL fund	-	-	-	-
Transfer from CBIL fund for CBIL loan repayments	33,333	(33,333)	-	-
Budgeted transfer to Lambeth Conference fund	(6,000)	6,000	-	-
Clergy conference costs net of budgeted transfer to conference fund	(8,500)	8,500	-	-
Redesignation of funds to the building repair fund	(315,000)	315,000	-	-
Transfer cost of education team activities	150,469	-	(150,469)	-
	(309,635)	296,167	(150,532)	164,000

14. TANGIBLE FIXED ASSETS – LAND AND BUILDINGS

	Freehold Land and Buildings	Leasehold Buildings	Computer Equipment	Total 2022
	£	£	£	£
At Cost or Valuation				
At 1 January 2022	57,979,978	1,851,443	47,249	59,878,670
Additions	513,720	-	-	513,720
Disposals	(656)	-	-	(656)
Revaluation	6,924,389	-	-	6,924,389
At 31 December 2022	65,417,431	1,851,443	47,249	67,316,123
Accumulated depreciation				
At 1 January 2022	-	526,998	1,312	528,310
Charge for the year	-	36,792	15,744	52,536
At 31 December 2022	-	563,790	17,056	580,846
Net book value at 31 December 2022	65,417,431	1,287,653	30,193	66,735,277
Net book value at 31 December 2021	57,979,978	1,324,445	45,937	59,350,360

All of the properties in the balance sheet are freehold and are vested in the PDBF, except for benefice houses which are vested in the incumbent. All properties are held at market value and are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The Diocesan Office at Peninsular House is a leasehold property for which the premium is being amortised over 50 years. Just under half of the office space is sublet as it is not required for diocesan use. The carrying value of this property valued on a part functional, part investment basis would not be materially different from that quoted above.

15. FIXED ASSETS INVESTMENTS

	At 1st January 2022	Additions	Disposals	Change in Market Value	At 31st December 2022
	£	£	£	£	£
Unrestricted General Funds					
Unlisted investments	2,103,297	-	-	(259,164)	1,844,133
Designated Funds					
Unlisted investments	3,111,334	407,084	(418,302)	(367,576)	2,732,540
Restricted Funds					
Unlisted investments	5,597,717	64,401	-	(664,056)	4,998,062
Endowment Funds					
Unlisted investments	12,858,364	-	-	(1,519,933)	11,338,431
Investment Property	362,000	-	-	-	362,000
Investment Land	349,928	-	-	3,338,074	3,688,002
Total Funds	24,382,640	471,485	(418,302)	527,345	24,963,168

16. DEBTORS

	2022	2021
	£	£
Parish share receivable	76,315	41,769
Prepayments and accrued income	269,439	354,372
Other debtors	293,060	574,885
	638,814	971,026

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Accruals	130,685	62,040
Other creditors	583,241	563,569
* P&WCSG Fund Creditors	1,665,649	1,852,018
Loan repayments	155,000	440,060
Deferred income	2,215	31,722
Provision for repairs	157,866	-
Tax and social security	34,285	31,523
Pension scheme liabilities:		
Clergy Pension Scheme	-	16,700
Lay pension scheme	-	1,900
	2,728,941	2,999,532

* The P&WCSG Fund holds £1.712,227 (2021: £1,891,125) on deposit with CCLA and Barclays.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Loan repayment instalments due after more than one year		
1 - 2 years	155,000	800,000
2 - 5 years	297,083	766,667
Pension scheme liabilities:		
Clergy Pension Scheme	-	150,300
Lay pension scheme	-	17,100
	452,083	1,734,067



19. SUMMARY OF FUND MOVEMENTS

2022	Balances at 1 January 2022	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2022
	£	£	£	£	£	£
Unrestricted funds - General	17,096,457	6,780,051	(6,924,494)	3,286,937	1,555,436	21,794,387
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	39,786	-	-	-	(4,886)	34,900
Circus Charity Fund	2,568	-	-	-	(285)	2,283
Diocesan Conference Fund	45,329	420	-	-	-	45,749
Car Loan Fund	-	9,366	-	-	(40,784)	(31,418)
Diocesan Loan Fund	369,610	11,697	-	-	(76,323)	304,985
Parsonages Repairs Fund	380,988	20,098	-	-	(59,276)	341,810
CME Fund	144,101	207	-	-	-	144,308
Valpy Bequest	37,459	-	-	-	(4,600)	32,859
Winterbotham Legacy	165,715	5,743	-	-	(21,305)	150,153
Office Repair Fund	118,130	2,232	-	-	(7,507)	112,855
Mission Fund	421,793	99	(83,395)	-	-	338,497
Lambeth Conference Fund	18,715	-	-	-	-	18,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	395,494	-	-	-	-	395,494
Catherington House Fund	738,575	41,241	-	-	(166,989)	612,827
Sustainability Fund	1,090,000	-	(76,133)	-	-	1,013,867
CBIL repayment fund	1,383,820	3,009	-	(1,399,643)	(749)	(13,563)
	5,353,578	94,112	(159,528)	(1,399,643)	(382,703)	3,505,816

19. SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at 1 January 2022	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2022
	£	£	£	£	£	£
Restricted funds						
Barclay Bequest	7,633	179	-	-	(684)	7,128
Ben Aug Fund	116,312	-	-	-	(14,283)	102,029
Bishop's Lent Appeal	20,122	3,406	(19,369)	-	-	4,159
Christian Healing Fund	247	3	-	-	-	250
Harrision Parochial Loan Fund	18,314	184	-	-	-	18,498
Huckstepp Legacy	138,371	-	-	-	(16,014)	122,357
James Legacy	25,521	-	-	-	(2,973)	22,548
New Churches Fund	1,298,683	44,674	-	34,000	(183,922)	1,193,435
Turret House Fund	129,706	3,437	-	-	(15,282)	117,861
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	614,694	(614,694)	-	-	(45,956)
Pastoral Fund	2,407,157	70,326	(23,412)	-	(234,093)	2,219,978
P&WCSGF	39,107	7,385	(4,999)	(2,386)	-	39,107
Corban Fund	49,637	1,282	-	-	(5,504)	45,415
Eckersley Clergy families	475,918	11,950	-	-	(49,473)	438,395
Education Restricted	1,676,848	69,936	(296)	(167,538)	(141,828)	1,437,122
Resourcing Ministerial Education	-	216,057	(178,102)	43,057	-	81,012
Clergy Hardship Fund	-	60,500	(42,000)	-	-	18,500
Energy Grant	-	214,000	(156,000)	-	-	58,000
	6,362,815	1,318,013	(1,038,872)	(92,867)	(664,056)	5,885,033
Expendable Endowment funds						
Parsonage Houses	41,877,465	-	-	(1,888,427)	4,869,162	44,858,200
Education Endowment	1,843,082	30,530	-	-	(111,827)	1,761,785
Permanent Endowment funds	-					
Stipends Capital Fund	9,639,174	-	-	94,000	(1,009,065)	8,724,109
Bells Loan Fund	521,987	-	-	-	(59,121)	462,866
Boyd Richardson Trust	202,848	-	-	-	(24,910)	177,938
Constance Trust	37,997	-	-	-	(4,666)	33,331
Cowes St M Ben Aug	1,165	-	-	-	(129)	1,036
Diocesan House Trust	277,359	-	-	-	(33,898)	243,461
Fawdry Bequest	47,363	-	-	-	(5,517)	41,846
Glebe Fund	1,246,994	-	-	-	(102,105)	1,144,889
Glebe Property	2,988,154	249,943	-	-	3,594,701	6,832,799
Glebe House Cottage Trust	5,417	-	-	-	(630)	4,787
Hayling St M Curacy End	1,518	-	-	-	(168)	1,350
Lambert Loan Fund	206,360	-	-	-	(19,478)	186,882
Glebe Capital	121,037	-	-	-	(75,419)	45,618
	59,017,920	280,473	-	(1,794,427)	7,016,930	64,520,896
Total Funds	87,830,770	8,472,649	(8,122,894)	-	7,525,607	95,706,132

The transfers made between funds take into account the gains and losses generated on the funds throughout the year, based on the underlying assets held in the funds.

19. SUMMARY OF FUND MOVEMENTS (CONTINUED)

2021	Balances at 1 January 2021	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2021
	£	£	£	£	£	£
Unrestricted funds - General	16,149,415	6,660,348	(6,505,560)	(309,635)	1,101,889	17,096,457
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	34,545	-	-	-	5,241	39,786
Circus Charity Fund	2,262	-	-	-	306	2,568
Diocesan Conference Fund	36,812	17	-	8,500	-	45,329
Car Loan Fund	295,543	9,260	-	(347,544)	42,741	-
Diocesan Loan Fund	649,412	13,179	-	(369,610)	76,629	369,610
Parsonages Repairs Fund	330,284	19,034	(31,584)	-	63,254	380,988
CME Fund	144,093	8	-	-	-	144,101
Valpy Bequest	32,525	-	-	-	4,934	37,459
Winterbotham Legacy	138,146	5,177	-	-	22,391	165,715
Office Repair Fund	108,414	1,663	-	-	8,052	118,130
Mission Fund	496,818	4	(75,029)	-	-	421,793
Lambeth Conference Fund	12,715	-	-	6,000	-	18,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	80,494	-	-	315,000	-	395,494
Catherington House Fund	1,221,198	39,730	-	(700,000)	177,648	738,575
Sustainability Fund	600,000	490,000	-	-	-	1,090,000
CBIL repayment fund	-	-	-	1,383,821	-	1,383,821
	4,184,756	578,071	(106,613)	296,167	401,197	5,353,578
Restricted funds						
Barclay Bequest	6,748	151	-	-	734	7,633
Ben Aug Fund	100,991	-	-	-	15,321	116,312
Bishop's Tent Appeal	13,571	6,551	-	-	-	20,122
Christian Healing Fund	247	-	-	-	-	247
Harrision Parochial Loan Fund	18,274	40	-	-	-	18,314
Huckstepp Legacy	121,298	-	-	-	17,073	138,371
James Legacy	22,332	-	-	-	3,189	25,521
Turret House Fund	110,459	3,230	-	-	16,017	129,706
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	636,047	(636,047)	-	-	(45,956)
Pastoral Fund	2,110,075	66,850	(15,061)	-	245,293	2,407,157
P&WCSGF	39,107	379	(316)	(63)	-	39,107
Corban Fund	42,526	1,206	-	-	5,905	49,637
Eckersley Clergy families	413,401	10,850	(1,400)	-	53,067	475,918
Education Restricted	1,367,160	310,376	(1,701)	(150,469)	151,483	1,676,849
Resourcing Ministerial Education	-	191,811	(191,811)	-	-	-
	5,543,827	1,269,242	(1,000,836)	(150,532)	701,114	6,362,815

19. SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at 1 January 2021	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2021
	£	£	£	£	£	£
Expendable Endowment funds						
Parsonage Houses	39,512,514	69,129	-	-	2,295,822	41,877,465
Education Endowment	1,666,032	57,356	-	-	119,693	1,843,082
Permanent Endowment funds	-					
Stipends Capital Fund	8,313,947	-	-	164,000	1,161,227	9,639,174
Bells Loan Fund	461,098	-	-	-	60,890	521,987
Boyd Richardson Trust	176,127	-	-	-	26,721	202,848
Constance Trust	32,993	-	-	-	5,004	37,997
Cowes St M Ben Aug	1,026	-	-	-	139	1,165
Diocesan House Trust	241,027	-	-	-	36,332	277,359
Fawdry Bequest	41,445	-	-	-	5,918	47,363
Glebe Fund	1,141,334	-	-	-	105,660	1,246,994
Glebe Property	2,888,889	-	-	-	99,265	2,988,154
Glebe House Cottage Trust	4,741	-	-	-	676	5,417
Hayling St M Curacy End	1,337	-	-	-	181	1,518
Lambert Loan Fund	185,466	-	-	-	20,894	206,360
Glebe Capital	40,137	-	-	-	80,900	121,037
	54,708,113	126,485	-	164,000	4,019,322	59,017,920
Total Funds	80,586,110	8,634,146	(7,613,009)	-	6,223,523	87,830,770

20. SUMMARY OF ASSETS BY FUND

2022	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	19,665,324	1,844,137	759,479	(474,553)	21,794,387
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	36,804	(1,904)	-	34,900
Circus Charity Fund	-	2,148	135	-	2,283
Diocesan Conference Fund	-	-	45,749	-	45,749
Car Loan Fund	-	193,212	(224,630)	-	(31,418)
Diocesan Loan Fund	-	231,530	73,455	-	304,985
Parsonages Repair Fund	-	446,162	(104,352)	-	341,810
CME Fund	-	-	144,308	-	144,308
Valpy Bequest	-	34,651	(1,792)	-	32,859
Winterbotham Legacy	-	162,976	(12,823)	-	150,153
Office Repair Fund	-	56,546	56,309	-	112,855
Mission Fund	-	-	338,497	-	338,497
Lambeth Conference Fund	-	-	18,715	-	18,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	395,494	-	395,494
Catherington House Fund	-	1,166,082	(553,255)	-	612,827
Sustainability Fund	-	-	1,013,867	-	1,013,867
CBIL repayment fund	-	402,425	204,013	(620,001)	(13,563)
	-	2,732,536	1,393,279	(620,001)	3,505,816



20. SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Restricted funds					
Barday Bequest	-	5,155	1,973	-	7,128
Ben Aug Fund	-	107,593	(5,564)	-	102,029
Bishop's Lent Appeal	-	-	4,159	-	4,159
Christian Healing Fund	-	-	250	-	250
Harrision Parochial Loan Fund	-	-	18,498	-	18,498
Huckstepp Legacy	-	120,516	1,841	-	122,357
James Legacy	-	22,395	153	-	22,548
New Churches Fund	-	1,409,495	(216,060)	-	1,193,435
Turret House Fund	-	117,328	533	-	117,861
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,733,779	486,199	-	2,219,978
P&WCSGF	-	-	1,704,756	(1,665,649)	39,107
Corban Trust	-	41,466	3,949	-	45,415
Eckersley Clergy families	-	372,667	65,728	-	438,395
Education Restricted	-	1,067,670	772,208	(402,756)	1,437,122
Resourcing Ministerial Education	-	-	81,012	-	81,012
Strategic Development	-	-	(27,889)	(18,067)	(45,956)
Ministry Hardship Fund	-	-	18,500	-	18,500
Energy grant	-	-	58,000		58,000
	-	4,998,064	2,973,441	(2,086,473)	5,885,033
Expendable Endowment funds					
Parsonage Houses	44,551,023	-	307,177	-	44,858,200
Education Endowment	-	1,004,094	757,691	-	1,761,785
Permanent Endowment funds					
Stipends Capital Fund	-	8,149,405	574,704	-	8,724,109
Bells Loan Fund	-	398,764	64,102	-	462,866
Boyd Richardson Trust	-	187,645	(9,707)	-	177,938
Constance Trust	-	35,149	(1,818)	-	33,331
Cowes St M Ben Aug	-	975	61	-	1,036
Diocesan House Trust	-	255,314	(11,853)	-	243,461
Fawdry Bequest	-	41,561	285	-	41,846
Glebe Fund	-	1,232,959	(88,070)	-	1,144,889
Glebe Property	2,518,929	3,888,000	425,870	-	6,832,799
Glebe House Cottage Trust	-	4,748	39	-	4,787
Hayling St M Curacy End	-	1,269	81	-	1,350
Lambert Loan Fund	-	146,725	40,157	-	186,882
Glebe Capital	-	41,823	3,795	-	45,618
	47,069,953	15,388,431	2,062,512	-	64,520,896
Total Funds	66,735,277	24,963,168	7,188,711	(3,181,028)	95,706,132

20. SUMMARY OF ASSETS BY FUND (CONTINUED)

2021	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
General Fund	45,937	479,617	822,369	(2,311,822)	(963,899)
Leasehold Property	1,324,445	-	(3,996)	-	1,320,449
Freehold Property	14,147,390	279,289	818,541	-	15,245,221
FHP Capital Fund	-	1,344,389	150,298	-	1,494,687
Unrestricted funds - General	15,517,772	2,103,295	1,787,213	(2,311,822)	17,096,457
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	41,690	(1,904)	-	39,786
Circus Charity Fund	-	2,433	135	-	2,568
Diocesan Conference Fund	-	-	45,328	-	45,328
Car Loan Fund	-	328,418	(328,417)	-	1
Diocesan Loan Fund	-	549,612	(180,002)	-	369,610
Parsonages Repair Fund	-	505,438	(124,450)	-	380,988
CME Fund	-	-	144,101	-	144,101
Valpy Bequest	-	39,251	(1,792)	-	37,459
Winterbotham Legacy	-	180,373	(14,660)	-	165,714
Office Repair Fund	-	64,053	54,077	-	118,130
Mission Fund	-	-	421,793	-	421,793
Lambeth Conference Fund	-	-	18,715	-	18,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	395,494	-	395,494
Catherington House Fund	-	1,400,067	(661,491)	-	738,576
Sustainability Fund	-	-	1,090,000	-	1,090,000
Barday Bequest	-	-	1,383,821	-	1,383,821
	-	3,111,335	2,242,244	-	5,353,578
Restricted funds					
Barday Bequest	-	5,838	1,794	-	7,633
Ben Aug Fund	-	121,876	(5,564)	-	116,312
Bishop's Lent Appeal	-	-	20,121	-	20,121
Christian Healing Fund	-	-	247	-	247
Harrision Parochial Loan Fund	-	-	18,314	-	18,314
Huckstepp Legacy	-	136,530	1,841	-	138,371
James Legacy	-	25,368	154	-	25,522
New Churches Fund	-	1,555,912	(257,229)	-	1,298,683
Turret House Fund	-	129,180	526	-	129,705
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,944,408	462,750	-	2,407,157
P&WCSGF	-	-	1,891,125	(1,852,020)	39,105
Youth Development	-	-	-	-	-
Corban Trust	-	46,969	2,668	-	49,636
Eckersley Clergy families	-	422,140	53,781	-	475,920
Education Restricted	-	1,209,499	870,107	(402,756)	1,676,849
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	(45,956)	-	(45,956)
	-	5,597,718	3,019,873	(2,254,777)	6,362,815

20. SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	41,570,288	-	307,177	-	41,877,465
Education Endowment	-	1,115,921	727,161	-	1,843,081
Permanent Endowment funds					
Stipends Capital Fund	-	9,231,470	574,704	(167,000)	9,639,174
Bells Loan Fund	-	457,884	64,104	-	521,988
Boyd Richardson Trust	-	212,555	(9,707)	-	202,848
Constance Trust	-	39,816	(1,818)	-	37,998
Cowes St M Ben Aug	-	1,104	61	-	1,165
Diocesan House Trust	-	289,212	(11,853)	-	277,359
Fawdry Bequest	-	47,078	285	-	47,363
Glebe Fund	-	1,335,064	(88,071)	-	1,246,994
Glebe Property	2,262,301	549,926	175,927	-	2,988,154
Glebe House Cottage Trust	-	5,378	39	-	5,417
Hayling St M Curacy End	-	1,438	80	-	1,518
Lambert Loan Fund	-	166,203	40,156	-	206,360
Glebe Capital	-	117,242	3,795	-	121,037
	43,832,588	13,570,290	1,782,042	(167,000)	59,017,920
Total Funds	59,350,360	24,382,639	8,831,370	(4,733,599)	87,830,770

21. DESCRIPTION OF FUNDS

Fund	Purpose
Unrestricted funds - General	
FHP Capital Fund	Provision of clergy housing
Freehold Property	Housing other clergy
General Fund	DBF's revenue operations
Leasehold Property	Property for the charities own use
Unrestricted funds - Designated	
Brown, Doig, Silver Bequest	To offset DBF office costs
Building Repair Fund	Additional repair work on Diocesan properties
Car Loan Fund	Loans to DBF employees
Catherington House Fund	For work of the Diocesan Spirituality Adviser
Circus Charity Fund	For stipends
CME Fund	Continuing ministerial education
Coronavirus Business Interruption Loan Fund	For repayment of the CBIL loan
Diocesan Conference Fund	To offset cost of diocesan Clergy Conference
Diocesan Loan Fund	Loans to Parishes
Evangelism Fund	For evangelism within the diocese
Lambeth Conference Fund	To offset the next Lambeth conference costs
Mission Fund	For outward focussed mission activities
Office Repair Fund	Repair and maintenance of Office Equipment
Parsonages Repairs Fund	Repair and maintenance of parsonages
Sustainability Fund	To aid transition
Valpy Bequest	For stipends
Winterbotham Legacy	For DBF's own purposes

21. DESCRIPTION OF FUNDS (CONTINUED)

Restricted funds	
Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Corban Trust Fund	For Poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
Harrision Parochial Loan Fund	Loans to Parishes
Huckstepp Legacy	Support Ordinands
James Legacy	Support Ordinands
New Churches Fund	For 'new churches' buildings
P&WCSGF	Income from school governors' funds
Pastoral Fund	Management of money in accordance with the Pastoral Measure 1983
Resourcing Ministerial Education	Grants received to fund ordinand training
Strategic Development Fund	For activities specifically identified in the strategic plan
Surrexit Fund	For youth development
Turret House Fund	For church building projects
Youth Development	For work with the young people of the diocese
Hardship Fund	To support individuals in financial hardship as a result of the cost of living crisis
Energy Grant fund	To support Parochial Church Councils with increased energy costs
Expendable Endowment funds	
Parsonage Houses	Housing incumbents/priests in charge
Education Endowment	To fund education

	Original Capital	
Permanent Endowment funds	£	
Bells Loan Fund	14,563	Loans to parishes in Portsmouth Deanery
Boyd Richardson Trust	2,500	For DBF's own purposes
Constance Trust	500	To offset DBF office costs
Cowes St M Ben Aug	679	For stipend (Cowes:St Mary)
Diocesan House Trust	4,800	Upkeep of DBF offices & payment of staff
Fawdry Bequest	12,001	For clergy widows & DBF general purposes
Glebe Fund		Glebe funds held on deposit
Glebe Capital Fund		
Glebe House Cottage Trust	2,200	For DBF's own purposes
Glebe Property		Glebe held for investment and housing
Hayling St M Curacy Ed	630	For stipend (Hayling Island)
Lambert Loan Fund	21,300	Loans to clergy and PCCs
Stipends Capital Fund		For stipends

22. OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Operating leases payable:		
Within 1 year	18,034	15,053
In 1-5 years	18,744	26,247
	36,778	41,300

23. ANALYSIS OF CHANGES IN NET DEBT

	As at 1st January 2022 £	Cashflows £	Other £	As at 31st December 2022 £
Cash and cash equivalents	7,860,344	(1,310,447)	-	6,549,897
Loans falling due within one year	(440,060)	399,643	(114,583)	(155,000)
Loans falling due after more than one year	(1,566,667)	1,000,000	114,584	(452,083)
TOTAL	5,853,617	89,196	1	5,942,814

The amounts shown as 'other' above represent the adjustment to the amount now due for repayment within one year on the Coronavirus Business Interruption Loan.

24. PENSIONS

Portsmouth DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. 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 membership figures that we hold as at December 2022 and December 2021 for Portsmouth DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2022	December 2021
Number of members at this Responsible Body	86	99

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £721,483, 2021: £759,553), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £742,483 for 2022 (2021: £923,553).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumption.

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustments from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 =0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following the finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior officeholders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2021 is set out in the table below.

	2022 £	2021 £
Balance sheet liability at 1 January	167,000	333,000
Deficit contribution paid	(94,000)	(165,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(73,000)	(2,000)
Balance sheet liability at 31 December	-	167,000

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions 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. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0%	0.2%
Price inflation	n/a	n/a	3.1%
Increase to total pensionable payroll	n/a	-1.5%	1.6%

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

Portsmouth DBF (DBS) participates in the Pension Builder Scheme section of

Church Worker Pension Fund 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.

CWPF has two sections:

1. The defined benefits Scheme
2. The pension builder Scheme, which has two subsections
   a) A deferred annuity section known as Pension Builder Classic, and.
   b) A cash balance section known as Pension Builder 2014

PENSION BUILDER SCHEME

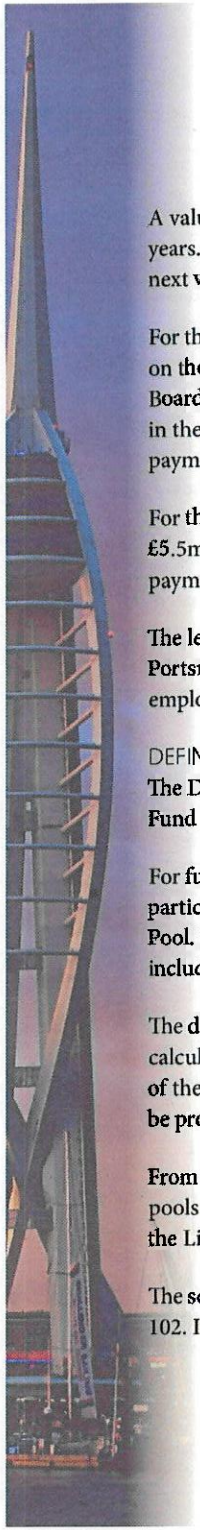
Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, 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. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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 is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means 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 the contributions payable (2022: £159,906, 2021: £154,206).



A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m 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, Portsmouth DBF could become responsible for paying a share of the failed employer's pension liabilities.

DEFINED BENEFITS SCHEME

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided.

From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £nil, 2021: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £19,000 (2021: charge of £23,000).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,500 per year. In addition, deficit payments of £3,206 per year have been agreed for 7.0 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. A s a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out in the table below.

	2022 £	2021 £
Balance sheet liability at 1 January	19,000	-
Deficit contribution paid	(3,000)	(2,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	(16,000)	21,000
Balance sheet liability at 31 December	-	19,000

* 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 2022	December 2021	December 2020
Discount rate	0.00%	1.5%	0.0%

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

TEACHERS' PENSION SCHEME (TPS)

The PDBF made contributions to the TPS on behalf of 3 employees who had previously been teachers. The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020 and full details are available on the Government website at: https://www.gov.uk/government/collections/teachers-pension-scheme.

25. RELATED PARTY TRANSACTIONS

The Portsmouth Diocesan Council for Social Responsibility (PDCSR) is a separate charitable limited company. Staff engaged in the activities of PDCSR are employed by the PDBF and a contribution towards their staff costs was made by the PDCSR for £93,516 (2021: £123,652). The PDBF has also supported the work of the PDCSR for several years and in 2022 provided free use of office space, and IT Cloud functionality.

26. FUNDS HELD AS CUSTODIAN TRUSTEE

The PDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the PDBF does not control them. The financial assets held in this way may be summarised as follows:

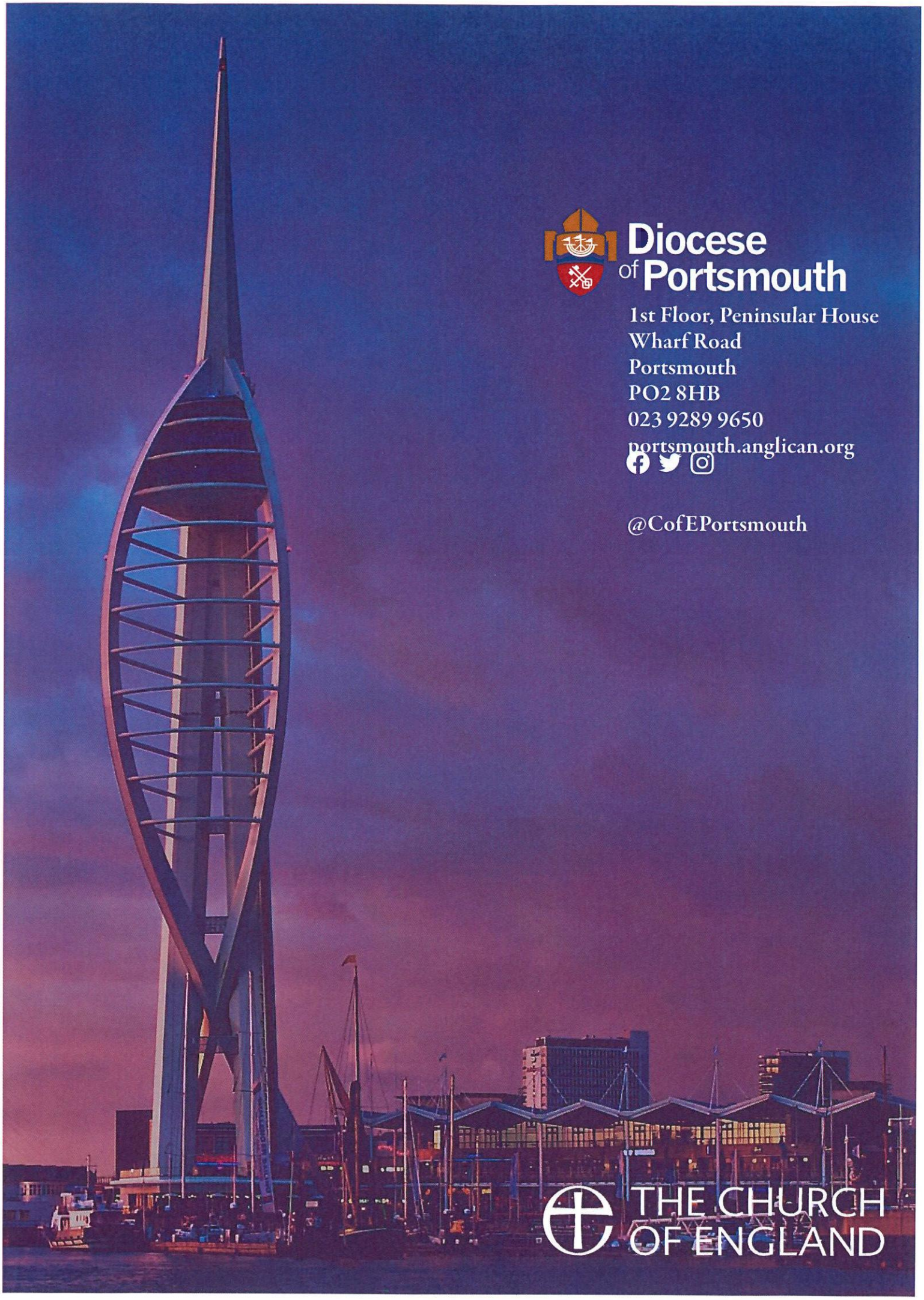
	2022 £	2021 £
CBF Investment Fund income shares	5,524,978	6,432,222
CBF Investment Fund accumulation shares	735,635	809,396
CBF Property Fund income shares	732,217	829,543
CBF Global Equity Fund	270,921	314,910
CBF Fixed Interest Securities Fund Shares	506,368	625,672
CBF COIF Investments	172,016	196,901
Other unit trust units	9,444	17,490
UK Equity holdings	13,173	14,161
UK Gilt-edged stocks	79,320	79,320
Other Fixed Interest stock	11,320	10,318
Foreign Equities	10,876	8,518
Deposits & Cash at Bank	1,492,670	1,484,759
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	9,556,158	10,820,430



27. POST BALANCE SHEET EVENT

On 1st January 2023, the Diocesan Board of Education transferred to a new Charitable Incorporated Organisation (CIO) as a result of the new Diocesan Board of Education Measure which came into effect during 2022. Along with Winchester DBF, PDBF remains a grant giving body to the Board of Education and continues to provide office space and services under a service level agreement. The CIO has independent governance, financial management and policies.

PORTSMOUTH DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



Diocese of Portsmouth

1st Floor, Peninsular House
Wharf Road
Portsmouth
PO2 8HB
023 9289 9650
portsmouth.anglican.org

@CofEPortsmouth

THE CHURCH OF ENGLAND

PORTSMOUTH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249256

Accounts

Live | Pray | Serve

Diocese of Portsmouth

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number - 226466

Registered charity number – 249256

Seeking to grow in depth, impact, and number across the Diocese of Portsmouth.

A large print version is available on request from Jane Dobbs

Email: jane.dobbs@portsmouth.anglican.org

TABLE OF CONTENTS

Contents

TABLE OF CONTENTS 2

Foreword 3

Legal Objects 4

Strategic Aims 4

Activities & Achievements for the Year 5

Future Plans 8

Financial Review 9

Principal Risks & Uncertainties 11

Structure & Governance 13

Trustees' Responsibilities 16

Administrative Details 17

Independent Auditors report 20

Statement of Financial Activities 23

Balance sheet 24

Cashflow Statement 25

Notes to the financial statements 26

Foreword



It is a privilege to have been called to serve the good news of Jesus Christ in the midst of the people, communities and neighbourhoods of the Diocese of Portsmouth. It is a moment, as we all know, of significant upheaval in society and for the world. Together with organisations and institutions across the UK as a whole, we will continue to need to address significant financial and organisational challenges associated with a global pandemic, war in Ukraine and rising living costs. In this context it will be vital to face, rather than to avoid or postpone addressing, questions which arise for our corporate life and mission. Finding courage and confidence in Jesus Christ, in one another, in the future and in our shared capacity for resilience and renewal will be key factors enabling us to navigate stormy, uncertain or even threatening waters.

As I begin ministry in the Diocese, I recall the words of a member of a religious community who wrote to encourage her community at a time of change and transition. These words provide a context for the work accounted for in this Report, and for the vocational life and activity which opens up before us in the year ahead. She wrote

> Look back, remember and have confidence:
> The future like the past, has God in it.
> God's cupped hands hold the whole of time,
> and you;
> Nothing can elude God's covenanted care and mastery.

With grateful thanks to all those whose hard work, faith and commitment is reflected in the pages of this Annual Report.

+Jonathan Portsmouth

The Right Revd Jonathan Frost
Bishops of Portsmouth

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021. The directors/trustees are one and the same and in signing as trustees they are also signing the report in their capacity as directors. This combined report satisfies the legal requirements for:

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

Legal Objects

The Portsmouth Diocesan Board of Finance ("PDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Portsmouth by acting as the financial executive of the Portsmouth Diocesan Synod.

The Diocese of Portsmouth covers principally South East Hampshire and the Isle of Wight.

Strategic Aims

Our vision during 2021 has been to ***Live|Pray|Serve*** so that we: -

- Live the Good News of God in Jesus Christ
- Pray on our own and in community to know God's will, and to
- Serve the people among whom we live and work.

The outworking of this vision is that across the communities in our diocese we aim to see growth in depth, impact and number. This means that through the work of PDBF, working in collaboration with our parishes and schools, more people will come to love the Lord their God with all their heart, mind, soul and strength, more people will be actively loving their neighbour as themselves; and more people will join us in going out to make new disciples and to make disciples of all nations.

Our values determine how we go about fulfilling our vision. We seek to be: -

- **Courageous** – we are bold and obedient in our actions, willing to make costly decisions that we and others have shied away from in the past, and not just for the sake of those within our churches but for those who might never consider entering them.

- **Collaborative** – we strive through our structures but also through our attitude and approach to work together across parishes, deaneries, ecumenically and throughout the diocese, because we believe that we are one body with many parts all working in the service of God.

- **Generous** – we share our time, money and other resources with those who have least, being patient and supportive, as communities discover and offer their own gifts, consciously and prayerfully allowing our resources to follow what we believe God is asking us to do in mission.

- **Resourceful** – we will be good stewards who see that God gives us what is sufficient to do His work, who make the most of what we have, and who respond wholeheartedly to opportunities for mission when they arise.

- **Pioneering** – we follow the first disciples after Pentecost, considering with fresh and transformed eyes what God is asking us to do to reach others with the good news of Christ, being creative, taking risks and sometimes failing, being willing to let go of the habits which hinder us, and all this in the spirit of trust in the resurrection.

We therefore look to Matthew 5:14-16, which speaks of a distinctive witness to the world, rooted in prayer and service. As Christians in Portsmouth Diocese, reflecting the light of Christ, like a beacon across land and sea, we seek to transform this place, on the mainland and on our islands, as we respond and serve faithfully in our context.

Activities & Achievements for the Year

2021 required us all to navigate changing restrictions and ultimately the relaxation thereof. This meant everyone across our diocese and within the organisation adjusting to what was often badged as the 'new normal'.

2021 was another challenging year for the PDBF and one punctuated by major change of different kinds but leadership change was a dominant theme during the year. After almost 11 years in post, Bishop Christopher retired as our diocesan bishop on 24th April 2021, thus creating a vacancy in the See of Portsmouth. The announcement of his retirement triggered the Vacancy in See process, which involved a period of extensive consultation to support the preparation of our Statement of Needs (a document outlining the needs of the diocese and setting out the person specification for our next Diocesan Bishop). This process moved to interview in July 2021 with the announcement on 8th October 2021 that the Rt Rev Dr Jonathan Frost would become the tenth Bishop of Portsmouth, with his confirmation of election taking place on 18th January 2022 and installation on 12th March 2022.



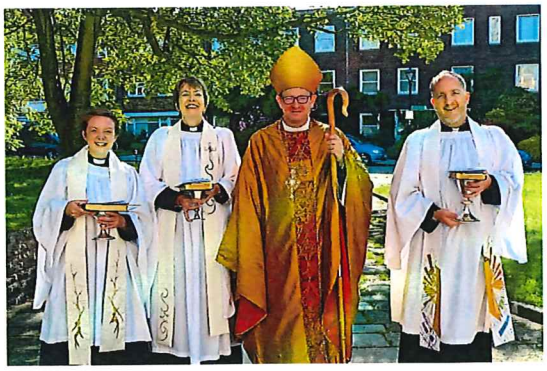
As one of only two dioceses within the Church of England, with no suffragan or area bishops to act in the vacancy, we were given a Commissary Bishop. We were therefore blessed to have Rt Rev Rob Wickham, Bishop of Edmonton in the Diocese of London, serve as our Commissary Bishop from 24th April 21 until 12th March 2022. Bishop Rob led and supported us as we navigated what proved to be a difficult year in terms of strategic planning, financial management and operational functionality.

Education

Our Education Team continued to support schools through yet another challenging year which included the significant demands on teachers as they navigated the return to face to face teaching for all students in the spring and mental health for children and staff alike has remained a focus. The impact of the pandemic has led to several Headteacher recruitments which are well supported by our education team. OFSTED inspections have also restarted which is also a time when the support of the team is valued by our schools.

Lay & Ordained Ministry

Through the work of the Lay & Ordained Ministry Team, training for clergy and laity continued during 2021 as did the lay discipleship course and the work of the Portsmouth Pathway.



In 2021 11 candidates were sent to the Temporary Online Discernment Process (TODP) (temporary as it was in place to be able to navigate the Covid19 restrictions); all were recommended for training at different points during 2021. Since their TODP, 4 of those 11 have moved away from the area and have been transferred to other dioceses leaving 7 for whom we are pastorally and financially responsible.

In June 2021 the diocese ordained 7 deacons and 3 priests.

Community Engagement & Impact

Community groups continue to be at the fore, seeking to serve those in greatest need. Churches continued to offer support in a variety of ways including food banks, free cafés and hubs to feed the homeless and those needing

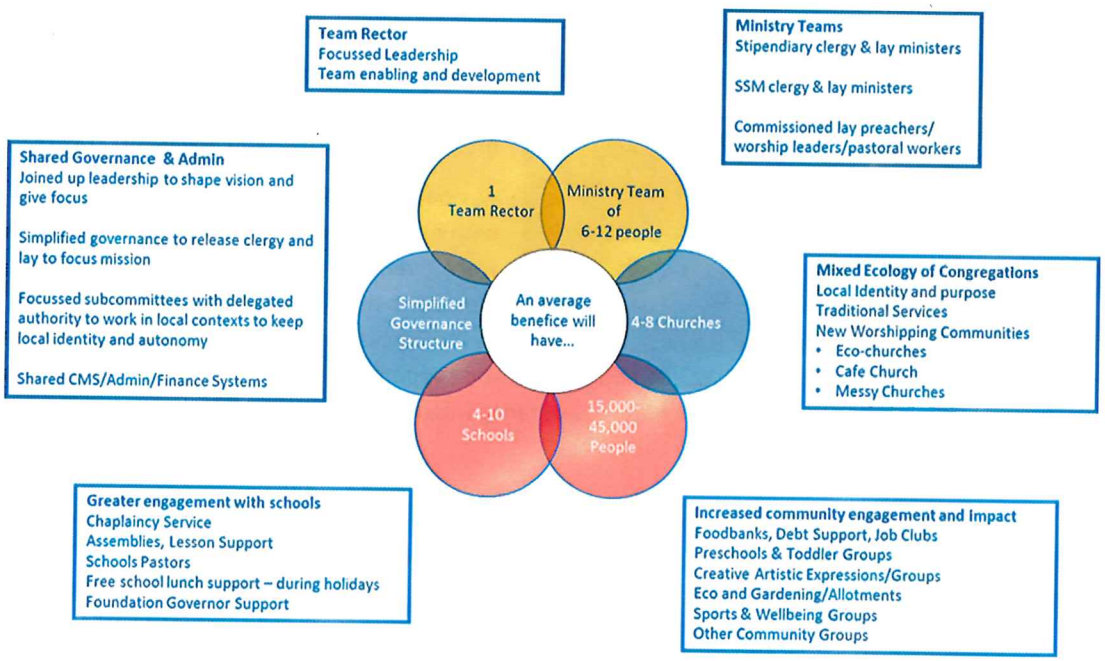
support of this kind. Our chaplains have also been active across a variety of sectors in our diocese. The PDBF's partnership with CSR meant support continued through the Good Neighbours' Network, serving the diocese but more widely in Hampshire also.

Overall Strategic Direction

Through 2020 we had developed strategic plans in which we would seek to be a thriving diocese which was growing. This focus on achieving missional growth is first and foremost a Gospel imperative but also necessary if we are to be able to become financially sustainable. The premise being that if we continue to manage decline then that spiral of decline would continue.

In March 2021 Bishop's Council, voted on two key decisions:

1. approval of a single parish benefice, team ministry model to be applied contextually across the diocese. This can be summarised as follows: -



This decision also included approval of four key strategic elements which were to be a focus for 2021 and beyond to help us achieve our vision for a thriving diocese:

- Visionary Leadership
- Teams on a Mission
- Communities of Kingdom Building Disciples
- Growth Enabling Structures

2. Bishop's Council also agreed to apply to the National Church for Transformation Funding which involved a commitment from reserves for match funding.

None of these decisions were easy and although they were agreed, this was not with a significant majority or without substantial concern. This was perhaps understandable when the nature of change being recommended was both radical and large-scale. The proposal was made in response to our current missional and financial challenges, but also in recognition of the potential opportunities to grow.

In response to feedback from those in our parishes in relation to the strategic framework, Bishop's Council agreed in June 21 that the remainder of 2021 would be used for further local conversation to develop thinking and hear more

about local plans and aspirations. This decision significantly changed the course of 2021 and to some degree increased the challenge that we face as the DBF and a wider diocese.

In November 21, Diocesan Synod met to grapple with the next steps in the light of Bishop's Council's decision. The agreed steps being:

- Ongoing prayer – locally and diocese wide, corporately, and individually
- Deaneries asked to form the mission hubs/partnerships/collaborative way of working which they identified in their plans working with their archdeacons to agree exactly how these will work.
- Those mission groupings need to work together to see how they can best deliver mission and ministry across their churches and hold the necessary vacancies well.
- Facilitated conversations continue in parishes and deaneries to assist with collaborative working but also the ongoing conversations about the future direction of the diocese. The senior leadership team and members of the diocesan team will continue to work with deaneries, PCCs and emerging groupings to support these conversations and planning.
- Some areas where an investigation of more formal collaboration has begun should continue.
- The presumptive pause on recruitment remains in place so that conversations at local level can continue, and strategic appointments can be made. Appointments which simply maintain the status quo were acknowledged to be unlikely. It was also agreed that appointments would only progress if certain 'recruitment principles' were met.

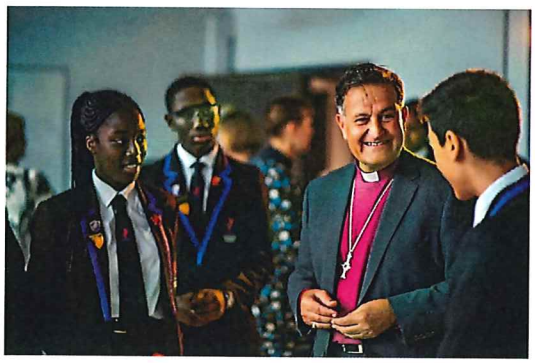
The introduction of these 'recruitment principles' was a key decision which recognised the need to hold clergy vacancies across the diocese to enable strategic decisions to be made and to help us move forward to become a thriving diocese. It was acknowledged that this however needs to be managed so that our purpose to grow in depth, impact and number is not undermined. Each new vacancy which arises will enable a discussion to take place about a new recruitment. The recruitment principles agreed were as follows:

- The post fits with the current strategic direction of the diocese to grow in depth, impact and number. This means that:
    - The parish/benefice concerned is working collaboratively which at this stage means as a minimum, looking at what missional activity can be undertaken together to meet the needs of a wider community and exploring sharing administrative functions and utilising skills in a wider area.
- There is a Mission Action Plan with clear aims and outcomes linked to community demographics and needs,
- Plans are emerging for growth in lay leadership
- Key offices are filled ie Churchwardens, Treasurer and PCC Secretary and not by the same person/people simply holding multiple roles.
- The post is one which the deanery agrees is a priority.
- The post is clearly identified and is not likely to change in the near future.

While difficult and not a decision taken lightly, this has enabled us to go into 2022 with significant opportunities to address the missional and financial challenges we face.

Future Plans

Having worked during 2021 to set out our financial and missional context, and spend time in conversations locally, it is critical that during 2022 steps are taken to build on the work of the last two years and develop a refreshed vision under Live|Pray|Serve, leading to articulated priorities flowing from that vision. The aim being to engage with our communities and stakeholders across the dioceses such that by November 2022, the budget for 2023 is set within a financial plan for the period up to the end of 2025 moving us towards a financial break even position. However, most critically this process will ensure that every aspect of the diocesan budget is focussed on growth and on furthering the strategic priorities of the PDBF and wider diocese. In doing so we will see growth in depth, impact and number over this three-year period.



To achieve this, there will be a focus on Children and Young People seeking to reach this missing generation within our church communities and enable them to hear the Good News of the Gospel in ways which are accessible and relevant to them. The four key elements articulated in 2021 will continue to be strategic priorities and will, along with our important values, support how we fulfil our refreshed vision.

We speak in terms of parish as we recognise our parishes as being key to serving schools and communities across our diocese. In focussing on parishes however, it will be in terms of a 'mixed ecology' where not just diversity of church tradition is supported but where there is an expectation of church planting, pioneering and chaplaincies. Anna Chaplaincy will also be an important part of our vision in 2022 and moving forwards as this seeks to value, nurture and develop the discipleship and faithfulness of our older generations. In working towards a genuine mixed ecology where all generations are reached with the Good News of the Gospels, there is an expectation that lay ministries and self-supporting ministries will need to increase also. All these aspects will be developed with youth, children and young adults as our focus.

The roadmap for 2022 into 2023 can therefore be summarised as follows:-

- March/April 2022 - a reshaped Bishop's Senior Leadership will be formed so that it is representative of a true mixed ecology.
- May & June 2022 – deaneries to look at their plans prepared in 2021 and advise of what changes they would make in the light of a focus on Youth and Children and Anna Chaplaincies. This response is to include the roles they would want to see across the deaneries with a presumption that not all will be paid posts.
- July 2022 – updated deanery plans included as part of budget assumptions for 2023 -2025 considered at Bishop's Council alongside staffing considerations to support emerging priorities and the future shape of ministry.
- September/October 2022 – deanery events to outline the overall vision and how the strategic priorities will shape local mission and deployment as well as detailing the budget for 2023 and financial plans for 2024 and 2025.
- November 2022 – Synod considers budget and financial plans in the context of the vision and priorities.

In relation to supporting our church schools each diocese has a Diocesan Board of Education. Ours currently is a joint Board with Winchester Diocese and is an unincorporated body in the form of a committee. A new Diocesan Board of Education Measure came into effect at the start of 2022 which will require changes to how the current Diocesan Board of Education (DBE), is constituted. There is a commitment to continued joint working with Winchester Diocese in this regard but the response of the two DBFs will be determined in June 2022, but after the respective AGMs. It is expected that the DBE will become an Incorporated Charitable Incorporated Organisation.

The changes will be worked through during the remainder of 2022 and reflected in the Annual Report for 2022.

The anticipated impact of this significant change is that the new CIO will be linked to the DBF through shared members but it will be independent in its governance, finance management and policies. Alongside Winchester DBF, the PDBF will become a grant giving body into the Board of Education and support with office space and other services under Service Level Agreements. Nevertheless, for 2021, the finances for the Education Team remain contained within the DBF.

Financial Review

Financial Performance

The financial results for the year show an improvement compared to 2021 as PDBF has started to see some of the benefits of the Covid restrictions relaxing on the economy, however results before the impact of revaluation of investment funds and properties have declined compared to 2020.

Total income in 2021 for the diocese reduced by £806,305 to £8,634,146 (2020: £9,440,451). Parish share contributions fell by £286,063 to £4,405,115 (2020: £4,691,178) which represented a fall in the recovery rate to 87.5% (2020: 89.8%) against the amount requested. This reflects the ongoing challenges of Covid-19 on parish finances where some who may previously have relied on reserves to assist with payment of parish share were no longer able to do so.

Parochial fees have seen an increase of £136,126 compared to the prior year from £224,359 to £360,485. Whilst this is a small proportion of the income for PDBF, this represents a welcome return to weddings and funerals taking place in our churches.

PDBF received a further grant of £490,000 (2020: £600,000) from Archbishops' Council Sustainability fund which has been designated to support the work of the diocese in the coming year. The sale of four properties completed during the year at a surplus of £432,833.

Resources expended across all funds decreased by £596,226 to £7,613,009 (2020: £8,209,235) as result of prompt decision making, extensive cost control management and the impact of Covid-19. In particular, there was a reduction in clergy headcount from 90 full time equivalents in 2020 to 85 in 2021. There has also been a significant reduction in Archbishops' Council fees due to an offset adjustment of £127,918 against previous years.

PDBF budgets aim to break even on its general fund before any capital gains/losses. As a result of the continued management of costs, PDBF has mitigated the impact of the continued reduction in parish share collection and the ongoing cost pressures impacting from inflation and in particular the increasing energy costs which we expect to see impacting to a greater extent into 2022. The operating result on the general fund was a surplus of £154,788 (2020: deficit of £37,317).

Balance sheet position

The Trustees consider that the balance sheet, together with details in note 20, shows broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £87,830,770 (2020: £80,586,110) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £59,304,423 (2020: £57,821,421). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the PDBF.

Reserves policy

The free reserves, being the unrestricted general fund net of tangible assets and long term financing totalled £3.1m (2020: £2.9m) which represented 7.6 months (2020: 6.7 months) of parish share requested. The Trustees aim to maintain between 3 and 6 months.

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold not more than 6 weeks' normal expenditure in cash or on deposit, this being around £910,000. The year-end total for 2021 exceeded this at £3.1m. It has been considered appropriate to hold this increased level of

cash and free reserves for the short to medium term whilst parish funds begin to recover, and alternative income sources can be sought. As interest rates begin to rise, consideration will be given to early repayment of the CBIL loan if this is considered appropriate and in the best interests of the PDBF.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequately justified for their retention. The last review undertaken involved the re-designation of a substantial amount of designated funds such that the DBF is better placed to meet its financial obligations and address the current financial challenges.

A description of each reserve together with the intended use of the reserve is set out in note 21. The total value of designated funds at the end of 2021 increased by £1.2m to £5.4m (2020: £4.2m).

Restricted and endowment funds

As set out in note 20 PDBF also holds and administers many restricted and endowment funds. As at 31 December 2021 restricted funds totalled £6.4m (2020: £5.5m) and endowment funds totalled £59.0m (2020: £54.7m). Neither are available for the general purposes of the PDBF.

Grant making policy

The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2021 is indicated in note 11.

Investment policy and report

In managing its investments, the PDBF continues to receive advice from its Investment Advisory Group (IAG), and the fund managers, CCLA Investment Management. The level of cash being held is kept under constant scrutiny as, despite the continuing low level of inflation, interest rates have also remained very low such that the investment income relied upon for the underpinning of the mission work of the Diocese can only be achieved through an active investment strategy that delivers real growth in total return. The IAG continue to encourage a similar approach in relation to parish funds and members of the group continue to engage with parishes to provide support and guidance in this important area.

The investment policy of the IAG as set out in the terms of reference for this group are:

a) Not more than 6 weeks normal expenditure is to be held in cash for routine purposes. This money (currently about £1m) is to be held in the CBF Deposit fund (or such other bank deposit account as may be deemed suitable by the Board from time to time). It being understood that the bank current account be maintained in credit.
b) The Diocesan Secretary following discussion with the IAG is authorised to switch investments managed by CCLA from time to time in order to achieve the Board's required total return.
c) Any fund managed by CCLA may be used for the Board`s investments, but no other types of investment may be used without the Board's prior approval.
d) The investment managers are to be instructed to achieve a yield of not less than 4% (taking into account the cash at a above), and a total return in line with the appropriate Benchmarks agreed by the Board annually.
e) This policy will be reviewed at least annually by the Board.

The income from financial investments in 2021 was £792,970 (2020: £725,357) and reflected a 3.2% yield.

For the year ended 31 December 2021 the investment portfolio achieved an overall total return of 18.0% (being the increase/decrease in market value plus the actual yield/income received) (2020: 7.9%).

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report. The property and investment funds outperformed the selected benchmark in for the year to varying degrees. The global equity fund has performed below the benchmark throughout the year. The PDBF's investment strategy continues to be, to maintain a high level of income, and to concentrate on good quality companies and properties with long term growth potential. The property fund's performance saw a large improvement in performance to 19.74% (2020: -

0.48%). The global equity fund dropped slightly and produced a total return of 19.2% (2020: +22.69%); whilst the investment fund resulted in an improved return of +17.46% (2020: +10.2%). The % allocation of assets to funds was as follows:

	2021	2020
Investment fund	69%	68%
Property Fund	21%	23%
Global Equity Fund	10%	9%
	100%	100%

Principal Risks & Uncertainties

As this report has evidenced, the PDBF is fit for purpose: financially stable, proactive, and responsive to the needs of the Diocese and parishes and the assets and investments held by the PDBF are well managed and secure.

The number and age profile of worshipping communities and of ministers is a concern, with a high proportion in the upper age brackets. This has potentially far-reaching implications for the aims and objectives of both the PDBF and each PCC in the medium to long term. The future plans of the PDBF as outlined above are designed specifically to address and mitigate these key risks and uncertainties and in this way to continue to fulfil its charitable aims and objectives and thus serve God faithfully in this Diocese, by responding to His call to action and to fulfil the strategic outcomes of the PDBF to grow in depth, impact and number.

Key risks and mitigating actions are as follows:

Key risks	**How managed**
Transformation and journey of change: The diocese is continuing on a programme of strategic change to continue to fulfil its purpose to grow in depth, impact and number. This journey is reliant upon stability amongst those in senior leadership roles, capacity amongst the wider staff team and financial or other resources required to make the desired changes in a sustainable way so as not to negatively impact on future mission and growth.	Management plan for any unforeseen vacancies and ensure that knowledge and resources are shared amongst teams to cover any absences, ensure plans can continue to be implemented and aid succession planning. PDBF continues to seek opportunities for transformation development funding to ensure that the relevant resources are available to meet the desired plans.
Ongoing impact of Covid-19: Whilst Churches have largely been reopened during 2021 and remain so into 2022, we face an ongoing reduction in numbers attending, reduction in parish share receipts as parishes feel less able to contribute, and the ongoing impact of the global pandemic on the economy; including that on the investment portfolio where much of the diocese's financial resources are impacted. Staff continue to work in part from home and this hybrid	Bishop's Council are meeting frequently to ensure that the financial position is reviewed and monitored, and the Finance Chair is working closely with senior management between meetings. Additional sources of funding continue to be sought and the diocese has benefitted from sustainability funding in both 2020 and 2021, and the award of the Coronavirus Business Interruption Loan for which repayments

Key risks	How managed
working will continue. There is a risk of teams feeling disconnected due to this hybrid working, and those being supported by a reduced diocesan staff feeling disengaged as a result of some routine work having ceased or become more challenging as a result of the pandemic.	commenced at the end of 2021. Senior management are focussed on the use of communication and resources to maintain connections to both the wider staff teams and the parishes and clergy to ensure they remain informed and engaged and receive relevant information on a timely basis.
Parish share: Parish share accounts for around 68% of the diocese's income therefore any reduction in this can have significant impact on the future finances and the ability to deliver mission longer term and support the growth of parishes.	Receipts are closely monitored on a monthly basis and deanery treasurers are supported by diocesan staff to understand the budgets and why regular payment of the parish share is required. Archdeacons are also clear about the need to make parish share a priority and hold this line on local conversations. Parishes are assisted to promote the Parish Giving Scheme to aid income generation and enable them to allocate resources to the payment of the parish share.
People: The clergy and lay staff employed by the diocese are critical to the ability to meet the diocesan mission. If the staff teams and clergy are not adequately supported then they will be unable to meet the needs of the parishes and the wider needs of the communities we serve. There is a risk of parishes feeling unsupported when clergy vacancies occur.	Recruitment procedures are in place to ensure that all those employed have the sufficient skills and training to undertake their roles. Parishes and archdeacons will be kept up to date with any changes in the recruitment of clergy. Appraisal systems are in place to ensure that staff are aware of their objectives and their roles within the diocese. The diocese has an agreement in place with health assured to support the health and wellbeing of clergy and lay staff.
Governance: The work of the diocese is dependent on good governance and decision making.	Committee membership is reviewed annually to ensure that decision making groups are appropriately skilled. Training is also provided at least at the start of each triennium but more frequently as the need arises. Following a review of governance structures in 2020, a Finance Executive Committee was introduced to

Key risks	How managed
	increase the financial scrutiny throughout the year and give Bishop's Council greater confidence in the recommendations it receives. During 2022 we will refine how information flows more effectively through the governance structures and out to deaneries and parishes. To ensure compliance with law and regulation, training is provided for key members of staff as well as maintaining appropriate professional memberships.
Safeguarding: The care of children and vulnerable adults remains a key priority to the diocese as it is a Gospel imperative and at the heart of who we are and what we do.	The diocese invests in suitable trained officers and training and support of parishes and schools. The dioceses safeguarding procedures have previously been inspected by the national review panel which validated their high quality and work was undertaken to implement those recommendations. Systems are in place to ensure that all personnel are trained at the appropriate level for their roles and that this training is renewed regularly. During 2022 we will be working through an action plan which deals with recommendations flowing out of the Past Case Review 2 process.

Structure & Governance

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprising ex-officio and elected representatives 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 leadership assisted by the governance functions of the Diocesan Synod. The Diocese of Portsmouth has seven deaneries, each with its own deanery 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 parish.

Organisational structure

The Portsmouth Diocesan Board of Finance is constituted under the provisions of the Diocesan Boards of Finance Measure 1925. It is a registered charitable company and has responsibility for conducting the financial affairs of the Diocese.

The Board of Directors is the main governing body of the charity. Its members are the Directors and Trustees. The Diocesan Synod, however, agrees the overall annual budget, including the overall level of parish contributions to be sought from parishes under the Parish Share system. The Directors also form the Bishop's Council (Standing Committee of the Diocesan Synod), the Diocesan Mission and Pastoral Committee, and the Diocesan Parsonages Board. These arrangements achieve the uniting of the Diocese's policy-setting and finance-controlling responsibilities. Membership comprises ex-officio members, clergy and lay members elected by their respective Diocesan Synod houses, and one member nominated by the Bishop. Bishop's Council is also supported by employed staff as appropriate (See section 12 for further information).

Trustee recruitment, selection, and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. A skills audit at the start of the triennium informs future training needs also. Those likely to stand for election are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Portsmouth are set by the Diocesan Synod, and the PDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared, and approved by the PDBF.

The Trustees, meeting within the context of the Bishop's Council and Standing Committee, normally hold eight meetings during the year to:

- plan the business of the synod, to prepare the agenda for its sessions, and to circulate to members, information about matters for discussion.
- initiate proposals for action by the synod and to advise it on matters of policy which are placed before it.
- advise the president on any matters which he may refer to the council.
- transact the business of the synod when it is not in session.
- undertake the responsibilities of the Diocesan Board of Finance
- undertake the responsibilities of the Diocesan Mission and Pastoral Committee (DMPC)
- to hold all boards and committees accountable for their work and to provide an annual report to synod of that work.
- to work with deanery standing committees on the communication of diocesan issues and the understanding of deanery issues.
- carry out such other functions as the Synod delegates to it.

The Trustees are assisted in their work by several sub-committees and there is a flow of work through those groups thus making effective recommendations to the trustees in Bishop's Council: -

- **Diocesan Deanery Finance Committee** reviews and reports on the finances of individual parishes and their ability to meet their parish share commitments. In addition to this important monitoring and evaluation of parish share contributions, this group also agree the approach to individual parish share arrears with the Diocesan Stewardship Adviser, communicate financial matters to Deanery Finance Committees and parishes and provide parish feedback into the Diocesan Finance Executive Committee.

- **Diocesan Finance Executive Committee** scrutinises matters of financial management and governance including budgets, management accounts and cashflows, annual report and accounts, risk management as well as considering each of those aspects in the light of recommendations from the Investment Advisory Group. Taking into account all these different interlinking aspects, the Diocesan Finance Executive Committee bring recommendations to Bishop's Council.
- **Investment Advisory Group** provides advice (the sub-committee has no executive authority) on PDBF's investments and funds available for investment and the PDBF's overall investment strategy.
- **Property Sub Committee** reports to the Trustees; it oversees repairs to parsonages, glebe property, properties held for the charity's own use, and the disposal and purchase of property.
- **Diocesan Synod Agenda Group supports Bishop's Council** by planning the annual business of Synod for approval.
- **Lay Staff Remuneration and Conditions of Service Committee** meets annually to review the pay, conditions and policies affecting the lay members of staff employed by the DBF.

Delegation of day-to-day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and her colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the PDBF in accordance with the policies framed by the Trustees.

Related Parties

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. The PDBF currently receives annual grants from the Church Commissioners in the form of Lowest Income Community Funding and an annual grant from The All Churches Trust. In both 2021 and 2020 the PDBF also received a Sustainability Grant payment from the Church Commissioners to support with the financial challenge caused by the ongoing impact of the Coronavirus Pandemic and its associated restrictions.

Fundraising

The Diocese provides guidance to the parishes with regards to fundraising but does not engage in fundraising activities itself. Due regard is given to the Fundraising Code of Practice set by Fundraising Regulator when providing guidance to the parishes.

Remuneration of key management personnel

The Board operates a set salary scale and employees are placed on this benchmarked where possible against comparable roles in other dioceses and the external employment market. The salary scale is reviewed each year by the Board with reference to cost-of-living movements in clergy and national church staff pay. This process is supported by the Lay Staff Conditions of Service Committee. Emoluments of higher-paid employees are determined in consultation between the Bishop of Portsmouth (as chair of the Board), the Chair of the Finance Committee and the Diocesan Secretary.

Funds held as Custodian Trustee

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them. They are segregated from the PDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £10.8m at 31 December 2021 (2020: £9.5m), are available from the PDBF on request, and are summarised in note 26. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the PDBF's solicitor, Messrs Brutton & Co.

Funds held on behalf of schools

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education (which is not incorporated) receives contributions from governors of church schools within the Dioceses in connection with major repair and capital projects to church schools and government grants in connection with the same. The staff of the Board of Education (who are employees of the PDBF) administer these monies as managing agent and make appropriate payments to contractors for work carried out. The monies do not belong to the PDBF or the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2021 is £1,778,239 (2020: £1,794,949). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1,881,075 and £1,798,495 respectively in 2021 (2020: £1,603,667 and £1,281,259).

Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF for that period.
In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently.
- observe methods and principles in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF 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 PDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the PDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.
In all matters the Trustees complies with the Charity Governance Code which covers seven areas:

- Organisational purpose.
- Leadership.
- Integrity.
- Decision making, risk and control.
- Board effectiveness.
- Diversity.

Trustees confirm that they have referred and had due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

Statement of Disclosure to the Auditors

So far as the Trustees are aware:

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

Appointment of Auditors

There will be a tender process for the appointment of auditors for the PDBF for the year end 31 December 2022.

Administrative Details

Trustees

No Trustee had any beneficial interest in the company during 2021. Elections onto our Board took place at the end of 2021 for the next triennium which starts on 1st January 2022 meaning the trustees were different during 2021 to those now serving from 1st January 2022 up to the date of this report.

General Synod Members can be in attendance at all meetings of Bishop's Council; Portsmouth has 6 members of General Synod at any one time (3 lay and 3 ordained). There were however General Synod elections in 2021 meaning those in attendance during 2021 are different from those in attendance from the beginning of 2022.

The following are the Trustees who served at any time during 2021 and those that are now serving from the start of 2022 covering the period up to the date of this report along with details of those in attendance:-

1. **Trustees who served 1st January to 31st December 2021:**

a) Ex Officio Members

Chair:	The Rt Revd Christopher Foster (Bishop of Portsmouth; retired 24th April 2021)
	The Rt Rev Rob Wickham (Commissary Bishop of Portsmouth from 1st May 2021)
Dean of Portsmouth:	The Very Revd Dr Anthony Cane
Archdeacons:	The Ven Peter Leonard (Isle of Wight)
	The Ven Gavin Collins (Meon, resigned 21st January 2021)
	The Revd Canon Will Hughes (Acting Archdeacon of Meon from 22nd January 2021)
	The Ven Jenny Rowley (Portsdown)
Chairs of the Houses:	The Revd Canon Robert White (Chair of the House of Clergy)
	Canon Debbie Sutton (Chair of the House of Laity)
Diocesan Secretary:	Mrs Victoria James

b) Bishop's Nominee

Mr Philip Poulter (Chair of the Diocesan Deanery Finance Committee and the Diocesan Finance Executive Committee).

c) Elected by House of Clergy

Revd Paul Armstead (resigned 20th October 2021)
Revd Richard England
Revd Ian Snares
Revd Dr Paul Chamberlain
Revd James Hunt
Revd Canon Will Hughes

d) Elected by House of Laity

Canon David Bennison
Mr Norman Chapman
Mrs Mary Crittenden
Miss Elizabeth Davidson
Canon Lucy Docherty
Mr Mark Emerton
Canon Stuart Forster
Mrs Debs Henning-Vears (from 14 April 2021)
Mrs Irene James
Canon Adrian Jordan
Canon Dr Hugh Mason
Mr Eugene Organ (resigned 21 January 21)
Canon Hilary Spurgeon

e) Members in Attendance

Throughout 2021, 5 General Synod members are also voting members of Council in either ex officio or elected capacities (The Ven Peter Leonard, The Ven Gavin Collins, Rev Canon R White, Canon Lucy Docherty, Mr M Emerton). Therefore, only 1 member of General Synod (Mrs Emily Bagg) is in attendance.

2. Trustees serving since 1st January 2022 post the elections and up to the date of this report:

a) Ex Officio Members

Chair: The Rt Rev Rob Wickham (Commissary Bishop of Portsmouth until 12th March 2022)
The Rt Rev Dr Jonathan Frost (Bishop of Portsmouth from 18th January 2022; installed 12th March 2022)

Dean of Portsmouth: The Very Revd Dr Anthony Cane

Archdeacons: The Ven Peter Leonard (Isle of Wight; resigned 27th February 2022)
The Revd Allie Kerr (Acting Archdeacon of Isle of Wight from 27th February 2022)
The Ven Jenny Rowley (Portsdown)
The Revd Canon Will Hughes (Acting Archdeacon of Meon from 22nd January 2021)

Chairs of the Houses: The Revd Canon Robert White (Chair of the House of Clergy)
Canon Debbie Sutton (Chair of the House of Laity)

Diocesan Secretary: Mrs Victoria James

b) Bishop's Nominee

Mr Philip Poulter (Chair of the Diocesan Deanery Finance Committee and the Diocesan Finance Executive Committee).

c) Elected by House of Clergy

Revd Dr Susie Collingridge
Revd Bruce Deans
Revd Canon Tom Kennar
Revd Andrew Hargreaves
Revd James Hunt
Revd Sam Martell
Revd Mark Williams

d) Elected by House of Laity

Mr James Bremridge
Mr Neil Chrimes
Canon Lucy Docherty
Mr Mark Emerton
Canon Stuart Forster
Dr Coleen Jackson
Mrs Irene James
Canon Adrian Jordan
Mrs Vanda Leary
Mr Simon Lemieux
Mr Steven Smart

e) Members in Attendance

From 1st January to the date of this report, 3 General Synod members are also voting members of Council in either ex officio or elected capacities (Rev Canon R White, Canon Lucy Docherty, Revd Andrew Hargreaves). Therefore, 3 members of General Synod (Mrs Rebecca Hunt, Mr Ian Johnston and Revd Dr Paul Chamberlain) are in attendance.

Senior staff and advisers

Diocesan Secretary	Victoria James
Finance Director	Lisa Streeter
Head of Strategic Implementation and Resources & Deputy Diocesan Secretary	Jenny Hollingsworth
Head of Lay and Ordained Ministry	Anthony Rustell
Head of Mission and Education and Director of Education	Jeff Williams
Head of Social Transformation	Nick Ralph

Registered Office

Diocesan Office, 1st Floor, Peninsular House, Wharf Road, Portsmouth, PO2 8HB

Key Advisers and Agents

Bankers	Barclays PLC, PO Box 165, Crawley, RH10 1YX
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors	Messrs Brutton & Co, West End House, 288 West Street, Fareham, PO16 0AJ
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Advisers	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW

ON BEHALF OF THE TRUSTEES

The Right Revd Jonathan Frost

Chairman

25th May 2022

Victoria James

Diocesan Secretary

25th May 2022

Opinion

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant 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 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 Annual Report (which incorporates the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at the year-end and those with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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.

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 8 June 2022

10 Queen Street Place
London
EC4R 1AG

PORTSMOUTH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

At 31 December 2021

	Note	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2021 £	Total funds 2020 £
Income and endowments from							
Donations							
Parish contributions	2a	4,405,115	-	-	-	4,405,115	4,691,178
Archbishops' Council	2b	478,430	490,000	827,858	-	1,796,288	2,329,366
Other donations	2c	112,233	-	6,550	-	118,783	154,580
Charitable activities	3	580,751	-	2,031	-	582,782	566,200
Other trading activities	4	430,926	-	74,449	-	505,375	453,178
Investments	5	510,089	88,071	137,454	57,356	792,970	725,357
Other	6	142,804	-	220,900	69,129	432,833	520,591
Total		**6,660,348**	**578,071**	**1,269,242**	**126,485**	**8,634,146**	9,440,451
Expenditure on:							
Raising funds	7	46,993	-	-	-	46,993	36,391
Charitable activities	8	6,458,567	106,613	1,000,836	-	7,566,016	8,172,844
Total	9	**6,505,560**	**106,613**	**1,000,836**	**-**	**7,613,009**	8,209,235
Net income/(expenditure) before investment gains		**154,788**	**471,458**	**268,406**	**126,485**	**1,021,137**	**1,231,216**
Net gains on investments	15	271,220	401,197	701,114	1,659,200	3,032,731	**906,931**
Net income		**426,008**	**872,655**	**969,520**	**1,785,685**	**4,053,868**	2,138,147
Transfers between funds	13	**(309,635)**	**296,167**	**(150,532)**	**164,000**	-	-
Other recognised gains/(losses)							
Gains on revaluation of fixed assets	14	851,669	-	-	2,358,123	3,209,792	1,003,743
Remeasurement of pension scheme provision		(21,000)	-	-	2,000	(19,000)	58,000
		830,669	**-**	**-**	**2,360,123**	**3,190,792**	1,061,743
Net movement in funds		**947,042**	**1,168,822**	**818,988**	**4,309,808**	**7,244,660**	**3,199,890**
Total funds at 1 January 2021		**16,149,415**	**4,184,756**	**5,543,827**	**54,708,112**	**80,586,110**	77,386,220
Total funds at 31 December 2021	20	**17,096,457**	**5,353,578**	**6,362,815**	**59,017,920**	**87,830,770**	80,586,110

The net surplus/(deficit) of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net incoming resources before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above. All income and resources expenditure derive from continuing activities.

The notes on pages 26 to 57 form part of the financial statements

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

BALANCE SHEET

At 31 December 2021

	Note	2021		2020	
			£		£
FIXED ASSETS					
Tangible Fixed Assets	14		59,350,360		57,821,421
Investments	15		24,382,639		21,285,607
			83,732,999		79,107,028
CURRENT ASSETS					
Debtors	16	971,026		1,025,149	
Cash on Deposit		7,129,175		4,749,986	
Cash at bank and in hand		731,169		806,766	
		8,831,370		6,581,901	
CREDITORS: amounts falling due within one year	17	2,999,532		2,763,059	
NET CURRENT ASSETS			5,831,838		3,818,842
Total assets less current liabilities			89,564,837		82,925,870
CREDITORS amounts falling due after more than one year	18		1,734,067		2,339,760
Pension scheme liabilities		167,400		299,700	
Loans and long term provisions		1,566,667		2,040,060	
NET ASSETS			87,830,770		80,586,110
FUNDS					
Unrestricted income funds:					
General funds			17,096,457		16,149,415
Designated funds			5,353,578		4,184,756
			22,450,035		20,334,171
Restricted funds			6,362,815		5,543,827
Endowment funds			59,017,920		54,708,112
TOTAL FUNDS	19/20		87,830,770		80,586,110

Revaluation reserves of the following amounts are included within the above funds: endowment funds £15.4m (2020: £9.7m), restricted funds £2.2m (2020: £1.5m), designated funds £1.7m (2020: £1.3m), general funds £2.9m (2020: £1.2m).

The Notes on pages 26 to 57 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 25th May 2022 and signed on behalf of the Board by:



The Right Revd Jonathan Frost

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

STATEMENT OF CASHFLOWS

At 31 December 2021

	2021		2020	
	£	£	£	£
Net cash flow from operating activities				
Net cash used in operating activities		**(429,368)**		(34,005)
Cash flows from investing activities				
Dividends, interest and rent from investments	**728,669**		665,025	
Purchase of property and equipment	**(47,249)**		-	
Purchase of investments	**-**		(7,511)	
Sale of property and equipment	**2,122,833**		695,591	
Sale of investments	**-**		185,285	
Net cash provided by investing activities		**2,804,253**		1,538,390
Cash flows from financing activities				
Loans repaid to PDBF	**2,100**		-	
Loans repaid by PDBF	**(73,393)**		(40,060)	
Cash inflows from new borrowing	**-**		2,000,000	
Net cash used in financing		**(71,293)**		1,959,940
Change in cash and cash equivalents in the reporting period		**2,303,592**		3,464,325
Cash and cash equivalents at 1 January		**5,556,752**		2,092,427
Cash and cash equivalents at 31 December		**7,860,344**		5,556,752

Reconciliation of net income to net cash flow from operating activities

	2021	2020
Net income for the year ended 31 December	**4,053,868**	2,138,147
Adjustments for:		
Depreciation charges	**38,102**	36,790
Gains on investments	**(3,032,731)**	(906,931)
Dividends, interest and rent from investments	**(792,970)**	(725,357)
Gain on sale of functional assets	**(432,833)**	(520,591)
Decrease in operating debtors	**52,023**	25,899
Decrease in operating creditors	**(314,827)**	(1,901,940)
Net cash provided by operating activities	**(429,368)**	(1,853,983)
Analysis of cash and cash equivalents		
Cash at bank and in hand	**731,169**	806,766
Cash on deposit	**7,129,175**	4,749,986
23	**7,860,344**	5,556,752

1. ACCOUNTING POLICIES

Portsmouth DBF is a company limited by guarantee, incorporated in England and Wales, and is a Public Benefit Entity as defined by FRS102. The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The Trustees consider that there are no material uncertainties that could cast doubt on the charity's ability to continue as a going concern. After reviewing the charity's forecasts and projections, the Trustees have a reasonable expectation that the charity has adequate resources to continue as a going concern for the foreseeable future. The Trustees therefore continue to adopt the going concern basis in preparing this Annual Report and Financial Statements

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the PDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

i) **Parish Share** is recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.

ii) **Rent** is recognised as income when receivable.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

v) **Parochial fees** are recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets for the PDBF's own use** (i.e., non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activities category.

i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

1. ACCOUNTING POLICIES (continued)

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.

iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) **Pension contributions**. The PDBF's staff are members of the Church Workers Pension Fund; either the Pension Builder or the Defined Benefit Schemes, and Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of the deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

Properties are accounted for at their fair value and are reviewed on a five-year cycle and revalued accordingly. Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The PDBF has a policy of regular structural inspection, 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 deteriorate or suffer from 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. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Parsonage houses

The PDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The PDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. This treatment is also applied to any property where the title will revert to the PCC in the event that it should no longer be required as a parsonage. Parsonage houses are revalued on a five-year cycle.

Property cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the property was brought into the accounting system in 2007.

1. ACCOUNTING POLICIES (continued)

Computer equipment

Items of computer equipment are stated at cost, being the purchase price and any incidental acquisition costs.

d) Depreciation on leasehold property

Depreciation is provided on leasehold properties over the lesser of 50 years or the life of the lease.

Depreciation is provided on computer equipment over a period of 3 years.

e) Other accounting policies

i) **Fixed asset investments** are included in the balance sheet bid value and the gain or loss taken to the Statement of Financial Activities. The single property held as an investment is revalued by the Diocesan surveyor on a five-year cycle alongside all other properties. Glebe land is valued at ten times the annual rental income.

ii) **Leases**. The PDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the lease term.

iii) **Financial instruments** are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. The charity only has financial assets and liabilities which qualify as basic financial instruments.

Financial assets and liabilities measured at amortised cost, which includes loans to parishes, parish share receivable and other debtors, bank loans and creditors, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest rate method.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 15.

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the PDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the PDBF. There are two types of unrestricted funds:
  - **General funds** which the PDBF intends to use for the general purposes of the PDBF and
  - **Designated funds** set aside out of unrestricted funds by the PDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the PDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

1. ACCOUNTING POLICIES (continued)

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the PDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date,

and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Basis for non-depreciation of functional residential property
- Assumptions underpinning the clergy and church workers' pension scheme liabilities.

2 DONATIONS

2a Parish Contributions

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Parish share requested	4,973,000	-	-	-	4,973,000
Short fall/surplus against cash received	(621,842)	-	-	-	(621,842)
Payments received	4,351,158	-	-	-	4,351,158
Amounts received for prior year	53,957	-	-	-	53,957
Parish share receivable	4,405,115	-	-	-	4,405,115

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Parish share requested	5,213,405	-	-	-	5,213,405
Short fall/surplus against cash received	(725,923)	-	-	-	(725,923)
Payments received	4,487,482	-	-	-	4,487,482
Amounts received for prior year	203,696	-	-	-	203,696
Parish share receivable	4,691,178	-	-	-	4,691,178

The majority of donations are collected from the parishes of the diocese through the parish share system. Parish share payments received represented 87.5% (2020: 89.8%) of the amount requested.

2b Archbishops' Council

2021

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Lowest income community funding	478,430	-	-	-	478,430
Parish mission development fund	-	-	-	-	-
CC grant for RME	-	-	191,811	-	191,811
Strategic Development Fund	-	-	636,047	-	636,047
Sustainability grant	-	490,000	-	-	490,000
	478,430	490,000	827,858	-	1,796,288

2020

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Lowest income community funding	365,579	-	-	-	365,579
Parish mission development fund	96,900	-	-	-	96,900
CC grant for RME	-	-	213,353	-	213,353
Strategic Development Fund	-	-	1,053,534	-	1,053,534
Sustainability grant	-	600,000	-	-	600,000
	462,479	600,000	1,266,887	-	2,329,366

2c Other donations

2021

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
All Churches Trust	102,250	-	-	-	102,250
Donations	9,983	-	6,550	-	16,533
	112,233	-	6,550	-	118,783

2020

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
All Churches Trust	92,500	-	-	-	92,500
Donations	33,181	-	6,830	-	40,011
Grants from trusts	22,069	-	-	-	22,069
	147,750	-	6,830	-	154,580

3 CHARITABLE ACTIVITIES

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Statutory fees and chaplaincy income	360,485	-	-	-	360,485
Miscellaneous income	44,386	-	2,031	-	46,417
Section income:					
Lay & Ordained Ministry	555	-	-	-	555
Mission and Education	34,112	-	-	-	34,112
Strategic Implementation & Resources	49,770	-	-	-	49,770
Social Transformation	91,443	-	-	-	91,443
	580,751	-	2,031	-	582,782

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Statutory fees and chaplaincy income	224,359	-	-	-	224,359
Miscellaneous income	94,821	-	4,431	-	99,252
Section income:					
Lay & Ordained Ministry	1,519	-	-	-	1,519
Mission and Education	85,574	-	-	-	85,574
Strategic Implementation & Resources	46,034	-	-	-	46,034
Social Transformation	109,464	-	-	-	109,464
	561,770	-	4,431	-	566,201

4 OTHER TRADING ACTIVITIES

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Rental income from properties	430,926	-	74,449	-	505,375
	430,926	-	74,449	-	505,375

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Rental income from properties	343,187	-	109,991	-	453,178
	343,187	-	109,991	-	453,178

5 INVESTMENT INCOME

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Dividends receivable	428,584	87,947	136,835	57,303	710,669
Interest receivable	34	124	619	53	830
Rents receivable	81,471	-	-	-	81,471
	510,089	88,071	137,454	57,356	792,970

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Dividends receivable	350,529	84,315	136,755	105,433	677,032
Interest receivable	-	990	5,937	325	7,252
Rents receivable	41,073	-	-	-	41,073
	391,602	85,305	142,692	105,758	725,357

6 OTHER INCOME

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Gain on sale of properties	142,804	-	220,900	69,129	432,833
	142,804	-	220,900	69,129	432,833

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Gain on sale of properties	10,000	-	-	-	10,000
Sale of long lease	-	-	348,446	-	348,446
Furlough grant	162,145	-	-	-	162,145
	172,145	-	348,446	-	520,591

7 FUND RAISING COSTS

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Glebe agent's fees and repairs	11,615	-	-	-	11,615
Management fees of rentals	35,378	-	-	-	35,378
	46,993	-	-	-	46,993

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Glebe agent's fees and repairs	9,521	-	-	-	9,521
Management fees of rentals	26,870	-	-	-	26,870
	36,391	-	-	-	36,391

8 CHARITABLE ACTIVITIES

2021	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,912	-	-	-	184,912
National church responsibilities	144,663	-	-	-	144,663
Grants and provisions	(127,918)	-	-	-	(127,918)
Mission agency pension contributions	8,261	-	-	-	8,261
Retired clergy housing costs	67,886	-	-	-	67,886
	277,804	-	-	-	277,804
Resourcing ministry and mission					
Training for ministry	137,321	-	191,811	-	329,132
Parish ministry:					
Stipends and national insurance	2,681,889	-	-	-	2,681,889
Pension costs	689,683	-	-	-	689,683
Housing costs	713,331	31,637	1,821	-	746,789
Removal, resettlement & other grants	88,567	-	-	-	88,567
Other expenses	74,911	303	646,989	-	722,203
	4,385,702	31,940	840,621	-	5,258,263
Support for ministry and mission					
Lay and ordained ministry	828,134	74,673	154,500	-	1,057,307
Mission and Education	158,041	-	315	-	158,356
Strategic implement and resources	625,904	-	-	-	625,904
Social transformation	115,585	-	-	-	115,585
Governance	51,397	-	5,400	-	56,797
Other Diocesan Central Support	16,000	-	-	-	16,000
	1,795,061	74,673	160,215	-	2,029,949
	6,458,567	106,613	1,000,836	-	7,566,016

8 CHARITABLE ACTIVITIES (continued)

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,469	-	-	-	184,469
National church responsibilities	154,192	-	-	-	154,192
Grants and provisions	77,063	-	-	-	77,063
Mission agency pension contributions	6,919	-	-	-	6,919
Retired clergy housing costs	66,230	-	-	-	66,230
	488,873	-	-	-	488,873
Resourcing ministry and mission					
Training for ministry	-	-	282,991	-	282,991
Parish ministry:					-
Stipends and national insurance	2,821,151	-	238,428	-	3,059,580
Pension costs	629,020	-	-	-	629,020
Housing costs	691,862	(15,977)	-	-	675,885
Removal, resettlement & other grants	72,128	-	-	-	72,128
Other expenses	40,793	941	676,352	-	718,085
	4,254,954	(15,036)	1,197,771	-	5,437,689
Support for ministry and mission					
Lay and ordained ministry	840,249	15,823	189,920	-	1,045,992
Mission and Education	205,268	-	(87)	-	205,181
Strategic implement and resources	906,439	7,476	-	-	913,915
Social transformation	35,473	-	-	-	35,473
Governance	39,781	-	5,940	-	45,721
	2,027,210	23,299	195,773	-	2,246,282
	6,771,037	8,263	1,393,544	-	8,172,844

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2021	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2021
	£	£	£	£
Raising funds	46,993	-	-	46,993
Contributions to Archbishops' Council	-	277,804	-	277,804
Parish Ministry	5,203,931	54,332	-	5,258,263
Support for Ministry and Mission	1,902,250	-	93,587	1,995,837
Education	34,112	-	-	34,112
	7,187,286	332,136	93,587	7,613,009

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

	Undertaken Directly	Funding of Activities	Support Costs	TOTAL 2020
	£	£	£	£
Raising funds	36,391	-	-	36,391
Contributions to Archbishops' Council	-	488,873	-	488,873
Parish Ministry	5,383,357	54,332	-	5,437,689
Support for Ministry and Mission	1,964,530	-	76,571	2,041,101
Education	537,417	-	-	537,417
	7,921,695	543,205	76,571	8,541,471

10 ANALYSIS OF SUPPORT COSTS

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	51,397	-	5,400	-	56,797
	88,187	-	5,400	-	93,587

2020	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General	Designated			
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	39,781	-	-	-	39,781
	76,571	-	-	-	76,571

Auditors remuneration for the year was £15,840 (2020: £16,530) and the cost of operating lease rentals was £15,052 (2020: £16,902).

11 ANALYSIS OF GRANTS

2021	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	277,804	277,804
From unrestricted funds:				
Cathedral	1	-	16,000	16,000
Retired Lay Worker Pension Grant	1	2,043	-	2,043
Removal and resettlement grants	14	1,564	-	1,564
	16	3,607	16,000	19,607
	17	3,607	293,804	297,411

2020	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	488,873	488,873
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	2,020	-	2,020
Removal and resettlement grants	13	52,312	-	52,312
	14	54,332	-	54,332
	15	54,332	488,873	543,205

12 STAFF COSTS

Employee costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	1,055,388	1,291,818
National insurance contributions	105,709	125,079
Pension costs	180,320	202,608
	1,341,417	1,792,957

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

	2021 fte	2020 fte
Mission & Education	6.8	9.2
Lay & Ordained Ministry	5.5	5.9
Strategic Implementation & Resources	8.4	13.2
Safeguarding	3.4	2.2
Social Transformation	5.2	5.6
(of which 2.2 are externally funded)		
	29.3	36.1
Parochial Assistants	1.2	0.7
	30.5	36.8

12 STAFF COSTS (continued)

The average number of persons employed during the year:

	2021 no.	2020 no.
Mission & Education	7	10
Lay & Ordained Ministry	6	6
Strategic Implementation & Resources	9	13
Safeguarding	4	4
Social Transformation	7	7
	33	40
Parochial Assistants	2	1
	35	41

Included in the figures above are a small number of staff who work within the deaneries including the PA's to the Archdeacons, as well as those in central diocesan support roles. In addition, 3 members of staff are funded under the Strategic Development funds.

The staff team included above under Mission and Education are shared with the Winchester Diocesan Board of Finance (WDBF). Two thirds of the cost of this team are recharged to the WDBF based on the number of schools in

The finance team for the PDBF are also a shared team with WDBF. The costs of this team are charged from WDBF to PDBF on the basis of time spent providing support to each diocese. These staff are not reflected in the headcount above.

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

	2021	2020
£70,000 - £80,000	2	2

Pension payments of £27,383 (2020: £24,600) were made for these employees.

Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2021 they were:

Diocesan Secretary & Company Secretary	Victoria James
Director of Finance	Lisa Streeter (46%)
Deputy Diocesan Secretary	Jenny Hollingsworth
Head Lay and Ordained Ministry	Anthony Rustell
Head of Education	Jeff Williams (33%)
Head of Social Transformation	Nick Ralph (10%)

Remuneration, pensions and expenses for these 6 employees amounted to £281,841 (2020: £263,408).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £8,341 (2020: £11,663) in respect of General Synod duties, duties as Diocesan Secretary, Archdeacon or Area Dean, and other duties as Trustees. All those claiming are staff or clergy employed by the diocese.

12 STAFF COSTS (continued)

The following table gives details of the Trustees (including those elected in 2022) who were in receipt of a stipend and/or housing provided by the PDBF during the year:

	Stipend	Housing
The Archdeacon of the Meon (Collins)	Yes	Yes
The Archdeacon of Isle of Wight (Leonard)	Yes	Yes
The Archdeacon of the Meon (Rowley)	Yes	Yes
Chair of House of Clergy (Canon R C White)	Yes	Yes
The Rev Canon William Hughes	Yes	Yes
The Revd Dr Paul Chamberlain	Yes	Yes
The Revd Ian Snares	Yes	Yes
The Revd Paul Armstead	Yes	Yes
The Revd Richard England	Yes	Yes
The Revd James Hunt	Yes	Yes
The Revd Bruce Deans	Yes	Yes
The Revd Andrew Hargreaves	Yes	No
The Revd Canon Tom Kennnar	Yes	Yes
The Revd Sam Martell	Yes	Yes
The Revd Allie Kerr	Yes	Yes
The Revd Mark Williams	Yes	Yes

The PDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The PDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The PDBF paid an average of 85 (2020: 90) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021	2020
	£	£
Stipends	2,476,289	2,863,514
National insurance contributions	205,600	219,183
Pension costs - current year	525,683	626,700
- deficit reduction	164,000	307,000
	3,371,572	4,016,397

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

2021	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Portsmouth share of Interest earned by P&WCSG Fund	63	-	(63)	-
To charge the General Fund for the reduction in pension deficit provision	(164,000)	-	-	164,000
Redesignation of funds from Catherington Trust to CBIL fund	-	-	-	-
Redesignation of funds from car loan fund to CBIL fund	-	-	-	-
Redesignation of funds from diocesan loan fund to CBIL fund	-	-	-	-
Transfer from CBIL fund for CBIL loan repayments	33,333	(33,333)	-	-
Budgeted transfer to Lambeth Conference fund	(6,000)	6,000	-	-
Clergy conference costs net of budgeted transfer to conference fund	(8,500)	8,500	-	-
Redesignation of funds to the building repair fund	(315,000)	315,000	-	-
Transfer cost of education team activities	150,469	-	(150,469)	-
	(309,635)	296,167	(150,532)	164,000

Further details of the transfers are included in note 19.

2020	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Portsmouth share of Interest earned by P&WCSG Fund	1,513	-	(1,513)	-
To charge the General Fund for the reduction in pension deficit provision	(301,000)	-	-	301,000
Transfer from Catherington Trust for Spirituality Advisor	14,875	(14,875)	-	-
Budgeted transfer to Lambeth Conference fund	(1,064)	1,064	-	-
Clergy conference costs net of budgeted transfer to	(8,776)	8,776	-	-
Transfer of RME Fund deficit to general fund	(167,740)	-	167,740	-
	(462,192)	(5,035)	166,227	301,000

14 TANGIBLE FIXED ASSETS – Land and Buildings

	Freehold Land and Buildings £	Leasehold Buildings £	Computer Equipment	Total 2021 £
At Cost or Valuation				
At 1 January 2021	56,460,186	1,851,443	-	58,311,629
Additions	-	-	47,249	47,249
Disposals	(1,690,000)	-	-	(1,690,000)
Revaluation	3,209,792	-	-	3,209,792
At 31 December 2021	57,979,978	1,851,443	47,249	59,878,670
Accumulated depreciation				
At 1 January 2021	-	490,208	-	490,208
Charge for the year	-	36,790	1,312	38,102
At 31 December 2021	-	526,998	1,312	528,310
Net book value at 31 December 2021	57,979,978	1,324,445	45,937	59,350,360
Net book value at 31 December 2020	56,460,186	1,361,235	-	57,821,421

All of the properties in the balance sheet are freehold and are vested in the PDBF, except for benefice houses which are vested in the incumbent. All properties are held at market value and are subject to a five-year cycle of survey and consequent repairs are charged as expenditure. The Diocesan Office at Peninsular House is a leasehold property for which the premium is being amortised over 50 years. Just under half of the office space is sublet as it is not required for diocesan use. The carrying value of this property valued on a part functional, part investment basis would not be materially different from that quoted above.

15 FIXED ASSETS INVESTMENTS

	At 1st January 2021 (as amended)	Additions	Disposals	Change in Market Value	At 31st December 2021
	£	£	£	£	£
Unrestricted General Funds					
Unlisted investments	1,832,077	-	-	271,220	2,103,297
Designated Funds					
Unlisted investments	2,706,458	3,679	-	401,197	3,111,334
Restricted Funds					
Unlisted investments	4,835,981	60,622	-	701,114	5,597,717
Endowment Funds					
Unlisted investments	11,236,128	-	-	1,622,236	12,858,364
Investment Property	362,000	-	-	-	362,000
Investment Land	312,963	-	-	36,964	349,928
Total Funds	21,285,607	64,301	-	3,032,731	24,382,639

The balances at 1st January 2021 have been updated from those reported at 31 December 2020 as the split of investments did not correctly reflect the funds to which the investments were held. The overall fund balances remain unchanged.

16 DEBTORS

	2021	2020
	£	£
Loans to parishes	-	2,100
Parish share receivable	41,769	119,485
Prepayments and accrued income	354,372	232,786
Other debtors	574,885	670,778
	971,026	1,025,149

17 CREDITORS: amounts falling due within one year

	2021	2020
	£	£
Accruals	62,040	87,465
Other creditors	563,569	726,081
* P&WCSG Fund Creditors	1,852,018	1,868,601
Loan repayments	440,060	40,060
Deferred income	31,722	7,552
Tax and social security	31,523	-
Pension scheme liabilities:		
Clergy Pension Scheme	16,700	33,300
Lay pension scheme	1,900	-
	2,999,532	2,763,059

* The P&WCSG fund holds £1,891,125 (2020: £1,907,707) on deposit with CCLA and Barclays.

Deferred income relates to rental income received in advance and is fully released in the subsequent year.

18 CREDITORS: amounts falling due after more than one year

	2021	2020
	£	£
Loan repayment instalments due after more than one year		
1 - 2 years	**800,000**	800,000
2 -5 years	**766,667**	1,240,060
Pension scheme liabilities:		
Clergy Pension Scheme	**150,300**	299,700
Lay pension scheme	**17,100**	-
	1,734,067	2,339,760

19 SUMMARY OF FUND MOVEMENTS

2021	Balances at 1 January 2021	Income	Expenditure	Transfers	Gains and losses	**Balances at 31 December 2021**
	£	£	£	£	£	**£**
Unrestricted funds - General	16,149,415	6,660,348	(6,505,560)	(309,635)	1,101,889	**17,096,457**
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	34,545	-	-	-	5,241	**39,786**
Circus Charity Fund	2,262	-	-	-	306	**2,568**
Diocesan Conference Fund	36,812	17	-	8,500	-	**45,329**
Car Loan Fund	295,543	9,260	-	(347,544)	42,741	**-**
Diocesan Loan Fund	649,412	13,179	-	(369,610)	76,629	**369,610**
Parsonages Repairs Fund	330,284	19,034	(31,584)	-	63,254	**380,988**
CME Fund	144,093	8	-	-	-	**144,101**
Valpy Bequest	32,525	-	-	-	4,934	**37,459**
Winterbotham Legacy	138,146	5,177	-	-	22,391	**165,715**
Office Repair Fund	108,414	1,663	-	-	8,052	**118,130**
Mission Fund	496,818	4	(75,029)	-	-	**421,793**
Lambeth Conference Fund	12,715	-	-	6,000	-	**18,715**
Evangelism Fund	1,495	-	-	-	-	**1,495**
Building Repair Fund	80,494	-	-	315,000	-	**395,494**
Catherington House Fund	1,221,198	39,730	-	(700,000)	177,648	**738,575**
Sustainability Fund	600,000	490,000	-	-	-	**1,090,000**
CBIL repayment fund	-	-	-	1,383,821	-	**1,383,821**
	4,184,756	578,071	(106,613)	296,167	401,197	**5,353,578**

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	**Balances at 31 December 2021 £**
Restricted funds						
Barclay Bequest	6,748	151	-	-	734	**7,633**
Ben Aug Fund	100,991	-	-	-	15,321	**116,312**
Bishop's Lent Appeal	13,571	6,551	-	-	-	**20,122**
Christian Healing Fund	247	-	-	-	-	**247**
Harrision Parochial Loan Fund	18,274	40	-	-	-	**18,314**
Huckstepp Legacy	121,298	-	-	-	17,073	**138,371**
James Legacy	22,332	-	-	-	3,189	**25,521**
New Churches Fund	1,218,400	41,751	(154,500)	-	193,032	**1,298,683**
Turret House Fund	110,459	3,230	-	-	16,017	**129,706**
Surrexit Fund	5,195	-	-	-	-	**5,195**
Strategic Development	(45,956)	636,047	(636,047)	-	-	**(45,956)**
Pastoral Fund	2,110,075	66,850	(15,061)	-	245,293	**2,407,157**
P&WCSGF	39,107	379	(316)	(63)	-	**39,107**
Corban Fund	42,526	1,206	-	-	5,905	**49,637**
Eckersley Clergy families	413,401	10,850	(1,400)	-	53,067	**475,918**
Education Restricted	1,367,160	310,376	(1,701)	(150,469)	151,483	**1,676,849**
Resourcing Ministerial Education	-	191,811	(191,811)	-	-	**-**
	5,543,827	1,269,242	(1,000,836)	(150,532)	701,114	**6,362,815**
Expendable Endowment funds						
Parsonage Houses	39,512,514	69,129	-	-	2,295,822	**41,877,465**
Education Endowment	1,666,032	57,356	-	-	119,693	**1,843,082**
Permanent Endowment funds	-					
Stipends Capital Fund	8,313,947	-	-	164,000	1,161,227	**9,639,174**
Bells Loan Fund	461,098	-	-	-	60,890	**521,987**
Boyd Richardson Trust	176,127	-	-	-	26,721	**202,848**
Constance Trust	32,993	-	-	-	5,004	**37,997**
Cowes St M Ben Aug	1,026	-	-	-	139	**1,165**
Diocesan House Trust	241,027	-	-	-	36,332	**277,359**
Fawdry Bequest	41,445	-	-	-	5,918	**47,363**
Glebe Fund	1,141,334	-	-	-	105,660	**1,246,994**
Glebe Property	2,888,889	-	-	-	99,265	**2,988,154**
Glebe House Cottage Trust	4,741	-	-	-	676	**5,417**
Hayling St M Curacy End	1,337	-	-	-	181	**1,518**
Lambert Loan Fund	185,466	-	-	-	20,894	**206,360**
Glebe Capital	40,137	-	-	-	80,900	**121,037**
	54,708,113	126,485	-	164,000	4,019,322	**59,017,920**
Total Funds	80,586,110	8,634,146	(7,613,009)	-	6,223,523	**87,830,770**

The transfers made between funds take into account the gains and losses generated on the funds throughout the year, based on the underlying assets held in the funds.

19 SUMMARY OF FUND MOVEMENTS (continued)

2020	Balances at 1 January 2020	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2020
	£	£	£	£	£	£
Unrestricted funds - General	16,420,209	7,102,347	(7,139,663)	(462,192)	228,714	16,149,415
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	32,191	-	-	-	2,354	34,545
Circus Charity Fund	2,125	-	-	-	137	2,262
Diocesan Conference Fund	27,901	135	-	8,776	-	36,812
Car Loan Fund	264,447	9,025	-	-	22,071	295,543
Diocesan Loan Fund	562,511	13,086	-	-	73,815	649,412
Parsonages Repairs Fund	346,201	17,989	(30,041)	-	(3,865)	330,284
CME Fund	144,027	66	-	-	-	144,093
Valpy Bequest	30,308	-	-	-	2,217	32,525
Winterbotham Legacy	126,692	4,930	-	-	6,524	138,146
Office Repair Fund	103,044	1,753	-	-	3,617	108,414
Mission Fund	521,026	32	(24,240)	-	-	496,818
Lambeth Conference Fund	11,651	-	-	1,064	-	12,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	34,476	-	46,018	-	-	80,494
Catherington House Fund	1,129,451	38,290	-	(14,875)	68,332	1,221,198
Sustainability Fund	-	600,000	-	-	-	600,000
	3,337,546	685,306	(8,263)	(5,035)	175,202	4,184,756
Restricted funds						
Barclay Bequest	6,266	152	-	-	330	6,748
Ben Aug Fund	94,108	-	-	-	6,883	100,991
Bishop's Lent Appeal	6,740	6,831	-	-	-	13,571
Christian Healing Fund	246	1	-	-	-	247
Harrision Parochial Loan Fund	18,133	141	-	-	-	18,274
Huckstepp Legacy	123,848	-	-	-	(2,550)	121,298
James Legacy	20,899	-	-	-	1,433	22,332
New Churches Fund	1,265,453	39,273	(156,952)	-	70,626	1,218,400
Turret House Fund	100,366	3,032	-	-	7,061	110,459
Surrexit Fund	10,011	16	(4,832)	-	-	5,195
Strategic Development	(95,456)	1,053,534	(1,004,034)	-	-	(45,956)
Pastoral Fund	2,015,294	65,194	(12,020)	-	41,607	2,110,075
P&WCSGF	39,107	4,646	(3,133)	(1,513)	-	39,107
Corban Fund	39,013	1,178	-	-	2,335	42,526
Eckersley Clergy families	380,141	10,670	(1,250)	-	23,839	413,401
Education Restricted	879,807	481,256	2,030	-	4,067	1,367,160
Resourcing Ministerial Education	(167,740)	213,353	(213,353)	167,740	-	-
Transformation Capacity Funding						
	4,736,236	1,879,277	(1,393,544)	166,227	155,631	5,543,827

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2020 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2020 £
Expendable Endowment funds						
Parsonage Houses	38,998,905	-	-	-	513,609	39,512,514
Education Endowment	1,591,409	46,411	-	-	28,212	1,666,032
Permanent Endowment funds						-
Stipends Capital Fund	7,579,219	-	-	301,000	433,728	8,313,947
Bells Loan Fund	404,486	11,084	-	-	45,528	461,098
Boyd Richardson Trust	164,124	-	-	-	12,003	176,127
Constance Trust	30,744	-	-	-	2,249	32,993
Cowes St M Ben Aug	964	-	-	-	62	1,026
Diocesan House Trust	227,641	-	-	-	13,386	241,027
Fawdry Bequest	38,786	-	-	-	2,659	41,445
Glebe Fund	1,079,096	40,093	-	-	22,145	1,141,334
Glebe Property	2,599,458	-	-	-	289,431	2,888,889
Glebe House Cottage Trust	4,438	-	-	-	304	4,742
Hayling St M Curacy End	1,256	-	-	-	81	1,337
Lambert Loan Fund	171,703	4,377	-	-	9,386	185,466
Glebe Capital	-	3,795	-	-	36,342	40,137
	52,892,229	105,759	-	301,000	1,409,125	54,708,114
Total Funds	77,386,220	9,772,689	(8,541,470)	-	1,968,672	80,586,111

20 SUMMARY OF ASSETS BY FUND

2021	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	**15,517,772**	**2,103,295**	**1,787,213**	**(2,311,822)**	**17,096,457**
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	41,690	(1,904)	-	39,786
Circus Charity Fund	-	2,433	135	-	2,568
Diocesan Conference Fund	-	-	45,328	-	45,328
Car Loan Fund	-	328,418	(328,417)	-	1
Diocesan Loan Fund	-	549,612	(180,002)	-	369,610
Parsonages Repair Fund	-	505,438	(124,450)	-	380,988
CME Fund	-	-	144,101	-	144,101
Valpy Bequest	-	39,251	(1,792)	-	37,459
Winterbotham Legacy	-	180,373	(14,660)	-	165,714
Office Repair Fund	-	64,053	54,077	-	118,130
Mission Fund	-	-	421,793	-	421,793
Lambeth Conference Fund	-	-	18,715	-	18,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	395,494	-	395,494
Catherington House Fund	-	1,400,067	(661,491)	-	738,576
Sustainability Fund	-	-	1,090,000	-	1,090,000
CBIL repayment fund	-	-	1,383,821	-	1,383,821
	-	3,111,335	2,242,244	-	5,353,578
Restricted funds					
Barclay Bequest	-	5,838	1,794	-	7,633
Ben Aug Fund	-	121,876	(5,564)	-	116,312
Bishop's Lent Appeal	-	-	20,121	-	20,121
Christian Healing Fund	-	-	247	-	247
Harrision Parochial Loan Fund	-	-	18,314	-	18,314
Huckstepp Legacy	-	136,530	1,841	-	138,371
James Legacy	-	25,368	154	-	25,522
New Churches Fund	-	1,555,912	(257,229)	-	1,298,683
Turret House Fund	-	129,180	526	-	129,705
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,944,408	462,750	-	2,407,157
P&WCSGF	-	-	1,891,125	(1,852,020)	39,105
Corban Trust	-	46,969	2,668	-	49,636
Eckersley Clergy families	-	422,140	53,781	-	475,920
Education Restricted	-	1,209,499	870,107	(402,756)	1,676,849
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	(45,956)	-	(45,956)
	-	5,597,718	3,019,873	(2,254,777)	6,362,815

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	41,570,288	-	307,177	-	41,877,465
Education Endowment	-	1,115,921	727,161	-	1,843,081
Permanent Endowment funds					
Stipends Capital Fund	-	9,231,470	574,704	(167,000)	9,639,174
Bells Loan Fund	-	457,884	64,104	-	521,988
Boyd Richardson Trust	-	212,555	(9,707)	-	202,848
Constance Trust	-	39,816	(1,818)	-	37,998
Cowes St M Ben Aug	-	1,104	61	-	1,165
Diocesan House Trust	-	289,212	(11,853)	-	277,359
Fawdry Bequest	-	47,078	285	-	47,363
Glebe Fund	-	1,335,064	(88,071)	-	1,246,994
Glebe Property	2,262,301	549,926	175,927	-	2,988,154
Glebe House Cottage Trust	-	5,378	39	-	5,417
Hayling St M Curacy End	-	1,438	80	-	1,518
Lambert Loan Fund	-	166,203	40,156	-	206,360
Glebe Capital	-	117,242	3,795	-	121,037
	43,832,588	13,570,290	1,782,042	(167,000)	59,017,920
Total Funds	59,350,360	24,382,639	8,831,370	(4,733,599)	87,830,770

20 SUMMARY OF ASSETS BY FUND (continued)

2020	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	15,496,955	1,832,076	1,291,812	(2,471,429)	16,971,106
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	36,449	(1,904)	-	34,545
Circus Charity Fund	-	2,126	136	-	2,262
Diocesan Conference Fund	-	-	36,812	-	36,812
Car Loan Fund	-	285,677	9,867	-	295,544
Diocesan Loan Fund	-	472,983	176,429	-	649,412
Parsonages Repair Fund	-	442,184	(111,900)	-	330,284
CME Fund	-	-	144,093	-	144,093
Transition Fund	-	-	-	-	-
Valpy Bequest	-	34,317	(1,791)	-	32,526
Winterbotham Legacy	-	154,303	(16,157)	-	138,146
Office Repair Fund	-	56,001	52,412	-	108,413
Mission Fund	-	-	496,818	-	496,818
Lambeth Conference Fund	-	-	12,715	-	12,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	80,494	-	80,494
Catherington House Fund	-	1,222,419	(1,222)	-	1,221,197
Sustainability fund	-	-	600,000	-	600,000
	-	2,706,459	1,478,297	-	4,184,756
Restricted funds					
Barclay Bequest	-	5,105	1,643	-	6,748
Ben Aug Fund	-	106,555	(5,564)	-	100,991
Bishop's Lent Appeal	-	-	13,318	253	13,571
Christian Healing Fund	-	-	247	-	247
Harrision Parochial Loan Fund	-	-	18,273	-	18,273
Huckstepp Legacy	-	119,457	1,841	-	121,298
James Legacy	-	22,179	153	-	22,332
New Churches Fund	-	1,327,574	(109,174)	-	1,218,400
Turret House Fund	-	109,934	524	-	110,458
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,677,027	433,048	-	2,110,075
P&WCSGF	-	-	1,907,707	(1,868,601)	39,106
Youth Development	-	-	-	-	-
Corban Trust	-	41,064	1,462	-	42,526
Eckersley Clergy families	-	369,071	44,330	-	413,401
Education Restricted	-	1,864,031	(94,114)	(402,757)	1,367,160
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	(18,671)	(27,284)	(45,955)
	-	5,641,997	2,200,218	(2,298,389)	5,543,826

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	40,124,466	-	(611,951)	-	44,116,961
Education Endowment	-	190,212	1,475,820	-	1,666,032
Permanent Endowment funds		-	-		-
Stipends Capital Fund	-	8,072,243	574,705	(333,000)	8,313,948
Bells Loan Fund	-	396,994	64,103	-	461,097
Boyd Richardson Trust	-	185,834	(9,706)	-	176,128
Constance Trust	-	34,811	(1,819)	-	32,992
Cowes St M Ben Aug	-	965	61	-	1,026
Diocesan House Trust	-	252,880	(11,853)	-	241,027
Fawdry Bequest	-	41,160	285	-	41,445
Glebe Fund	-	1,229,404	(88,071)	-	1,141,333
Glebe Property	2,200,000	512,962	175,927	-	3,359,459
Glebe House Cottage Trust	-	4,702	40	-	4,742
Hayling St M Curacy End	-	1,257	80	-	1,337
Lambert Loan Fund	-	145,309	40,157	-	185,466
Glebe Capital	-	36,342	3,796	-	40,138
	42,324,466	11,105,075	1,611,574	(333,000)	59,783,131
Total Funds	57,821,421	21,285,607	6,581,901	(5,102,818)	86,482,819

21 DESCRIPTION OF FUNDS

Fund	Purpose
Unrestricted funds - General	
FHP Capital Fund	Provision of clergy housing
Freehold Property	Housing other clergy
General Fund	DBF's revenue operations
Leasehold Property	Property for the charities own use

21 DESCRIPTION OF FUNDS (continued)

Unrestricted funds - Designated	
Brown, Doig, Silver Bequest	To offset DBF office costs
Building Repair Fund	Additional repair work on Diocesan properties
Car Loan Fund	Loans to DBF employees
Catherington House Fund	For work of the Diocesan Spirituality Adviser
Circus Charity Fund	For stipends
CME Fund	Continuing ministerial education
Coronavirus Business Interruption Loan Fund	For repayment of the CBIL loan
Diocesan Conference Fund	To offset cost of diocesan Clergy Conference
Diocesan Loan Fund	Loans to Parishes
Evangelism Fund	For evangelism within the diocese
Lambeth Conference Fund	To offset the next Lambeth conference costs
Mission Fund	For outward focussed mission activities
Office Repair Fund	Repair and maintenance of Office Equipment
Parsonages Repairs Fund	Repair and maintenance of parsonages
Sustainability Fund	To aid transition
Valpy Bequest	For stipends
Winterbotham Legacy	For DBF's own purposes
Restricted funds	
Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Corban Trust Fund	For Poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
Harrision Parochial Loan Fund	Loans to Parishes
Huckstepp Legacy	Support Ordinands
James Legacy	Support Ordinands
New Churches Fund	For 'new churches' buildings
P&WCSGF	Income from school governors' funds
Pastoral Fund	Management of money in accordance with the Pastoral Measure 1983
Resourcing Ministerial Education	Grants received to fund ordinand training
Strategic Development Fund	For activities specifically identified in the strategic plan
Surrexit Fund	For youth development
Turret House Fund	For church building projects
Expendable Endowment funds	
Parsonage Houses	Housing incumbents/priests in charge
Education Endowment	To fund education

21 DESCRIPTION OF FUNDS (continued)

	Original Capital	
Permanent Endowment funds	**£**	
Bells Loan Fund	14,563	Loans to parishes in Portsmouth Deanery
Boyd Richardson Trust	2,500	For DBF's own purposes
Constance Trust	500	To offset DBF office costs
Cowes St M Ben Aug	679	For stipend (Cowes:St Mary)
Diocesan House Trust	4,800	Upkeep of DBF offices & payment of staff
Fawdry Bequest	12,001	For clergy widows & DBF general purposes
Glebe Fund		Glebe funds held on deposit
Glebe Capital Fund		
Glebe House Cottage Trust	2,200	For DBF's own purposes
Glebe Property		Glebe held for investment and housing
Hayling St M Curacy Ed	630	For stipend (Hayling Island)
Lambert Loan Fund	21,300	Loans to clergy and PCCs
Stipends Capital Fund		For stipends

22 OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Operating leases payable:		
Within 1 year	15,053	16,690
In 1-5 years	26,247	25,460
	41,300	42,151

23 ANALYSIS OF CHANGES IN NET DEBT

	As at 1st January 2021	Cashflows	Other	As at 31st December 2021
	£	£	£	£
Cash and cash equivalents	5,556,752	2,303,592	-	7,860,344
Loans falling due within one year	(40,060)	-	(400,000)	(440,060)
Loans falling due after more than one year	(2,040,060)	73,393	400,000	(1,566,667)
TOTAL	3,476,632	2,376,985	-	5,853,617

The amounts shown as 'other' above represent the amount now due for repayment within one year on the CBIL loan.

24 PENSIONS

Portsmouth DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. 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.

24 PENSIONS (continued)

The membership figures that we hold as at December 2020 and December 2021 for Portsmouth DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2021	December 2020
Number of members at this Responsible Body	99	103

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 contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £689,683, 2020: £629,020), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £856,683 for 2021 (2020: £1,000,020).

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

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

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

24 PENSIONS (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021 £	2020 £
Balance sheet liability at 1 January	333,000	692,000
Deficit contribution paid	(165,000)	(307,000)
Interest cost (recognised in SoFA)	1,000	6,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(2,000)	(58,000)
Balance sheet liability at 31 December	167,000	333,000

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions 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 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1%
Price inflation	n/a	3.1%	2.8%
Increase to total pensionable payroll	-1.5%	1.6%	1.3%

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

Portsmouth DBF (DBS) participates in the Defined Benefits 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.

CWPF has two sections:

1. The defined benefits Scheme
2. The pension builder Scheme, which has two subsections
    a. A deferred annuity section known as Pension Builder Classic, and.
    b. A cash balance section known as Pension Builder 2014

24 PENSIONS (continued)

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £268,127, 2020: £106,081)

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,500 per year. In addition, deficit payments of £3,206 per year have been agreed for 7.0 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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.

	2021	2020
	£	£
Balance sheet liability at 1 January	-	-
Deficit contribution paid	(2,000)	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	21,000	-
Balance sheet liability at 31 December	19,000	-

24 PENSIONS (continued)

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions 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 2021	December 2020	December 2019
Discount rate	1.5%	0.0%	0.0%

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

Teachers' pension scheme (TPS)

The PDBF made contributions to the TPS on behalf of 3 employees who had previously been teachers. The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they ae able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2017 and full details are available on the Government website at: https://www.gov.uk/government/collections/teachers-pension-scheme

25 RELATED PARTY TRANSACTIONS

The Portsmouth Diocesan Council for Social Responsibility (PDCSR) is a separate charitable limited company. Staff engaged in the activities of PDCSR are employed by the PDBF and a contribution towards their staff costs was made by the PDCSR for £126,652 (2020: £102,732). The PDBF has also supported the work of the PDCSR for several years and in 2021 provided free use of office space, and IT Cloud functionality.

26 FUNDS HELD AS CUSTODIAN TRUSTEE

The PDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the PDBF does not control them. The financial assets held in this way may be summarised as follows:

	2021 £	2020 £
CBF Investment Fund income shares	6,432,222	5,603,830
CBF Investment Fund accumulation shares	809,396	80,455
CBF Property Fund income shares	829,543	743,779
CBF Global Equity Fund	314,910	271,003
CBF Fixed Interest Securities Fund Shares	625,672	669,323
CBF COIF Investments	196,901	210,659
Other unit trust units	17,490	15,127
UK Equity holdings	14,161	12,458
UK Gilt-edged stocks	79,320	79,320
Other Fixed interest stock	10,318	8,137
Foreign Equities	8,518	7,482
Deposits & Cash at Bank	1,484,759	1,755,219
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	10,820,430	9,454,011

PORTSMOUTH DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249256

Accounts

Live | Pray | Serve

Diocese of Portsmouth

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number - 226466

Registered charity number – 249256

Seeking to grow in depth, impact, and number across the Diocese of Portsmouth.

A large print version is available on request from Jane Dobbs

Email: jane.dobbs@portsmouth.anglican.org

TABLE OF CONTENTS

TABLE OF CONTENTS **2**

Foreword **3**

Legal Objects **4**

Strategic Aims **4**

Activities & Achievements for the Year **5**

Future Plans **7**

Financial Review **8**

Principal Risks & Uncertainties **10**

Structure & Governance **11**

Trustees' Responsibilities **15**

Administrative Details **16**

Independent Auditors Report **18**

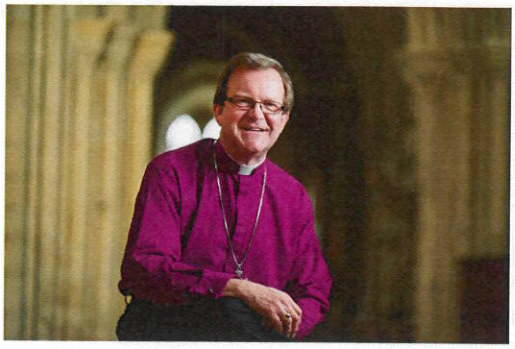
Statement of Financial Activities **21**

Balance Sheet **22**

Cashflow Statement **23**

Notes to the Financial Statements **24**

Foreword



2020 was my last full year as Bishop and a very challenging one for every parish and congregation across the diocese. Over nine months of lockdowns and restrictions had a very significant impact on people, on use of buildings, on our activities, and our finances. The resilience and commitment of so many colleagues, lay and ordained, voluntary, salaried, or stipendiary, in parishes and in our diocesan support teams has been remarkable. I thank everyone for their flexibility, innovation, and sheer hard work in times of change and challenge.

The challenge of sustaining and reshaping ministry and mission continue to be a priority both locally and for the diocese. Change is inevitably costly, for colleagues individually as we adapt to changing circumstances, and for the diocese as a whole as we seek to bring spending into line with reduced income. The pandemic has accelerated what anyway was required.

Parishes in the diocese were hugely supportive in maintaining parish share payments as fully as possible in 2020. I and we are deeply appreciative of this commitment. Although income fell significantly, as these accounts show, the parish share payments enabled us, with cash flow aided by a £2m Coronavirus Business Interruption Loan and some furlough support to maintain our responsibilities for stipend and salary payments for long enough to begin necessary spending savings.

The year has tested us all and I congratulate all those who have worked with such skill, assisting the Bishop's Council and Diocesan Synod to make informed and timely decisions. As I step back as Bishop and Chair of the Board of Finance I do so with gratitude to all governance and executive colleagues, leaving a diocese addressing nimbly and with clarity a further year of Covid-related challenge.

In commending this Report and Accounts for 2020 I assure the Diocese of my admiration, affection and prayers.

Best wishes.

+ Christopher

The Rt Revd Christopher Foster
Bishop of Portsmouth

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020. The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors. This combined report satisfies the legal requirements for:

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

Legal Objects

The Portsmouth Diocesan Board of Finance ("PDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Portsmouth by acting as the financial executive of the Portsmouth Diocesan Synod. The Diocese of Portsmouth covers principally South East Hampshire and the Isle of Wight.

Strategic Aims

Our vision to ***Live|Pray|Serve*** so that we: -

- Live the Good News of God in Jesus Christ
- Pray on our own and in community to know God's will, and to
- Serve the people among whom we live and work.

Our purpose is to grow in depth, impact and number so that more people love the Lord their God with all their heart, mind, soul and strength, more people love their neighbour as themselves; and more people join us in going out to make new disciples and to make disciples of all nations.
Our purpose is to grow in depth, impact and number:

1. **Depth** - Our vision is that everyone will be able to:
   a. Explore and grow in fellowship and discipleship
   b. Explore their own sense of vocation and calling
   c. Work out what good Stewardship looks like in their life and in the life of their parish and community

   As we grow in depth we will see people living a personal and collective rhythm of life which truly shapes who we are and how we live our lives.

2. **Impact** - Our vision is that God's love may be evident in all that we do in loving our neighbours, in every place.
   In growing in impact, we will see churches as the focal point around community unity, harmony and reconciliation with churches repurposed in ways to support their community. Churches will be playing a central and trasnformative role in our communities in relation to matters of social justice and the environment.

3. **Number** - Our vision is for all churches and styles of church to be thriving throughout the Diocese. We want the Diocese to have an increasing number of new disciples each year, and for regular attendance in church to be rising. In doing so people will feel able to speak about their faith with vibrancy and joy.

Our values determine how we go about fulfilling our vision. We seek to be: -

- **Courageous** – we are bold and obedient in our actions, willing to make costly decisions that we and others have shied away from in the past, and not just for the sake of those within our churches but for those who might never consider entering them.

- **Collaborative** – we strive through our structures but also through our attitude and approach to work together across parishes, deaneries, ecumenically and throughout the diocese, because we believe that we are one body with many parts all working in the service of God.

- **Generous** – we share our time, money and other resources with those who have least, being patient and supportive, as communities discover and offer their own gifts, consciously and prayerfully allowing our resources to follow what we believe God is asking us to do in mission.

- **Resourceful** – we will be good stewards who see that God gives us what is sufficient to do his work, who make the most of what we have, and who respond wholeheartedly to opportunities for mission when they arise.

- **Pioneering** – we follow the first disciples after Pentecost, considering with fresh and transformed eyes what God is asking us to do reach others with the good news of Christ, being creative, taking risks and sometimes failing, being willing to let go of the habits which hinder us, and all this in the spirit of trust in the resurrection.

We therefore look to Matthew 5:14-16, which speaks of a distinctive witness to the world, rooted in prayer and service. As Christians in Portsmouth Diocese, reflecting the light of Christ, like a beacon across land and sea, we seek to transform this place, on the mainland and on our islands, as we respond and serve faithfully in this particular context.

Activities & Achievements for the Year

2020 was a year in which everyone's life was turned upside down, as a consequence of the Covid-19 pandemic. The PDBF and those it serves faced a diverse range of significant challenges like so many organisations during this time. The restrictions imposed due to the Coronavirus saw church buildings close, schools moving to home learning and staff working from home. Life in many spheres therefore moved online. As an organisation, we called upon our diocesan values needing to be courageous, collaborative, generous, resourceful, and pioneering as we adapted to new ways of working as we sought to support those in our parishes, schools, and communities.

In responding to the immediate impact of the pandemic, important steps were taken to address the resulting financial challenge and to counter the projected under collection of parish share during 2020. These immediate and short-term actions included: -

1. Use of the government furlough scheme within the DBF staff team. This scheme was used from April 2020 through to November 2020.
2. Some other members of staff taking voluntary salary sacrifices or reduced hours during the same period as the furlough scheme was in use.
3. Clergy cost of living rises and the travel allowance for those clergy based on the Isle of Wight were suspended for 2020.
4. For parish and DBF appointments a presumptive pause was introduced in 2020 meaning vacancies were not refilled automatically.
5. Activities and their related expenditures were reduced wherever possible.

While these steps supported in the short term, more medium to long term solutions were needed. The first step was a restructure of the DBF staff which included 5 redundancies, 7 hours reductions (equivalent to 2FTEs) as well as 3 full times posts which became vacant and were not recruited to. In addition to this, workflows were also reviewed which resulted in changes in job descriptions for all remaining staff and there were some changes in line management as the team was structured into new teams as follows: -

- Strategic Implementation and Resources
- Mission and Education

- Social Transformation
- Lay and Ordained Ministry

In a year of great challenge and significant change, much was nevertheless achieved in terms of fulfilling our vision to *Live|Pray|Serve* and further our purpose to grow in depth, impact and number.

A significant achievement in 2020 was the continued development of our Live|Pray|Serve vision and our purpose to grow in depth, impact and number. This involved work with our various stakeholder groups discussing not only our vision and purpose. Importantly in the conversations as to how we are to implement our vision and fulfil our purpose, it emerged that we need 4 key elements: -

- Visionary leaders
- Teams on a mission
- Communities of kingdom building disciples
- Growth enabling structures.

More detail is provided in section 5

Having identified these four areas, conversations began in 2020 and are continuing in 2021 with deaneries and parishes as to how we will shape and resource our parishes moving forward to fulfil our Live|Pray|Serve vision. This planning is building on the 'Resourcing Growth' project where we developed a team approach to parish ministry and sought to progress this in Havant, Gosport and Newport, Isle of Wight. This approach was based on a mixture of planting new congregations, the provision of operational support, as well as developing pioneering and fresh expression work through both lay and ordained ministry and seeks to promote a mixed ecology of church. Through this we seek to reach those who are yet to engage with their local church. This approach is fundamental if we are to grow in depth, impact and number. After permission was granted by the Church Commissioners in 2019, the two pastoral schemes for Gosport and for Newport, Isle of Wight, came into effect in the autumn of 2019. Therefore, during 2020 we began the work of recruiting to and building these teams of lay and ordained roles in those areas which is an exciting and important achievement.

In readiness for further work in 2021 to ensure we have growth enabling structures, we undertook a full governance review. This has resulted in one new committee and an improved flow of information. This was primarily focused on more robust governance, especially in the area of finance (see section 8.2 for more detail). Another key part of this review has been a renewed approach to risk management, enabling the trustees to be better equipped to fulfil their duties in this area (see section 7) Communications work during 2020 has involved offering support for online worship and streaming as services moved online. Daily prayers coordinated by the communications team also became a routine part of life. Both elements of work supporting growth in depth across the diocese.

Our Education Team supported schools through the most challenging of times in education. Throughout the entire Lockdown and relaxation of rules, we continued supporting schools, which remained open for Key Worker's children and Vulnerable children. Our schools valued the weekly resources we provided, for use in school, and at home for children / families. These resources included Reflections, Worship ideas and materials and links to useful websites and organisations covering a range of pertinent and useful information on Mental Health, Well Being and Safeguarding. In other areas of work the education team adapted previous ways of working so that training for Governors, Senior Leaders, Headteachers and Subject Lead could become an online resource.

Through the work of the Lay & Ordained Ministry Team, training for clergy and laity continued online during 2020 as did the lay discipleship course. In addition to this around 36 lay and ordained people from across the diocese engaged in the pioneering parishes program.

Nine candidates were sent to BAP and nine were recommended for training, and four candidates were selected for LLM (Reader) training

Community groups came to the fore during the pandemic, seeking to serve those in greatest need. Churches offered support in a variety of ways including food banks and free school meal support. The

Urban Ministry Group have been active in supporting this outreach. Our chaplains have also been active across a variety of sectors in our dioceses, offering support during the pandemic. The DBF's partnership with CSR meant support continued through the Good Neighbours Network, serving the diocese but more widely in Hampshire also.

Future Plans

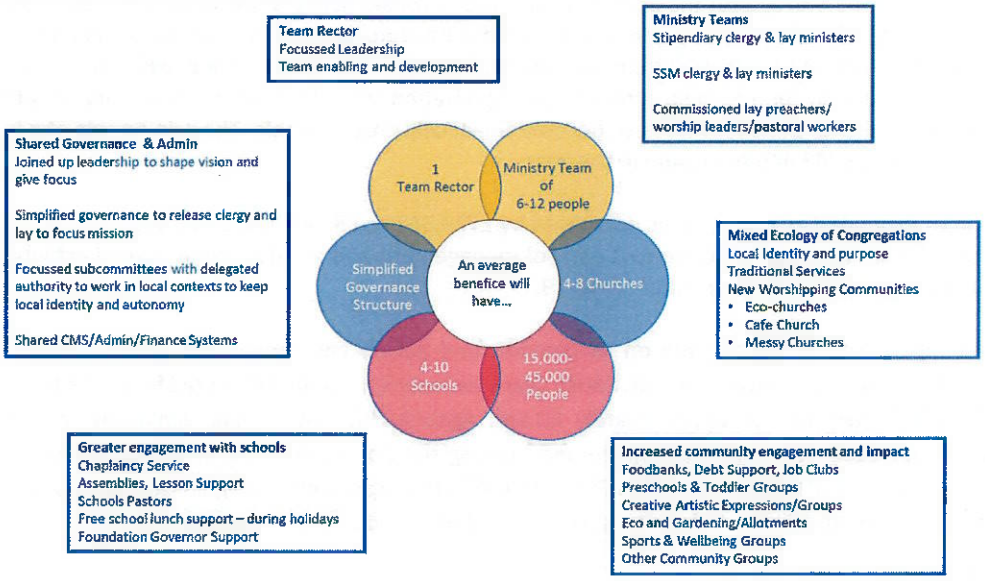
Diocesan Synod was reminded of our context in March 2021 and the position is stark:

1989	2019	Change
Population: 694,000	Population: 790,000	+14%
Attendees: 16,200	Attendees: 8,900	-45%
Clergy: 138	Clergy: 86	-38%
Parishes: 137	Parishes: 133	-3%
Church Buildings: 172	Church Buildings: 167	-3%
Clergy per 10,000 People: 2.0	Clergy per 10,000 People: 1.1	-45%

Future planning centres around achieving a thriving diocese under our Live|Pray|Serve vision and seeking to direct all resources more effectively to fulfilling our purpose to grow in depth impact and numbers. Work in 2021 and onwards over the next five years will focus on shaping and resourcing parishes in our diocese and the DBF for mission and growth.

To achieve this the Trustees have approved a scheme of work whereby we will: -

1. **Look to implement a team ministry model across the diocese**. With this approach it is anticipated that our benefices would look like this:



Within those teams we want people to be able to focus on key aspects of growth in depth, impact and number with people freed from administration wherever possible to further an enable mission.

To achieve this, we will look to develop lay and ordained vocations and seek to develop diverse teams with the skills needed to serve the local context. Teams will be made up of different roles to meaningfully serve the different contexts in our diocese.

2. Seek to develop the key elements identified in 2020. This will involve planning how we will: -
    a) Develop **visionary leaders**
    b) Build and support **teams on a mission**
    c) Develop and sustain **communities of kingdom building disciples**
    d) Achieve **growth enabling structures.**

3. Achieve **financial sustainability** – as well as the continual work to ensure the budgets and plans are mission and priority led, a key piece of work in 2021 will be a full review of the parish share system which will look at the principles on which the system is based so that it truly supports our purpose moving forward.

    Parish share is under strain and parishes indicating that it is not sustainable at current levels. This means that there needs to be significant action taken as a diocese. Despite the restructure of the DBF staff team in 2020 there remains a monthly cashflow challenge in 2021 onwards which could result in a deficit of £1.2m in 2021. Additional income received in 2020 to ease this position will not be repeated in future years. It is for this reason that action described above is essential so that as a diocese we can be structured for growth but in a way which is financially sustainable. Alongside this, work will be undertaken to increase income, but this cannot be the only approach when faced with a deficit of this size.

Financial Review

Financial Performance

Total income in 2020 for the diocese increased by £1,135,479 to £9,772,687 (2019: 8,637,208). Parish share contributions fell by £91,402 to £4,691,178 (2019 £4,782,580). This represented a fall in the recovery rate to 89.8% (2019: 93.4%) against the amount requested. A consequence of the impact of Covid-19 on parish finances. In line with the recovery rate, actual shortfall on contributions for 2020 stands at £531,000.
PDBF received a grant of £600,000 from Archbishops' Council Sustainability fund, which has been credited to a new designated fund to help fund the re-organisation work that will be necessary to address the significant number of parishes that have become financially unsustainable. The gain on sale of a long lease also contributed £348,446 to income in the year.

Resources expended across all funds decreased by £729,642 to £8,541,471 (2019: £9,271,113) as result of prompt decision making, extensive cost control management and a reduction in normal activities due to various lock downs and the impact of Covid-19.

PDBF budgets aims to break even on its general fund before any capital gains/losses. Covid-19 had a significant impact on finances this year. Parish share receipts fell significantly as did fees. The total negative impact from Covid-19 was approximately £0.8m. Against this PDBF made significant savings from a recruitment freeze, reducing expenditure and utilising the Coronavirus Job Retention Scheme. The net deficit on the general fund at only £37,317 (2019: £557,106) represents the significant work to reduce costs and to work with parishes to help them sustain their finances during this period.

Balance sheet position

The Trustees consider that the balance sheet, together with details in note 20, shows broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £80,586,110 (2019: £77,386,220) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £57,821,421 (2019: £57,029,468). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the PDBF.

Reserves policy

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold not more than 6 weeks' normal expenditure in cash or on deposit, this being around £900k. The year-end total for 2020 exceeded this at £2.8m. This was deliberate due to the uncertainty of the investment conditions at the time. Funds included proceeds from the CBIL loan of £2m drawn down in late 2020, £405k in relation to the ongoing Isle of Wight school's creditor and £1.9m held for the Portsmouth and Winchester Church schools restricted fund.

The free reserves, being the unrestricted general fund net of tangible assets totalled £2.9m (2019: £0.872m) which represented 6.7 months (2019: 2.0 months) of parish share requested. The Trustees aim to maintain between 3 and 6 months.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequately justified for their retention. A description of each reserve together with the intended use of the reserve is set out in note 21. The total value of designated funds at the end of 2020 increased by £0.8m to £4.1m (2019: £3.3m) with the establishment of the sustainability fund.

Restricted and endowment funds

As set out in note 20 PDBF also holds and administers a large number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £5.5m (2019: £4.7m) and endowment funds totalled £54.7m (2019: £52.9m). Neither are available for the general purposes of the PDBF.

Grant making policy

The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2020 is indicated in note 11.

Investment policy and report

In managing its investments, the PDBF continue to receive advice from its Investment Advisory Group (IAG), and the fund managers, CCLA Investment Management. The level of cash being held is kept under constant scrutiny as, despite the continuing low level of inflation, interest rates have also remained very low such that the investment income relied upon for the underpinning of the mission work of the Diocese can only be achieved through an active investment strategy that delivers real growth in total return. The IAG continue to encourage a similar approach in relation to parish funds and members of the group continue to engage with parishes to provide support and guidance in this important area.

The investment policy of the IAG as set out in the terms of reference for this group are:

a) Not more than 6 weeks normal expenditure is to be held in cash for routine purposes. This money (currently about £1m) is to be held in the CBF Deposit fund (or such other bank deposit account as may be deemed suitable by the Board from time to time). It being understood that the bank current account be maintained in credit.
b) The Diocesan Secretary following discussion with the IAG is authorised to switch investments managed by CCLA from time to time in order to achieve the Board's required total return.
c) Any fund managed by CCLA may be used for the Board`s investments, but no other types of investment may be used without the Board's prior approval.
d) The investment managers are to be instructed to achieve a yield of not less than 4% (taking into account the cash at a above), and a total return in line with the appropriate Benchmarks agreed by the Board annually.
e) This policy will be reviewed at least annually by the Board.

The income from financial investments in 2020 to £725,359 (2019: £778,634).

For the year ended 31 December 2020 the investment portfolio achieved an overall a total return of 7.9% (being the increase/decrease in market value plus the actual yield/income received) (2019: 16.9%)

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report. The global equity and investment funds outperformed the selected benchmark in for the year to varying degrees. The property fund outperformed the benchmark in the last quarter of 2020 only. The PDBF's investment strategy continues to be, to maintain a high level of income, and to concentrate on good quality companies and properties with long term growth potential. The property fund's performance fell below par at a total return of - 0.48% (2019: +2.76%). The global equity fund held and produced a total return of 22.69% (2019: 27.38%); whilst the investment fund resulted in a total return of +10.2% (2019: +22.41%). The % allocation of assets to funds was as follows:

	2020	2019
Investment fund	68%	67%
Property Fund	23%	25%
Global Equity Fund	9%	8%
	100%	100%

Principal Risks & Uncertainties

As this report has evidenced, the PDBF is fit for purpose: financially stable, proactive, and responsive to the needs of the Diocese and parishes and the assets and investments held by the PDBF are well managed and secure.

The size and age profile of worshipping communities and of ministers is a concern, with a high proportion in the upper age brackets. This has potentially far-reaching implications for the aims and objectives of both the PDBF and each PCC in the medium to long term. The future plans of the PDBF as outlined above are designed specifically to address and mitigate these key risks and uncertainties and in this way to continue to fulfil its charitable aims and objectives and thus serve God faithfully in this Diocese, by responding to his call to action and to fulfil the strategic objectives of the PDBF to grow in depth, impact and number.

Key risks and mitigating actions are as follows:

- **Transformation and journey of change** – the diocese is on a significant journey of change to enable us to become a truly thriving diocese fulfilling its purpose to grow in depth, impact and number. If this change is not achieved in a reasonable timeframe, then it will have a negative impact on the financial position of the PDBF. This in turn will have a negative impact upon mission and growth as further cuts in DBF provision will be needed as well as further reductions in clergy deployment. Work is ongoing with the Strategic Development Unit of the National Church with a view to submitting a bid for Strategic Transformation Funding, which could release significant external funding to support this change over an appropriate timeframe. The work associated with this transformation journey is a priority and all areas of work are supporting the process as a priority.

- **Governance** – the work of the diocese is dependent on good governance and decision making so committee membership is reviewed annually to ensure that decision making groups are appropriately skilled. Training is also provided at least at the start of each triennium but more frequently as the need arises. A review of governance structures was conducted in 2020 which will improve the flow of information, recommendations, and decisions through the governance structure and out to key stakeholders. This is particularly the case in relation to finance governance. Work will also continue as we seek to establish growth enabling structures.

To ensure compliance with law and regulation, training is provided for key members of staff as well as maintaining appropriate professional memberships.

- **Parish Share and other income streams:** 68% of the diocese's income is given by parishes through parish share. A reduction in payments could have a large impact on the diocese's ability to deliver mission. Through consultation and communication, the diocese looks to actively involve parishes in the financial and strategic decisions. Through its mission strategy, which links closely to its stewardship strategy, the diocese seeks to help parishes grow.

  Covid-19 has increased the risk of a fall in diocesan income received through parish share as parishes experience reduced rental and fundraising income and, in some cases, reduced giving. In 2020 parish share receipts dropped to 89%. Mitigation includes continued close monitoring of diocesan cash flows, pursuing other sources of finance and close communication with parishes to ensure accurate information is received in a timely fashion. The Stewardship Adviser is analysing the extent to which parishes were reliant on their reserves in 2020 and to what extent that will remain the case in 2021 as restrictions ese. The Stewardship Adviser also continues to support individual parishes, particularly where parish share is proving a challenge and as part of the ongoing stewardship strategy promotes the Parish Giving Scheme as the most resilient method of giving for churches as well as promoting the message of Christian generosity.

- **Appointments:** A diocese is critically dependent on the quality of leadership, discipleship and pastoral care of its clergy. A clear strategy, good levels of support and improving the quality of housing are also important to mitigating the risks around the ability to recruit appropriately. Promoting vocations and better training and support are also key mitigation strategies. The details outlined in section 5 are also key mitigation factors.

- **Specialist skills and knowledge:** the organisation relies on specialist knowledge in its staff team and these are skills which cannot be easily replaced on the open market. Mitigation includes providing a good working environment supported by effective HR where reasonable and achievable objectives are set within the context of a relational managerial approach. Our value of collaboration supports and encourages team working wherever possible and 'cross skilling' of team members. We are heavily reliant on IT systems so there is an operational risk that key IT systems fail, preventing key processes from being carried out. Mitigation includes on-going review of IT resilience and capacity, ensuring all staff have adequate hardware for their tasks.

- **Safeguarding:** The care of children and vulnerable adults remains very important to the diocese. The diocese invests in suitable trained officers and training and support of parishes and schools. The dioceses safeguarding procedures have previously been inspected by the national review panel which validated their high quality and work was undertaken to implement those recommendations. Systems are in place to ensure that all personnel are trained at the appropriate level for their roles and that this training is renewed regularly. We are undertaking a past cases review.

Structure & Governance

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprising ex-officio and elected representatives 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 leadership assisted by the governance functions of the Diocesan Synod. The Diocese of Portsmouth has seven deaneries, each with its own deanery 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 parish.

Organisational structure

The Portsmouth Diocesan Board of Finance is constituted under the provisions of the Diocesan Boards of Finance Measure 1925. It is a registered charitable company and has responsibility for conducting the financial affairs of the Diocese.

The Board of Directors is the main governing body of the charity. Its members are the Directors and Trustees. The Diocesan Synod, however, agrees the overall annual budget, including the overall level of parish contributions to be sought from parishes under the Parish Share system. The Directors also form the Bishop's Council (Standing Committee of the Diocesan Synod), the Diocesan Mission and Pastoral Committee, and the Diocesan Parsonages Board. These arrangements achieve the uniting of the Diocese's policy-setting and finance-controlling responsibilities. Membership comprises ex-officio members, clergy and lay members elected by their respective Diocesan Synod houses, and one member nominated by the Bishop. Bishop's Council is also supported by employed staff as appropriate (See section 12for further information)

Trustee recruitment, selection, and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Portsmouth are set by the Diocesan Synod, and the PDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared, and approved by the PDBF.

The Trustees, meeting within the context of the Bishop's Council and Standing Committee, normally hold eight meetings during the year to:

- plan the business of the synod, to prepare the agenda for its sessions, and to circulate to members, information about matters for discussion.
- initiate proposals for action by the synod and to advise it on matters of policy which are placed before it.
- advise the president on any matters which he may refer to the council.
- transact the business of the synod when it is not in session.
- undertake the responsibilities of the Diocesan Board of Finance

- undertake the responsibilities of the Diocesan Mission and Pastoral Committee (DMPC)
- to hold all boards and committees accountable for their work and to provide an annual report to synod of that work.
- to work with deanery standing committees on the communication of diocesan issues and the understanding of deanery issues.
- carry out such other functions as the Synod delegates to it.

After a governance review which was undertaken in 2020 there are updated terms of reference for existing committees and there is a renewed focus on how information flows through the structure to support the work of the Trustees more effectively. One outworking of the governance review was that the Bishop's Council would benefit from an additional committee within the area of finance governance. Therefore, the Diocesan Finance Executive Committee has been established which is a small group of people with finance and audit experience working with the Diocesan Secretary and Finance Director to work on the following areas in more detail: -

- budgets
- management accounts and cashflows
- annual report and accounts
- risk management
- impact of recommendations from the Investment Advisory Group in relation to the above.

With the introduction of the Diocesan Finance Executive Committee, the former Diocesan Finance Committee has been changed to become the Diocesan Deanery Finance Committee. This group still comprises representatives from each deanery and members of Bishop's Council. Its terms of reference have been revised to link with those of the Diocesan Finance Executive Committee and its key functions can be summarised as follows: -

a) Carry out detailed monitoring and evaluation of parish share contributions.
b) Agree the approach to individual parish share arrears with the Diocesan Stewardship Adviser (including the Viability Focus Process).
c) Communicate financial matters to Deanery Finance Committees and parishes.
d) Provide parish feedback into the Diocesan Finance Executive Committee.

In summary therefore, the Trustees are assisted in their work by several sub-committees and there is a flow of work through those group thus making effective recommendations to the trustees in Bishop's Council: -

- **Diocesan Deanery Finance Committee** reviews and reports on the finances of individual parishes and their ability to meet their parish share commitments.
- **Investment Advisory Group** provides advice (the sub-committee has no executive authority) on PDBF's investments and funds available for investment and the PDBF's overall investment strategy.
- **Property Sub Committee** reports to the Trustees; it oversees repairs to parsonages, glebe property, properties held for the charity's own use, and the disposal and purchase of property.
- **Diocesan Finance Executive Committee** scrutinises matters of financial management and governance and bring recommendations to Bishop's Council.
- **Diocesan Synod Agenda Group supports Bishop's Council** by planning the annual business of Synod for approval.
- **Lay Staff Remuneration and Conditions of Service Committee** meets annually to review the pay, conditions and policies affecting the lay members of staff employed by the DBF.

Delegation of day-to-day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and her colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the PDBF in accordance with the policies framed by the Trustees.

Related Parties

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. The PDBF currently receives annual grants from the Church Commissioners in the form of Lowest Income Community Funding and an annual grant from All Churches Trust. In 2020 the PDBF also received a one-off Sustainability Grant from the Church Commissioners to support with the financial challenge caused by the impact of the Coronavirus Pandemic and its associated restrictions.

Fundraising

The Diocese provides guidance to the parishes with regards to fundraising but does not engage in fundraising activities itself. Due regard is given to the Fundraising Code of Practice set by Fundraising Regulator when providing guidance to the parishes.

Remuneration of key management personnel

The Board operates a set salary scale and employees are placed on this with regard to benchmarking against comparable roles in other dioceses and the external employment market. The salary scale is reviewed each year by the Board with reference to cost-of-living movements in clergy and national church staff pay. This process is supported by the Lay Staff Conditions of Service Committee. Emoluments of higher-paid employees are determined in consultation between the Bishop of Portsmouth (as chair of the Board), the Chair of the Finance Committee and the Diocesan Secretary.

Funds held as Custodian Trustee

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them. They are segregated from the PDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £9.4m at 31 December 2020 (2019: £8.8m), are available from the PDBF on request, and are summarised in note 26. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the PDBF's solicitor, Messrs Brutton & Co

Funds held on behalf of schools

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education (which is not incorporated) receives contributions from governors of church schools within the Dioceses in connection with major repair and capital projects to church schools and government grants in connection with the same. The staff of the Board of Education (who are employees of the PDBF) administer these monies as managing agent and make appropriate payments to contractors for work carried out. The monies do not belong to the PDBF or the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2020 is £1,794,949 (2019: £950,922). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1,603,667 and £1,281,359 respectively in 2020 (2019: £1,388,513 and £1,786,792).

Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the PDBF and of the surplus or deficit of the PDBF for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently.
- observe methods and principles in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF 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 PDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the PDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

In all matters the Trustees complies with the Charity Governance Code which covers seven areas:

- Organisational purpose.
- Leadership.
- Integrity.
- Decision making, risk and control.
- Board effectiveness.
- Diversity.

Trustees confirm that they have referred and had due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

Statement of Disclosure to the Auditors

So far as the Trustees are aware:

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

Appointment of Auditors

The re-appointment of Haysmacintyre LLP as auditors to the PDBF will be proposed at the Annual General Meeting.

Administrative Details

Trustees

No Trustee had any beneficial interest in the company during 2020. The following are the Trustees who served at any time during 2020 up to the date of this report:

Ex-officio

Chair The Rt Revd Christopher Foster (The Lord Bishop of Portsmouth; *retired 24th April 2021*)
The Rt Rev Rob Wickham (Commissary Bishop of Portsmouth *from 1st May 2021*)

The Very Revd Dr Anthony Cane (Dean of Portsmouth Cathedral)
The Ven Peter Leonard (Archdeacon of the Isle of Wight)
The Ven Gavin Collins (Archdeacon of the Meon *resigned 21st January 2021*)
The Ven Jenny Rowley (Archdeacon of Portsdown) *(from 20th July 2020)*
The Revd Canon R C White (Chair of the House of Clergy)
Canon D Sutton (Chair of the House of Laity)
Mrs V James (Diocesan Secretary)

Bishop's Nominee

Mr Philip Poulter Chair of Finance Committee *(from 20.02.20)*
Canon J Gwynn Chair of Finance Committee *(resigned 20.01.20)*

Elected by:

Synod House of Clergy

The Revd P Armstead
The Revd Canon W Hughes (Acting Archdeacon of Meon *from 21st Jan 21*)
The Revd Dr P Chamberlain
The Revd I Snares
The Revd Richard England
The Revd M Bagg *(resigned 01.09.20)*
The Revd J Hunt

Synod House of Laity

Canon D Bennison
Mr N Chapman
Mrs M Crittenden
Miss E Davidson
Canon L Docherty
Mr M Emerton
Canon S Forster
Mrs D Henning-Vears (*from 14.4.21*)
Mrs I James
Mr A Jordan
Canon Dr H Mason
Mr Eugene Organ *(resigned 21.01.21)*
Canon H Spurgeon

Members in Attendance

Members of General Synod are also able to in attendance at meetings. Throughout 2020, 5 members are voting members of Council in either ex officio or elected capacities (The Ven Peter Leonard, The Ven Gavin Collins, Rev Canon R White, Canon Lucy Docherty, Mr M Emerton. Therefore, only 1 member of General Synod (Mrs Emily Bagg) is in attendance.

Senior staff and advisers

Diocesan Secretary	Victoria James
Director of Finance	Lisa Streeter
Head of Strategic Implementation and Resources & Deputy Diocesan Secretary	Jenny Hollingsworth
Head of Lay and Ordained Ministry	Anthony Rustell
Head of Mission and Education and Director of Education	Jeff Williams
Head of Social Transformation	Nick Ralph

Registered Office

Diocesan Office, 1st Floor, Peninsular House, Wharf Road, Portsmouth, PO2 8HB

Key Advisers and Agents

Bankers	Barclays PLC, PO Box 165, Crawley, RH10 1YX
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors	Messrs Brutton & Co, West End House, 288 West Street, Fareham, PO16 0AJ
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Advisers	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW

ON BEHALF OF THE TRUSTEES

The Right Revd Rob Wickham
Chairman
23rd June 2021

Victoria James
Diocesan Secretary
23rd June 2021

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE
For the year ended 31 December 2020

Opinion

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 Annual Report (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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.

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
[date] 17 September 2021

10 Queen Street Place
London
EC4R 1AG

PORTSMOUTH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

At 31 December 2020

	Note	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2020 £	Total funds 2019 £
Income and endowments from							
Donations							
Parish contributions	2a	4,691,178	-	-	-	4,691,178	4,782,580
Archbishops' Council	2b	462,479	600,000	1,266,887	-	2,329,366	1,396,495
Other donations	2c	147,750	-	6,830	-	154,580	192,601
Charitable activities	3	894,006	-	4,431	-	898,437	1,170,596
Other trading activities	4	343,187	-	109,991	-	453,178	316,302
Investments	5	391,602	85,305	142,692	105,758	725,357	778,634
Other	6	172,145	-	348,446	-	520,591	-
Total incoming resources		**7,102,347**	**685,305**	**1,879,277**	**105,758**	**9,772,687**	8,637,208
Expenditure on:							
Raising funds	7	36,391	-	-	-	36,391	33,252
Charitable activities	8	7,103,273	8,263	1,393,544	-	8,505,080	9,237,861
Total	9	**7,139,664**	**8,263**	**1,393,544**	-	**8,541,471**	9,271,113
Net income/(expenditure) before investment gains		**(37,317)**	**677,042**	**485,733**	**105,758**	**1,231,216**	**(633,905)**
Net gains/(losses)on investments	15	68,581	175,203	155,631	507,516	906,931	**2,236,646**
Net income/(expenditure)		**31,264**	**852,245**	**641,364**	**613,274**	**2,138,147**	1,602,741
Transfers between funds	13	**(462,192)**	**(5,035)**	**166,227**	**301,000**	-	-
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	14	160,134	-	-	843,609	1,003,743	625,129
Remeasurement of pension scheme provision		-	-	-	58,000	58,000	1,080,000
		160,134	-	-	**901,609**	**1,061,743**	1,705,129
Net movement in funds		**(270,794)**	**847,210**	**807,591**	**1,815,883**	**3,199,890**	**3,307,870**
Total funds at 1 January 2020		**16,420,209**	**3,337,546**	**4,736,236**	**52,892,229**	**77,386,220**	74,078,350
Total funds at 31 December 2020	20	**16,149,415**	**4,184,756**	**5,543,827**	**54,708,112**	**80,586,110**	77,386,220

The net surplus/(deficit) of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net incoming resources before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above. All incoming resources and resources expended derive from continuing activities.

The notes on pages 24 to 52 form part of the financial statements

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466
BALANCE SHEET
At 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible Fixed Assets	14		**57,821,421**		57,029,468
Investments	15		**21,285,607**		20,496,118
			79,107,028		77,525,586
CURRENT ASSETS					
Assets held for resale					
Debtors	16	**1,025,149**		542,551	
Cash on Deposit		**4,749,986**		1,323,571	
Cash at bank and in hand		**806,766**		768,856	
		6,581,901		2,634,978	
CREDITORS: amounts falling due within one year	17	**2,763,059**		2,071,424	
NET CURRENT ASSETS			**3,818,842**		563,554
Total assets less current liabilities			**82,925,870**		78,089,140
CREDITORS amounts falling due after more than one year	18		**2,339,760**		702,920
Pension scheme liabilities		**299,700**		622,800	
Loans and long-term provisions		**2,040,060**		80,120	
NET ASSETS			**80,586,110**		77,386,220
FUNDS					
Unrestricted income funds:					
General funds			**16,149,415**		16,420,209
Designated funds			**4,184,756**		3,337,546
			20,334,171		19,757,755
Restricted funds			**5,543,827**		4,736,236
Endowment funds			**54,708,112**		52,892,229
TOTAL FUNDS	20		**80,586,110**		77,386,220

Revaluation reserves of the following amounts are included within the above funds: endowment funds £9.7m (2019. £8.1m), restricted funds £1.5m (2019: £1.3m), designated funds £1.3m (2019: £1.2m), general funds £1.2m (2019: £1.2m).

The Notes on pages 24 to 52 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 23rd June 2021 and signed on behalf of the Board by:

The Right Revd Rob Wickham

PORTSMOUTH DIOCESAN BOARD OF FINANCE
Company No: 226466
CASHFLOW At 31 December 2020

	2020		2019	
	£	£	£	£
Net cash flow from operating activities		**(34,005)**		(1,583,299)
Cash flows from investing activities				
Dividends, interest and rent from investments	**665,025**		721,786	
Purchase of property and equipment	-		(1,036,280)	
Purchase of investments	**(7,511)**		-	
Sale of property and equipment	**695,591**		-	
Sale of investments	**185,285**		-	
Net cash provided by/ (used in) investing activities		**1,538,390**		(314,494)
Cash flows from financing activities				
Loans repaid to PDBF	-		(6,181)	
Loans repaid by PDBF	**(40,060)**		(40,637)	
Cash inflows from new borrowing	**2,000,000**			
Cash outflows from new lending				
Net cash used in financing		**1,959,940**		(46,818)
Change in cash and cash equivalents in the reporting period		**3,464,325**		(1,944,611)
Cash and cash equivalents at 1 January		**2,092,427**		4,037,038
Cash and cash equivalents at 31 December		**5,556,752**		2,092,427

1. ACCOUNTING POLICIES

Portsmouth DBF is a company limited by guarantee, incorporated in England and Wales, and is a Public Benefit Entity as defined by FRS102. The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The Trustees consider that there are no material uncertainties that could cast doubt on the charity's ability to continue as a going concern. After reviewing the charity's forecasts and projections, the Trustees have a reasonable expectation that the charity has adequate resources to continue as a going concern for the foreseeable future. The Trustees therefore continue to adopt the going concern basis in preparing this Annual Report and Financial Statements

The principal accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the PDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

i) **Parish Share** is recognised as income of the year in respect of which it is receivable.

ii) **Rent** receivable is recognised as income in the period with respect to which it relates.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

v) **Parochial fees** are recognised as income of the year to which they are receivable.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets for the PDBF's own use** (i.e., non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activities category.

i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.

iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) **Pension contributions.** The PDBF's staff are members of the Church Workers Pension Fund; either the Pension Builder or the Defined Benefit Schemes, and Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of the deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

Properties are accounted for at their fair value and are reviewed on a five-year cycle and revalued accordingly. Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The PDBF has a policy of regular structural inspection, 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 deteriorate or suffer from 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. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Parsonage houses

The PDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The PDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. This treatment is also applied to any property where the title will revert to the PCC in the event that it should no longer be required as a parsonage. Parsonage houses are revalued on a five-year cycle.

Property cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the property was brought into the current accounting system in 2007.

d) Depreciation on leasehold property

Depreciation is provided on leasehold properties over the lesser of 50 years or the life of the lease.

1. ACCOUNTING POLICIES (continued)

e) Other accounting policies

i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities. The single property held as an investment is revalued by the Diocesan surveyor on a five-year cycle alongside all other properties. Glebe land is valued at ten times the annual rental income.

ii) **Leases.** The PDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the lease term.

iii) **Financial instruments** are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. The charity only has financial assets and liabilities which qualify as basic financial instruments.

Financial assets and liabilities measured at amortised cost, which includes loans to parishes, parish share receivable and other debtors, bank loans and creditors, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest rate method.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 15.

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the PDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the PDBF. There are two types of unrestricted funds:
  - **General funds** which the PDBF intends to use for the general purposes of the PDBF and
  - **Designated funds** set aside out of unrestricted funds by the PDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the PDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the PDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

g) Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date,

and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Basis for non-depreciation of functional residential property
- Assumptions underpinning the clergy and church workers' pension scheme liabilities.

2 DONATIONS

2a Parish Contributions

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Parish share requested	5,213,405	-	-	-	5,213,405
Short fall/surplus against cash received	(725,923)				(725,923)
Payments received	4,487,482				4,487,482
Change in amounts receivable	203,696	-	-	-	203,696
Parish share receivable	4,691,178	-	-	-	4,691,178

2019

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
Parish share requested	5,119,475	-	-	-	5,119,475
Short fall/surplus against cash received	(145,984)				(145,984)
Payments received	4,973,491				4,973,491
Change in amounts receivable	(190,911)	-	-	-	(190,911)
Parish share receivable	4,782,580	-	-	-	4,782,580

The majority of donations are collected from the parishes of the diocese through the parish share system. Parish share payments received represented 89.9% (2019: 97.1%) of the amount requested.

2b Archbishops' Council

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Selective allocation	365,579	-	-	-	365,579
Parish mission development fund	96,900	-	-	-	96,900
CC grant for RME	-	-	213,353	-	213,353
Strategic Development Fund	-	-	1,053,534	-	1,053,534
Sustainability grant		600,000			600,000
	462,479	600,000	1,266,887	-	2,329,366

2019	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
Selective allocation	354,800	-	-	-	354,800
Parish mission development fund	101,162	-	-	-	101,162
CC grant for RME	-	-	160,228	-	160,228
Strategic Development Fund	-	-	780,305	-	780,305
	455,962	-	940,533	-	1,396,495

2c Other donations

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
All Churches Trust	92,500	-	-	-	92,500
Donations	33,181	-	6,830	-	40,011
Grants from trusts	22,069	-	-	-	22,069
	147,750	-	6,830	-	154,580

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
All Churches Trust	82,750	-	-	-	82,750
Donations	43,464	6,773	24,695	-	74,932
Grants from trusts	34,919	-	-	-	34,919
	161,133	6,773	24,695	-	192,601

3 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Statutory fees and chaplaincy income	224,359	-	-	-	224,359
Miscellaneous income	94,821	-	4,431	-	99,252
Section income:					
Lay & Ordained Ministry	1,519	-	-	-	1,519
Mission and Education	417,809	-	-	-	417,809
Strategic Implementation & Resources	46,034	-	-	-	46,034
Social Transformation	109,464	-	-	-	109,464
	894,006	-	4,431	-	898,437

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
Statutory fees and chaplaincy income	301,200	-	-	-	301,200
Miscellaneous income	206,347	1,060	4,301	-	211,708
Section income:					
Mission Discipleship and Ministry	4,205	-	-	-	4,205
Mission and Education	464,305	-	-	-	464,305
Mission and Resources	44,032	-	-	-	44,032
Mission and Society	145,146	-	-	-	145,146
	1,165,235	1,060	4,301	-	1,170,596

4 OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Rental income from properties	343,187	-	109,991	-	453,178
	343,187	-	109,991	-	453,178

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
Rental income from properties	316,302	-	-	-	316,302
	316,302	-	-	-	316,302

5 INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Dividends receivable	350,529	84,315	136,755	105,433	677,032
Interest receivable	-	990	5,937	325	7,252
Rents receivable	41,073	-	-	-	41,073
	391,602	85,305	142,692	105,758	725,357

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
Dividends receivable	363,512	94,030	166,070	92,432	716,044
Interest receivable	7,798	1,775	7,935	1,649	19,157
Rents receivable	43,433	-	-	-	43,433
	414,743	95,805	174,005	94,081	778,634

6 OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Gain on sale of properties	10,000	-	-	-	10,000
Sale of long lease	-	-	348,446	-	348,446
Furlough grant	162,145	-	-	-	162,145
	172,145	-	348,446	-	520,591

Other Income for 2019 was nil.

7 FUND RAISING COSTS

	Unrestricted funds		Restricted	Endow't	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Glebe agent's fees and repairs	9,521	-	-	-	9,521
Management fees of rentals	26,870	-	-	-	26,870
	36,391	-	-	-	36,391

	Unrestricted funds		Restricted	Endow't	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
Glebe agent's fees and repairs	11,376	-	-	-	11,376
Management fees of rentals	21,876	-	-	-	21,876
	33,252	-	-	-	33,252

8 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endow't	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,469	-	-	-	184,469
National church responsibilities	154,192	-	-	-	154,192
Grants and provisions	77,063	-	-	-	77,063
Mission agency pension contributions	6,919	-	-	-	6,919
Retired clergy housing costs	66,230	-	-	-	66,230
	488,873	-	-	-	488,873
Resourcing ministry and mission					
Training for ministry	-	-	282,991	-	282,991
Parish ministry:					
Stipends and national insurance	2,821,151	-	238,428	-	3,059,579
Pension costs	629,020	-	-	-	629,020
Housing costs	691,862	(15,977)	-	-	675,885
Removal, resettlement & other grants	72,128	-	-	-	72,128
Other expenses	40,793	941	676,352	-	718,086
	4,254,954	(15,036)	1,197,771	-	5,437,689
Support for ministry and mission					
Mission Discipleship and Ministry	840,249	15,823	189,920	-	1,045,992
Mission and Education	537,504	-	(87)	-	537,417
Mission and Resources	906,439	7,476	-	-	913,915
Mission and Society	35,473	-	-	-	35,473
Governance	39,781	-	5,940	-	45,721
Other Diocesan Central Support	-	-	-	-	-
	2,359,446	23,299	195,773	-	2,578,518
	7,103,273	8,263	1,393,544	-	8,505,080

	Unrestricted funds		Restricted	Endow't	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,471	-	-	-	184,471
National church responsibilities	146,679	-	-	-	146,679
Grants and provisions	15,641	-	-	-	15,641
Mission agency pension contributions	1,943	-	-	-	1,943
Retired clergy housing costs	63,076	-	-	-	63,076
	411,810	-	-	-	411,810
Resourcing ministry and mission					
Training for ministry	-	-	300,273	-	300,273
Parish ministry:					
Stipends and national insurance	2,946,462	-	-	-	2,946,462
Pension costs	721,972	-	-	-	721,972
Housing costs	985,097	134,447	-	-	1,119,544
Removal, resettlement & other grants	126,022	-	20,746	-	146,768
Other expenses	53,327	1,168	652,632	-	707,127
	4,832,880	135,615	973,651	-	5,942,146
Support for ministry and mission					
Mission Discipleship and Ministry	643,015	135,453	213,020	-	991,488
Mission and Education	770,879	-	(46,047)	-	724,832
Mission and Resources	795,168	6,360	-	-	801,528
Mission and Society	322,115	-	-	-	322,115
Governance	27,779	-	-	-	27,779
Other Diocesan Central Support	16,163	-	-	-	16,163
	2,575,119	141,813	166,973	-	2,883,905
	7,819,809	277,428	1,140,624	-	9,237,861

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	TOTAL 2020 £
Raising funds	36,391	-	-	36,391
Contributions to Archbishops' Council	-	488,873	-	488,873
Parish Ministry	5,383,357	54,332	-	5,437,689
Support for Ministry and Mission	1,964,530	-	76,571	2,041,101
Education	537,417	-	-	537,417
	7,921,695	543,205	76,571	8,541,471

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	TOTAL 2019 £
Raising funds	33,252	-	-	33,252
Contributions to Archbishops' Council	-	411,810	-	411,810
Parish Ministry	5,875,911	66,235	-	5,942,146
Support for Ministry and Mission	1,700,441	70,674	387,958	2,159,073
Education	724,832	-	-	724,832
	8,334,436	548,719	387,958	9,271,113

10 ANALYSIS OF SUPPORT COSTS

	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endow't funds £	Total funds 2020 £
Central administration	36,790	-	-	-	36,790
Governance	39,781	-	-	-	39,781
	76,571	-	-	-	76,571

	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endow't funds £	Total funds 2019 £
Central administration	360,179	-	-	-	360,179
Governance	27,779	-	-	-	27,779
	387,958	-	-	-	387,958

Auditors remuneration for the year was £16,530 (2019 £13,873), and the cost of operating lease rentals was £16,902 (2019 £5,932)

11 ANALYSIS OF GRANTS

2020	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	488,873	488,873
From unrestricted funds:				
Cathedral	-	-	-	-
Retired Lay Worker Pension Grant	1	2,020	-	2,020
Removal and resettlement grants	13	52,312	-	52,312
Mission Opportunity Fund parish grants	-	-	-	-
	14	54,332	-	54,332
From restricted funds for various purposes:				
Bishops Lent Appeal grants	-	-	-	-
	15	54,332	488,873	543,205

2019	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	411,810	411,810
From unrestricted funds:				
Cathedral	1	-	16,163	16,163
Retired Lay Worker Pension Grant	1	1,980	-	1,980
Removal and resettlement grants	19	64,255	-	64,255
Mission Opportunity Fund parish grants	10	-	34,440	34,440
	31	66,235	50,603	116,838
From restricted funds for various purposes:				
Bishops Lent Appeal grants	7	-	20,071	20,071
	39	66,235	482,484	548,719

12 STAFF COSTS

	2020 £	2019 £
Wages and salaries	1,291,818	1,443,067
National insurance contributions	125,079	142,224
Pension costs	202,608	207,666
	1,619,505	1,792,957

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

	2020 fte	2019 fte
Mission & Education	9.2	10.3
Lay & Ordained Ministry	5.9	7.6
Strategic Implementation & Resources	15.4	12.3
Social Transformation	5.6	5.6
(of which 2.2 are externally funded)		
	36.1	35.8
Parochial Assistants	0.7	3.0
	36.8	38.8

The average number of persons employed during the year:

	2020 no.	2019 no.
Mission & Education	10	10
Lay & Ordained Ministry	6	11
Strategic Implementation & Resources	17	12
Social Transformation	7	9
	40	42
Parochial Assistants	1	2
	41	44

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

	2020	2019
£70,000 - £80,000	2	1

Pension payments of £24,600 (2019: 15,268) were made for these employees.

Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2019 they were:

Diocesan Secretary & Company Secretary	Victoria James
Director of Finance	Lisa Streeter (40%)
Deputy Diocesan Secretary	Jenny Hollingsworth
Head of Mission and Discipleship	Revd Anthony Rustell
Head of Education	Jeff Williams (33%)
Head of Social Transformation	Nick Ralph (10%)

Remuneration, pensions and expenses for these 6 employees amounted to £263,408 (2019: £271,289).

12 STAFF COSTS (continued)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £11,663 (2019 - £16,260) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Archdeacon of the Meon (Collins)	Yes	Yes
The Archdeacon of Isle of Wight (Leonard)	Yes	Yes
The Archdeacon of the Meon (Rowley)	Yes	Yes
Chair of House of Clergy (Canon R C White)	Yes	Yes
The Revd Marcus Bagg	Yes	Yes
The Rev Canon William Hughes	Yes	Yes
The Revd Dr Paul Chamberlain	Yes	Yes
The Revd Ian Snares	Yes	Yes
The Revd Paul Armstead	Yes	Yes
The Revd Richard England	Yes	Yes
The Revd James Hunt	Yes	Yes

The PDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The PDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The PDBF paid an average of 98 (2019: 97) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipends	2,864	2,803
National insurance contributions	219	206
Pension costs - current year	627	682
- deficit reduction	307	297
	4,017	3,988

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	funds	funds
	£	£	£	£
Portsmouth share of Interest earned by P&WCSG Fund	1,513	-	(1,513)	-
To charge the General Fund for the reduction in pension deficit provision	(301,000)	-	-	301,000
Transfer from Catherington Trust for Spirituality Advisor	14,875	(14,875)		
Budgeted transfer to Lambeth Conference fund	(1,064)	1,064		
Clergy conference costs net of budgeted transfer to conference fund	(8,776)	8,776		
Transfer of RME Fund deficit to general fund	(167,740)		167,740	
	(462,192)	(5,035)	166,227	301,000

	Unrestricted funds		Restricted	Endowment
	General	Designated	funds	funds
	£	£	£	£
Budgeted transfer from the Education Restricted fund to support the activities of the education team	66,482	-	(66,482)	-
Transfer of prior year under-spends from Building Repair fund	74,392	(74,392)	-	-
Transfer from Education fund to support P&WCSGF operations following partial repayment of loan from WDBF	-	-	(35,000)	-
	-	-	35,000	-
Portsmouth share of Interest earned by P&WCSG Fund	36,836	-	(36,836)	-
To charge the General Fund for the reduction in pension deficit provision	(257,000)	-	-	257,000
To transfer part of the proceeds from the sale of Wickham glebe land for use on parsonage improvements as approved by Bishops Council		-	-	-
Budgeted transfer from Catherington Trust for Spirituality Advisor	39,270	(39,270)	-	-
Budgeted transfer to Office repair fund		-	-	-
Budgeted transfer to Lambeth Conference fund	(1,064)	1,064	-	-
Clergy conference costs net of budgeted transfer to conference fund	(8,776)	8,776	-	-
Transfer of income to general fund to offset relevant expenditure	172,098	(55,972)	(67,788)	(48,338)
Transfer of parsonage houses to the freehold property fund under the Pastoral reorganisation	2,255,000			(2,255,000)
	2,377,238	(159,794)	(171,106)	(2,046,338)

14 TANGIBLE FIXED ASSETS – Land and Buildings

	Freehold Land and Buildings £	Leasehold Buildings £	Total 2020 £
At Cost or Valuation			
At 1 January 2020	55,631,443	1,851,443	57,482,886
Disposals	(175,000)	-	(175,000)
Revaluation	1,003,743	-	1,003,743
At 31 December 2020	56,460,186	1,851,443	58,311,629
Accumulated depreciation			
At 1 January 2019	-	453,418	453,418
Charge for the year	-	36,790	36,790
At 31 December 2020	-	490,208	490,208
Net book value at 31 December 2020	56,460,186	1,361,235	57,821,421
Net book value at 31 December 2019	55,631,443	1,398,025	57,029,468

All of the properties in the balance sheet are freehold and are vested in the PDBF, except for benefice houses which are vested in the incumbent. All properties are held at market value and are subject to a five-year cycle of survey and consequent repairs are charged as expenditure. The Diocesan Office at Peninsular House is a leasehold property for which the premium is being amortised over 50 years. Just under half of the office space is sublet as it is not required for diocesan use. The carrying value of this property valued on a part functional, part investment basis would not be materially different from that quoted above.

15 FIXED ASSETS INVESTMENTS

	At 1st January 2020 £	Additions £	Disposals £	Change in Market Value £	At 31st December 2020 £
Unrestricted General Funds					
Unlisted investments	1,763,496	-	-	68,581	1,832,077
Designated Funds					
Unlisted investments	2,713,088	3,452	(185,285)	175,203	2,706,458
Restricted Funds					
Unlisted investments	4,615,959	64,391	-	155,631	4,835,981
Endowment Funds					
Unlisted investments	10,688,043	-	-	548,085	11,236,128
Investment Property	362,000		-	-	362,000
Investment Land	353,532			(40,569)	312,963
Total Funds	20,496,118	67,843	(185,285)	906,931	21,285,607

16 DEBTORS

	2020	2019
	£	£
Due within one year		
Loans to parishes	**2,100**	19,044
Parish share receivable	**119,485**	101,022
Prepayments and accrued income	**232,786**	272,059
Other debtors	**670,778**	141,471
	1,025,149	533,596
Due after one year		
Loans to parishes	-	8,955
	-	8,955
Total	**1,025,149**	542,551

17 CREDITORS: amounts falling due within one year

	2020	2019
	£	£
Accruals	**87,465**	227,674
Other creditors	**726,081**	699,192
* P&WCSG Fund Creditors	**1,868,601**	1,021,548
Loan repayments	**40,060**	40,060
Deferred income	**7,552**	13,750
Pension scheme liabilities:		
Clergy Pension Scheme	**33,300**	69,200
	2,763,059	2,071,424

18 CREDITORS: amounts falling due after more than one year

	2020	2019
	£	£
Loan repayment instalments due after more than one year		
1 - 2 years	**2,040,060**	40,060
2 -5 years	-	40,060
Pension scheme liabilities:		
Clergy Pension Scheme	**299,700**	622,800
	2,339,760	**702,920**

19 SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2020 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2020 £
Unrestricted funds - General	16,420,209	7,102,347	(7,139,664)	(462,192)	228,715	16,149,415
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	32,191	-	-	-	2,354	34,545
Circus Charity Fund	2,125	-	-	-	137	2,262
Diocesan Conference Fund	27,901	135	-	8,776	-	36,812
Car Loan Fund	264,447	9,025	-	-	22,071	295,543
Diocesan Loan Fund	562,511	13,086	-	-	73,815	649,412
Parsonages Repairs Fund	346,201	17,989	(30,041)	-	(3,865)	330,284
CME Fund	144,027	66	-	-	-	144,093
Valpy Bequest	30,308	-	-	-	2,217	32,525
Winterbotham Legacy	126,692	4,930	-	-	6,524	138,146
Office Repair Fund	103,044	1,753	-	-	3,617	108,414
Mission Fund	521,026	32	(24,240)	-	-	496,818
Lambeth Conference Fund	11,651	-	-	1,064	-	12,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	34,476	-	46,018	-	-	80,494
Catherington House Fund	1,129,451	38,290	-	(14,875)	68,332	1,221,198
Sustainability Fund	-	600,000	-	-	-	600,000
	3,337,546	685,306	(8,263)	(5,035)	175,202	4,184,756
Restricted funds						
Barclay Bequest	6,266	152	-	-	330	6,748
Ben Aug Fund	94,108	-	-	-	6,883	100,991
Bishop's Lent Appeal	6,740	6,831	-	-	-	13,571
Christian Healing Fund	246	1	-	-	-	247
Harrison Parochial Loan Fund	18,133	141	-	-	-	18,274
Huck Stepp Legacy	123,848	-	-	-	(2,550)	121,298
James Legacy	20,899	-	-	-	1,433	22,332
New Churches Fund	1,265,453	39,273	(156,952)	-	70,626	1,218,400
Turret House Fund	100,366	3,032	-	-	7,061	110,459
Surrexit Fund	10,011	16	(4,832)	-	-	5,195
Strategic Development	(95,456)	1,053,534	(1,004,034)	-	-	(45,956)
Pastoral Fund	2,015,294	65,194	(12,020)	-	41,607	2,110,075
P&WCSGF	39,107	4,646	(3,133)	(1,513)	-	39,107
Corban Fund	39,013	1,178	-	-	2,335	42,526
Eckersley Clergy families	380,141	10,670	(1,250)	-	23,839	413,400
Education Restricted	879,807	481,256	2,030	-	4,067	1,367,160
Resourcing Ministerial Education	(167,740)	213,353	(213,353)	167,740	-	0
Transformation Capacity Funding	-	-	-	-	-	-
	4,736,236	1,879,277	(1,393,544)	166,227	155,631	5,543,827

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2020 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2020 £
Expendable Endowment funds						
Parsonage Houses	38,998,905	-	-	-	513,609	39,512,514
Education Endowment	1,591,409	46,411	-	-	28,212	1,666,032
Permanent Endowment funds						
Stipends Capital Fund	7,579,219	-	-	301,000	433,728	8,313,947
Bells Loan Fund	404,486	11,084	-	-	45,528	461,098
Boyd Richardson Trust	164,124	-	-	-	12,003	176,127
Constance Trust	30,744	-	-	-	2,249	32,993
Cowes St M Ben Aug	964	(0)	-	-	62	1,026
Diocesan House Trust	227,641	(0)	-	-	13,386	241,027
Fawdry Bequest	38,786	-	-	-	2,659	41,445
Glebe Fund	1,079,096	40,093	-	-	22,145	1,141,334
Glebe Property	2,599,458	-	-	-	289,431	2,888,889
Glebe House Cottage Trust	4,438	(0)	-	-	304	4,741
Hayling St M Curacy End	1,256	(0)	-	-	81	1,337
Lambert Loan Fund	171,703	4,377	-	-	9,386	185,466
Glebe Capital	0	3,795	-	-	36,342	40,137
	52,892,229	105,758	-	301,000	1,409,125	54,708,112
Total Funds	77,386,220	9,772,687	(8,541,470)	(0)	1,968,673	80,586,110

19 SUMMARY OF FUND MOVEMENTS (continued)

2019

	Balances at 1 January 2019 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2019 £
Unrestricted funds - General						
General Fund	395,161	7,240,073	(7,804,437)	122,238	6,511	(40,454)
Leasehold Property	1,435,810	-	(37,785)	-	-	1,398,025
Freehold Property	11,301,679	-	-	2,255,000	95,129	13,651,808
FHP Capital Fund	1,240,405	55,882	(10,839)	-	125,382	1,410,830
Unrestricted funds - General	14,373,055	7,295,955	(7,853,061)	2,377,238	227,022	16,420,209
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	26,814	-	-	-	5,377	32,191
Circus Charity Fund	1,811	-	-	-	314	2,125
Diocesan Conference Fund	18,888	237	-	8,776	-	27,901
Car Loan Fund	229,328	9,385	-	(9,384)	35,118	264,447
Diocesan Loan Fund	458,032	18,415	-	(18,415)	104,479	562,511
Parsonages Repairs Fund	359,068	21,133	(29,305)	(21,132)	16,437	346,201
CME Fund	139,027	5,117	-	(117)	-	144,027
Valpy Bequest	25,245	-	-	-	5,063	30,308
Winterbotham Legacy	109,948	5,109	-	(5,109)	16,744	126,692
Office Repair Fund	100,082	2,875	(6,360)	(1,815)	8,262	103,044
Mission Fund	655,818	1,829	(136,621)	-	-	521,026
Lambeth Conference Fund	10,587	-	-	1,064	-	11,651
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	214,010	-	(105,142)	(74,392)	-	34,476
Catherington House Fund	980,046	39,538	-	(39,270)	149,137	1,129,451
	3,330,199	103,638	(277,428)	(159,794)	340,931	3,337,546
Restricted funds						
Barclay Bequest	5,362	151	-	-	753	6,266
Ben Aug Fund	78,388	-	-	-	15,720	94,108
Bishop's Lent Appeal	2,113	24,698	(20,071)	-	-	6,740
Christian Healing Fund	244	2	-	-	-	246
Harrison Parochial Loan Fund	17,911	222	-	-	-	18,133
Huck Stepp Legacy	121,674	-	-	-	2,174	123,848
James Legacy	17,627	-	-	-	3,272	20,899
New Churches Fund	1,061,606	38,808	-	-	165,039	1,265,453
Turret House Fund	82,086	2,859	-	-	15,421	100,366
Surrexit Fund	9,933	78	-	-	-	10,011
Strategic Development	(18,310)	780,305	(857,451)	-	-	(95,456)
Pastoral Fund	1,903,214	72,089	(8,201)	(67,788)	115,980	2,015,294
P&WCSGF	39,108	5,611	(3,776)	(1,836)	-	39,107
Youth Development	-	-	-	-	-	-
Corban Fund	33,115	975	-	-	4,923	39,013
Eckersley Clergy families	315,954	10,415	(675)	-	54,447	380,141
Education Restricted	825,007	47,093	49,823	(101,482)	59,366	879,807
Resourcing Ministerial Education	(27,695)	160,228	(300,273)	-	-	(167,740)
	4,467,337	1,143,534	(1,140,624)	(171,106)	437,095	4,736,236

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2019	Incoming resources	Outgoing resources	Transfers	Gains and losses	Balances at 31 December 2019
	£	£	£	£	£	£
Expendable Endowment funds						
Parsonage Houses	40,663,905	-	-	(2,255,000)	590,000	38,998,905
Education Endowment	1,477,166	29,805	-	-	84,438	1,591,409
Permanent Endowment funds						
Stipends Capital Fund	5,270,577	-	-	257,000	2,051,642	7,579,219
Bells Loan Fund	332,497	11,125	-	-	60,864	404,486
Boyd Richardson Trust	136,709	-	-	-	27,415	164,124
Constance Trust	25,609	-	-	-	5,135	30,744
Cowes St M Ben Aug	822	-	-	-	142	964
Diocesan House Trust	194,771	-	-	-	32,870	227,641
Fawdry Bequest	32,714	-	-	-	6,072	38,786
Glebe Fund	964,122	48,339	-	(48,338)	114,973	1,079,096
Glebe Property	2,658,598	-	-	-	(59,140)	2,599,458
Glebe House Cottage Trust	3,744	-	-	-	694	4,438
Hayling St M Curacy End	1,071	-	-	-	185	1,256
Lambert Loan Fund	145,454	4,812	-	-	21,437	171,703
	51,907,759	94,081	-	(2,046,338)	2,936,727	52,892,229
Total Funds	74,078,350	8,637,208	(9,271,113)	-	3,941,775	77,386,220

20 SUMMARY OF ASSETS BY FUND 2020

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	15,496,955	1,832,076	1,291,812	(2,471,429)	16,149,414
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	36,449	(1,904)	-	34,545
Circus Charity Fund	-	2,126	136	-	2,262
Diocesan Conference Fund	-	-	36,812	-	36,812
Car Loan Fund	-	285,677	9,867	-	295,544
Diocesan Loan Fund	-	472,983	176,429	-	649,412
Parsonages Repair Fund	-	442,184	(111,900)	-	330,284
CME Fund	-	-	144,093	-	144,093
Valpy Bequest	-	34,317	(1,791)	-	32,526
Winterbotham Legacy	-	154,303	(16,157)	-	138,146
Office Repair Fund	-	56,001	52,412	-	108,413
Mission Fund	-	-	496,818	-	496,818
Lambeth Conference Fund	-	-	12,715	-	12,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	80,494	-	80,494
Catherington House Fund	-	1,222,419	(1,222)	-	1,221,197
Sustainability Fund	-	-	600,000	-	600,000
	-	2,706,459	1,478,297	-	4,184,756
Restricted funds					
Barclay Bequest	-	5,105	1,643	-	6,748
Ben Aug Fund	-	106,555	(5,564)	-	100,991
Bishop's Lent Appeal	-	-	13,318	253	13,571
Christian Healing Fund	-	-	247	-	247
Harrison Parochial Loan Fund	-	-	18,273	-	18,273
Huck Stepp Legacy	-	119,457	1,841	-	121,298
James Legacy	-	22,179	153	-	22,332
New Churches Fund	-	1,327,574	(109,174)	-	1,218,400
Turret House Fund	-	109,934	524	-	110,458
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,677,027	433,048	-	2,110,075
P&WCSGF	-	-	1,907,707	(1,868,601)	39,106
Corban Trust	-	41,064	1,462	-	42,526
Eckersley Clergy families	-	369,071	44,330	-	413,401
Education Restricted	-	1,864,031	(94,114)	(402,757)	1,367,160
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	(18,671)	(27,284)	(45,955)
	-	5,641,997	2,200,218	(2,298,389)	5,543,826

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	40,124,466	-	(611,951)	-	39,512,515
Education Endowment	-	190,212	1,475,820	-	1,666,032
Permanent Endowment funds		-	-		
Stipends Capital Fund	-	8,072,243	574,705	(333,000)	8,313,948
Bells Loan Fund	-	396,994	64,103	-	461,097
Boyd Richardson Trust	-	185,834	(9,706)	-	176,128
Constance Trust	-	34,811	(1,819)	-	32,992
Cowes St M Ben Aug	-	965	61	-	1,026
Diocesan House Trust	-	252,880	(11,853)	-	241,027
Fawdry Bequest	-	41,160	285	-	41,445
Glebe Fund	-	1,229,404	(88,071)	-	1,141,333
Glebe Property	2,200,000	512,962	175,927	-	2,888,889
Glebe House Cottage Trust	-	4,702	40	-	4,742
Hayling St M Curacy End	-	1,257	80	-	1,337
Lambert Loan Fund	-	145,309	40,157	-	185,466
Glebe Capital	-	36,342	3,796	-	40,138
	42,324,466	11,105,075	1,611,574	(333,000)	54,708,115
Total Funds	57,821,421	21,285,607	6,581,901	(5,102,818)	80,586,111

20 SUMMARY OF ASSETS BY FUND (continued)

2019

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Unrestricted funds - General	15,548,611	1,763,496	(247,608)	(644,290)	16,420,209
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	34,094	(1,903)	-	32,191
Circus Charity Fund	-	1,989	136	-	2,125
Diocesan Conference Fund	-	-	27,901	-	27,901
Car Loan Fund	-	263,605	842	-	264,447
Diocesan Loan Fund	-	584,454	(21,943)	-	562,511
Parsonages Repair Fund	-	446,049	(99,848)	-	346,201
CME Fund	-	-	144,027	-	144,027
Transition Fund	-	-	-	-	-
Valpy Bequest	-	32,100	(1,792)	-	30,308
Winterbotham Legacy	-	144,328	(17,636)	-	126,692
Office Repair Fund	-	52,384	50,660	-	103,044
Mission Fund	-	-	521,026	-	521,026
Lambeth Conference Fund	-	-	11,651	-	11,651
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	34,476	-	34,476
Catherington House Fund		1,154,087	(24,636)	-	1,129,451
	-	2,713,090	624,456	-	3,337,546
Restricted funds					
Barclay Bequest	-	4,775	1,491	-	6,266
Ben Aug Fund	-	99,672	(5,564)	-	94,108
Bishop's Lent Appeal	-	-	6,740	-	6,740
Christian Healing Fund	-	-	246	-	246
Harrison Parochial Loan Fund	-	-	18,133	-	18,133
Huck Stepp Legacy	-	122,008	1,840	-	123,848
James Legacy	-	20,746	153	-	20,899
New Churches Fund	-	1,223,821	41,632	-	1,265,453
Turret House Fund	-	99,843	523	-	100,366
Surrexit Fund	-	-	10,011	-	10,011
Pastoral Fund	-	1,614,696	400,598	-	2,015,294
P&WCSGF	-	-	1,060,655	(1,021,548)	39,107
Youth Development	-	-	-	-	-
Corban Trust	-	31,216	7,797	-	39,013
Eckersley Clergy families	-	345,232	34,909	-	380,141
Education Restricted	-	1,053,949	242,364	(416,506)	879,807
Resourcing Ministerial Education	-	-	(167,740)	-	(167,740)
Strategic Development	-	-	(95,456)	-	(95,456)
	-	4,615,958	1,558,332	(1,438,054)	4,736,236

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	39,610,857	-	(611,952)	-	38,998,905
Education Endowment	-	968,015	623,394	-	1,591,409
Permanent Endowment funds					
Stipends Capital Fund	-	7,696,515	574,704	(692,000)	7,579,219
Bells Loan Fund	-	351,467	53,019	-	404,486
Boyd Richardson Trust	-	173,830	(9,706)	-	164,124
Constance Trust	-	32,562	(1,818)	-	30,744
Cowes St M Ben Aug	-	903	61	-	964
Diocesan House Trust	-	239,494	(11,853)	-	227,641
Fawdry Bequest	-	38,501	285	-	38,786
Glebe Fund	-	1,207,259	(128,163)	-	1,079,096
Glebe Property	1,870,000	553,530	175,928	-	2,599,458
Glebe House Cottage Trust	-	4,398	40	-	4,438
Hayling St M Curacy End	-	1,176	80	-	1,256
Lambert Loan Fund	-	135,924	35,779	-	171,703
	41,480,857	11,403,574	699,798	(692,000)	52,892,229
Total Funds	57,029,468	20,496,118	2,634,978	(2,774,344)	77,386,220

21 DESCRIPTION OF FUNDS

Unrestricted funds - General

General Fund	DBF's revenue operations
Leasehold Property	Property for the charities own use
Freehold Property	Housing other clergy
FHP Capital Fund	Provision of clergy housing

Unrestricted funds - Designated

Brown, Doig, Silver Bequest	To offset DBF office costs
Circus Charity Fund	For stipends
Diocesan Conference Fund	To offset cost of diocesan Clergy Conference
Car Loan Fund	Loans to DBF employees
Diocesan Loan Fund	Loans to Parishes
Parsonages Repairs Fund	Repair and maintenance of parsonages
Pastoral Fund	Management of money in accordance with the Pastoral Measure 1983
Ministerial Training	In service education and training
Transition Fund	Pension Support for clergy
Valpy Bequest	For stipends

Winterbotham Legacy	For DBF's own purposes
Office Repair Fund	Repair and maintenance of Office Equipment
Strategic Development Fund	For activities specifically identified in the strategic plan
Mission Fund	For outward focussed mission activities
Lambeth Conference Fund	To offset the next Lambeth conference costs
Evangelism Fund	For evangelism within the diocese
Building Repair Fund	Additional repair work on Diocesan properties
Catherington House Fund	For work of the Diocesan Spirituality Adviser
Sustainability Fund	To aid transition

Restricted funds

Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Harrison Parochial Loan Fund	Loans to Parishes
Huck Stepp Legacy	Support Ordinands
James Legacy	Support Ordinands
New Churches Fund	For 'new churches' buildings
Turret House Fund	For church building projects
Surrexit Fund	For youth development
P&WCSGF	Income from school governors' funds
Youth Development	For work with the young people of the diocese
Corban Trust Fund	For Poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
Resourcing Ministerial Education	Grants received to fund ordinand training

Expendable Endowment funds

Parsonage Houses	Housing incumbents/priests in charge

Permanent Endowment funds	Original Capital £	
Stipends Capital Fund		For stipends
Bells Loan Fund	14,563	Loans to parishes in Portsmouth Deanery
Boyd Richardson Trust	2,500	For DBF's own purposes
Constance Trust	500	To offset DBF office costs
Cowes St M Ben Aug	679	For stipend (Cowes's Mary)
Diocesan House Trust	4,800	Upkeep of DBF offices & payment of staff
Fawdry Bequest	12,001	For clergy widows & DBF general purposes
Glebe Fund		Glebe funds held on deposit
Glebe Property		Glebe held for investment and housing
Glebe House Cottage Trust	2,200	For DBF's own purposes
Hayling St M Curacy Ed	630	For stipend (Hayling Island)
Lambert Loan Fund	21,300	Loans to clergy and PCCs
Education Endowment		

22 CAPITAL COMMITMENTS & OPERATING LEASES

At 31 December 2020, the PDBF had capital expenditure commitments authorised but not contracted for of £NIL (2019 - £NIL) and contracted for but not yet due of £NIL (2019 - £NIL).

Total commitments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Operating leases payable:		
Within 1 year	16,690	16,690
In 1-5 years	25,460	42,149
	42,150	58,839

23 POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

24 PENSIONS

Portsmouth DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. 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 membership figures that we hold as at December 2019 and December 2020 for Portsmouth DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2020	December 2019
Number of members at this Responsible Body	103	110

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 contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020: £629,020, 2019: £721,972), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,000,020 for 2020 (2019: £2,138,972).

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

- An average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this).
- Increase in pensionable stipends of 3.4% p.a.

- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

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

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

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	692,000	2,029,000
Deficit contribution paid	-307,000	-297,000
Interest cost (recognised in SoFA)	6,000	40,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-58,000	-1,080,000
Balance sheet liability at 31 December	333,000	692,000

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

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

	December 2020	December 2019	December 2018

Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3% pa	1.6% pa

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

Portsmouth DBF (DBS) participates in the Defined Benefits 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.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £106,081, 2019: £297,000)

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £8,600 per year.

Teachers' pension scheme (TPS)

The PDBF made contributions to the TPS on behalf of 4 employees who had previously been teachers. The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they ae able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2017 and full details are available on the Government website at: https://www.gov.uk/government/collections/teachers-pension-scheme

25 RELATED PARTY TRANSACTIONS

The Portsmouth Diocesan Council for Social Responsibility (PDCSR) is a separate charitable limited company. Staff engaged in the activities of PDCSR are employed by the PDBF and a contribution towards their staff costs was made by the PDCSR for £102,732 (2019: £102,732). The PDBF has also supported the work of the PDCSR for several years and in 2020 provided free use of office space.

26 FUNDS HELD AS CUSTODIAN TRUSTEE

The PDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the PDBF does not control them. The financial assets held in this way may be summarised as follows:

	2020	2019
	£	£
CBF Investment Fund income shares	5,603,830	5,220,065
CBF Investment Fund accumulation shares	80,455	96,826
CBF Property Fund income shares	743,779	782,656
CBF Global Equity Fund	271,003	227,693
CBF Fixed Interest Securities Fund Shares	669,323	646,232
CBF COIF Investments	210,659	203,899
Other unit trust units	15,127	18,117
UK Equity holdings	12,458	11,769
UK Gilt-edged stocks	79,320	79,320
Other Fixed interest stock	8,137	8,137
Foreign Equities	7,482	7,368
Deposits & Cash at Bank	1,755,219	1,503,527
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	9,454,011	8,802,829

27 ANALYSIS OF CHANGE IN NET DEBT

	As at 1st January 2020	Cashflows	Other	As at 31st December 2020
	£	£	£	£
Cash and cash equivalents	2,092,427	3,464,325	-	5,556,752
Loans falling due within one year	(40,060)	-	-	(40,060)
Loans falling due after more than one year	(80,120)	(1,959,940)	-	(2,040,060)
TOTAL	1,972,247	1,504,385	-	3,476,632