

# 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

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**courageous | collaborative | generous | resourceful | pioneering**

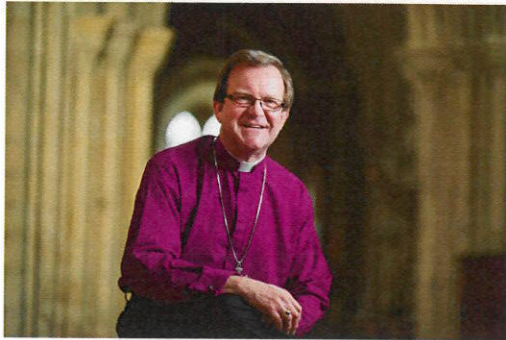
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## Foreword



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 communityAs 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 transformative 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 time 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

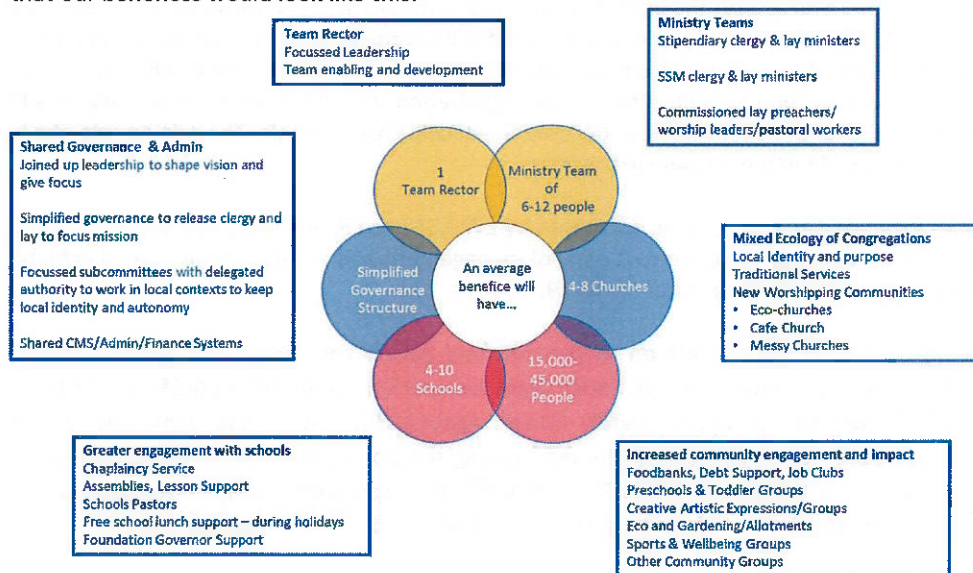
Diocesan Synod was reminded of our context in March 2021 and the position is stark:

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%
	<u>100%</u>	<u>100%</u>

### 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.

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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 ease. 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 diocesan 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.

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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. 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 24<sup>th</sup> April 2021*)  
The Rt Rev Rob Wickham (Commissary Bishop of Portsmouth *from 1<sup>st</sup> 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 21<sup>st</sup> January 2021*)  
The Ven Jenny Rowley (Archdeacon of Portsdown) (*from 20<sup>th</sup> 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 Richard England
The Revd Canon W Hughes (Acting Archdeacon of Meon <i>from 21<sup>st</sup> Jan 21</i> )	The Revd M Bagg ( <i>resigned 01.09.20</i> )
The Revd Dr P Chamberlain	The Revd J Hunt
The Revd I Snares	

#### *Synod House of Laity*

Canon D Bennison	Mrs D Henning-Vears ( <i>from 14.4.21</i> )
Mr N Chapman	Mrs I James
Mrs M Crittenden	Mr A Jordan
Miss E Davidson	Canon Dr H Mason
Canon L Docherty	Mr Eugene Organ ( <i>resigned 21.01.21</i> )
Mr M Emerton	Canon H Spurgeon
Canon S Forster	

### 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

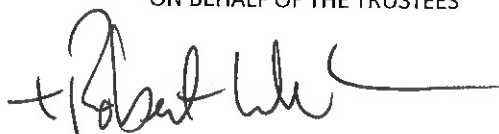
### Registered Office

Diocesan Office, 1<sup>st</sup> Floor, Peninsular House, Wharf Road, Portsmouth, PO2 8HB

### Key Advisers and Agents

<b>Bankers</b>	Barclays PLC, PO Box 165, Crawley, RH10 1YX
<b>Auditors</b>	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
<b>Solicitors</b>	Messrs Brutton & Co, West End House, 288 West Street, Fareham, PO16 0AJ
<b>Investment Advisers</b>	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
<b>Glebe Agents</b>	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
<b>Insurers</b>	ElG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
<b>HR Advisers</b>	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW

ON BEHALF OF THE TRUSTEES



The Right Revd Rob Wickham  
Chairman  
23<sup>rd</sup> June 2021



Victoria James  
Diocesan Secretary  
23<sup>rd</sup> 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:

**INDEPENDENT AUDITORS REPORT TO THE MEMEBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE**  
**For the year ended 31 December 2020**

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- 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;

**INDEPENDENT AUDITORS REPORT TO THE MEMEBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE**  
**For the year ended 31 December 2020**

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- 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](http://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 £	Designated £	Restricted funds £	Endowment funds £	Total funds 2020 £	Total funds 2019 £
<b>Income and endowments from</b>							
<b>Donations</b>							
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	-
<b>Total incoming resources</b>		<b>7,102,347</b>	<b>685,305</b>	<b>1,879,277</b>	<b>105,758</b>	<b>9,772,687</b>	<b>8,637,208</b>
<b>Expenditure on:</b>							
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
<b>Total</b>	<b>9</b>	<b>7,139,664</b>	<b>8,263</b>	<b>1,393,544</b>	<b>-</b>	<b>8,541,471</b>	<b>9,271,113</b>
<b>Net income/(expenditure) before investment gains</b>		<b>(37,317)</b>	<b>677,042</b>	<b>485,733</b>	<b>105,758</b>	<b>1,231,216</b>	<b>(633,905)</b>
Net gains/(losses) on investments	15	68,581	175,203	155,631	507,516	906,931	2,236,646
<b>Net income/(expenditure)</b>		<b>31,264</b>	<b>852,245</b>	<b>641,364</b>	<b>613,274</b>	<b>2,138,147</b>	<b>1,602,741</b>
Transfers between funds	13	(462,192)	(5,035)	166,227	301,000	-	-
<b>Other recognised gains/(losses)</b>							
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
		<b>160,134</b>	<b>-</b>	<b>-</b>	<b>901,609</b>	<b>1,061,743</b>	<b>1,705,129</b>
<b>Net movement in funds</b>		<b>(270,794)</b>	<b>847,210</b>	<b>807,591</b>	<b>1,815,883</b>	<b>3,199,890</b>	<b>3,307,870</b>
<b>Total funds at 1 January 2020</b>		<b>16,420,209</b>	<b>3,337,546</b>	<b>4,736,236</b>	<b>52,892,229</b>	<b>77,386,220</b>	<b>74,078,350</b>
<b>Total funds at 31 December 2020</b>	<b>20</b>	<b>16,149,415</b>	<b>4,184,756</b>	<b>5,543,827</b>	<b>54,708,112</b>	<b>80,586,110</b>	<b>77,386,220</b>

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

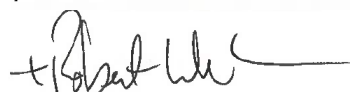
**BALANCE SHEET**

At 31 December 2020

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	14	57,821,421	57,029,468
Investments	15	21,285,607	20,496,118
		<u>79,107,028</u>	<u>77,525,586</u>
<b>CURRENT ASSETS</b>			
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
		<u>6,581,901</u>	<u>2,634,978</u>
<b>CREDITORS: amounts falling due within one year</b>	17	2,763,059	2,071,424
<b>NET CURRENT ASSETS</b>		<u>3,818,842</u>	<u>563,554</u>
<b>Total assets less current liabilities</b>		<u>82,925,870</u>	<u>78,089,140</u>
<b>CREDITORS amounts falling due after more than one year</b>			
Pension scheme liabilities	18	2,339,760	702,920
Loans and long-term provisions		299,700	622,800
		<u>2,040,060</u>	<u>80,120</u>
<b>NET ASSETS</b>		<u>80,586,110</u>	<u>77,386,220</u>
<b>FUNDS</b>			
<b>Unrestricted income funds:</b>			
General funds		16,149,415	16,420,209
Designated funds		4,184,756	3,337,546
		<u>20,334,171</u>	<u>19,757,755</u>
<b>Restricted funds</b>		5,543,827	4,736,236
<b>Endowment funds</b>		54,708,112	52,892,229
<b>TOTAL FUNDS</b>	20	<u>80,586,110</u>	<u>77,386,220</u>

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 23<sup>rd</sup> 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	
	£	£	£	£
<b>Net cash flow from operating activities</b>		<b>(34,005)</b>		<b>(1,583,299)</b>
<b>Cash flows from investing activities</b>				
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		-	
<b>Net cash provided by/ (used in) investing activities</b>		<b>1,538,390</b>		<b>(314,494)</b>
<b>Cash flows from financing activities</b>				
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				
<b>Net cash used in financing</b>		<b>1,959,940</b>		<b>(46,818)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>3,464,325</b>		<b>(1,944,611)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>2,092,427</b>		<b>4,037,038</b>
<b>Cash and cash equivalents at 31 December</b>		<b>5,556,752</b>		<b>2,092,427</b>

## **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.



**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**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 funds	Endowment funds	Total funds
	General	Designated			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 funds	Endowment funds	Total funds
	General	Designated			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.

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**2b Archbishops' Council**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			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
	<b>462,479</b>	<b>600,000</b>	<b>1,266,887</b>	<b>-</b>	<b>2,329,366</b>

2019	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			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
	<b>455,962</b>	<b>-</b>	<b>940,533</b>	<b>-</b>	<b>1,396,495</b>

**2c Other donations**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2020
	£	£	£	£	£
All Churches Trust	92,500	-	-	-	92,500
Donations	33,181	-	6,830	-	40,011
Grants from trusts	22,069	-	-	-	22,069
	<b>147,750</b>	<b>-</b>	<b>6,830</b>	<b>-</b>	<b>154,580</b>

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2019
	£	£	£	£	£
All Churches Trust	82,750	-	-	-	82,750
Donations	43,464	6,773	24,695	-	74,932
Grants from trusts	34,919	-	-	-	34,919
	<b>161,133</b>	<b>6,773</b>	<b>24,695</b>	<b>-</b>	<b>192,601</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**3 CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			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
	<b>894,006</b>	<b>-</b>	<b>4,431</b>	<b>-</b>	<b>898,437</b>

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			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
	<b>1,165,235</b>	<b>1,060</b>	<b>4,301</b>	<b>-</b>	<b>1,170,596</b>

**4 OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2020
	£	£	£	£	£
Rental income from properties	343,187	-	109,991	-	453,178
	<b>343,187</b>	<b>-</b>	<b>109,991</b>	<b>-</b>	<b>453,178</b>

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2019
	£	£	£	£	£
Rental income from properties	316,302	-	-	-	316,302
	<b>316,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316,302</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**5 INVESTMENT INCOME**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General	Designated			
	£	£	£	£	£
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
	<u>391,602</u>	<u>85,305</u>	<u>142,692</u>	<u>105,758</u>	<u>725,357</u>

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019
	General	Designated			
	£	£	£	£	£
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
	<u>414,743</u>	<u>95,805</u>	<u>174,005</u>	<u>94,081</u>	<u>778,634</u>

**6 OTHER INCOME**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General	Designated			
	£	£	£	£	£
Gain on sale of properties	10,000	-	-	-	10,000
Sale of long lease	-	-	348,446	-	348,446
Furlough grant	162,145	-	-	-	162,145
	<u>172,145</u>	<u>-</u>	<u>348,446</u>	<u>-</u>	<u>520,591</u>

Other Income for 2019 was nil.

**7 FUND RAISING COSTS**

	Unrestricted funds		Restricted funds	Endow't funds	Total funds 2020
	General	Designated			
	£	£	£	£	£
Glebe agent's fees and repairs	9,521	-	-	-	9,521
Management fees of rentals	26,870	-	-	-	26,870
	<u>36,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,391</u>

	Unrestricted funds		Restricted funds	Endow't funds	Total funds 2019
	General	Designated			
	£	£	£	£	£
Glebe agent's fees and repairs	11,376	-	-	-	11,376
Management fees of rentals	21,876	-	-	-	21,876
	<u>33,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,252</u>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**
**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**
**8 CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted funds	Endow't funds	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
<b>Contributions to Archbishops' Council</b>					
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
	<b>488,873</b>	-	-	-	<b>488,873</b>
<b>Resourcing ministry and mission</b>					
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
	<b>4,254,954</b>	<b>(15,036)</b>	<b>1,197,771</b>	-	<b>5,437,689</b>
<b>Support for ministry and mission</b>					
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	-	-	-	-	-
	<b>2,359,446</b>	<b>23,299</b>	<b>195,773</b>	-	<b>2,578,518</b>
	<b>7,103,273</b>	<b>8,263</b>	<b>1,393,544</b>	-	<b>8,505,080</b>

	Unrestricted funds		Restricted funds	Endow't funds	Total funds
	General	Designated	funds	funds	2019
	£	£	£	£	£
<b>Contributions to Archbishops' Council</b>					
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
	<b>411,810</b>	-	-	-	<b>411,810</b>
<b>Resourcing ministry and mission</b>					
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
	<b>4,832,880</b>	<b>135,615</b>	<b>973,651</b>	-	<b>5,942,146</b>
<b>Support for ministry and mission</b>					
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
	<b>2,575,119</b>	<b>141,813</b>	<b>166,973</b>	-	<b>2,883,905</b>
	<b>7,819,809</b>	<b>277,428</b>	<b>1,140,624</b>	-	<b>9,237,861</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**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
	<u>7,921,695</u>	<u>543,205</u>	<u>76,571</u>	<u>8,541,471</u>

	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
	<u>8,334,436</u>	<u>548,719</u>	<u>387,958</u>	<u>9,271,113</u>

**10 ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted funds	Endow't funds	Total funds
	General	Designated			2020
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	39,781	-	-	-	39,781
	<u>76,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,571</u>

	Unrestricted funds		Restricted funds	Endow't funds	Total funds
	General	Designated			2019
	£	£	£	£	£
Central administration	360,179	-	-	-	360,179
Governance	27,779	-	-	-	27,779
	<u>387,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,958</u>

Auditors remuneration for the year was £16,530 (2019 £13,873), and the cost of operating lease rentals was £16,902 (2019 £5,932)



**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**11 ANALYSIS OF GRANTS**

<b>2020</b>	<b>Number</b>	<b>Individuals £</b>	<b>Institutions £</b>	<b>Total £</b>
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishop's Council	1	-	488,873	488,873
<b>From unrestricted funds:</b>				
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
<b>From restricted funds for various purposes:</b>				
Bishops Lent Appeal grants	-	-	-	-
	15	54,332	488,873	543,205
<b>2019</b>	<b>Number</b>	<b>Individuals £</b>	<b>Institutions £</b>	<b>Total £</b>
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishop's Council	1	-	411,810	411,810
<b>From unrestricted funds:</b>				
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
<b>From restricted funds for various purposes:</b>				
Bishops Lent Appeal grants	7	-	20,071	20,071
	39	66,235	482,484	548,719

## PORTSMOUTH DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

#### 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
	<u>1,619,505</u>	<u>1,792,957</u>

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 (of which 2.2 are externally funded)	5.6	5.6
	<u>36.1</u>	<u>35.8</u>
Parochial Assistants	<u>0.7</u>	<u>3.0</u>
	<u>36.8</u>	<u>38.8</u>

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
	<u>40</u>	<u>42</u>
Parochial Assistants	<u>1</u>	<u>2</u>
	<u>41</u>	<u>44</u>

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).

**PORTSMOUTH DIOCESAN BOARD OF FINANCE****NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020****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:

	<b>Stipend</b>	<b>Housing</b>
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:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	2,864	2,803
National insurance contributions	219	206
Pension costs - current year	627	682
- deficit reduction	307	297
	<b>4,017</b>	<b>3,988</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**13 ANALYSIS OF TRANSFERS BETWEEN FUNDS**

	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 conference fund	(8,776)	8,776		
Transfer of RME Fund deficit to general fund	(167,740)		167,740	
	<u>(462,192)</u>	<u>(5,035)</u>	<u>166,227</u>	<u>301,000</u>

	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
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)
	<u>2,377,238</u>	<u>(159,794)</u>	<u>(171,106)</u>	<u>(2,046,338)</u>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**14 TANGIBLE FIXED ASSETS – Land and Buildings**

	Freehold Land and Buildings £	Leasehold Buildings £	Total 2020 £
<b>At Cost or Valuation</b>			
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
<b>Accumulated depreciation</b>			
At 1 January 2019	-	453,418	453,418
Charge for the year	-	36,790	36,790
At 31 December 2020	-	490,208	490,208
<b>Net book value at 31 December 2020</b>	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 £
<b>Unrestricted General Funds</b>					
Unlisted investments	1,763,496	-	-	68,581	1,832,077
<b>Designated Funds</b>					
Unlisted investments	2,713,088	3,452	(185,285)	175,203	2,706,458
<b>Restricted Funds</b>					
Unlisted investments	4,615,959	64,391	-	155,631	4,835,981
<b>Endowment Funds</b>					
Unlisted investments	10,688,043	-	-	548,085	11,236,128
Investment Property	362,000	-	-	-	362,000
Investment Land	353,532	-	-	(40,569)	312,963
<b>Total Funds</b>	20,496,118	67,843	(185,285)	906,931	21,285,607

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**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
	<u>1,025,149</u>	<u>533,596</u>
Due after one year		
Loans to parishes	-	8,955
	-	<u>8,955</u>
Total	<u>1,025,149</u>	<u>542,551</u>

**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
	<u>2,763,059</u>	<u>2,071,424</u>

**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
	<u>2,339,760</u>	<u>702,920</u>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**19 SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2020 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2020 £
<b>Unrestricted funds - General</b>	<b>16,420,209</b>	<b>7,102,347</b>	<b>(7,139,664)</b>	<b>(462,192)</b>	<b>228,715</b>	<b>16,149,415</b>
<b>Unrestricted funds - Designated</b>						
Brown, Dolg, 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
	<b>3,337,546</b>	<b>685,306</b>	<b>(8,263)</b>	<b>(5,035)</b>	<b>175,202</b>	<b>4,184,756</b>
<b>Restricted funds</b>						
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	-	-	-	-	-	-
	<b>4,736,236</b>	<b>1,879,277</b>	<b>(1,393,544)</b>	<b>166,227</b>	<b>155,631</b>	<b>5,543,827</b>



**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**19 SUMMARY OF FUND MOVEMENTS (continued)**

	Balances at 1 January 2020 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2020 £
<b>Expendable Endowment funds</b>						
Parsonage						
Houses	38,998,905	-	-	-	513,609	39,512,514
Education Endowment	1,591,409	46,411	-	-	28,212	1,666,032
<b>Permanent Endowment funds</b>						
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
	<b>52,892,229</b>	<b>105,758</b>	<b>-</b>	<b>301,000</b>	<b>1,409,125</b>	<b>54,708,112</b>
<b>Total Funds</b>	<b>77,386,220</b>	<b>9,772,687</b>	<b>(8,541,470)</b>	<b>(0)</b>	<b>1,968,673</b>	<b>80,586,110</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

**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 £
<b>Unrestricted funds - General</b>						
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
<b>Unrestricted funds - General</b>	<b>14,373,055</b>	<b>7,295,955</b>	<b>(7,853,061)</b>	<b>2,377,238</b>	<b>227,022</b>	<b>16,420,209</b>
<b>Unrestricted funds - Designated</b>						
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
	<b>3,330,199</b>	<b>103,638</b>	<b>(277,428)</b>	<b>(159,794)</b>	<b>340,931</b>	<b>3,337,546</b>
<b>Restricted funds</b>						
Bardclay 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)
	<b>4,467,337</b>	<b>1,143,534</b>	<b>(1,140,624)</b>	<b>(171,106)</b>	<b>437,095</b>	<b>4,736,236</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**19 SUMMARY OF FUND MOVEMENTS (continued)**

	Balances at 1 January 2019 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2019 £
<b>Expendable Endowment funds</b>						
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
<b>Permanent Endowment funds</b>						
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
	<b>51,907,759</b>	<b>94,081</b>	<b>-</b>	<b>(2,046,338)</b>	<b>2,936,727</b>	<b>52,892,229</b>
<b>Total Funds</b>	<b>74,078,350</b>	<b>8,637,208</b>	<b>(9,271,113)</b>	<b>-</b>	<b>3,941,775</b>	<b>77,386,220</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**20 SUMMARY OF ASSETS BY FUND 2020**

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
<b>Unrestricted funds - General</b>	<b>15,496,955</b>	<b>1,832,076</b>	<b>1,291,812</b>	<b>(2,471,429)</b>	<b>16,149,414</b>
<b>Unrestricted funds - Designated</b>					
Brown, Doig, Silver Bequest	-	36,449	(1,904)	-	34,545
Circus Charity	-	2,126	136	-	2,262
Fund	-	-	36,812	-	36,812
Diocesan Conference Fund	-	285,677	9,867	-	295,544
Car Loan Fund	-	472,983	176,429	-	649,412
Diocesan Loan	-	442,184	(111,900)	-	330,284
Fund	-	-	144,093	-	144,093
Parsonages Repair Fund	-	34,317	(1,791)	-	32,526
CME Fund	-	154,303	(16,157)	-	138,146
Valpy Bequest	-	56,001	52,412	-	108,413
Winterbotham Legacy	-	-	496,818	-	496,818
Office Repair	-	-	12,715	-	12,715
Fund	-	-	1,495	-	1,495
Mission Fund	-	-	80,494	-	80,494
Lambeth Conference Fund	-	1,222,419	(1,222)	-	1,221,197
Evangelism Fund	-	-	600,000	-	600,000
Building Repair	-	-	-	-	-
Fund	-	-	-	-	-
Catherington House Fund	-	2,706,459	1,478,297	-	4,184,756
Sustainability	-	-	-	-	-
Fund	-	-	-	-	-
<b>Restricted funds</b>					
Barclay Bequest	-	5,105	1,643	-	6,748
Ben Aug Fund	-	106,555	(5,564)	-	100,991
Bishop's Lent	-	-	13,318	253	13,571
Appeal	-	-	247	-	247
Christian Healing Fund	-	-	18,273	-	18,273
Harrison Parochial Loan Fund	-	119,457	1,841	-	121,298
Huck Stepp	-	22,179	153	-	22,332
Legacy	-	1,327,574	(109,174)	-	1,218,400
James Legacy	-	109,934	524	-	110,458
New Churches	-	-	5,195	-	5,195
Fund	-	1,677,027	433,048	-	2,110,075
Turret House	-	-	1,907,707	(1,868,601)	39,106
Fund	-	41,064	1,462	-	42,526
Surrexit Fund	-	369,071	44,330	-	413,401
Pastoral Fund	-	1,864,031	(94,114)	(402,757)	1,367,160
P&WCSGF	-	-	-	-	-
Corban Trust	-	-	(18,671)	(27,284)	(45,955)
Eckersley Clergy families	-	5,641,997	2,200,218	(2,298,389)	5,543,826
Education	-	-	-	-	-
Restricted	-	-	-	-	-
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	-	-	-

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**20 SUMMARY OF ASSETS BY FUND (continued)**

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
<b>Expendable Endowment funds</b>					
Parsonage					
Houses	40,124,466	-	(611,951)	-	39,512,515
Education Endowment	-	190,212	1,475,820	-	1,666,032
<b>Permanent Endowment funds</b>					
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
	<b>42,324,466</b>	<b>11,105,075</b>	<b>1,611,574</b>	<b>(333,000)</b>	<b>54,708,115</b>
<b>Total Funds</b>	<b>57,821,421</b>	<b>21,285,607</b>	<b>6,581,901</b>	<b>(5,102,818)</b>	<b>80,586,111</b>

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

**20 SUMMARY OF ASSETS BY FUND (continued)**

**2019**

	Fixed Assets Tangible £	Investments £	Current Assets £	Liabilities £	Net Assets £
<b>Unrestricted funds - General</b>	<b>15,548,611</b>	<b>1,763,496</b>	<b>(247,608)</b>	<b>(644,290)</b>	<b>16,420,209</b>
<b>Unrestricted funds - Designated</b>					
Brown, Doig, Silver Bequest	-	34,094	(1,903)	-	32,191
Circus Charity	-	1,989	136	-	2,125
Fund	-	-	27,901	-	27,901
Diocesan Conference Fund	-	263,605	842	-	264,447
Car Loan Fund	-	-	-	-	-
Diocesan Loan	-	584,454	(21,943)	-	562,511
Fund	-	446,049	(99,848)	-	346,201
Parsonages Repair Fund	-	-	144,027	-	144,027
CME Fund	-	-	-	-	-
Transition Fund	-	32,100	(1,792)	-	30,308
Valpy Bequest	-	144,328	(17,636)	-	126,692
Winterbotham Legacy	-	-	-	-	-
Office Repair	-	52,384	50,660	-	103,044
Fund	-	-	521,026	-	521,026
Mission Fund	-	-	11,651	-	11,651
Lambeth Conference Fund	-	-	1,495	-	1,495
Evangelism Fund	-	-	34,476	-	34,476
Building Repair	-	1,154,087	(24,636)	-	1,129,451
Fund	-	-	-	-	-
Catherington House Fund	-	2,713,090	624,456	-	3,337,546
<b>Restricted funds</b>					
Barday Bequest	-	4,775	1,491	-	6,266
Ben Aug Fund	-	99,672	(5,564)	-	94,108
Bishop's Lent	-	-	6,740	-	6,740
Appeal	-	-	246	-	246
Christian Healing Fund	-	-	18,133	-	18,133
Harrison Parochial Loan Fund	-	-	-	-	-
Huck Stepp	-	122,008	1,840	-	123,848
Legacy	-	20,746	153	-	20,899
James Legacy	-	-	-	-	-
New Churches	-	1,223,821	41,632	-	1,265,453
Fund	-	99,843	523	-	100,366
Turret House	-	-	10,011	-	10,011
Fund	-	1,614,696	400,598	-	2,015,294
Surrexit Fund	-	-	1,060,655	(1,021,548)	39,107
Pastoral Fund	-	-	-	-	-
P&WCSGF	-	-	-	-	-
Youth	-	-	-	-	-
Development	-	31,216	7,797	-	39,013
Corban Trust	-	345,232	34,909	-	380,141
Eckersley Clergy families	-	-	-	-	-
Education	-	1,053,949	242,364	(416,506)	879,807
Restricted	-	-	(167,740)	-	(167,740)
Resourcing Ministerial Education	-	-	(95,456)	-	(95,456)
Strategic Development	-	4,615,958	1,558,332	(1,438,054)	4,736,236

# **PORTSMOUTH DIOCESAN BOARD OF FINANCE**

## **NOTES TO THE FINANCIAL STATEMENTS For the year ended 31. December 2020**

### **20 SUMMARY OF ASSETS BY FUND (continued)**

	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
<b>Expendable Endowment funds</b>					
Parsonage Houses	39,610,857	-	(611,952)	-	38,998,905
Education Endowment	-	968,015	623,394	-	1,591,409
<b>Permanent Endowment funds</b>					
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
	<b>41,480,857</b>	<b>11,403,574</b>	<b>699,798</b>	<b>(692,000)</b>	<b>52,892,229</b>
<b>Total Funds</b>	<b>57,029,468</b>	<b>20,496,118</b>	<b>2,634,978</b>	<b>(2,774,344)</b>	<b>77,386,220</b>

### **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



**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

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
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	<u>Original</u>	
	<u>Capital</u>	
<b>Permanent Endowment funds</b>	<b>£</b>	
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		

**PORTSMOUTH DIOCESAN BOARD OF FINANCE****NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020****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
	£	£
<b>Operating leases payable:</b>		
Within 1 year	16,690	16,690
In 1-5 years	25,460	42,149
	<u>42,150</u>	<u>58,839</u>

**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.

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

- 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
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**PORTSMOUTH DIOCESAN BOARD OF FINANCE****NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

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)**

## **PORTSMOUTH DIOCESAN BOARD OF FINANCE**

### **NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

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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 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 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.

**PORTSMOUTH DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020**

**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:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
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**

	<b>As at 1st</b>		<b>As at 31st</b>	
	<b>January</b>		<b>December</b>	
	<b>2020</b>	<b>Cashflows</b>	<b>Other</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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)
<b>TOTAL</b>	<b>1,972,247</b>	<b>1,504,385</b>	<b>-</b>	<b>3,476,632</b>