

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number - 226466

Registered charity number – 249256

Seeking to grow in depth, impact, and number
across the Diocese of Portsmouth.

A large print version is available on request from Jane Dobbs

Email: jane.dobbs@portsmouth.anglican.org

courageous | collaborative | generous | resourceful | pioneering

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Foreword

It is a privilege to have been called to serve the good news of Jesus Christ in the midst of the people, communities and neighbourhoods of the Diocese of Portsmouth. It is a moment, as we all know, of significant upheaval in society and for the world. Together with organisations and institutions across the UK as a whole, we will continue to need to address significant financial and organisational challenges associated with a global pandemic, war in Ukraine and rising living costs. In this context it will be vital to face, rather than to avoid or postpone addressing, questions which arise for our corporate life and mission. Finding courage and confidence in Jesus Christ, in one another, in the future and in our shared capacity for resilience and renewal will be key factors enabling us to navigate stormy, uncertain or even threatening waters.



As I begin ministry in the Diocese, I recall the words of a member of a religious community who wrote to encourage her community at a time of change and transition. These words provide a context for the work accounted for in this Report, and for the vocational life and activity which opens up before us in the year ahead. She wrote

Look back, remember and have confidence:
The future like the past, has God in it.
God's cupped hands hold the whole of time,
and you;
Nothing can elude God's covenanted care and mastery.

With grateful thanks to all those whose hard work, faith and commitment is reflected in the pages of this Annual Report.

A handwritten signature in black ink, reading "Jonathan Frost". The signature is written in a cursive, flowing style. To the left of the name is a small, stylized cross symbol.

The Right Revd Jonathan Frost
Bishops of Portsmouth

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021. The directors/trustees are one and the same and in signing as trustees they are also signing the report in their capacity as directors. This combined report satisfies the legal requirements for:

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

Legal Objects

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

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

Strategic Aims

Our vision during 2021 has been to **Live/Pray/Serve** so that we: -

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

The outworking of this vision is that across the communities in our diocese we aim to see growth in depth, impact and number. This means that through the work of PDBF, working in collaboration with our parishes and schools, more people will come to love the Lord their God with all their heart, mind, soul and strength, more people will be actively loving their neighbour as themselves; and more people will join us in going out to make new disciples and to make disciples of all nations.

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

- **Courageous** – we are bold and obedient in our actions, willing to make costly decisions that we and others have shied away from in the past, and not just for the sake of those within our churches but for those who might never consider entering them.
- **Collaborative** – we strive through our structures but also through our attitude and approach to work together across parishes, deaneries, ecumenically and throughout the diocese, because we believe that we are one body with many parts all working in the service of God.
- **Generous** – we share our time, money and other resources with those who have least, being patient and supportive, as communities discover and offer their own gifts, consciously and prayerfully allowing our resources to follow what we believe God is asking us to do in mission.
- **Resourceful** – we will be good stewards who see that God gives us what is sufficient to do His work, who make the most of what we have, and who respond wholeheartedly to opportunities for mission when they arise.
- **Pioneering** – we follow the first disciples after Pentecost, considering with fresh and transformed eyes what God is asking us to do to reach others with the good news of Christ, being creative, taking risks and sometimes failing, being willing to let go of the habits which hinder us, and all this in the spirit of trust in the resurrection.

We therefore look to Matthew 5:14-16, which speaks of a distinctive witness to the world, rooted in prayer and service. As Christians in Portsmouth Diocese, reflecting the light of Christ, like a beacon across land and sea, we seek to transform this place, on the mainland and on our islands, as we respond and serve faithfully in our context.

Activities & Achievements for the Year

2021 required us all to navigate changing restrictions and ultimately the relaxation thereof. This meant everyone across our diocese and within the organisation adjusting to what was often badged as the 'new normal'.

2021 was another challenging year for the PDBF and one punctuated by major change of different kinds but leadership change was a dominant theme during the year. After almost 11 years in post, Bishop Christopher retired as our diocesan bishop on 24th April 2021, thus creating a vacancy in the See of Portsmouth. The announcement of his retirement triggered the Vacancy in See process, which involved a period of extensive consultation to support the preparation of our Statement of Needs (a document outlining the needs of the diocese and setting out the



person specification for our next Diocesan Bishop). This process moved to interview in July 2021 with the announcement on 8th October 2021 that the Rt Rev Dr Jonathan Frost would become the tenth Bishop of Portsmouth, with his confirmation of election taking place on 18th January 2022 and installation on 12th March 2022.

As one of only two dioceses within the Church of England, with no suffragan or area bishops to act in the vacancy, we were given a Commissary Bishop. We were therefore blessed to have Rt Rev Rob Wickham, Bishop of Edmonton in the Diocese of London, serve as our Commissary Bishop

from 24th April 21 until 12th March 2022. Bishop Rob led and supported us as we navigated what proved to be a difficult year in terms of strategic planning, financial management and operational functionality.

Education

Our Education Team continued to support schools through yet another challenging year which included the significant demands on teachers as they navigated the return to face to face teaching for all students in the spring and mental health for children and staff alike has remained a focus. The impact of the pandemic has led to several Headteacher recruitments which are well supported by our education team. OFSTED inspections have also restarted which is also a time when the support of the team is valued by our schools.

Lay & Ordained Ministry

Through the work of the Lay & Ordained Ministry Team, training for clergy and laity continued during 2021 as did the lay discipleship course and the work of the Portsmouth Pathway.

In 2021 11 candidates were sent to the Temporary Online Discernment Process (TODP) (temporary as it was in place to be able to navigate the Covid19 restrictions); all were recommended for training at different points during 2021. Since their TODP, 4 of those 11 have moved away from the area and have been transferred to other dioceses leaving 7 for whom we are pastorally and financially responsible.

In June 2021 the diocese ordained 7 deacons and 3 priests.



Community Engagement & Impact

Community groups continue to be at the fore, seeking to serve those in greatest need. Churches continued to offer support in a variety of ways including food banks, free cafés and hubs to feed the homeless and those needing

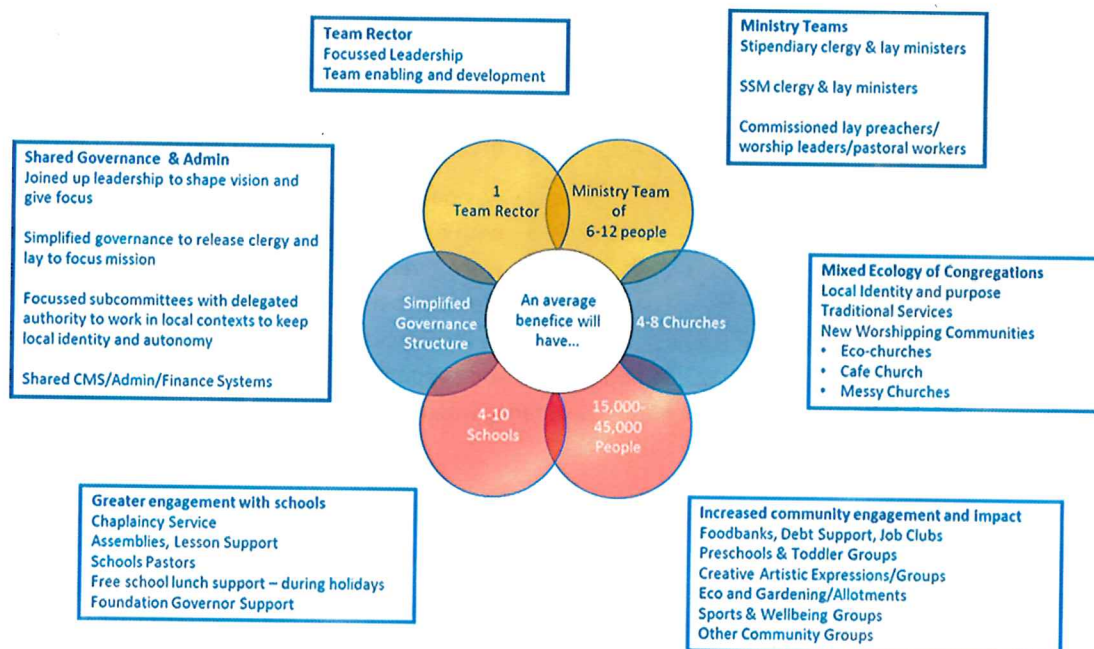
support of this kind. Our chaplains have also been active across a variety of sectors in our diocese. The PDBF's partnership with CSR meant support continued through the Good Neighbours' Network, serving the diocese but more widely in Hampshire also.

Overall Strategic Direction

Through 2020 we had developed strategic plans in which we would seek to be a thriving diocese which was growing. This focus on achieving missional growth is first and foremost a Gospel imperative but also necessary if we are to be able to become financially sustainable. The premise being that if we continue to manage decline then that spiral of decline would continue.

In March 2021 Bishop's Council, voted on two key decisions:

1. approval of a single parish benefice, team ministry model to be applied contextually across the diocese. This can be summarised as follows: -



This decision also included approval of four key strategic elements which were to be a focus for 2021 and beyond to help us achieve our vision for a thriving diocese:

- Visionary Leadership
 - Teams on a Mission
 - Communities of Kingdom Building Disciples
 - Growth Enabling Structures
2. Bishop's Council also agreed to apply to the National Church for Transformation Funding which involved a commitment from reserves for match funding.

None of these decisions were easy and although they were agreed, this was not with a significant majority or without substantial concern. This was perhaps understandable when the nature of change being recommended was both radical and large-scale. The proposal was made in response to our current missional and financial challenges, but also in recognition of the potential opportunities to grow.

In response to feedback from those in our parishes in relation to the strategic framework, Bishop's Council agreed in June 21 that the remainder of 2021 would be used for further local conversation to develop thinking and hear more

about local plans and aspirations. This decision significantly changed the course of 2021 and to some degree increased the challenge that we face as the DBF and a wider diocese.

In November 21, Diocesan Synod met to grapple with the next steps in the light of Bishop's Council's decision. The agreed steps being:

- Ongoing prayer – locally and diocese wide, corporately, and individually
- Deaneries asked to form the mission hubs/partnerships/collaborative way of working which they identified in their plans working with their archdeacons to agree exactly how these will work.
- Those mission groupings need to work together to see how they can best deliver mission and ministry across their churches and hold the necessary vacancies well.
- Facilitated conversations continue in parishes and deaneries to assist with collaborative working but also the ongoing conversations about the future direction of the diocese. The senior leadership team and members of the diocesan team will continue to work with deaneries, PCCs and emerging groupings to support these conversations and planning.
- Some areas where an investigation of more formal collaboration has begun should continue.
- The presumptive pause on recruitment remains in place so that conversations at local level can continue, and strategic appointments can be made. Appointments which simply maintain the status quo were acknowledged to be unlikely. It was also agreed that appointments would only progress if certain 'recruitment principles' were met.

The introduction of these 'recruitment principles' was a key decision which recognised the need to hold clergy vacancies across the diocese to enable strategic decisions to be made and to help us move forward to become a thriving diocese. It was acknowledged that this however needs to be managed so that our purpose to grow in depth, impact and number is not undermined. Each new vacancy which arises will enable a discussion to take place about a new recruitment. The recruitment principles agreed were as follows:

- The post fits with the current strategic direction of the diocese to grow in depth, impact and number. This means that:
 - The parish/benefice concerned is working collaboratively which at this stage means as a minimum, looking at what missional activity can be undertaken together to meet the needs of a wider community and exploring sharing administrative functions and utilising skills in a wider area.
- There is a Mission Action Plan with clear aims and outcomes linked to community demographics and needs,
- Plans are emerging for growth in lay leadership
- Key offices are filled ie Churchwardens, Treasurer and PCC Secretary and not by the same person/people simply holding multiple roles.
- The post is one which the deanery agrees is a priority.
- The post is clearly identified and is not likely to change in the near future.

While difficult and not a decision taken lightly, this has enabled us to go into 2022 with significant opportunities to address the missional and financial challenges we face.

Future Plans

Having worked during 2021 to set out our financial and missional context, and spend time in conversations locally, it is critical that during 2022 steps are taken to build on the work of the last two years and develop a refreshed vision under Live|Pray|Serve, leading to articulated priorities flowing from that vision. The aim being to engage with our communities and stakeholders across the dioceses such that by November 2022, the budget for 2023 is set within a financial plan for the period up to the end of 2025 moving us towards a financial break even position. However, most critically this process will ensure that every aspect of the diocesan budget is focussed on growth and on furthering the strategic priorities of the PDBF and wider diocese. In doing so we will see growth in depth, impact and number over this three-year period.



To achieve this, there will be a focus on Children and Young People seeking to reach this missing generation within our church communities and enable them to hear the Good News of the Gospel in ways which are accessible and relevant to them. The four key elements articulated in 2021 will continue to be strategic priorities and will, along with our important values, support how we fulfil our refreshed vision.

We speak in terms of parish as we recognise our parishes as being key to serving schools and communities across our diocese. In focussing on parishes however, it will be in terms of a 'mixed ecology' where not just diversity of church tradition is supported but where there is an expectation of church planting, pioneering and chaplaincies. Anna Chaplaincy will also be an important part of our vision in 2022 and moving forwards as this seeks to value, nurture and develop the discipleship and faithfulness of our older generations. In working towards a genuine mixed ecology where all generations are reached with the Good News of the Gospels, there is an expectation that lay ministries and self-supporting ministries will need to increase also. All these aspects will be developed with youth, children and young adults as our focus.

The roadmap for 2022 into 2023 can therefore be summarised as follows:-

- March/April 2022 - a reshaped Bishop's Senior Leadership will be formed so that it is representative of a true mixed ecology.
- May & June 2022 – deaneries to look at their plans prepared in 2021 and advise of what changes they would make in the light of a focus on Youth and Children and Anna Chaplaincies. This response is to include the roles they would want to see across the deaneries with a presumption that not all will be paid posts.
- July 2022 – updated deanery plans included as part of budget assumptions for 2023 -2025 considered at Bishop's Council alongside staffing considerations to support emerging priorities and the future shape of ministry.
- September/October 2022 – deanery events to outline the overall vision and how the strategic priorities will shape local mission and deployment as well as detailing the budget for 2023 and financial plans for 2024 and 2025.
- November 2022 – Synod considers budget and financial plans in the context of the vision and priorities.

In relation to supporting our church schools each diocese has a Diocesan Board of Education. Ours currently is a joint Board with Winchester Diocese and is an unincorporated body in the form of a committee. A new Diocesan Board of Education Measure came into effect at the start of 2022 which will require changes to how the current Diocesan Board of Education (DBE), is constituted. There is a commitment to continued joint working with Winchester Diocese in this regard but the response of the two DBFs will be determined in June 2022, but after the respective AGMs. It is expected that the DBE will become an Incorporated Charitable Incorporated Organisation.

The changes will be worked through during the remainder of 2022 and reflected in the Annual Report for 2022.

The anticipated impact of this significant change is that the new CIO will be linked to the DBF through shared members but it will be independent in its governance, finance management and policies. Alongside Winchester DBF, the PDBF will become a grant giving body into the Board of Education and support with office space and other services under Service Level Agreements. Nevertheless, for 2021, the finances for the Education Team remain contained within the DBF.

Financial Review

Financial Performance

The financial results for the year show an improvement compared to 2021 as PDBF has started to see some of the benefits of the Covid restrictions relaxing on the economy, however results before the impact of revaluation of investment funds and properties have declined compared to 2020.

Total income in 2021 for the diocese reduced by £806,305 to £8,634,146 (2020: £9,440,451). Parish share contributions fell by £286,063 to £4,405,115 (2020: £4,691,178) which represented a fall in the recovery rate to 87.5% (2020: 89.8%) against the amount requested. This reflects the ongoing challenges of Covid-19 on parish finances where some who may previously have relied on reserves to assist with payment of parish share were no longer able to do so.

Parochial fees have seen an increase of £136,126 compared to the prior year from £224,359 to £360,485. Whilst this is a small proportion of the income for PDBF, this represents a welcome return to weddings and funerals taking place in our churches.

PDBF received a further grant of £490,000 (2020: £600,000) from Archbishops' Council Sustainability fund which has been designated to support the work of the diocese in the coming year. The sale of four properties completed during the year at a surplus of £432,833.

Resources expended across all funds decreased by £596,226 to £7,613,009 (2020: £8,209,235) as result of prompt decision making, extensive cost control management and the impact of Covid-19. In particular, there was a reduction in clergy headcount from 90 full time equivalents in 2020 to 85 in 2021. There has also been a significant reduction in Archbishops' Council fees due to an offset adjustment of £127,918 against previous years.

PDBF budgets aim to break even on its general fund before any capital gains/losses. As a result of the continued management of costs, PDBF has mitigated the impact of the continued reduction in parish share collection and the ongoing cost pressures impacting from inflation and in particular the increasing energy costs which we expect to see impacting to a greater extent into 2022. The operating result on the general fund was a surplus of £154,788 (2020: deficit of £37,317).

Balance sheet position

The Trustees consider that the balance sheet, together with details in note 20, shows broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £87,830,770 (2020: £80,586,110) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £59,304,423 (2020: £57,821,421). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the PDBF.

Reserves policy

The free reserves, being the unrestricted general fund net of tangible assets and long term financing totalled £3.1m (2020: £2.9m) which represented 7.6 months (2020: 6.7 months) of parish share requested. The Trustees aim to maintain between 3 and 6 months.

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold not more than 6 weeks' normal expenditure in cash or on deposit, this being around £910,000. The year-end total for 2021 exceeded this at £3.1m. It has been considered appropriate to hold this increased level of

cash and free reserves for the short to medium term whilst parish funds begin to recover, and alternative income sources can be sought. As interest rates begin to rise, consideration will be given to early repayment of the CBIL loan if this is considered appropriate and in the best interests of the PDBF.

Designated funds

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

A description of each reserve together with the intended use of the reserve is set out in note 21. The total value of designated funds at the end of 2021 increased by £1.2m to £5.4m (2020: £4.2m).

Restricted and endowment funds

As set out in note 20 PDBF also holds and administers many restricted and endowment funds. As at 31 December 2021 restricted funds totalled £6.4m (2020: £5.5m) and endowment funds totalled £59.0m (2020: £54.7m). Neither are available for the general purposes of the PDBF.

Grant making policy

The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2021 is indicated in note 11.

Investment policy and report

In managing its investments, the PDBF continues to receive advice from its Investment Advisory Group (IAG), and the fund managers, CCLA Investment Management. The level of cash being held is kept under constant scrutiny as, despite the continuing low level of inflation, interest rates have also remained very low such that the investment income relied upon for the underpinning of the mission work of the Diocese can only be achieved through an active investment strategy that delivers real growth in total return. The IAG continue to encourage a similar approach in relation to parish funds and members of the group continue to engage with parishes to provide support and guidance in this important area.

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

- a) Not more than 6 weeks normal expenditure is to be held in cash for routine purposes. This money (currently about £1m) is to be held in the CBF Deposit fund (or such other bank deposit account as may be deemed suitable by the Board from time to time). It being understood that the bank current account be maintained in credit.
- b) The Diocesan Secretary following discussion with the IAG is authorised to switch investments managed by CCLA from time to time in order to achieve the Board's required total return.
- c) Any fund managed by CCLA may be used for the Board's investments, but no other types of investment may be used without the Board's prior approval.
- d) The investment managers are to be instructed to achieve a yield of not less than 4% (taking into account the cash at a above), and a total return in line with the appropriate Benchmarks agreed by the Board annually.
- e) This policy will be reviewed at least annually by the Board.

The income from financial investments in 2021 was £792,970 (2020: £725,357) and reflected a 3.2% yield.

For the year ended 31 December 2021 the investment portfolio achieved an overall total return of 18.0% (being the increase/decrease in market value plus the actual yield/income received) (2020: 7.9%).

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report. The property and investment funds outperformed the selected benchmark in for the year to varying degrees. The global equity fund has performed below the benchmark throughout the year. The PDBF's investment strategy continues to be, to maintain a high level of income, and to concentrate on good quality companies and properties with long term growth potential. The property fund's performance saw a large improvement in performance to 19.74% (2020: -

0.48%). The global equity fund dropped slightly and produced a total return of 19.2% (2020: +22.69%); whilst the investment fund resulted in an improved return of +17.46% (2020: +10.2%). The % allocation of assets to funds was as follows:

	2021	2020
Investment fund	69%	68%
Property Fund	21%	23%
Global Equity Fund	10%	9%
	100%	100%

Principal Risks & Uncertainties

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

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

Key risks and mitigating actions are as follows:

Key risks	How managed
Transformation and journey of change: The diocese is continuing on a programme of strategic change to continue to fulfil its purpose to grow in depth, impact and number. This journey is reliant upon stability amongst those in senior leadership roles, capacity amongst the wider staff team and financial or other resources required to make the desired changes in a sustainable way so as not to negatively impact on future mission and growth.	<p>Management plan for any unforeseen vacancies and ensure that knowledge and resources are shared amongst teams to cover any absences, ensure plans can continue to be implemented and aid succession planning.</p> <p>PDBF continues to seek opportunities for transformation development funding to ensure that the relevant resources are available to meet the desired plans.</p>
Ongoing impact of Covid-19: Whilst Churches have largely been reopened during 2021 and remain so into 2022, we face an ongoing reduction in numbers attending, reduction in parish share receipts as parishes feel less able to contribute, and the ongoing impact of the global pandemic on the economy; including that on the investment portfolio where much of the diocese's financial resources are impacted.	<p>Bishop's Council are meeting frequently to ensure that the financial position is reviewed and monitored, and the Finance Chair is working closely with senior management between meetings.</p> <p>Additional sources of funding continue to be sought and the diocese has benefitted from sustainability funding in both 2020 and 2021, and the award of the Coronavirus Business Interruption Loan for which repayments</p>
Staff continue to work in part from home and this hybrid	

Key risks	How managed
working will continue. There is a risk of teams feeling disconnected due to this hybrid working, and those being supported by a reduced diocesan staff feeling disengaged as a result of some routine work having ceased or become more challenging as a result of the pandemic.	<p>commenced at the end of 2021.</p> <p>Senior management are focussed on the use of communication and resources to maintain connections to both the wider staff teams and the parishes and clergy to ensure they remain informed and engaged and receive relevant information on a timely basis.</p>
Parish share: Parish share accounts for around 68% of the diocese's income therefore any reduction in this can have significant impact on the future finances and the ability to deliver mission longer term and support the growth of parishes.	<p>Receipts are closely monitored on a monthly basis and deanery treasurers are supported by diocesan staff to understand the budgets and why regular payment of the parish share is required.</p> <p>Archdeacons are also clear about the need to make parish share a priority and hold this line on local conversations.</p> <p>Parishes are assisted to promote the Parish Giving Scheme to aid income generation and enable them to allocate resources to the payment of the parish share.</p>
People: The clergy and lay staff employed by the diocese are critical to the ability to meet the diocesan mission. If the staff teams and clergy are not adequately supported then they will be unable to meet the needs of the parishes and the wider needs of the communities we serve. There is a risk of parishes feeling unsupported when clergy vacancies occur.	<p>Recruitment procedures are in place to ensure that all those employed have the sufficient skills and training to undertake their roles. Parishes and archdeacons will be kept up to date with any changes in the recruitment of clergy.</p> <p>Appraisal systems are in place to ensure that staff are aware of their objectives and their roles within the diocese.</p> <p>The diocese has an agreement in place with health assured to support the health and wellbeing of clergy and lay staff.</p>
Governance: The work of the diocese is dependent on good governance and decision making.	<p>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.</p> <p>Following a review of governance structures in 2020, a Finance Executive Committee was introduced to</p>

Key risks	How managed
	<p>increase the financial scrutiny throughout the year and give Bishop's Council greater confidence in the recommendations it receives. During 2022 we will refine how information flows more effectively through the governance structures and out to deaneries and parishes.</p> <p>To ensure compliance with law and regulation, training is provided for key members of staff as well as maintaining appropriate professional memberships.</p>
<p>Safeguarding: The care of children and vulnerable adults remains a key priority to the diocese as it is a Gospel imperative and at the heart of who we are and what we do.</p>	<p>The diocese invests in suitable trained officers and training and support of parishes and schools. The dioceses safeguarding procedures have previously been inspected by the national review panel which validated their high quality and work was undertaken to implement those recommendations. Systems are in place to ensure that all personnel are trained at the appropriate level for their roles and that this training is renewed regularly.</p> <p>During 2022 we will be working through an action plan which deals with recommendations flowing out of the Past Case Review 2 process.</p>

Structure & Governance

Summary Information about the structure of the Church of England

The Church of England is the established church, and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within the benefices and parishes which together make up the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that leadership assisted by the governance functions of the Diocesan Synod. The Diocese of Portsmouth has seven deaneries, each with its own deanery synod, and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that parish.

Organisational structure

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

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

Trustee recruitment, selection, and induction

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

Decision making structure

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

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

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

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

- **Diocesan Deanery Finance Committee** reviews and reports on the finances of individual parishes and their ability to meet their parish share commitments. In addition to this important monitoring and evaluation of parish share contributions, this group also agree the approach to individual parish share arrears with the Diocesan Stewardship Adviser, communicate financial matters to Deanery Finance Committees and parishes and provide parish feedback into the Diocesan Finance Executive Committee.

- **Diocesan Finance Executive Committee** scrutinises matters of financial management and governance including budgets, management accounts and cashflows, annual report and accounts, risk management as well as considering each of those aspects in the light of recommendations from the Investment Advisory Group. Taking into account all these different interlinking aspects, the Diocesan Finance Executive Committee bring recommendations to Bishop's Council.
- **Investment Advisory Group** provides advice (the sub-committee has no executive authority) on PDBF's investments and funds available for investment and the PDBF's overall investment strategy.
- **Property Sub Committee** reports to the Trustees; it oversees repairs to parsonages, glebe property, properties held for the charity's own use, and the disposal and purchase of property.
- **Diocesan Synod Agenda Group supports Bishop's Council** by planning the annual business of Synod for approval.
- **Lay Staff Remuneration and Conditions of Service Committee** meets annually to review the pay, conditions and policies affecting the lay members of staff employed by the DBF.

Delegation of day-to-day delivery

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

Related Parties

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. The PDBF currently receives annual grants from the Church Commissioners in the form of Lowest Income Community Funding and an annual grant from The All Churches Trust. In both 2021 and 2020 the PDBF also received a Sustainability Grant payment from the Church Commissioners to support with the financial challenge caused by the ongoing impact of the Coronavirus Pandemic and its associated restrictions.

Fundraising

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

Remuneration of key management personnel

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

Funds held as Custodian Trustee

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them. They are segregated from the PDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £10.8m at 31 December 2021 (2020: £9.5m), are available from the PDBF on request, and are summarised in note 26. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the PDBF's solicitor, Messrs Brutton & Co.

Funds held on behalf of schools

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education (which is not incorporated) receives contributions from governors of church schools within the Dioceses in connection with major repair and capital projects to church schools and government grants in connection with the same. The staff of the Board of Education (who are employees of the PDBF) administer these monies as managing agent and make appropriate payments to contractors for work carried out. The monies do not belong to the PDBF or the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2021 is £1,778,239 (2020: £1,794,949). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1,881,075 and £1,798,495 respectively in 2021 (2020: £1,603,667 and £1,281,259).

Trustees' Responsibilities

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

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

In preparing these financial statements the Trustees are required to:

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the PDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the PDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

In all matters the Trustees comply 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 that information.

Appointment of Auditors

There will be a tender process for the appointment of auditors for the PDBF for the year end 31 December 2022.

Administrative Details

Trustees

No Trustee had any beneficial interest in the company during 2021. Elections onto our Board took place at the end of 2021 for the next triennium which starts on 1st January 2022 meaning the trustees were different during 2021 to those now serving from 1st January 2022 up to the date of this report.

General Synod Members can be in attendance at all meetings of Bishop's Council; Portsmouth has 6 members of General Synod at any one time (3 lay and 3 ordained). There were however General Synod elections in 2021 meaning those in attendance during 2021 are different from those in attendance from the beginning of 2022.

The following are the Trustees who served at any time during 2021 and those that are now serving from the start of 2022 covering the period up to the date of this report along with details of those in attendance:-

1. Trustees who served 1st January to 31st December 2021:

a) Ex Officio Members

Chair: The Rt Revd Christopher Foster (Bishop of Portsmouth; retired 24th April 2021)
The Rt Rev Rob Wickham (Commissary Bishop of Portsmouth from 1st May 2021)

Dean of Portsmouth: The Very Revd Dr Anthony Cane

Archdeacons: The Ven Peter Leonard (Isle of Wight)
The Ven Gavin Collins (Meon, resigned 21st January 2021)
The Revd Canon Will Hughes (Acting Archdeacon of Meon from 22nd January 2021)
The Ven Jenny Rowley (Portsdown)

Chairs of the Houses: The Revd Canon Robert White (Chair of the House of Clergy)
Canon Debbie Sutton (Chair of the House of Laity)

Diocesan Secretary: Mrs Victoria James

b) Bishop's Nominee

Mr Philip Poulter (Chair of the Diocesan Deanery Finance Committee and the Diocesan Finance Executive Committee).

c) Elected by House of Clergy

Revd Paul Armstead (resigned 20 th October 2021)	Revd Dr Paul Chamberlain
Revd Richard England	Revd James Hunt
Revd Ian Snares	Revd Canon Will Hughes

d) Elected by House of Laity

Canon David Bennison	Mrs Debs Henning-Vears (from 14 April 2021)
Mr Norman Chapman	Mrs Irene James
Mrs Mary Crittenden	Canon Adrian Jordan
Miss Elizabeth Davidson	Canon Dr Hugh Mason
Canon Lucy Docherty	Mr Eugene Organ (resigned 21 January 21)
Mr Mark Emerton	Canon Hilary Spurgeon
Canon Stuart Forster	

e) Members in Attendance

Throughout 2021, 5 General Synod members are also voting members of Council in either ex officio or elected capacities (The Ven Peter Leonard, The Ven Gavin Collins, Rev Canon R White, Canon Lucy Docherty, Mr M Emerton). Therefore, only 1 member of General Synod (Mrs Emily Bagg) is in attendance.

2. Trustees serving since 1st January 2022 post the elections and up to the date of this report:

a) Ex Officio Members

Chair: The Rt Rev Rob Wickham (Commissary Bishop of Portsmouth until 12th March 2022)
The Rt Rev Dr Jonathan Frost (Bishop of Portsmouth from 18th January 2022; installed 12th March 2022)

Dean of Portsmouth: The Very Revd Dr Anthony Cane

Archdeacons: The Ven Peter Leonard (Isle of Wight; resigned 27th February 2022)
The Revd Allie Kerr (Acting Archdeacon of Isle of Wight from 27th February 2022)
The Ven Jenny Rowley (Portsdown)
The Revd Canon Will Hughes (Acting Archdeacon of Meon from 22nd January 2021)

Chairs of the Houses: The Revd Canon Robert White (Chair of the House of Clergy)
Canon Debbie Sutton (Chair of the House of Laity)

Diocesan Secretary: Mrs Victoria James

b) Bishop's Nominee

Mr Philip Poulter (Chair of the Diocesan Deanery Finance Committee and the Diocesan Finance Executive Committee).

c) Elected by House of Clergy

Revd Dr Susie Collingridge
Revd Bruce Deans
Revd Canon Tom Kennar
Revd Andrew Hargreaves

Revd James Hunt
Revd Sam Martell
Revd Mark Williams

d) Elected by House of Laity

Mr James Bremridge
Mr Neil Chrimes
Canon Lucy Docherty
Mr Mark Emerton
Canon Stuart Forster
Dr Coleen Jackson

Mrs Irene James
Canon Adrian Jordan
Mrs Vanda Leary
Mr Simon Lemieux
Mr Steven Smart

e) Members in Attendance

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

Senior staff and advisers

Diocesan Secretary

Finance Director

Head of Strategic Implementation and Resources & Deputy Diocesan Secretary

Head of Lay and Ordained Ministry

Head of Mission and Education and Director of Education

Head of Social Transformation

Victoria James

Lisa Streeter

Jenny Hollingsworth

Anthony Rustell

Jeff Williams

Nick Ralph

Registered Office

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

Key Advisers and Agents

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

ON BEHALF OF THE TRUSTEES



The Right Revd Jonathan Frost

Chairman

25th May 2022



Victoria James

Diocesan Secretary

25th May 2022

Opinion

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS REPORT TO THE MEMEBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE
For the year ended 31 December 2021

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

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 8 June 2022

10 Queen Street Place
London
EC4R 1AG

PORTSMOUTH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

At 31 December 2021

	Note	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021	Total funds 2020
		General £	Designated £	£	£	£	£
Income and endowments from							
Donations							
Parish contributions	2a	4,405,115	-	-	-	4,405,115	4,691,178
Archbishops' Council	2b	478,430	490,000	827,858	-	1,796,288	2,329,366
Other donations	2c	112,233	-	6,550	-	118,783	154,580
Charitable activities	3	580,751	-	2,031	-	582,782	566,200
Other trading activities	4	430,926	-	74,449	-	505,375	453,178
Investments	5	510,089	88,071	137,454	57,356	792,970	725,357
Other	6	142,804	-	220,900	69,129	432,833	520,591
Total		6,660,348	578,071	1,269,242	126,485	8,634,146	9,440,451
Expenditure on:							
Raising funds	7	46,993	-	-	-	46,993	36,391
Charitable activities	8	6,458,567	106,613	1,000,836	-	7,566,016	8,172,844
Total	9	6,505,560	106,613	1,000,836	-	7,613,009	8,209,235
Net income/(expenditure) before investment gains		154,788	471,458	268,406	126,485	1,021,137	1,231,216
Net gains on investments	15	271,220	401,197	701,114	1,659,200	3,032,731	906,931
Net income		426,008	872,655	969,520	1,785,685	4,053,868	2,138,147
Transfers between funds	13	(309,635)	296,167	(150,532)	164,000	-	-
Other recognised gains/(losses)							
Gains on revaluation of fixed assets	14	851,669	-	-	2,358,123	3,209,792	1,003,743
Remeasurement of pension scheme provision		(21,000)	-	-	2,000	(19,000)	58,000
		830,669	-	-	2,360,123	3,190,792	1,061,743
Net movement in funds		947,042	1,168,822	818,988	4,309,808	7,244,660	3,199,890
Total funds at 1 January 2021		16,149,415	4,184,756	5,543,827	54,708,112	80,586,110	77,386,220
Total funds at 31 December 2021	20	17,096,457	5,353,578	6,362,815	59,017,920	87,830,770	80,586,110

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

The notes on pages 26 to 57 form part of the financial statements

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

BALANCE SHEET

At 31 December 2021

	Note	2021	2020
		£	£
FIXED ASSETS			
Tangible Fixed Assets	14	59,350,360	57,821,421
Investments	15	<u>24,382,639</u>	<u>21,285,607</u>
		83,732,999	79,107,028
CURRENT ASSETS			
Debtors	16	971,026	1,025,149
Cash on Deposit		7,129,175	4,749,986
Cash at bank and in hand		<u>731,169</u>	<u>806,766</u>
		8,831,370	6,581,901
CREDITORS: amounts falling due within one year	17	<u>2,999,532</u>	<u>2,763,059</u>
NET CURRENT ASSETS		<u>5,831,838</u>	<u>3,818,842</u>
Total assets less current liabilities		<u>89,564,837</u>	<u>82,925,870</u>
CREDITORS amounts falling due after more than one year	18	<u>1,734,067</u>	<u>2,339,760</u>
Pension scheme liabilities		167,400	299,700
Loans and long term provisions		<u>1,566,667</u>	<u>2,040,060</u>
NET ASSETS		<u><u>87,830,770</u></u>	<u><u>80,586,110</u></u>
FUNDS			
Unrestricted income funds:			
General funds		17,096,457	16,149,415
Designated funds		<u>5,353,578</u>	<u>4,184,756</u>
		22,450,035	20,334,171
Restricted funds		6,362,815	5,543,827
Endowment funds		59,017,920	54,708,112
TOTAL FUNDS	19/20	<u><u>87,830,770</u></u>	<u><u>80,586,110</u></u>

Revaluation reserves of the following amounts are included within the above funds: endowment funds £15.4m (2020: £9.7m), restricted funds £2.2m (2020: £1.5m), designated funds £1.7m (2020: £1.3m), general funds £2.9m (2020: £1.2m).

The Notes on pages 26 to 57 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 25th May 2022 and signed on behalf of the Board by:



The Right Revd Jonathan Frost

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

STATEMENT OF CASHFLOWS

At 31 December 2021

	2021		2020	
	£	£	£	£
Net cash flow from operating activities				
Net cash used in operating activities		(429,368)		(34,005)
Cash flows from investing activities				
Dividends, interest and rent from investments	728,669		665,025	
Purchase of property and equipment	(47,249)		-	
Purchase of investments	-		(7,511)	
Sale of property and equipment	2,122,833		695,591	
Sale of investments	-		185,285	
Net cash provided by investing activities		2,804,253		1,538,390
Cash flows from financing activities				
Loans repaid to PDBF	2,100		-	
Loans repaid by PDBF	(73,393)		(40,060)	
Cash inflows from new borrowing	-		2,000,000	
Net cash used in financing		(71,293)		1,959,940
Change in cash and cash equivalents in the reporting period		2,303,592		3,464,325
Cash and cash equivalents at 1 January		5,556,752		2,092,427
Cash and cash equivalents at 31 December		<u>7,860,344</u>		<u>5,556,752</u>
Reconciliation of net income to net cash flow from operating activities				
		<u>2021</u>		<u>2020</u>
Net income for the year ended 31 December		4,053,868		2,138,147
Adjustments for:				
Depreciation charges		38,102		36,790
Gains on investments		(3,032,731)		(906,931)
Dividends, interest and rent from investments		(792,970)		(725,357)
Gain on sale of functional assets		(432,833)		(520,591)
Decrease in operating debtors		52,023		25,899
Decrease in operating creditors		(314,827)		(1,901,940)
Net cash provided by operating activities		<u>(429,368)</u>		<u>(1,853,983)</u>
Analysis of cash and cash equivalents				
Cash at bank and in hand		731,169		806,766
Cash on deposit		7,129,175		4,749,986
		<u>7,860,344</u>		<u>5,556,752</u>

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1. ACCOUNTING POLICIES

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

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

- i) **Parish Share** is recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.
- ii) **Rent** is recognised as income when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the PDBF's own use** (i.e., non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

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

1. ACCOUNTING POLICIES (continued)

- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The PDBF's staff are members of the Church Workers Pension Fund; either the Pension Builder or the Defined Benefit Schemes, and Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of the deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

Properties are accounted for at their fair value and are reviewed on a five-year cycle and revalued accordingly. Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The PDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Parsonage houses

The PDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The PDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. This treatment is also applied to any property where the title will revert to the PCC in the event that it should no longer be required as a parsonage. Parsonage houses are revalued on a five-year cycle.

Property cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the property was brought into the accounting system in 2007.

1. ACCOUNTING POLICIES (continued)

Computer equipment

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

d) Depreciation on leasehold property

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

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

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet bid value and the gain or loss taken to the Statement of Financial Activities. The single property held as an investment is revalued by the Diocesan surveyor on a five-year cycle alongside all other properties. Glebe land is valued at ten times the annual rental income.
- ii) **Leases.** The PDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the lease term.
- iii) **Financial instruments** are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. The charity only has financial assets and liabilities which qualify as basic financial instruments.

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

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

f) Fund balances

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

- **Unrestricted funds** are the PDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the PDBF. There are two types of unrestricted funds:
 - **General funds** which the PDBF intends to use for the general purposes of the PDBF and
 - **Designated funds** set aside out of unrestricted funds by the PDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the PDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

1. ACCOUNTING POLICIES (continued)

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

g) Key Judgements

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

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

2 DONATIONS**2a Parish Contributions**

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£	£	£	£	£
Parish share requested	4,973,000	-	-	-	4,973,000
Short fall/surplus against cash received	(621,842)	-	-	-	(621,842)
Payments received	4,351,158	-	-	-	4,351,158
Amounts received for prior year	53,957	-	-	-	53,957
Parish share receivable	4,405,115	-	-	-	4,405,115

2020	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General	Designated			
	£	£	£	£	£
Parish share requested	5,213,405	-	-	-	5,213,405
Short fall/surplus against cash received	(725,923)	-	-	-	(725,923)
Payments received	4,487,482	-	-	-	4,487,482
Amounts received for prior year	203,696	-	-	-	203,696
Parish share receivable	4,691,178	-	-	-	4,691,178

The majority of donations are collected from the parishes of the diocese through the parish share system. Parish share payments received represented 87.5% (2020: 89.8%) of the amount requested.

2b Archbishops' Council

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£	£	£	£	£
Lowest income community funding	478,430	-	-	-	478,430
Parish mission development fund	-	-	-	-	-
CC grant for RME	-	-	191,811	-	191,811
Strategic Development Fund	-	-	636,047	-	636,047
Sustainability grant	-	490,000	-	-	490,000
	<u>478,430</u>	<u>490,000</u>	<u>827,858</u>	<u>-</u>	<u>1,796,288</u>

2020	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General	Designated			
	£	£	£	£	£
Lowest income community funding	365,579	-	-	-	365,579
Parish mission development fund	96,900	-	-	-	96,900
CC grant for RME	-	-	213,353	-	213,353
Strategic Development Fund	-	-	1,053,534	-	1,053,534
Sustainability grant	-	600,000	-	-	600,000
	<u>462,479</u>	<u>600,000</u>	<u>1,266,887</u>	<u>-</u>	<u>2,329,366</u>

2c Other donations

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£	£	£	£	£
All Churches Trust	102,250	-	-	-	102,250
Donations	9,983	-	6,550	-	16,533
	<u>112,233</u>	<u>-</u>	<u>6,550</u>	<u>-</u>	<u>118,783</u>

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

3 CHARITABLE ACTIVITIES

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2021
	£	£	£	£	£
Statutory fees and chaplaincy income	360,485	-	-	-	360,485
Miscellaneous income	44,386	-	2,031	-	46,417
Section income:					
Lay & Ordained Ministry	555	-	-	-	555
Mission and Education	34,112	-	-	-	34,112
Strategic Implementation & Resources	49,770	-	-	-	49,770
Social Transformation	91,443	-	-	-	91,443
	580,751	-	2,031	-	582,782

2020	Unrestricted funds		Restricted 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	85,574	-	-	-	85,574
Strategic Implementation & Resources	46,034	-	-	-	46,034
Social Transformation	109,464	-	-	-	109,464
	561,770	-	4,431	-	566,201

4 OTHER TRADING ACTIVITIES

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2021
	£	£	£	£	£
Rental income from properties	430,926	-	74,449	-	505,375
	430,926	-	74,449	-	505,375

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

5 INVESTMENT INCOME

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£	£	£	£	£
Dividends receivable	428,584	87,947	136,835	57,303	710,669
Interest receivable	34	124	619	53	830
Rents receivable	81,471	-	-	-	81,471
	<u>510,089</u>	<u>88,071</u>	<u>137,454</u>	<u>57,356</u>	<u>792,970</u>

2020	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>

6 OTHER INCOME

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£	£	£	£	£
Gain on sale of properties	142,804	-	220,900	69,129	432,833
	<u>142,804</u>	<u>-</u>	<u>220,900</u>	<u>69,129</u>	<u>432,833</u>

2020	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>

7 FUND RAISING COSTS

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Glebe agent's fees and repairs	11,615	-	-	-	11,615
Management fees of rentals	35,378	-	-	-	35,378
	46,993	-	-	-	46,993

2020	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated	funds	funds	2020
	£	£	£	£	£
Glebe agent's fees and repairs	9,521	-	-	-	9,521
Management fees of rentals	26,870	-	-	-	26,870
	36,391	-	-	-	36,391

8 CHARITABLE ACTIVITIES

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated	funds	funds	2021
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,912	-	-	-	184,912
National church responsibilities	144,663	-	-	-	144,663
Grants and provisions	(127,918)	-	-	-	(127,918)
Mission agency pension contributions	8,261	-	-	-	8,261
Retired clergy housing costs	67,886	-	-	-	67,886
	277,804	-	-	-	277,804
Resourcing ministry and mission					
Training for ministry	137,321	-	191,811	-	329,132
Parish ministry:					
Stipends and national insurance	2,681,889	-	-	-	2,681,889
Pension costs	689,683	-	-	-	689,683
Housing costs	713,331	31,637	1,821	-	746,789
Removal, resettlement & other grants	88,567	-	-	-	88,567
Other expenses	74,911	303	646,989	-	722,203
	4,385,702	31,940	840,621	-	5,258,263
Support for ministry and mission					
Lay and ordained ministry	828,134	74,673	154,500	-	1,057,307
Mission and Education	158,041	-	315	-	158,356
Strategic implement and resources	625,904	-	-	-	625,904
Social transformation	115,585	-	-	-	115,585
Governance	51,397	-	5,400	-	56,797
Other Diocesan Central Support	16,000	-	-	-	16,000
	1,795,061	74,673	160,215	-	2,029,949
	6,458,567	106,613	1,000,836	-	7,566,016

8 CHARITABLE ACTIVITIES (continued)

2020	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2020
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,469	-	-	-	184,469
National church responsibilities	154,192	-	-	-	154,192
Grants and provisions	77,063	-	-	-	77,063
Mission agency pension contributions	6,919	-	-	-	6,919
Retired clergy housing costs	66,230	-	-	-	66,230
	488,873	-	-	-	488,873
Resourcing ministry and mission					
Training for ministry	-	-	282,991	-	282,991
Parish ministry:					-
Stipends and national insurance	2,821,151	-	238,428	-	3,059,580
Pension costs	629,020	-	-	-	629,020
Housing costs	691,862	(15,977)	-	-	675,885
Removal, resettlement & other grants	72,128	-	-	-	72,128
Other expenses	40,793	941	676,352	-	718,085
	4,254,954	(15,036)	1,197,771	-	5,437,689
Support for ministry and mission					
Lay and ordained ministry	840,249	15,823	189,920	-	1,045,992
Mission and Education	205,268	-	(87)	-	205,181
Strategic implement and resources	906,439	7,476	-	-	913,915
Social transformation	35,473	-	-	-	35,473
Governance	39,781	-	5,940	-	45,721
	2,027,210	23,299	195,773	-	2,246,282
	6,771,037	8,263	1,393,544	-	8,172,844

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2021	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL
	£	£	£	2021
	£	£	£	£
Raising funds	46,993	-	-	46,993
Contributions to Archbishops' Council	-	277,804	-	277,804
Parish Ministry	5,203,931	54,332	-	5,258,263
Support for Ministry and Mission	1,902,250	-	93,587	1,995,837
Education	34,112	-	-	34,112
	7,187,286	332,136	93,587	7,613,009

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

	Undertaken Directly £	Funding of Activities £	Support Costs £	TOTAL 2020 £
Raising funds	36,391	-	-	36,391
Contributions to Archbishops' Council	-	488,873	-	488,873
Parish Ministry	5,383,357	54,332	-	5,437,689
Support for Ministry and Mission	1,964,530	-	76,571	2,041,101
Education	537,417	-	-	537,417
	<u>7,921,695</u>	<u>543,205</u>	<u>76,571</u>	<u>8,541,471</u>

10 ANALYSIS OF SUPPORT COSTS

2021

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General £	Designated £	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	51,397	-	5,400	-	56,797
	<u>88,187</u>	<u>-</u>	<u>5,400</u>	<u>-</u>	<u>93,587</u>

2020

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General £	Designated £	£	£	£
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>

Auditors remuneration for the year was £15,840 (2020: £16,530) and the cost of operating lease rentals was £15,052 (2020: £16,902).

11 ANALYSIS OF GRANTS

2021	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	277,804	277,804
From unrestricted funds:				
Cathedral	1	-	16,000	16,000
Retired Lay Worker Pension Grant	1	2,043	-	2,043
Removal and resettlement grants	14	1,564	-	1,564
	16	3,607	16,000	19,607
	17	3,607	293,804	297,411

2020	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	488,873	488,873
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	2,020	-	2,020
Removal and resettlement grants	13	52,312	-	52,312
	14	54,332	-	54,332
	15	54,332	488,873	543,205

12 STAFF COSTS

Employee costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	1,055,388	1,291,818
National insurance contributions	105,709	125,079
Pension costs	180,320	202,608
	1,341,417	1,792,957

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

	2021 fte	2020 fte
Mission & Education	6.8	9.2
Lay & Ordained Ministry	5.5	5.9
Strategic Implementation & Resources	8.4	13.2
Safeguarding	3.4	2.2
Social Transformation	5.2	5.6
(of which 2.2 are externally funded)		
	29.3	36.1
Parochial Assistants	1.2	0.7
	30.5	36.8

12 STAFF COSTS (continued)

The average number of persons employed during the year:

	2021 no.	2020 no.
Mission & Education	7	10
Lay & Ordained Ministry	6	6
Strategic Implementation & Resources	9	13
Safeguarding	4	4
Social Transformation	7	7
	33	40
Parochial Assistants	2	1
	35	41

Included in the figures above are a small number of staff who work within the deaneries including the PA's to the Archdeacons, as well as those in central diocesan support roles. In addition, 3 members of staff are funded under the Strategic Development funds.

The staff team included above under Mission and Education are shared with the Winchester Diocesan Board of Finance (WDBF). Two thirds of the cost of this team are recharged to the WDBF based on the number of schools in

The finance team for the PDBF are also a shared team with WDBF. The costs of this team are charged from WDBF to PDBF on the basis of time spent providing support to each diocese. These staff are not reflected in the headcount above.

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

	2021	2020
£70,000 - £80,000	2	2

Pension payments of £27,383 (2020: £24,600) were made for these employees.

Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2021 they were:

Diocesan Secretary & Company Secretary	Victoria James
Director of Finance	Lisa Streeter (46%)
Deputy Diocesan Secretary	Jenny Hollingsworth
Head Lay and Ordained Ministry	Anthony Rustell
Head of Education	Jeff Williams (33%)
Head of Social Transformation	Nick Ralph (10%)

Remuneration, pensions and expenses for these 6 employees amounted to £281,841 (2020: £263,408).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £8,341 (2020: £11,663) in respect of General Synod duties, duties as Diocesan Secretary, Archdeacon or Area Dean, and other duties as Trustees. All those claiming are staff or clergy employed by the diocese.

12 STAFF COSTS (continued)

The following table gives details of the Trustees (including those elected in 2022) who were in receipt of a stipend and/or housing provided by the PDBF during the year:

	Stipend	Housing
The Archdeacon of the Meon (Collins)	Yes	Yes
The Archdeacon of Isle of Wight (Leonard)	Yes	Yes
The Archdeacon of the Meon (Rowley)	Yes	Yes
Chair of House of Clergy (Canon R C White)	Yes	Yes
The Rev Canon William Hughes	Yes	Yes
The Revd Dr Paul Chamberlain	Yes	Yes
The Revd Ian Snares	Yes	Yes
The Revd Paul Armstead	Yes	Yes
The Revd Richard England	Yes	Yes
The Revd James Hunt	Yes	Yes
The Revd Bruce Deans	Yes	Yes
The Revd Andrew Hargreaves	Yes	No
The Revd Canon Tom Kennar	Yes	Yes
The Revd Sam Martell	Yes	Yes
The Revd Allie Kerr	Yes	Yes
The Revd Mark Williams	Yes	Yes

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

The PDBF paid an average of 85 (2020: 90) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021	2020
	£	£
Stipends	2,476,289	2,863,514
National insurance contributions	205,600	219,183
Pension costs - current year	525,683	626,700
- deficit reduction	164,000	307,000
	<u>3,371,572</u>	<u>4,016,397</u>

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

2021	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated	funds	funds
	£	£	£	£
Portsmouth share of Interest earned by P&WCSG Fund	63	-	(63)	-
To charge the General Fund for the reduction in pension deficit provision	(164,000)	-	-	164,000
Redesignation of funds from Catherington Trust to CBIL fund	-	-	-	-
Redesignation of funds from car loan fund to CBIL fund	-	-	-	-
Redesignation of funds from diocesan loan fund to CBIL fund	-	-	-	-
Transfer from CBIL fund for CBIL loan repayments	33,333	(33,333)	-	-
Budgeted transfer to Lambeth Conference fund	(6,000)	6,000	-	-
Clergy conference costs net of budgeted transfer to conference fund	(8,500)	8,500	-	-
Redesignation of funds to the building repair fund	(315,000)	315,000	-	-
Transfer cost of education team activities	150,469	-	(150,469)	-
	<u>(309,635)</u>	<u>296,167</u>	<u>(150,532)</u>	<u>164,000</u>

Further details of the transfers are included in note 19.

2020	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated	funds	funds
	£	£	£	£
Portsmouth share of Interest earned by P&WCSG Fund	1,513	-	(1,513)	-
To charge the General Fund for the reduction in pension deficit provision	(301,000)	-	-	301,000
Transfer from Catherington Trust for Spirituality Advisor	14,875	(14,875)	-	-
Budgeted transfer to Lambeth Conference fund	(1,064)	1,064	-	-
Clergy conference costs net of budgeted transfer to	(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>

14 TANGIBLE FIXED ASSETS – Land and Buildings

	Freehold Land and Buildings £	Leasehold Buildings £	Computer Equipment	Total 2021 £
At Cost or Valuation				
At 1 January 2021	56,460,186	1,851,443	-	58,311,629
Additions	-	-	47,249	47,249
Disposals	(1,690,000)	-	-	(1,690,000)
Revaluation	3,209,792	-	-	3,209,792
At 31 December 2021	57,979,978	1,851,443	47,249	59,878,670
Accumulated depreciation				
At 1 January 2021	-	490,208	-	490,208
Charge for the year	-	36,790	1,312	38,102
At 31 December 2021	-	526,998	1,312	528,310
Net book value at 31 December 2021	57,979,978	1,324,445	45,937	59,350,360
Net book value at 31 December 2020	56,460,186	1,361,235	-	57,821,421

All of the properties in the balance sheet are freehold and are vested in the PDBF, except for benefice houses which are vested in the incumbent. All properties are held at market value and are subject to a five-year cycle of survey and consequent repairs are charged as expenditure. The Diocesan Office at Peninsular House is a leasehold property for which the premium is being amortised over 50 years. Just under half of the office space is sublet as it is not required for diocesan use. The carrying value of this property valued on a part functional, part investment basis would not be materially different from that quoted above.

15 FIXED ASSETS INVESTMENTS

	At 1st January 2021 (as amended) £	Additions £	Disposals £	Change in Market Value £	At 31st December 2021 £
Unrestricted General Funds					
Unlisted investments	1,832,077	-	-	271,220	2,103,297
Designated Funds					
Unlisted investments	2,706,458	3,679	-	401,197	3,111,334
Restricted Funds					
Unlisted investments	4,835,981	60,622	-	701,114	5,597,717
Endowment Funds					
Unlisted investments	11,236,128	-	-	1,622,236	12,858,364
Investment Property	362,000	-	-	-	362,000
Investment Land	312,963	-	-	36,964	349,928
Total Funds	21,285,607	64,301	-	3,032,731	24,382,639

The balances at 1st January 2021 have been updated from those reported at 31 December 2020 as the split of investments did not correctly reflect the funds to which the investments were held. The overall fund balances remain unchanged.

16 DEBTORS

	2021 £	2020 £
Loans to parishes	-	2,100
Parish share receivable	41,769	119,485
Prepayments and accrued income	354,372	232,786
Other debtors	574,885	670,778
	971,026	1,025,149

17 CREDITORS: amounts falling due within one year

	2021	2020
	£	£
Accruals	62,040	87,465
Other creditors	563,569	726,081
* P&WCSG Fund Creditors	1,852,018	1,868,601
Loan repayments	440,060	40,060
Deferred income	31,722	7,552
Tax and social security	31,523	-
Pension scheme liabilities:		
Clergy Pension Scheme	16,700	33,300
Lay pension scheme	1,900	-
	2,999,532	2,763,059

* The P&WCSG fund holds £1,891,125 (2020: £1,907,707) on deposit with CCLA and Barclays.

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

18 CREDITORS: amounts falling due after more than one year

	2021	2020
	£	£
Loan repayment instalments due after more than one year		
1 - 2 years	800,000	800,000
2 -5 years	766,667	1,240,060
Pension scheme liabilities:		
Clergy Pension Scheme	150,300	299,700
Lay pension scheme	17,100	-
	1,734,067	2,339,760

19 SUMMARY OF FUND MOVEMENTS

2021	Balances at 1 January 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2021 £
Unrestricted funds - General	16,149,415	6,660,348	(6,505,560)	(309,635)	1,101,889	17,096,457
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	34,545	-	-	-	5,241	39,786
Circus Charity Fund	2,262	-	-	-	306	2,568
Diocesan Conference Fund	36,812	17	-	8,500	-	45,329
Car Loan Fund	295,543	9,260	-	(347,544)	42,741	-
Diocesan Loan Fund	649,412	13,179	-	(369,610)	76,629	369,610
Parsonages Repairs Fund	330,284	19,034	(31,584)	-	63,254	380,988
CME Fund	144,093	8	-	-	-	144,101
Valpy Bequest	32,525	-	-	-	4,934	37,459
Winterbotham Legacy	138,146	5,177	-	-	22,391	165,715
Office Repair Fund	108,414	1,663	-	-	8,052	118,130
Mission Fund	496,818	4	(75,029)	-	-	421,793
Lambeth Conference Fund	12,715	-	-	6,000	-	18,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	80,494	-	-	315,000	-	395,494
Catherington House Fund	1,221,198	39,730	-	(700,000)	177,648	738,575
Sustainability Fund	600,000	490,000	-	-	-	1,090,000
CBIL repayment fund	-	-	-	1,383,821	-	1,383,821
	4,184,756	578,071	(106,613)	296,167	401,197	5,353,578

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2021 £
Restricted funds						
Barclay Bequest	6,748	151	-	-	734	7,633
Ben Aug Fund	100,991	-	-	-	15,321	116,312
Bishop's Lent Appeal	13,571	6,551	-	-	-	20,122
Christian Healing Fund	247	-	-	-	-	247
Harrison Parochial Loan Fund	18,274	40	-	-	-	18,314
Huckstepp Legacy	121,298	-	-	-	17,073	138,371
James Legacy	22,332	-	-	-	3,189	25,521
New Churches Fund	1,218,400	41,751	(154,500)	-	193,032	1,298,683
Turret House Fund	110,459	3,230	-	-	16,017	129,706
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	636,047	(636,047)	-	-	(45,956)
Pastoral Fund	2,110,075	66,850	(15,061)	-	245,293	2,407,157
P&WCSGF	39,107	379	(316)	(63)	-	39,107
Corban Fund	42,526	1,206	-	-	5,905	49,637
Eckersley Clergy families	413,401	10,850	(1,400)	-	53,067	475,918
Education Restricted	1,367,160	310,376	(1,701)	(150,469)	151,483	1,676,849
Resourcing Ministerial Education	-	191,811	(191,811)	-	-	-
	5,543,827	1,269,242	(1,000,836)	(150,532)	701,114	6,362,815
Expendable Endowment funds						
Parsonage Houses	39,512,514	69,129	-	-	2,295,822	41,877,465
Education Endowment	1,666,032	57,356	-	-	119,693	1,843,082
Permanent Endowment funds						
Stipends Capital Fund	8,313,947	-	-	164,000	1,161,227	9,639,174
Bells Loan Fund	461,098	-	-	-	60,890	521,987
Boyd Richardson Trust	176,127	-	-	-	26,721	202,848
Constance Trust	32,993	-	-	-	5,004	37,997
Cowes St M Ben Aug	1,026	-	-	-	139	1,165
Diocesan House Trust	241,027	-	-	-	36,332	277,359
Fawdry Bequest	41,445	-	-	-	5,918	47,363
Glebe Fund	1,141,334	-	-	-	105,660	1,246,994
Glebe Property	2,888,889	-	-	-	99,265	2,988,154
Glebe House Cottage Trust	4,741	-	-	-	676	5,417
Hayling St M Curacy End	1,337	-	-	-	181	1,518
Lambert Loan Fund	185,466	-	-	-	20,894	206,360
Glebe Capital	40,137	-	-	-	80,900	121,037
	54,708,113	126,485	-	164,000	4,019,322	59,017,920
Total Funds	80,586,110	8,634,146	(7,613,009)	-	6,223,523	87,830,770

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

19 SUMMARY OF FUND MOVEMENTS (continued)

2020	Balances at 1 January 2020 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2020 £
Unrestricted funds - General	16,420,209	7,102,347	(7,139,663)	(462,192)	228,714	16,149,415
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	32,191	-	-	-	2,354	34,545
Circus Charity Fund	2,125	-	-	-	137	2,262
Diocesan Conference Fund	27,901	135	-	8,776	-	36,812
Car Loan Fund	264,447	9,025	-	-	22,071	295,543
Diocesan Loan Fund	562,511	13,086	-	-	73,815	649,412
Parsonages Repairs Fund	346,201	17,989	(30,041)	-	(3,865)	330,284
CME Fund	144,027	66	-	-	-	144,093
Valpy Bequest	30,308	-	-	-	2,217	32,525
Winterbotham Legacy	126,692	4,930	-	-	6,524	138,146
Office Repair Fund	103,044	1,753	-	-	3,617	108,414
Mission Fund	521,026	32	(24,240)	-	-	496,818
Lambeth Conference Fund	11,651	-	-	1,064	-	12,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	34,476	-	46,018	-	-	80,494
Catherington House Fund	1,129,451	38,290	-	(14,875)	68,332	1,221,198
Sustainability Fund	-	600,000	-	-	-	600,000
	3,337,546	685,306	(8,263)	(5,035)	175,202	4,184,756
Restricted funds						
Barclay Bequest	6,266	152	-	-	330	6,748
Ben Aug Fund	94,108	-	-	-	6,883	100,991
Bishop's Lent Appeal	6,740	6,831	-	-	-	13,571
Christian Healing Fund	246	1	-	-	-	247
Harrison Parochial Loan Fund	18,133	141	-	-	-	18,274
Huckstepp Legacy	123,848	-	-	-	(2,550)	121,298
James Legacy	20,899	-	-	-	1,433	22,332
New Churches Fund	1,265,453	39,273	(156,952)	-	70,626	1,218,400
Turret House Fund	100,366	3,032	-	-	7,061	110,459
Surrexit Fund	10,011	16	(4,832)	-	-	5,195
Strategic Development	(95,456)	1,053,534	(1,004,034)	-	-	(45,956)
Pastoral Fund	2,015,294	65,194	(12,020)	-	41,607	2,110,075
P&WCSGF	39,107	4,646	(3,133)	(1,513)	-	39,107
Corban Fund	39,013	1,178	-	-	2,335	42,526
Eckersley Clergy families	380,141	10,670	(1,250)	-	23,839	413,401
Education Restricted	879,807	481,256	2,030	-	4,067	1,367,160
Resourcing Ministerial Education	(167,740)	213,353	(213,353)	167,740	-	-
Transformation Capacity Funding						
	4,736,236	1,879,277	(1,393,544)	166,227	155,631	5,543,827

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2020 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2020 £
Expendable Endowment funds						
Parsonage Houses	38,998,905	-	-	-	513,609	39,512,514
Education Endowment	1,591,409	46,411	-	-	28,212	1,666,032
Permanent Endowment funds						
Stipends Capital Fund	7,579,219	-	-	301,000	433,728	8,313,947
Bells Loan Fund	404,486	11,084	-	-	45,528	461,098
Boyd Richardson Trust	164,124	-	-	-	12,003	176,127
Constance Trust	30,744	-	-	-	2,249	32,993
Cowes St M Ben Aug	964	-	-	-	62	1,026
Diocesan House Trust	227,641	-	-	-	13,386	241,027
Fawdry Bequest	38,786	-	-	-	2,659	41,445
Glebe Fund	1,079,096	40,093	-	-	22,145	1,141,334
Glebe Property	2,599,458	-	-	-	289,431	2,888,889
Glebe House Cottage Trust	4,438	-	-	-	304	4,742
Hayling St M Curacy End	1,256	-	-	-	81	1,337
Lambert Loan Fund	171,703	4,377	-	-	9,386	185,466
Glebe Capital	-	3,795	-	-	36,342	40,137
	52,892,229	105,759	-	301,000	1,409,125	54,708,114
Total Funds	77,386,220	9,772,689	(8,541,470)	-	1,968,672	80,586,111

20 SUMMARY OF ASSETS BY FUND

2021	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
Unrestricted funds - General	15,517,772	2,103,295	1,787,213	(2,311,822)	17,096,457
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	41,690	(1,904)	-	39,786
Circus Charity Fund	-	2,433	135	-	2,568
Diocesan Conference Fund	-	-	45,328	-	45,328
Car Loan Fund	-	328,418	(328,417)	-	1
Diocesan Loan Fund	-	549,612	(180,002)	-	369,610
Parsonages Repair Fund	-	505,438	(124,450)	-	380,988
CME Fund	-	-	144,101	-	144,101
Valpy Bequest	-	39,251	(1,792)	-	37,459
Winterbotham Legacy	-	180,373	(14,660)	-	165,714
Office Repair Fund	-	64,053	54,077	-	118,130
Mission Fund	-	-	421,793	-	421,793
Lambeth Conference Fund	-	-	18,715	-	18,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	395,494	-	395,494
Catherington House Fund	-	1,400,067	(661,491)	-	738,576
Sustainability Fund	-	-	1,090,000	-	1,090,000
CBIL repayment fund	-	-	1,383,821	-	1,383,821
	-	3,111,335	2,242,244	-	5,353,578
Restricted funds					
Barclay Bequest	-	5,838	1,794	-	7,633
Ben Aug Fund	-	121,876	(5,564)	-	116,312
Bishop's Lent Appeal	-	-	20,121	-	20,121
Christian Healing Fund	-	-	247	-	247
Harrison Parochial Loan Fund	-	-	18,314	-	18,314
Huckstepp Legacy	-	136,530	1,841	-	138,371
James Legacy	-	25,368	154	-	25,522
New Churches Fund	-	1,555,912	(257,229)	-	1,298,683
Turret House Fund	-	129,180	526	-	129,705
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,944,408	462,750	-	2,407,157
P&WCSGF	-	-	1,891,125	(1,852,020)	39,105
Corban Trust	-	46,969	2,668	-	49,636
Eckersley Clergy families	-	422,140	53,781	-	475,920
Education Restricted	-	1,209,499	870,107	(402,756)	1,676,849
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	(45,956)	-	(45,956)
	-	5,597,718	3,019,873	(2,254,777)	6,362,815

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	41,570,288	-	307,177	-	41,877,465
Education Endowment	-	1,115,921	727,161	-	1,843,081
Permanent Endowment funds					
Stipends Capital Fund	-	9,231,470	574,704	(167,000)	9,639,174
Bells Loan Fund	-	457,884	64,104	-	521,988
Boyd Richardson Trust	-	212,555	(9,707)	-	202,848
Constance Trust	-	39,816	(1,818)	-	37,998
Cowes St M Ben Aug	-	1,104	61	-	1,165
Diocesan House Trust	-	289,212	(11,853)	-	277,359
Fawdry Bequest	-	47,078	285	-	47,363
Glebe Fund	-	1,335,064	(88,071)	-	1,246,994
Glebe Property	2,262,301	549,926	175,927	-	2,988,154
Glebe House Cottage Trust	-	5,378	39	-	5,417
Hayling St M Curacy End	-	1,438	80	-	1,518
Lambert Loan Fund	-	166,203	40,156	-	206,360
Glebe Capital	-	117,242	3,795	-	121,037
	43,832,588	13,570,290	1,782,042	(167,000)	59,017,920
Total Funds	59,350,360	24,382,639	8,831,370	(4,733,599)	87,830,770

20 SUMMARY OF ASSETS BY FUND (continued)

2020	Fixed Assets		Current Assets	Liabilities	Net Assets
	Tangible £	Investments £			
Unrestricted funds - General	15,496,955	1,832,076	1,291,812	(2,471,429)	16,971,106
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	36,449	(1,904)	-	34,545
Circus Charity Fund	-	2,126	136	-	2,262
Diocesan Conference Fund	-	-	36,812	-	36,812
Car Loan Fund	-	285,677	9,867	-	295,544
Diocesan Loan Fund	-	472,983	176,429	-	649,412
Parsonages Repair Fund	-	442,184	(111,900)	-	330,284
CME Fund	-	-	144,093	-	144,093
Transition Fund	-	-	-	-	-
Valpy Bequest	-	34,317	(1,791)	-	32,526
Winterbotham Legacy	-	154,303	(16,157)	-	138,146
Office Repair Fund	-	56,001	52,412	-	108,413
Mission Fund	-	-	496,818	-	496,818
Lambeth Conference Fund	-	-	12,715	-	12,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	80,494	-	80,494
Catherington House Fund	-	1,222,419	(1,222)	-	1,221,197
Sustainability fund	-	-	600,000	-	600,000
	-	2,706,459	1,478,297	-	4,184,756
Restricted funds					
Barclay Bequest	-	5,105	1,643	-	6,748
Ben Aug Fund	-	106,555	(5,564)	-	100,991
Bishop's Lent Appeal	-	-	13,318	253	13,571
Christian Healing Fund	-	-	247	-	247
Harrison Parochial Loan Fund	-	-	18,273	-	18,273
Huckstepp Legacy	-	119,457	1,841	-	121,298
James Legacy	-	22,179	153	-	22,332
New Churches Fund	-	1,327,574	(109,174)	-	1,218,400
Turret House Fund	-	109,934	524	-	110,458
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,677,027	433,048	-	2,110,075
P&WCSGF	-	-	1,907,707	(1,868,601)	39,106
Youth Development	-	-	-	-	-
Corban Trust	-	41,064	1,462	-	42,526
Eckersley Clergy families	-	369,071	44,330	-	413,401
Education Restricted	-	1,864,031	(94,114)	(402,757)	1,367,160
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	(18,671)	(27,284)	(45,955)
	-	5,641,997	2,200,218	(2,298,389)	5,543,826

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	40,124,466	-	(611,951)	-	44,116,961
Education Endowment	-	190,212	1,475,820	-	1,666,032
Permanent Endowment funds					
Stipends Capital Fund	-	8,072,243	574,705	(333,000)	8,313,948
Bells Loan Fund	-	396,994	64,103	-	461,097
Boyd Richardson Trust	-	185,834	(9,706)	-	176,128
Constance Trust	-	34,811	(1,819)	-	32,992
Cowes St M Ben Aug	-	965	61	-	1,026
Diocesan House Trust	-	252,880	(11,853)	-	241,027
Fawdry Bequest	-	41,160	285	-	41,445
Glebe Fund	-	1,229,404	(88,071)	-	1,141,333
Glebe Property	2,200,000	512,962	175,927	-	3,359,459
Glebe House Cottage Trust	-	4,702	40	-	4,742
Hayling St M Curacy End	-	1,257	80	-	1,337
Lambert Loan Fund	-	145,309	40,157	-	185,466
Glebe Capital	-	36,342	3,796	-	40,138
	42,324,466	11,105,075	1,611,574	(333,000)	59,783,131
Total Funds	57,821,421	21,285,607	6,581,901	(5,102,818)	86,482,819

21 DESCRIPTION OF FUNDS**Fund****Purpose****Unrestricted funds - General**

FHP Capital Fund	Provision of clergy housing
Freehold Property	Housing other clergy
General Fund	DBF's revenue operations
Leasehold Property	Property for the charities own use

21 DESCRIPTION OF FUNDS (continued)

Unrestricted funds - Designated

Brown, Doig, Silver Bequest	To offset DBF office costs
Building Repair Fund	Additional repair work on Diocesan properties
Car Loan Fund	Loans to DBF employees
Catherington House Fund	For work of the Diocesan Spirituality Adviser
Circus Charity Fund	For stipends
CME Fund	Continuing ministerial education
Coronavirus Business Interruption Loan Fund	For repayment of the CBIL loan
Diocesan Conference Fund	To offset cost of diocesan Clergy Conference
Diocesan Loan Fund	Loans to Parishes
Evangelism Fund	For evangelism within the diocese
Lambeth Conference Fund	To offset the next Lambeth conference costs
Mission Fund	For outward focussed mission activities
Office Repair Fund	Repair and maintenance of Office Equipment
Parsonages Repairs Fund	Repair and maintenance of parsonages
Sustainability Fund	To aid transition
Valpy Bequest	For stipends
Winterbotham Legacy	For DBF's own purposes

Restricted funds

Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Corban Trust Fund	For Poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
Harrison Parochial Loan Fund	Loans to Parishes
Huckstepp Legacy	Support Ordinands
James Legacy	Support Ordinands
New Churches Fund	For 'new churches' buildings
P&WCSGF	Income from school governors' funds
Pastoral Fund	Management of money in accordance with the Pastoral Measure 1983
Resourcing Ministerial Education	Grants received to fund ordinand training
Strategic Development Fund	For activities specifically identified in the strategic plan
Surrexit Fund	For youth development
Turret House Fund	For church building projects

Expendable Endowment funds

Parsonage Houses	Housing incumbents/priests in charge
Education Endowment	To fund education

21 DESCRIPTION OF FUNDS (continued)

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

22 OPERATING LEASES

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

	2021 £	2020 £
Operating leases payable:		
Within 1 year	15,053	16,690
In 1-5 years	26,247	25,460
	<u>41,300</u>	<u>42,151</u>

23 ANALYSIS OF CHANGES IN NET DEBT

	As at 1st January 2021 £	Cashflows £	Other £	As at 31st December 2021 £
Cash and cash equivalents	5,556,752	2,303,592	-	7,860,344
Loans falling due within one year	(40,060)	-	(400,000)	(440,060)
Loans falling due after more than one year	(2,040,060)	73,393	400,000	(1,566,667)
TOTAL	<u>3,476,632</u>	<u>2,376,985</u>	<u>-</u>	<u>5,853,617</u>

The amounts shown as 'other' above represent the amount now due for repayment within one year on the CBIL loan.

24 PENSIONS

Portsmouth DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

24 PENSIONS (continued)

The membership figures that we hold as at December 2020 and December 2021 for Portsmouth DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2021	December 2020
Number of members at this Responsible Body	99	103

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this

means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £689,683, 2020: £629,020), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £856,683 for 2021 (2020: £1,000,020).

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

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

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

24 PENSIONS (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
	£	£
Balance sheet liability at 1 January	333,000	692,000
Deficit contribution paid	(165,000)	(307,000)
Interest cost (recognised in SoFA)	1,000	6,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(2,000)	(58,000)
Balance sheet liability at 31 December	167,000	333,000

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1%
Price inflation	n/a	3.1%	2.8%
Increase to total pensionable payroll	-1.5%	1.6%	1.3%

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

Portsmouth DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

1. The defined benefits Scheme
2. The pension builder Scheme, which has two subsections
 - a. A deferred annuity section known as Pension Builder Classic, and.
 - b. A cash balance section known as Pension Builder 2014

24 PENSIONS (continued)**Defined Benefits Scheme**

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £268,127, 2020: £106,081)

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

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

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,500 per year. In addition, deficit payments of £3,206 per year have been agreed for 7.0 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2021	2020
	£	£
Balance sheet liability at 1 January	-	-
Deficit contribution paid	(2,000)	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	21,000	-
Balance sheet liability at 31 December	19,000	-

24 PENSIONS (continued)

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2021	December 2020	December 2019
Discount rate	1.5%	0.0%	0.0%

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

Teachers' pension scheme (TPS)

The PDBF made contributions to the TPS on behalf of 3 employees who had previously been teachers. The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they 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 £126,652 (2020: £102,732). The PDBF has also supported the work of the PDCSR for several years and in 2021 provided free use of office space, and IT Cloud functionality.

26 FUNDS HELD AS CUSTODIAN TRUSTEE

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

	2021	2020
	£	£
CBF Investment Fund income shares	6,432,222	5,603,830
CBF Investment Fund accumulation shares	809,396	80,455
CBF Property Fund income shares	829,543	743,779
CBF Global Equity Fund	314,910	271,003
CBF Fixed Interest Securities Fund Shares	625,672	669,323
CBF COIF Investments	196,901	210,659
Other unit trust units	17,490	15,127
UK Equity holdings	14,161	12,458
UK Gilt-edged stocks	79,320	79,320
Other Fixed interest stock	10,318	8,137
Foreign Equities	8,518	7,482
Deposits & Cash at Bank	1,484,759	1,755,219
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	<u>10,820,430</u>	<u>9,454,011</u>

