

End-of-Year Accounts

YEAR ENDING
DECEMBER 2023



ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2023

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number-226466

Registered charity number - 249256



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FOREWORD

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

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

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



*The Right Rev Jonathan Frost
Bishop of Portsmouth*



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

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

LEGAL OBJECTS

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

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

STRATEGIC AIMS

DIOCESAN MISSION, MINISTRY, AND FINANCE PLAN 2022-25

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

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

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

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

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

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

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

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

DEVELOPING THE PLAN: GROUNDWORK FOR A BID

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

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

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

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

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

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

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

ACTIVITIES & ACHIEVEMENTS FOR THE YEAR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EDUCATION

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

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

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

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

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

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

LAY & ORDAINED MINISTRY

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

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

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

COMMUNITY ENGAGEMENT & IMPACT

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

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

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

FUTURE PLANS

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

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

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

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

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

Our priorities to Renew include:

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

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

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

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

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

FINANCIAL REVIEW

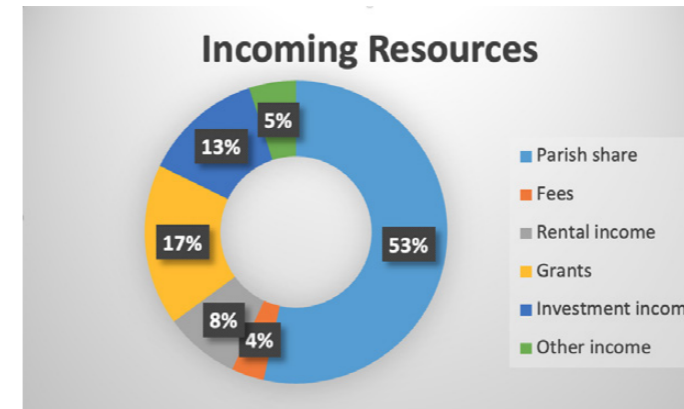
FINANCIAL PERFORMANCE

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

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

INCOMING RESOURCES FOR 2023:

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



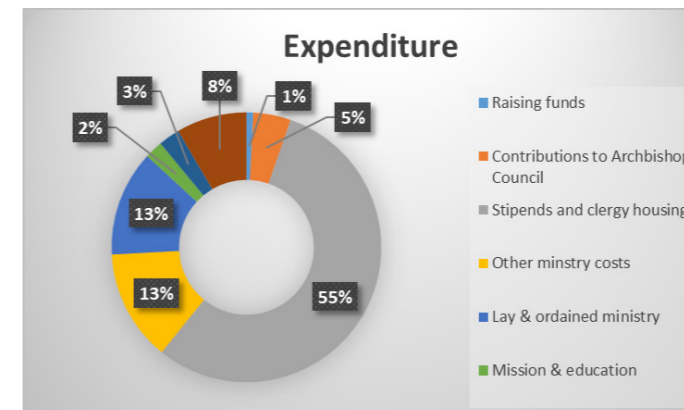
this in the latter part of the year. The diocese also provided a small number of devices to ensure that all parishes requesting a device were able to receive one.

During 2022, £253k of restricted funding was

received for hardship payments for clergy, and for a contribution to parishes for energy costs. No such funding has been received during 2023 and so restricted income has fallen.

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

RESOURCES EXPENDED FOR 2023:



Expenditure across all funds before any transfers, gains and losses on disposal or revaluations, increased by £399,604 to £8,522,498 (2022: £8,122,894).

Recruitment of clergy was in place throughout

the year with significant appointments being made towards the end of the year and early in 2024. As well as an increase in headcount, both stipends and lay staff salaries were uplifted to enable both staff and clergy to manage the impact of the inflationary pressures.

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

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

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

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

BALANCE SHEET POSITION

The Trustees consider that the balance sheet, together with details in note 19, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £97,271,482 (2022: £95,706,132) it must be remembered that included in this total are properties and other fixed assets, mostly in use for the ministry, whose value amounted to £67,192,483 (2022: £66,735,277). Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the PDBF.

RESERVES POLICY

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

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

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

DESIGNATED FUNDS

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

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

RESTRICTED AND ENDOWMENT FUNDS

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

GRANT MAKING POLICY

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

INVESTMENT POLICY AND REPORT

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

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

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

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

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

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

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

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

PRINCIPAL RISKS & UNCERTAINTIES

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

Key risks and mitigating actions are as follows:

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

Key risks	How managed
<p>Parish share: Parish share accounts for around 53% of the diocese's general income therefore any reduction in this can have significant impact on the future finances and the ability to deliver mission longer term and support the growth of parishes.</p>	<p>Receipts are closely monitored on a monthly basis and deanery treasurers are supported by diocesan staff and the Diocesan Deanery Finance Committee to understand the budgets and why regular payment of the parish share is preferable.</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. We have also supported the roll out of digital giving devices across the diocese during 2023.</p> <p>Diocesan finances are reviewed monthly by Bishop's Staff Team, Audit Committee and Bishop's Council to ensure the impact of any shortfall in parish share payments can be identified on a timely basis.</p> <p>A parish share review is under way to ensure that the allocation of share reflects a fair and equitable method across the diocese.</p>
<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>	<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>An induction programme is in place for staff joining the diocese and the HR advisory Board which has been formed during 2023 will take on responsibility for ensuring that HR policies are kept up to date and remain relevant.</p>
<p>Funding: The diocese receives significant grant funding from National Church and other sources which underpins operations. Any reduction in these grants places additional reliance on parish share and use of reserves to meet any shortfall.</p>	<p>Key members of staff maintain open communication with funders to ensure that they can feed in to any consultations around changes to funding and access any additional grants as and when they become available.</p> <p>During 2023 we participated in the national review of diocesan finances to feed in the financial challenges faced locally and provide opportunity to help shape future national funding.</p>

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

STRUCTURE & GOVERNANCE

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

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

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

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

ORGANISATIONAL STRUCTURE

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

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

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

TRUSTEE RECRUITMENT, SELECTION, AND INDUCTION

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

DECISION MAKING STRUCTURE

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

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

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

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

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

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

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

DELEGATION OF DAY-TO-DAY DELIVERY

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

RELATED PARTIES

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

FUNDRAISING

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

FUNDS HELD AS CUSTODIAN TRUSTEE

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

FUNDS HELD ON BEHALF OF SCHOOLS

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

TRUSTEES' RESPONSIBILITIES

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

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

In preparing these financial statements the Trustees are required to:

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

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

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

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

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

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

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

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

ADMINISTRATIVE DETAILS

TRUSTEES

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

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

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

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

Ex Officio Members

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

Elected by House of Clergy

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

Elected by House of Laity

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

Members in Attendance

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

Senior staff and advisers

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

Registered Office

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

Key Advisers and Agents

Bankers	Barclays PLC, PO Box 165, Crawley, RH10 1YX
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors & registrar	Batt Broadbent LLP, Minster Chambers, 42-44 Castle Street, Salisbury, SP1 3TX
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	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 Rev Jonathan Frost
Chairman
20 May 2024

Philip Poulter
Diocesan Secretary
20 May 2024

OPINION

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Annual Report (which includes the strategic

report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

USE OF OUR REPORT

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

Jane Askew (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditor

Date:

10 Queen Street Place

London

EC4R 1AG

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

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

All income and resources expenditure derive from continuing activities.

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

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

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

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

The Right Rev Jonathan Frost

	2023	2022
Net cash flow from operating activities		
Net cash used in operating activities	(1,671,554)	(228,107)
Cash flows from investing activities		
Dividends, interest and rent from investments	963,767	815,897
Purchase of property and equipment	-	(513,720)
Purchase of investments	(3,589,884)	(403,176)
Sale of investments	4,234,356	418,302
Net cash provided by investing activities	1,608,239	317,303
Cash flows from financing activities		
Loans repaid by PDBF	(607,083)	(1,399,643)
Net cash used in financing	(607,083)	(1,399,643)
Change in cash and cash equivalents in the reporting period	(670,398)	(1,310,447)
Cash and cash equivalents at 1 January	6,549,897	7,860,344
Cash and cash equivalents at 31 December	5,879,499	6,549,897
<u>Reconciliation of net income to net cash flow from operating activities</u>		
	2023	2022
Net income for the year ended 31 December	1,005,705	877,100
Adjustments for:		
Depreciation charges	52,540	52,536
(Gains)/losses on investments	(1,438,122)	(527,345)
Dividends, interest and rent from investments	(1,035,093)	(884,200)
(Gain)/loss on sale of functional assets	-	648
(Gain)/loss on disposal of investments	49,899	(15,127)
(Increase)/decrease in operating debtors	(101,403)	332,212
Increase/(decrease) in operating creditors	(205,080)	(63,931)
Net cash provided by operating activities	(1,671,554)	(228,107)
<u>Analysis of net debt</u>		
Cash at bank and in hand	300,416	344,552
Cash on deposit	5,579,083	6,205,345
Bank loan	-	(607,083)
Total net debt	5,879,499	5,942,814

1 ACCOUNTING POLICIES

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

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

- i) **Parish Share** is recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.
- ii) **Rent** is recognised as income when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at

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

- v) **Parochial fees** are recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the PDBF's own use** (i.e., non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such

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

- iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The majority of PDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of any deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year. We also have a small number of staff who are part of the Teacher's Pension Scheme. The pension costs charged represent the contributions payable by PDBF.

c) Tangible fixed assets and depreciation

Freehold properties

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

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

expected residual value is not materially less than their carrying value. The PDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Parsonage houses

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

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

Computer equipment

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

d) Depreciation on leasehold property

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

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

e) Fixed asset investments

Fixed asset investments are included in the balance sheet at bid value and the gain or loss taken to the Statement of Financial Activities.

The single property held as an investment is revalued by the Diocesan surveyor on a five-year cycle alongside all other properties.

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

f) Other accounting policies

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

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

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

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

g) Fund balances

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

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

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

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

h) Key Judgements

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

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

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

2 DONATIONS

2a Parish Contributions

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

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

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

2b Archbishops’ Council

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

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

2c Other donations

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
2023	£	£	£	£	2023
	£	£	£	£	£
Benefact Trust	98,000	-	-	-	98,000
Donations	25,695	-	5,665	-	31,360
	<u>123,695</u>	<u>-</u>	<u>5,665</u>	<u>-</u>	<u>129,360</u>
2022	£	£	£	£	2022
	£	£	£	£	£
Benefact Trust	112,000	-	-	-	112,000
Donations	7,519	-	24,901	-	32,420
	<u>119,519</u>	<u>-</u>	<u>24,901</u>	<u>-</u>	<u>144,420</u>

3 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
2023	£	£	£	£	2023
	£	£	£	£	£
Statutory fees and chaplaincy income	282,595	-	-	-	282,595
Miscellaneous income	47,841	5,505	25,000	-	78,346
Section income:					
Mission and Education	41,416	-	-	-	41,416
Strategic Implementation & Resources	69,366	-	-	-	69,366
Social Transformation	87,261	-	-	-	87,261
	<u>528,479</u>	<u>5,505</u>	<u>25,000</u>	<u>-</u>	<u>558,984</u>
2022	£	£	£	£	2022
	£	£	£	£	£
Statutory fees and chaplaincy income	266,074	-	-	-	266,074
Miscellaneous income	92,930	-	2,562	249,943	345,435
Section income:					
Mission and Education	50,792	-	-	-	50,792
Strategic Implementation & Resources	78,516	-	-	-	78,516
Social Transformation	98,927	-	-	-	98,927
	<u>587,239</u>	<u>-</u>	<u>2,562</u>	<u>249,943</u>	<u>839,744</u>

4 OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
2023	£	£	£	£	2023
	£	£	£	£	£
Rental income from properties	601,395	-	46,143	-	647,538
	<u>601,395</u>	<u>-</u>	<u>46,143</u>	<u>-</u>	<u>647,538</u>
2022	£	£	£	£	2022
	£	£	£	£	£
Rental income from properties	588,436	-	22,862	-	611,298
	<u>588,436</u>	<u>-</u>	<u>22,862</u>	<u>-</u>	<u>611,298</u>

5 INVESTMENT INCOME

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
2023	£	£	£	£	2023
	£	£	£	£	£
Dividends receivable	376,864	62,631	188,011	89,521	717,027
Interest receivable	139,914	38,158	32,264	11,087	221,423
Rents receivable	96,643	-	-	-	96,643
	<u>613,421</u>	<u>100,789</u>	<u>220,275</u>	<u>100,608</u>	<u>1,035,093</u>
2022	£	£	£	£	2022
	£	£	£	£	£
Dividends receivable	435,616	89,699	176,289	30,530	732,134
Interest receivable	58,029	4,413	7,648	-	70,090
Rents receivable	81,976	-	-	-	81,976
	<u>575,621</u>	<u>94,112</u>	<u>183,937</u>	<u>30,530</u>	<u>884,200</u>

6 FUND RAISING COSTS

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
2023	£	£	£	£	2023
	£	£	£	£	£
Glebe agent's fees and repairs	13,845	-	-	-	13,845
Management fees of rentals	53,710	-	-	-	53,710
	<u>67,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,555</u>
2022	£	£	£	£	2022
	£	£	£	£	£
Glebe agent's fees and repairs	15,544	-	-	-	15,544
Management fees of rentals	49,347	-	-	-	49,347
	<u>64,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,891</u>

7 CHARITABLE ACTIVITIES

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	166,797	-	-	-	166,797
National church responsibilities	107,864	-	-	-	107,864
Grants and provisions	18,996	-	-	-	18,996
Mission agency pension contributions	5,905	-	-	-	5,905
Retired clergy housing costs	73,069	-	-	-	73,069
	<u>372,631</u>	-	-	-	<u>372,631</u>
Resourcing ministry and mission					
Training for ministry	156,992	-	119,311	-	276,303
Parish ministry:					
Stipends and national insurance	2,494,352	12,621	-	-	2,506,973
Pension costs	582,980	19,953	-	-	602,933
Housing costs	1,431,097	35,730	2,620	-	1,469,447
Removal, resettlement & other grants	165,363	-	-	-	165,363
Other expenses	20,115	36,891	767,165	-	824,171
	<u>4,850,899</u>	<u>105,195</u>	<u>889,096</u>	-	<u>5,845,190</u>
Support for ministry and mission					
Lay and ordained ministry	984,315	61,470	-	-	1,045,785
Mission and Education	178,798	-	-	-	178,798
Strategic implement and resources	712,650	-	9,360	-	722,010
Social transformation	211,418	-	-	-	211,418
Governance	79,111	-	-	-	79,111
Other Diocesan Central Support	-	-	-	-	-
	<u>2,166,292</u>	<u>61,470</u>	<u>9,360</u>	-	<u>2,237,122</u>
	<u>7,389,822</u>	<u>166,665</u>	<u>898,456</u>	-	<u>8,454,943</u>
2022					
	General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	139,019	-	-	-	139,019
National church responsibilities	112,982	-	-	-	112,982
Grants and provisions	15,566	-	-	-	15,566
Mission agency pension contributions	7,704	-	-	-	7,704
Retired clergy housing costs	69,583	-	-	-	69,583
	<u>344,854</u>	-	-	-	<u>344,854</u>
Resourcing ministry and mission					
Training for ministry	150,650	-	178,103	-	328,753
Parish ministry:					
Stipends and national insurance	2,533,218	76,133	-	-	2,609,351
Pension costs	661,035	-	-	-	661,035
Housing costs	909,252	-	2,850	-	912,102
Removal, resettlement & other grants	34,055	-	-	-	34,055
Other expenses	48,195	-	857,919	-	906,114
	<u>4,336,405</u>	<u>76,133</u>	<u>1,038,872</u>	-	<u>5,451,410</u>
Support for ministry and mission					
Lay and ordained ministry	1,086,908	83,395	-	-	1,170,303
Mission and Education	187,265	-	-	-	187,265
Strategic implement and resources	618,167	-	-	-	618,167
Social transformation	224,893	-	-	-	224,893
Governance	61,111	-	-	-	61,111
Other Diocesan Central Support	-	-	-	-	-
	<u>2,178,344</u>	<u>83,395</u>	-	-	<u>2,261,739</u>
	<u>6,859,603</u>	<u>159,528</u>	<u>1,038,872</u>	-	<u>8,058,003</u>

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2023	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2023
	£	£	£	£
Raising funds	67,555	-	-	67,555
Contributions to Archbishops' Council	-	372,631	-	372,631
Parish Ministry	5,674,246	170,944	-	5,845,190
Support for Ministry and Mission	2,079,805	-	115,901	2,195,706
Education	41,416	-	-	41,416
	<u>7,863,022</u>	<u>543,575</u>	<u>115,901</u>	<u>8,522,498</u>
2022				
	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2022
	£	£	£	£
Raising funds	64,891	-	-	64,891
Contributions to Archbishops' Council	-	344,854	-	344,854
Parish Ministry	5,416,071	35,339	-	5,451,410
Support for Ministry and Mission	2,113,046	-	97,901	2,210,947
Education	50,792	-	-	50,792
	<u>7,644,800</u>	<u>380,193</u>	<u>97,901</u>	<u>8,122,894</u>

9 ANALYSIS OF SUPPORT COSTS

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	79,111	-	-	-	79,111
	<u>115,901</u>	-	-	-	<u>115,901</u>
2022					
	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2022
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	61,111	-	-	-	61,111
	<u>97,901</u>	-	-	-	<u>97,901</u>

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

10 ANALYSIS OF GRANTS

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

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

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

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

The average number of persons employed during the year:

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

11 STAFF COSTS

Employee costs during the year were as follows:

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

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

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

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

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

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

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

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

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

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

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

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

Trustees' emoluments

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

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

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

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

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

Vanda Leary
Philip Poulter

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

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

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

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

12 ANALYSIS OF TRANSFERS BETWEEN FUNDS

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

Further details of the transfers are included in note 18.

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

13 TANGIBLE FIXED ASSETS – LAND AND BUILDINGS

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

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

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

14 FIXED ASSETS INVESTMENTS

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

15 DEBTORS

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

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

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

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

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

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

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

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

18 SUMMARY OF FUND MOVEMENTS

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

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

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

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

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

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

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

19 SUMMARY OF ASSETS BY FUND

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

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

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

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

2022

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

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

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

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

20 DESCRIPTION OF FUNDS

<u>Fund</u>	<u>Purpose</u>
Unrestricted funds - General	
FHP Capital Fund	Provision of clergy housing
Freehold Property	Housing other clergy
General Fund	DBF's revenue operations
Leasehold Property	Property for the charities own use
Unrestricted funds - Designated	
Brown, Doig, Silver Bequest	To offset DBF office costs
Building Repair Fund	Additional repair work on diocesan properties
Car Loan Fund	Loans to DBF employees
Catherington House Fund	For work of the diocesan spirituality adviser
Circus Charity Fund	For stipends
CME Fund	Continuing ministerial education
Coronavirus Business Interruption Loan Fund	For repayment of the CBL loan
Diocesan Conference Fund	To offset cost of diocesan clergy conference
Diocesan Loan Fund	Loans to parishes
Evangelism Fund	For evangelism within the diocese
Lambeth Conference Fund	To offset the next Lambeth conference costs
Mission Fund	For outward focussed mission activities
Office Repair Fund	Repair and maintenance of Office Equipment
Parsonages Repairs Fund	Repair and maintenance of parsonages
Sustainability Fund	To aid transition
Valpy Bequest	For stipends
Winterbotham Legacy	For DBF's own purposes
Reader Board	For the activities of the Reader Board
Restricted funds	
Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Corban Trust Fund	For poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
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
Youth Development	For work with the young people of the diocese
Hardship Fund	To support individuals in financial hardship as a result of the cost of living crisis
Energy Grant fund	To support parochial church councils with increased energy costs
Net Carbon Zero	To support work towards net carbon zero initiatives
Expendable Endowment funds	
Parsonage Houses	Housing incumbents/priests in charge
Education Endowment	To fund education

	<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

21 OPERATING LEASES

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

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

22 ANALYSIS OF CHANGES IN NET DEBT

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

23 PENSIONS

Portsmouth DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The membership figures that we hold as at December 2023 and December 2022 for Portsmouth DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

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

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

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

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

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

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

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

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

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 is nil. The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

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

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

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

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

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

CWPF has two sections:

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

Pension Builder Scheme

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

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

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

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2023: £175,556, 2022: £159,906).

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

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

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

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

Defined Benefits Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

This liability represents the present value of the deficit contributions agreed

as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

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

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

Teachers' pension scheme (TPS)

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

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

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

24 RELATED PARTY TRANSACTIONS

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

25 FUNDS HELD AS CUSTODIAN TRUSTEE

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

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

26 POST BALANCE SHEET EVENT

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



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THE CHURCH
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