



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number - 226466

Registered charity number – 249256

A large print version is available on request from:

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TABLE OF CONTENTS

Page Number

Annual Report

Legal Objects	1
Strategic Report:	
Strategic Aims	1
Activities and Achievements in the year	2
Future plans	4
Financial review	5
Principal risks and uncertainties	7
Structure and Governance	8
Trustees Responsibilities	11
Administrative details	13
Independent Auditors Report	15-16
Statement of Financial Activities	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements	20-49

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

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 2019. The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors. This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees Annual Report under the Charities Act 2011

LEGAL OBJECTS

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

STRATEGIC AIMS

Diocesan Synod has endorsed our strategic purpose, *Live/Pray/Serve* and its refreshed vision that we seek to grow in depth, impact and number. *Live/Pray/Serve* therefore aims to promote discipleship, church growth (both spiritually and numerically), and community engagement as well as reimagining ministry in our context. It is also our response to the Church of England's increasing emphasis on church growth, discipleship and outreach.

We therefore seek to grow in depth, impact and number:

1. **Depth** - Our vision is that everyone will be able to:
 - a. Explore and grow in fellowship and discipleship
 - b. Explore their own sense of vocation and calling
 - c. Work out what good Stewardship looks like in their life and in the life of their parish and community
2. **Impact** - Our vision is that God's love may be evident in all that we do in loving our neighbours, so that is every place.
3. **Number** - Our vision is for all churches and styles of church to be thriving throughout the Diocese. We want the Diocese to have an increasing number of new disciples each year, and for regular attendance in church to be rising.

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

Our values are a key part of all that we seek to do as they define the way in which we seek to fulfil our vision and mission as a diocese. We seek to be:-

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

- **Generous** – we share our time, money and other resources with those who have least, being patient and supportive, as communities discover and offer their own gifts, consciously and prayerfully allowing our resources to follow what we believe God is asking us to do in mission.
- **Resourceful** – we will be good stewards who see that God gives us what is sufficient to do his work, who make the most of what we have, and who respond wholeheartedly to opportunities for mission when they arise.
- **Pioneering** – we follow the first disciples after Pentecost, considering with fresh and transformed eyes what God is asking us to do reach others with the good news of Christ, being creative, taking risks and sometimes failing, being willing to let go of the habits which hinder us, and all this in the spirit of trust in the resurrection.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The following sets out activities and achievements for the year against key objectives. Overall, it has been a year of considerable activity and many successes to be thankful for.

In our governance structures and linking through to our churches we are responding to and living out our values where we are seeking to be courageous, collaborative, generous, resourceful and pioneering. This is supporting our strategy to grow in depth, impact and number.

There is a growing commitment to look at and explore how we engage with our communities and promote the common good in new and innovative ways. Mosaic data has been sourced which gives valuable data about local communities which has supported local strategic planning for meaningful growth.

During 2019

- Harbour Church moved into a new building increasing the worshipping community in Portsmouth Deanery. During 2019, Harbour Church also began contributing to the finances of the Diocese through parish share.
- St Margaret's, a church plant from St Jude's, is celebrating a worshipping community of 54 adults and 10 children and celebrated their second year in the autumn of 2019.
- Choir church which is run by a pioneer minister from St James Milton in Portsmouth has gone from strength to strength and performed at a large gathering at Fratton Park.
- Fresh expressions of church have continued to be a growing part of our worship across the Diocese.

A large part of our focus in 2019 was the 'Resourcing Growth' project through which we are seeking to resource turnaround approaches in Havant, Gosport and Newport, Isle of Wight. This will enable a mixture of planting new congregations, the provision of operational support, as well as developing pioneering and fresh expression work through both lay and ordained ministry. The informal consultation on the proposed pastoral reorganisation in the three geographical areas began in October 2018 with the decision being taken in January 2019 to proceed to formal consultation.

The formal consultation process was significant and the four schemes for the three geographical areas came before the Church Commissioners in July 2019. With some amendments in some cases, permission was given to proceed in relation to three of the four schemes in Gosport and Newport on the Isle of Wight. These three schemes took effect in the autumn of 2019 which allowed the implementation to begin.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

At the heart of this work is the commitment that deepened discipleship and meaningful community engagement is the key to not just sustainability but thriving. This approach is not just relevant in the geographical areas covered by the Resourcing Growth project, but across the Diocese and is at the heart of *Live|Pray|Serve*.

For the Mission Discipleship and Ministry Team (MDM) the focus has been on supporting vibrant, living and sustainable churches and promoting the expansion of pioneering and Fresh Expressions. Some key work streams developed in 2019:

- After the years of successful mission action planning inspired by *Leading your Church into Growth*, we continue to encourage engagement in mission and evangelism at the local level. The last big LYCIG gathering occurred in February 2019, when around 100 people gathered in the cathedral for a mission day, as an encouragement to parishes who had begun the journey towards planning for church growth and a celebration for those who had already implemented plans.
- The co-ordination of 'Thy Kingdom Come' praying for people to come to know Jesus Christ culminated in our first open air prayer rally at Portchester Castle which was attended by approximately 2000 people from around 90 Anglican churches with a further 26 churches from other denominations present. During the week there were ecumenical prayer nights across 9 different geographical areas ranging from one event to daily in Portsmouth.
- The establishment of 'Speak', a diocesan team of evangelists as well as various mission groups (Catholic Clergy, Market Town Clergy, Rural Mission which was both clergy and lay).
- Investment into parish leadership through the organisation and hosting of the CPAS Missional leaders Programme for 15 clergy and Lead Academy Programme for six of our larger parish leadership teams.
- The two-day Reach Conference in October was the primary focus of promoting pioneering. With the guidance of nationally recognised speakers, Reach provided an opportunity for participants to explore the pioneer model and consider how this approach might help them to take new steps in engaging with their local communities. Following on from this conference, the MDM team launched the "How to Pioneer" workshops in November. This series of five workshops seeks to identify, train and support lay pioneers as they undertake the starting of new Christian communities.
- In response to parish feedback on the need for more support in the management and development of church buildings, the role of Buildings Development Officer (BDO) continued to support this.
- The number of candidates entering the vocations system and going on to diocesan discernment panel substantially increased in late 2018. 2019 has been a very successful year for the vocations and ordinands' team as many of those candidates then went on to successfully enter training, and numbers entering the diocesan vocations system have continued to increase.
- We raised the number of ordinands by 84%, making us fifth in the league table of dioceses. Bishop Christopher sponsored nine candidates for a Bishop's Advisory Panel (BAP) in 2019 and all nine were recommended for training, three of those being under the age of thirty and one being subsequently recommended as an ordained pioneer. These nine have now begun training; four training locally on the Portsmouth Pathway, four in mixed mode training with St Mellitus, London and the other ordinand training residentially at St Stephen's House. In preparation for their BAPs, candidates were encouraged to attend one of three BAP Training days we organised in the Diocese to ensure that all our candidates were as prepared as possible for their BAP.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

Education

Our Diocesan Board of Education is a joint one with Winchester Diocese. Our aim is to enable every child and young person in church schools to have a life enhancing encounter with the Christian faith and the person of Jesus Christ, to nurture them to learn at their full potential and to assist them in becoming good citizens and to contribute to the common good of society. We seek to achieve this by supporting church schools in their pursuit of excellence, helping parishes to engage with schools and colleges, and by promoting religious education, collective worship and spiritual development.

Headlines of our 2019 work include: -

- Our 'Bee Inspired' project has had significant impact across our schools, with ecological and other transformational and tangible educational and community results. This received media interest at national as well as local levels. Significant developments and links between parishes and schools was a notable outcome.
- Statutory Inspection of Anglican and Methodist Schools training under the new framework was delivered across all our schools
- Understanding Christianity – training for all schools was completed, with additional training for Diocesan clergy warmly received.
- Global Neighbours Award – seminars and training for Headteachers and Clergy attended by large numbers and many schools are now in receipt of the National Bronze Award.

FUTURE PLANS

The Covid-19 pandemic continues to have a significant effect on the activities of the diocese. The prime purpose of the Diocese is to support the mission and growth of the church and the impact of Covid-19 has meant that the priorities under *Live/Pray/Serve* are even more important as is the missional support offered by the Diocesan team to churches and schools across the diocese.

We are grateful for how clergy and laity alike have responded to the various challenges presented by the pandemic. The resilience shown in these times has been significant. The closure of all churches and diocesan offices, in March 2020, has changed the way that we worship in our parishes, support our schools and communities, and operate our central diocesan services. Despite the sudden change enforced upon us and the traumatic and distressing circumstances faced by many, creative and inspiring solutions have arisen in response to the challenges. That creativity and energy will serve us well as we journey through 2020 and beyond.

Financially, challenges continue to be felt by the Diocesan Board of Finance and parishes alike. Parish Share has always been a key element of our diocesan budget; at around 68% of budgeted income for 2020, it remains vital to the functioning of the Diocese, in order to continue to provide clergy stipends, housing and other key support. Churches are facing financial challenges across the Diocese, and we continue to provide support to them in a variety of ways.

While a deficit budget was set for 2020 with plans to address this, it is now likely that we will incur a significant deficit in 2020. Use of the Furlough Scheme and other cost saving measures were taken in April and have continued in the months since, but to support in this period of increased financial challenge in the short term, we have benefitted from a grant from the National Church and we will be using a Coronavirus Business Interruption Loan. The planned sale of some properties will proceed during 2020. Alongside this, the Trustees have reviewed all cash reserves and financial projections, as well as developing missional plans and as such, the Trustees are confident that the diocese's finances are sufficiently robust to remain viable, and the Trustees have no doubts over the continued operation.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

Our future plans will continue to develop the key themes of our strategy to grow in depth, impact and number, addressing what thriving communities look like and what we might need to change as a consequence. This continued strategic development has seen the Trustees commit to a long-term process of change to encompass all areas of work, governance and deployment (both within our parishes and the DBF). This will include:

- Changing parish structures – The different context of each area will be considered but a model which involves greater and more creative use of team ministries involving both lay and ordained ministers;
- progress and implement the ‘Resourcing Growth’ project in Gosport and the Isle of Wight;
- looking at the DBF structures and resourcing to support new patterns and models of ministry;
- further explore our social engagement, particularly in relation to issues of poverty and social justice, modern slavery and the environment.

FINANCIAL REVIEW

Financial Performance

Overall, the diocesan finances ended the year with a surplus of £1,705,129. This was due primarily to an increase in the market value of investments held of £2.2 million. Since the reporting date, the impact of the COVID-19 coronavirus on financial markets led to an initial decrease in value of 10% at March, which fully recovered by September, for the value of the charity’s listed investments. This volatility in global markets is to be expected considering the impact social distancing restrictions is having on the economy.

The Trustees do not consider that this will have a material impact on the charity’s ability to continue as a going concern or on its ability to continue to operate in line with the current strategic plan

General Fund income was £7,295,955 (2018: £7,572,336), a decrease of £276,381. The parish share collection rate fell to 93.4%, compared to 98.8% in 2018. Total income on other funds was £1,341,253 (2018: £583,145).

General fund expenditure was £7,853,061 (2018: £7,427,802) an increase of £425,259 (5.7%) mainly reflecting there being fewer clergy vacancies and the resourcing of additional pioneer ministers. Expenditure from other funds was £1,418,052 (2018: £928,959) an increase of £489,093. This increase relates primarily to strategic development projects.

Balance sheet position

The Trustees consider that the balance sheet, together with details in note 20, shows broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £77,386,220 (2018: £74,078,350) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £57,029,468 (2018: £55,405,844). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the PDBF.

Reserves policy

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees’ policy is to hold not more than 6 weeks’ normal expenditure in cash or on deposit, this being around £1m. The year-end total for 2019 slightly exceeded this at £1.8m. This was partially due to an additional £405k being held in relation to the ongoing Isle of Wight school’s creditor.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

The free reserves, being the unrestricted general fund net of tangible assets totalled £872k (2018: £2.1m) which represented 2.0 months (2018: 5.0 months) of parish share requested. The Trustees' aim to maintain between 3 and 6 months, however due to property purchased in the last quarter of 2019 this requirement has fallen slightly out of range.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequately justified for their retention. A description of each reserve together with the intended use of the reserve is set out in note 21. The total value of designated funds at the end of 2019 was £3.3m (2018: £3.3m).

Restricted and endowment funds

As set out in note 20 PDBF also holds and administers a large number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £4.7m (2018: £4.5m) and endowment funds totalled £52.9m (2018: £51.9m). Neither are available for the general purposes of the PDBF.

Grant making policy

The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2019 is indicated in note 11.

Investment policy and report

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

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

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

The income from financial investments increased in 2019 to £716,044 (2018: £686,885).

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

For the year ended 31 December 2019 the investment portfolio achieved an overall income yield of 4.09% (2018: 4.4%) and a total return (being the increase/decrease in market value plus the actual yield/income received) of 16.9% (2018: 4.4%).

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report and each fund outperformed the selected benchmark in the last quarter of 2019 to varying degrees. The PDBF's investment strategy continues to be to maintain a high level of income and also to concentrate on good quality companies and properties with long term growth potential. The property fund continues to produce the best income yield at 5.4% (2018: 5.55%) although fell in capital performance by - 2.62% (2018: 2.85% increase). The global equity fund produced a yield of 3.93% (2018: 2.85%) and capital increase of 23.26% (2018: 2.14 decrease); the investment fund a yield of 3.41% (2018: 3.36%) and capital increase of 18.73% (2018: 1.49% decrease). The % allocation of assets to funds was as follows:

	2019	2018
Investment fund	67%	63%
Property Fund	25%	29%
Global Equity Fund	8%	8%
	<u>100%</u>	<u>100%</u>

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Key risks and mitigating actions are as follows:

- **Governance** – the work of the diocese is dependent on good governance and decision making so committee membership is reviewed annually to ensure that decision making groups are appropriately skilled. Training is also provided at least at the start of each triennium but more frequently as the need arises. A review of structures began in 2019 and continues into 2020 which will improve the flow of information, recommendations, and decisions through the governance structure and out to key stakeholders.

To ensure compliance with law and regulation, training is provided for key members of staff as well as maintaining appropriate professional memberships.

- **Parish Share and other income streams:** 68% of the diocese's income is given by parishes through parish share. A reduction in payments could have a large impact on the diocese's ability to deliver mission. Through consultation and communication, the diocese looks to actively involve parishes

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

in the financial and strategic decisions. Through its mission strategy, which links closely to its stewardship strategy, the diocese seeks to help parishes grow.

Covid-19 has increased the risk of a fall in diocesan income received through parish share as parishes experience reduced rental and fundraising income and, in some cases, reduced giving. Mitigation includes continued close monitoring of diocesan cash flows, pursuing other sources of finance and close communication with parishes to ensure accurate information is received in a timely fashion. The Stewardship Adviser continues to support individual parishes, particularly where parish share is proving a challenge and as part of the ongoing stewardship strategy promotes the Parish Giving Scheme as the most resilient method of giving for churches as well as promoting the message of Christian generosity.

- **Appointments:** A diocese is critically dependent on the quality of leadership, discipleship and pastoral care of its clergy. A clear strategy, good levels of support and improving the quality of housing are also important to mitigating the risks around the ability to recruit appropriately. Promoting vocations and better training and support are also key mitigation strategies. The details outlined in the future plans are also key mitigation factors.
- **Specialist skills and knowledge:** the organisation relies on specialist knowledge in its staff team and these are skills which cannot be easily replaced on the open market. Mitigation includes providing a good working environment supported by effective HR where reasonable and achievable objectives are set within the context of a relational managerial approach. Our value of collaboration supports and encourages team working wherever possible and 'cross skilling' of team members. Covid-19 has forced a radical change in how the staff team works which has increased that 'cross skilling'. Covid-19 has also increased our reliance on IT systems for remote working so there is an increased operational risk that key IT systems fail, preventing key processes from being carried out. Mitigation includes on-going review of IT resilience and capacity, ensuring all staff have adequate hardware to work remotely.
- **Safeguarding:** The care of children and vulnerable adults remains very important to the diocese. The diocese invests in suitable trained officers and training and support of parishes and schools. The dioceses safeguarding procedures have previously been inspected by the national review panel which validated their high quality and work was undertaken to implement those recommendations. Systems are in place to ensure that all personnel are trained at the appropriate level for their roles and that this training is renewed regularly. We are undertaking a past cases review.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that leadership assisted by the governance functions of the Diocesan Synod. The Diocese has seven deaneries, each with its own Synod, and within each parish there is a

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

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 (the Bishop, Dean, Archdeacons, Diocesan Secretary, and Diocesan Synod vice presidents), clergy and lay members elected by their respective Diocesan Synod houses, and one member nominated by the Bishop. Members receive appropriate induction training and updates in their duties as trustees.

Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee.

Decision making structure

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

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

The Trustees are assisted in their work by the following sub-committees:-

- The 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.
- The Diocesan Finance Committee includes representatives from all the deaneries and meets regularly to review and report on the finances of individual parishes and their ability to meet their parish share commitments, and to scrutinise and bring recommendations to the Bishops Council on matters of diocesan finance.
- Investment Advisory Group that provides advice (the sub-committee has no executive authority) to the Diocesan Finance Committee and the Diocesan Secretary on PDBF's investments and funds available for investment.

Delegation of day to day delivery

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

Related Parties

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. The PDBF currently receives annual grants from the Church Commissioners.

Fundraising

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

Remuneration of key management personnel

The Board operates a set salary scale and employees are placed on this with regard to benchmarking against comparable roles in other dioceses and the external employment market. The salary scale is reviewed each year by the Board with reference to cost of living movements in clergy and national church staff pay. Emoluments of higher-paid employees are determined in consultation between the Bishop of Portsmouth (who is also chair of the Board), the Chair of the Finance Committee and the Diocesan Secretary.

Funds held as Custodian Trustee

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them, and 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 £8.8m at 31 December 2019 (2018: £7.3m), are available from the PDBF on request, and are summarised in note 26. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the PDBF's solicitor, Messrs Brutton & Co

Funds held on behalf of schools

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education (which is not incorporated) receives contributions from governors of church schools within the Dioceses in connection with major repair and capital projects to church schools and also government grants in connection with the

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

same. The staff of the Board of Education (who are employees of the PDBF) administer these monies as managing agent and make appropriate payments to contractors for work carried out. The monies do not belong to the PDBF or the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2019 is £950,922 (2018: £1,021,807). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1,388,513 and £1,786,792 respectively in 2019 (2018: 2,093,000 and £2,189,000).

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 have due regard to the Charity Governance Code which covers seven areas:

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

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.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2019. The following are the Trustees who served at any time during 2019 up to the date of this report:

Ex-officio

Chair

The Rt Revd Christopher Foster (The Lord Bishop of Portsmouth)
The Very Revd Dr Anthony Cane (Dean of Portsmouth Cathedral) *(from 16.03.19)*
The Ven Peter Leonard (Archdeacon of the Isle of Wight) *(from 18.05.19)*
The Ven G A Collins (Archdeacon of the Meon)
The Ven Dr J W Grenfell (Archdeacon of Portsdown) *(resigned 02.07.19)*
The Revd Canon R C White (Chair of the House of Clergy)
Canon D Sutton (Chair of the House of Laity)
Mrs V James (Diocesan Secretary)

Bishop's Nominee:

Canon J Gwynn *(res 20.01.20)*
Mr Philip Poulter (Chair of Diocesan Finance Committee) *from 20.02.20*

Elected by:

Synod House of Clergy

The Revd P Armstead	The Revd Richard England <i>(from 11.09.19)</i>
The Revd Canon Will Hughes	The Revd M Bagg <i>(resigned 01.09.20)</i>
The Revd Dr P Chamberlain	The Revd J Hunt
The Revd I Snares	The Revd Canon M Duff <i>(resigned 10.09.19)</i>

Synod House of Laity

Canon D Bennison	Mr M Emerton
Mr N Chapman	Canon S Forster
Mrs L Clay <i>(resigned 31.12.19)</i>	Mrs I James
Mrs M Crittenden	Mr A Jordon
Mrs E Davidson	Canon Dr H Mason
Canon L Docherty	Canon H Spurgeon

Senior staff and advisers

Diocesan Secretary	Victoria James
Director of Finance	Lisa Streeter
Head of Mission and Resources & Deputy Diocesan Secretary	Jenny Hollingsworth
Head of Mission, Discipleship and Ministry	Anthony Rustell
Head of Mission and Education and Director of Education	Jeff Williams

PORTSMOUTH DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

Registered Office:	Diocesan Office, Peninsular House, Wharf Road, Portsmouth, PO2 8HB
Bankers	Barclays PLC, PO Box 165, Crawley, RH10 1YX
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors	Messrs Brutton & Co, West End House, 288 West Street, Fareham, PO16 0AJ
Investment advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

ON BEHALF OF THE TRUSTEES



The Right Revd Christopher Foster
Chairman
19th October 2020



Victoria James
Diocesan Secretary
19th October 2020

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE
For the year ended 31 December 2019

Opinion

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11, 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.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PORTSMOUTH DIOCESAN BOARD OF FINANCE
For the year ended 31 December 2019

-
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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 Trustees' Annual Report (which incorporates the strategic report and the directors' report) 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, which are included in the Trustees' 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 Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors, 10 Queen Street Place, London EC4R 1AG

Date: 19 October 2020

PORTSMOUTH DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES
At 31 December 2019

	Note	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019	Total funds 2018
		General	Designated				
		£	£	£	£	£	£
Income and endowments from							
Donations							
Parish contributions	2a	4,782,580	-	-	-	4,782,580	5,062,937
Archbishops' Council	2b	455,962	-	940,533	-	1,396,495	639,497
Other donations	2c	161,133	6,773	24,695	-	192,601	175,895
Charitable activities	3	1,165,235	1,060	4,301	-	1,170,596	1,122,157
Other trading activities	4	316,302	-	-	-	316,302	268,812
Investments	5	414,743	95,805	174,005	94,081	778,634	741,769
Other	6	-	-	-	-	-	144,414
Total incoming resources		7,295,955	103,638	1,143,534	94,081	8,637,208	8,155,481
Expenditure on:							
Raising funds	7	33,252	-	-	-	33,252	30,886
Charitable activities	8	7,819,809	277,428	1,140,624	-	9,237,861	8,325,875
Total	9	7,853,061	277,428	1,140,624	-	9,271,113	8,356,761
Net income/(expenditure) before investment gains							
		(557,106)	(173,790)	2,910	94,081	(633,905)	(201,280)
Net gains/(losses) on investments	15	131,893	340,931	437,095	1,326,727	2,236,646	(6,497)
Gain on sale of Wickham Glebe land		-	-	-	-	-	3,084,703
Net income/(expenditure)		(425,213)	167,141	440,005	1,420,808	1,602,741	2,876,926
Transfers between funds	13	2,377,238	(159,794)	(171,106)	(2,046,338)	-	-
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	15	95,129	-	-	530,000	625,129	1,472,628
Remeasurement of pension scheme provision		-	-	-	1,080,000	1,080,000	(144,000)
		95,129	-	-	1,610,000	1,705,129	1,328,628
Net movement in funds		2,047,154	7,347	268,899	984,470	3,307,870	4,205,554
Total funds at 1 January 2019		14,373,055	3,330,199	4,467,337	51,907,759	74,078,350	69,872,796
Total funds at 31 December 2019	19	16,420,209	3,337,546	4,736,236	52,892,229	77,386,220	74,078,350

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

The notes on pages 20 to 49 form part of the financial statements

PORTSMOUTH DIOCESAN BOARD OF FINANCE
 Company No: 226466
 BALANCE SHEET
 At 31 December 2019

	Note	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	14		57,029,468		55,405,844
Investments	15		20,496,118		18,202,624
			<u>77,525,586</u>		<u>73,608,468</u>
CURRENT ASSETS					
Assets held for resale					
Debtors	16	542,551		811,013	
Cash on Deposit		1,323,571		3,816,343	
Cash at bank and in hand		768,856		220,695	
		<u>2,634,978</u>		<u>4,848,051</u>	
CREDITORS: amounts falling due within one year					
	17	2,071,424		2,431,889	
NET CURRENT ASSETS					
			563,554		2,416,162
Total assets less current liabilities					
			<u>78,089,140</u>		<u>76,024,630</u>
CREDITORS amounts falling due after more than one year					
Pension scheme liabilities	18	622,800	702,920	1,826,100	1,946,280
Loans		80,120		120,180	
		<u>702,920</u>		<u>1,946,280</u>	
NET ASSETS					
			<u>77,386,220</u>		<u>74,078,350</u>
FUNDS					
Unrestricted income funds:					
General funds		16,420,209		14,373,055	
Designated funds		3,337,546		3,330,199	
		<u>19,757,755</u>		<u>17,703,254</u>	
Restricted funds					
Endowment funds		4,736,236		4,467,337	
		<u>52,892,229</u>		<u>51,907,759</u>	
TOTAL FUNDS					
	20		<u>77,386,220</u>		<u>74,078,350</u>

Revaluation reserves of the following amounts are included within the above funds: endowment funds £8.1m (2018: £5.8m), restricted funds £1.3m (2018: £0.9m), designated funds £1.2m (2018: £0.8m), general funds £1.2m (2018: £1.4m).

The Notes on pages 20 to 49 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 19th October 2020 and signed on behalf of the Board by:



THE RIGHT REVD CHRISTOPHER FOSTER

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

CASHFLOW

At 31 December 2019

	2019		2018	
	£	£	£	£
Net cash flow from operating activities		(1,583,299)		(1,297,594)
Cash flows from investing activities				
Dividends, interest and rent from investments	721,786		690,749	
Purchase of property and equipment	(1,036,280)		(4,466)	
Purchase of investments	-		(1,850,002)	
Sale of property and equipment	-		384,414	
Sale of investments	-		3,084,703	
Net cash provided by/(used in) investing activities		(314,494)		2,305,398
Cash flows from financing activities				
Loans repaid to PDBF	(6,181)		8,328	
Loans repaid by PDBF	(40,637)		(62,661)	
Net cash used in financing		(46,818)		(54,333)
Change in cash and cash equivalents in the reporting period		(1,944,611)		953,471
Cash and cash equivalents at 1 January		4,037,038		3,083,567
Cash and cash equivalents at 31 December		2,092,427		4,037,038
<u>Reconciliation of net income to net cash flow from operating activities</u>				
		2019		2018
Net income for the year ended 31 December		1,602,741		2,876,926
Adjustments for:				
Depreciation charges		37,785		37,785
Losses/(gains) on investments		(2,236,646)		6,497
Dividends, interest and rent from investments		(778,634)		(741,769)
Gain on sale of functional assets		-		(144,414)
(Profit)/Loss on disposal of investments				(3,084,703)
Decrease/(Increase) in operating debtors		274,643		(185,474)
(Decrease)/Increase in operating creditors		(483,188)		(62,442)
Net cash provided by operating activities		(1,583,299)		(1,297,594)
<u>Analysis of cash and cash equivalents</u>				
Cash at bank and in hand		768,856		220,695
Cash on deposit		1,323,571		3,816,343
		2,092,427		4,037,038

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

After reviewing the charity's forecasts and projections, the Trustees have a reasonable expectation that the charity has adequate resources to continue as a going concern for the foreseeable future. The Trustees therefore continue to adopt the going concern basis in preparing this Annual Report and Financial Statements

The principal accounting policies and estimation techniques are as follows.

a) Income

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

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

b) Expenditure

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

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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

- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The PDBF's staff are members of the Church Workers Pension Fund; either the Pension Builder or the Defined Benefit Schemes, and Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent both the PDBF's contributions payable in respect of the accounting period, in accordance with FRS102 and the funding of the deficit. Deficit funding for the pension schemes to which PDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) **Tangible fixed assets and depreciation**

Freehold properties

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

Parsonage houses

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

Property cost values

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

d) **Depreciation on leasehold property**

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

e) Other accounting policies

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

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

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

f) Fund balances

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

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

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

g) Key Judgements

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

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

2 DONATIONS

2a Parish Contributions

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019
	General	Designated			
	£	£			
Parish share					
Parish share requested	5,119,475	-	-	-	5,119,475
Short fall/surplus against cash received	(145,984)				(145,984)
Payments received	4,973,491				4,973,491
Change in amounts receivable	(190,911)	-	-	-	(190,911)
Parish share receivable	4,782,580	-	-	-	4,782,580

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018
	General	Designated			
	£	£			
Parish share					
Parish share requested	5,004,374	-	-	-	5,004,374
Short fall/surplus against cash received	(62,107)				(62,107)
Payments received	4,942,267				4,942,267
Change in amounts receivable	120,670	-	-	-	120,670
Parish share receivable	5,062,937	-	-	-	5,062,937

The majority of donations are collected from the parishes of the diocese through the parish share system. Parish share payments received represented 97.1% (2018: 98.8%) of the amount requested; including the movements in amounts receivable, parish share receivable was 93.4% (2018: 101.2 %) of the amount requested.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

2b Archbishops' Council

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019
	General	Designated			
	£	£			
Selective allocation	354,800	-	-	-	354,800
Parish mission development fund	101,162	-	-	-	101,162
CC grant for RME	-	-	160,228	-	160,228
Strategic Development Fund	-	-	780,305	-	780,305
	455,962	-	940,533	-	1,396,495

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018
	General	Designated			
	£	£			
Selective allocation	346,870	-	-	-	346,870
Parish mission development fund	95,000	-	-	-	95,000
CC grant for RME	-	-	67,435	-	67,435
Strategic Development Fund	-	-	130,192	-	130,192
	441,870	-	197,627	-	639,497

2c Other donations

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

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018
	General	Designated			
	£	£			
All Churches Trust	72,532	-	-	-	72,532
Donations	33,720	1,784	25,786	-	61,290
Grants from trusts	51,946	-	(9,873)	-	42,073
	158,198	1,784	15,913	-	175,895

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

3 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019
	General	Designated			
	£	£			
Statutory fees and chaplaincy income	301,200	-	-	-	301,200
Miscellaneous income	206,347	1,060	4,301	-	211,708
Section income:					
Mission Discipleship and Ministry	4,205	-	-	-	4,205
Mission and Education	464,305	-	-	-	464,305
Mission and Resources	44,032	-	-	-	44,032
Mission and Society	145,146	-	-	-	145,146
	1,165,235	1,060	4,301	-	1,170,596

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018
	General	Designated			
	£	£			
Statutory fees and chaplaincy income	353,791	-	-	-	353,791
Miscellaneous income	94,197	15,000	2,178	-	111,375
Section income:					
Mission Discipleship and Ministry	3,898	-	-	-	3,898
Mission and Education	507,329	-	-	-	507,329
Mission and Resources	42,181	-	-	-	42,181
Mission and Society	103,583	-	-	-	103,583
	1,104,979	15,000	2,178	-	1,122,157

4 OTHER TRADING ACTIVITIES

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

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018
	General	Designated			
	£	£			
Rental income from properties	268,812	-	-	-	268,812
	268,812	-	-	-	268,812

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5 INVESTMENT INCOME

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019
	General	Designated			
	£	£	£	£	£
Dividends receivable	363,512	94,030	166,070	92,432	716,044
Interest receivable	7,798	1,775	7,935	1,649	19,157
Rents receivable	43,433	-	-	-	43,433
	414,743	95,805	174,005	94,081	778,634

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018
	General	Designated			
	£	£	£	£	£
Dividends receivable	343,341	92,649	159,682	91,213	686,885
Interest receivable	6,938	1,282	5,159	658	14,037
Rents receivable	40,847	-	-	-	40,847
	391,126	93,931	164,841	91,871	741,769

6 OTHER INCOME

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019
	General	Designated			
	£	£	£	£	£
Gain on sale of properties	-	-	-	-	-
	-	-	-	-	-

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018
	General	Designated			
	£	£	£	£	£
Gain on sale of properties	144,414	-	-	-	144,414
	144,414	-	-	-	144,414

7 FUND RAISING COSTS

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

	Unrestricted funds		Restricted funds	Endow't funds	Total funds 2018
	General	Designated			
	£	£	£	£	£
Glebe agent's fees and repairs	12,395	-	-	-	12,395
Management fees of rentals	18,491	-	-	-	18,491
	30,886	-	-	-	30,886

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

8 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted funds	Endow't funds	Total funds 2019
	General	Designated			
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	184,471	-	-	-	184,471
National church responsibilities	146,679	-	-	-	146,679
Grants and provisions	15,641	-	-	-	15,641
Mission agency pension contributions	1,943	-	-	-	1,943
Retired clergy housing costs	63,076	-	-	-	63,076
	411,810	-	-	-	411,810
Resourcing ministry and mission					
Training for ministry	-	-	300,273	-	300,273
Parish ministry:					
Stipends and national insurance	2,946,462	-	-	-	2,946,462
Pension costs	721,972	-	-	-	721,972
Housing costs	985,097	134,447	-	-	1,119,544
Removal, resettlement & other grants	126,022	-	20,746	-	146,768
Other expenses	53,327	1,168	652,632	-	707,127
	4,832,880	135,615	973,651	-	5,942,146
Support for ministry and mission					
Mission Discipleship and Ministry	643,015	135,453	213,020	-	991,488
Mission and Education	770,879	-	(46,047)	-	724,832
Mission and Resources	795,168	6,360	-	-	801,528
Mission and Society	322,115	-	-	-	322,115
Governance	27,779	-	-	-	27,779
Other Diocesan Central Support	16,163	-	-	-	16,163
	2,575,119	141,813	166,973	-	2,883,905
	7,819,809	277,428	1,140,624	-	9,237,861

	Unrestricted funds		Restricted funds	Endow't funds	Total funds 2018
	General	Designated			
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	177,178	-	-	-	177,178
National church responsibilities	141,477	-	-	-	141,477
Grants and provisions	14,945	-	-	-	14,945
Mission agency pension contributions	1,725	-	-	-	1,725
Retired clergy housing costs	59,560	-	-	-	59,560
	394,885	-	-	-	394,885
Resourcing ministry and mission					
Training for ministry	-	-	96,516	-	96,516
Parish ministry:					
Stipends and national insurance	2,765,928	-	-	-	2,765,928
Pension costs	626,527	-	-	-	626,527
Housing costs	1,008,216	572,746	-	-	1,580,962
Removal, resettlement & other grants	169,586	-	35,203	-	204,789
Other expenses	90,327	5,757	23,736	-	119,820
	4,660,584	578,503	155,455	-	5,394,542
Support for ministry and mission					
Mission Discipleship and Ministry	618,671	114,927	126,024	-	859,622
Mission and Education	777,981	-	(42,121)	-	735,860
Mission and Resources	633,813	-	-	-	633,813
Mission and Society	269,080	-	(3,829)	-	265,251
Governance	26,102	-	-	-	26,102
Other Diocesan Central Support	15,800	-	-	-	15,800
	2,341,447	114,927	80,074	-	2,536,448
	7,396,916	693,430	235,529	-	8,325,875

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	TOTAL 2019 £
Raising funds	33,252	-	-	33,252
Contributions to Archbishops' Council	-	411,810	-	411,810
Parish Ministry	5,875,911	66,235	-	5,942,146
Support for Ministry and Mission	1,700,441	70,674	387,958	2,159,073
Education	724,832	-	-	724,832
	8,334,436	548,719	387,958	9,271,113

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	TOTAL 2018 £
Raising funds	30,886	-	-	30,886
Contributions to Archbishops' Council	-	394,885	-	394,885
Parish Ministry	5,306,767	87,775	-	5,394,542
Support for Ministry and Mission	1,419,190	60,573	320,825	1,800,588
Education	735,860	-	-	735,860
	7,492,703	543,233	320,825	8,356,761

10 ANALYSIS OF SUPPORT COSTS

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

	Unrestricted funds		Restricted funds	Endow't funds	Total funds 2018
	General £	Designated £	£	£	£
Central administration	294,723	-	-	-	294,723
Governance	26,102	-	-	-	26,102
	320,825	-	-	-	320,825

Auditors remuneration for the year was £13,873 (2018 £13,530), and the cost of operating lease rentals was £5932 (2018 £5,890)

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

11 ANALYSIS OF GRANTS

	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	411,810	411,810
From unrestricted funds:				
Cathedral	1	-	16,163	16,163
Retired Lay Worker Pension Grant	1	1,980	-	1,980
Removal and resettlement grants	19	64,255	-	64,255
Mission Opportunity Fund parish grants	10	-	34,440	34,440
	31	66,235	50,603	116,838
From restricted funds for various purposes:				
Bishops Lent Appeal grants	7	-	20,071	20,071
	<u>39</u>	<u>66,235</u>	<u>482,484</u>	<u>548,719</u>
2018	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	394,885	394,885
From unrestricted funds:				
Cathedral	1	-	15,800	15,800
Retired Lay Worker Pension Grant	1	1,917	-	1,917
Removal and resettlement grants	19	85,858	-	85,858
Mission Opportunity Fund parish grants	10	-	18,660	18,660
	31	87,775	34,460	122,235
From restricted funds for various purposes:				
Bishops Lent Appeal grants	7	-	26,113	26,113
	<u>39</u>	<u>87,775</u>	<u>455,458</u>	<u>543,233</u>

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

12 STAFF COSTS

Employee costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,443,067	1,295,591
National insurance contributions	142,224	128,927
Pension costs	207,666	220,545
	<u>1,792,957</u>	<u>1,645,063</u>

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

	2019 fte	2018 fte
Mission & Education	10.3	10.6
Mission Discipleship and Ministry	7.6	7.5
Mission & Resources	12.3	11.2
Mission & Society (of which 2.2 are externally funded)	5.6	3.8
	<u>35.8</u>	<u>33.1</u>
Parochial Assistants	3.0	0.7
	<u>38.8</u>	<u>33.8</u>

The average number of persons employed during the year:

	2019 no.	2018 no.
Mission & Education	10	17
Mission Discipleship and Ministry	11	9
Mission & Resources	12	16
Mission & Society	9	7
	<u>42</u>	<u>49</u>
Parochial Assistants	2	2
	<u>44</u>	<u>51</u>

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

	2019	2018
£80,000 - £90,000	1	1

Pension payments of £15,268 (2018: £14,361) were made for these employees.

Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2019 they were:

Diocesan Secretary & Company Secretary	Victoria James
Director of Finance	Lisa Streeter (Feb 2019) (40%)
Deputy Diocesan Secretary	Jenny Hollingsworth (SMP)
Head of Mission and Discipleship	Revd Anthony Rustell
Head of Education	Jeff Williams (33%)

Remuneration, pensions and expenses for these 5 employees amounted to £271,289 (2018: £178,000).

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12 STAFF COSTS (continued)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £16,260 (2018 - £28,136) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Archdeacon of the Meon (Collins)	Yes	Yes
The Archdeacon of Portsdown (Grenfell)	Yes	Yes
The Archdeacon of Isle of Wight (Leonard)	Yes	Yes
Chair of House of Clergy (Canon R C White)	Yes	Yes
The Revd M Bagg	Yes	Yes
The Rev Canon W Hughes	Yes	Yes
The Revd Dr Paul Chamberlain	Yes	Yes
The Revd Ian Snares	Yes	Yes
The Revd Paul Armstead	Yes	Yes
The Revd Mike Duff	Yes	Yes
The Revd Richard England	Yes	Yes
The Revd J Hunt	Yes	Yes

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

The PDBF paid an average of 100 (2018 – 95) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2019	2018
	£'000	£'000
Stipends	2,803	2,516
National insurance contributions	206	193
Pension costs - current year	682	581
- deficit reduction	297	172
	<hr/>	<hr/>
	3,988	3,462

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Budgeted transfer from the Education Restricted fund to support the activities of the education team	66,482	-	(66,482)	-
Transfer of prior year under-spends from Building Repair fund	74,392	(74,392)	-	-
Transfer from Education fund to support P&WCSGF operations following partial repayment of loan from WDBF	-	-	(35,000)	-
	-	-	35,000	-
Portsmouth share of Interest earned by P&WCSG Fund	36,836	-	(36,836)	-
To charge the General Fund for the reduction in pension deficit provision	(257,000)	-	-	257,000
To transfer part of the proceeds from the sale of Wickham glebe land for use on parsonage improvements as approved by Bishops Council	-	-	-	-
Budgeted transfer from Catherington Trust for Spirituality Advisor	39,270	(39,270)	-	-
Budgeted transfer to Office repair fund	-	-	-	-
Budgeted transfer to Lambeth Conference fund	(1,064)	1,064	-	-
Clergy conference costs net of budgeted transfer to conference fund	(8,776)	8,776	-	-
Transfer of income to general fund to offset relevant expenditure	172,098	(55,972)	(67,788)	(48,338)
Transfer of parsonage houses to the freehold property fund under the Pastoral reorganisaion	-	-	-	-
	2,255,000	-	-	(2,255,000)
	<u>2,377,238</u>	<u>(159,794)</u>	<u>(171,106)</u>	<u>(2,046,338)</u>

2018	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Reclassification of Brading (Mall Rd) from parsonage to freehold property	450,000	-	-	(450,000)
Budgeted transfer from the Education Restricted fund to support the activities of the education team	(860,007)	-	860,007	-
Transfer of prior year under-spends from Building Repair fund	53,393	(53,393)	-	-
Transfer from Education fund to support P&WCSGF operations following partial repayment of loan from WDBF	-	-	(35,000)	-
	-	-	35,000	-
Portsmouth share of Interest earned by P&WCSG Fund	977	-	(977)	-
To charge the General Fund for the reduction in pension deficit provision	(6,280,577)	-	-	6,280,577
To transfer part of the proceeds from the sale of Wickham glebe land for use on parsonage improvements as approved by Bishops Council	1,010,000	-	-	(1,010,000)
Budgeted transfer from Catherington Trust for Spirituality Advisor	(980,046)	980,046	-	-
Budgeted transfer to Office repair fund	(10,000)	10,000	-	-
Budgeted transfer to Lambeth Conference fund	(1,040)	1,040	-	-
Transfer to Building Repair fund from General reserves as authorised by Bishops Council	(610,000)	610,000	-	-
Transfer from General to Mission fund to fund items in Strategic Development Phase 1 budget approved by Bishops Council	(655,818)	655,818	-	-
Clergy conference costs net of budgeted transfer to conference fund	24,354	(24,354)	-	-
Transfer of income to general fund to offset relevant expenditure	-	-	-	-
	<u>(7,858,764)</u>	<u>2,179,157</u>	<u>859,030</u>	<u>4,820,577</u>

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

14 TANGIBLE FIXED ASSETS – Land and Buildings

	Freehold Land and Buildings £	Leasehold Buildings £	Total 2019 £
At Cost or Valuation			
At 1 January 2019	53,970,034	1,851,443	55,821,477
Additions	1,036,280	-	1,036,280
Reclassified as functional assets		-	-
Disposals	-	-	-
Revaluation	625,129	-	625,129
At 31 December 2019	<u>55,631,443</u>	<u>1,851,443</u>	<u>57,482,886</u>
Accumulated depreciation			
At 1 January 2019	-	415,633	415,633
Charge for the year	-	37,785	37,785
At 31 December 2019	<u>-</u>	<u>453,418</u>	<u>453,418</u>
Net book value at 31 December 2019	<u><u>55,631,443</u></u>	<u><u>1,398,025</u></u>	<u><u>57,029,468</u></u>
Net book value at 31 December 2018	<u>53,970,034</u>	<u>1,435,810</u>	<u>55,405,844</u>

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

15 FIXED ASSETS INVESTMENTS

	At 1st January 2019 £	Additions £	Disposals £	Change in Market Value £	At 31st December 2019 £
Unrestricted General Funds					
Unlisted investments	1,631,603	-	-	131,893	1,763,496
Designated Funds					
Unlisted investments	2,368,905	3,252	-	340,931	2,713,088
Restricted Funds					
Unlisted investments	4,125,268	53,596	-	437,095	4,615,959
Endowment Funds					
Unlisted investments	9,362,176	-	-	1,325,867	10,688,043
Investment Property	362,000		-	-	362,000
Investment Land	352,672			860	353,532
Total Funds	<u>18,202,624</u>	<u>56,848</u>	<u>-</u>	<u>2,236,646</u>	<u>20,496,118</u>

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

16 DEBTORS

	2019	2018
	£	£
Due within one year		
Loans to parishes	19,044	6,957
Parish share receivable	101,022	283,802
Prepayments and accrued income	272,059	347,204
Other debtors	141,471	158,190
	<u>533,596</u>	<u>796,153</u>
Due after one year		
Loans to parishes	8,955	14,861
Other debtors	-	-
	<u>8,955</u>	<u>14,861</u>
Total	<u><u>542,551</u></u>	<u><u>811,014</u></u>

17 CREDITORS: amounts falling due within one year

	2019	2018
	£	£
Accruals	227,674	394,420
Other creditors	699,192	691,422
* P&WCSG Fund Creditors	1,021,548	1,088,760
Loan repayments	40,060	40,637
Deferred income	13,750	13,750
Pension scheme liabilities:		
Clergy Pension Scheme	69,200	202,900
	<u>2,071,424</u>	<u>2,431,889</u>

18 CREDITORS: amounts falling due after more than one year

	2019	2018
	£	£
Loan repayment instalments		
due after more than one year		
1 - 2 years	40,060	40,060
2 -5 years	40,060	80,120
After 5 years	-	-
Pension scheme liabilities:		
Clergy Pension Scheme	622,800	1,826,100
	<u>702,920</u>	<u>1,946,280</u>

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

19 SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2019	Incoming resources	Outgoing resources	Transfers	Gains and losses	Balances at 31 December 2019
	£	£	£	£	£	£
Unrestricted funds - General	14,373,055	7,295,955	(7,853,061)	2,377,238	227,022	16,420,209
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	26,814	-	-	-	5,377	32,191
Circus Charity Fund	1,811	-	-	-	314	2,125
Diocesan Conference Fund	18,888	237	-	8,776	-	27,901
Car Loan Fund	229,328	9,385	-	(9,384)	35,118	264,447
Diocesan Loan Fund	458,032	18,415	-	(18,415)	104,479	562,511
Parsonages Repairs Fund	359,068	21,133	(29,305)	(21,132)	16,437	346,201
CME Fund	139,027	5,117	-	(117)	-	144,027
Valpy Bequest	25,245	-	-	-	5,063	30,308
Winterbotham Legacy	109,948	5,109	-	(5,109)	16,744	126,692
Office Repair Fund	100,082	2,875	(6,360)	(1,815)	8,262	103,044
Mission Fund	655,818	1,829	(136,621)	-	-	521,026
Lambeth Conference Fund	10,587	-	-	1,064	-	11,651
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	214,010	-	(105,142)	(74,392)	-	34,476
Catherington House Fund	980,046	39,538	-	(39,270)	149,137	1,129,451
	3,330,199	103,638	(277,428)	(159,794)	340,931	3,337,546
Restricted funds						
Barclay						
Bequest	5,362	151	-	-	753	6,266
Ben Aug Fund	78,388	-	-	-	15,720	94,108
Bishop's Lent Appeal	2,113	24,698	(20,071)	-	-	6,740
Christian Healing Fund	244	2	-	-	-	246
Harrison Parochial Loan Fund	17,911	222	-	-	-	18,133
Huckstepp Legacy	121,674	-	-	-	2,174	123,848
James Legacy	17,627	-	-	-	3,272	20,899
New Churches Fund	1,061,606	38,808	-	-	165,039	1,265,453
Turret House Fund	82,086	2,859	-	-	15,421	100,366
Surrexit Fund	9,933	78	-	-	-	10,011
Strategic Development	(18,310)	780,305	(857,451)	-	-	(95,456)
Pastoral Fund	1,903,214	72,089	(8,201)	(67,788)	115,980	2,015,294
P&WCSGF	39,108	5,611	(3,776)	(1,836)	-	39,107
Corban Fund	33,115	975	-	-	4,923	39,013
Eckersley Clergy families	315,954	10,415	(675)	-	54,447	380,141
Education Restricted	825,007	47,093	49,823	(101,482)	59,366	879,807
Resourcing Ministerial Education	(27,695)	160,228	(300,273)	-	-	(167,740)
	4,467,337	1,143,534	(1,140,624)	(171,106)	437,095	4,736,236

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2019 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2019 £
Expendable Endowment funds						
Parsonage Houses	40,663,905	-	-	(2,255,000)	590,000	38,998,905
Education Endowment	1,477,166	29,805	-	-	84,438	1,591,409
Permanent Endowment funds						
Stipends Capital Fund	5,270,577	-	-	257,000	2,051,642	7,579,219
Bells Loan Fund	332,497	11,125	-	-	60,864	404,486
Boyd Richardson Trust	136,709	-	-	-	27,415	164,124
Constance Trust	25,609	-	-	-	5,135	30,744
Cowes St M Ben Aug	822	-	-	-	142	964
Diocesan House Trust	194,771	-	-	-	32,870	227,641
Fawdry Bequest	32,714	-	-	-	6,072	38,786
Glebe Fund	964,122	48,339	-	(48,338)	114,973	1,079,096
Glebe Property	2,658,598	-	-	-	(59,140)	2,599,458
Glebe House Cottage Trust	3,744	-	-	-	694	4,438
Hayling St M Curacy End	1,071	-	-	-	185	1,256
Lambert Loan Fund	145,454	4,812	-	-	21,437	171,703
	51,907,759	94,081	-	(2,046,338)	2,936,727	52,892,229
Total Funds	74,078,350	8,637,208	(9,271,113)	-	3,941,775	77,386,220

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

19 SUMMARY OF FUND MOVEMENTS (continued)

2018

	Balances at 1 January 2018	Incoming resources	Outgoing resources	Transfers	Gains and losses	Balances at 31 December 2018
	£	£	£	£	£	£
Unrestricted funds - General	13,522,131	7,572,336	(7,427,802)	531,020	175,370	14,373,055
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	27,249	-	-	-	(435)	26,814
Circus Charity Fund	1,836	-	-	-	(25)	1,811
Diocesan Conference Fund	43,086	156	-	(24,354)	-	18,888
Car Loan Fund	231,100	9,171	-	(9,170)	(1,773)	229,328
Diocesan Loan Fund	467,475	18,162	-	(18,162)	(9,443)	458,032
Parsonages Repairs Fund	381,353	21,052	(28,616)	(21,052)	6,331	359,068
CME Fund	139,027	77	-	(77)	-	139,027
Valpy Bequest	25,656	-	-	-	(411)	25,245
Winterbotham Legacy	110,606	4,867	-	(4,867)	(658)	109,948
Office Repair Fund	75,752	16,671	-	8,328	(669)	100,082
Mission Fund	334,870	1,821	(120,684)	439,811	-	655,818
Lambeth Conference Fund	9,547	-	-	1,040	-	10,587
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	201,533	-	(544,130)	556,607	-	214,010
Catherington House Fund	987,037	38,738	-	(38,517)	(7,212)	980,046
	3,037,622	110,715	(693,430)	889,587	(14,295)	3,330,199
Restricted funds						
Barclay Bequest	5,280	143	-	-	(61)	5,362
Ben Aug Fund	79,660	-	-	-	(1,272)	78,388
Bishop's Lent Appeal	2,438	25,788	(26,113)	-	-	2,113
Christian Healing Fund	243	1	-	-	-	244
Harrison Parochial Loan Fund	17,681	230	-	-	-	17,911
Huckstepp Legacy	119,664	-	(240)	-	2,250	121,674
James Legacy	17,892	-	-	-	(265)	17,627
New Churches Fund	1,035,529	36,971	-	-	(10,894)	1,061,606
Turret House Fund	80,725	2,701	-	-	(1,340)	82,086
Surrexit Fund	9,882	51	-	-	-	9,933
Strategic Development	-	130,192	(148,502)	-	-	(18,310)
Pastoral Fund	1,885,684	66,041	(1,258)	(63,862)	16,609	1,903,214
P&WCSGF	4,109	3,037	(2,061)	34,023	-	39,108
Youth Development	6,011	(9,840)	3,829	-	-	-
Corban Fund	32,587	926	-	-	(398)	33,115
Eckersley Clergy families	319,209	10,001	(8,850)	-	(4,406)	315,954
Education Restricted	857,762	46,882	44,182	(134,200)	10,381	825,007
Resourcing Ministerial Education	1,386	67,435	(96,516)	-	-	(27,695)
	4,475,742	380,559	(235,529)	(164,039)	10,604	4,467,337

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

19 SUMMARY OF FUND MOVEMENTS (continued)

	Balances at 1 January 2018 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balances at 31 December 2018 £
Expendable Endowment funds						
Parsonage Houses	39,805,767	-	-	(450,000)	1,308,138	40,663,905
Education Endowment	1,448,625	29,309	-	-	(768)	1,477,166
Permanent Endowment funds						
Stipends Capital Fund	3,083,706	-	-	(759,000)	2,945,871	5,270,577
Bells Loan Fund	327,032	10,827	-	-	(5,362)	332,497
Boyd Richardson Trust	138,928	-	-	-	(2,219)	136,709
Constance Trust	26,025	-	-	-	(416)	25,609
Cowes St M Ben Aug	834	-	-	-	(12)	822
Diocesan House Trust	196,735	-	-	-	(1,964)	194,771
Fawdry Bequest	33,205	-	-	-	(491)	32,714
Glebe Fund	962,261	47,568	-	(47,568)	1,861	964,122
Glebe Property	2,666,275	-	-	-	(7,677)	2,658,598
Glebe House Cottage Trust	3,800	-	-	-	(56)	3,744
Hayling St M Curacy End	1,086	-	-	-	(15)	1,071
Lambert Loan Fund	143,022	4,167	-	-	(1,735)	145,454
	48,837,301	91,871	-	(1,256,568)	4,235,155	51,907,759
Total Funds	69,872,796	8,155,481	(8,356,761)	-	4,406,834	74,078,350

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

20 SUMMARY OF ASSETS BY FUND

2019

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£		£
Expendable Endowment funds					
Parsonage Houses	39,610,857	-	(611,952)	-	38,998,905
Education Endowment	-	968,015	623,394	-	1,591,409
Permanent Endowment funds					
Stipends Capital Fund	-	7,696,515	574,704	(692,000)	7,579,219
Bells Loan Fund	-	351,467	53,019	-	404,486
Boyd Richardson Trust	-	173,830	(9,706)	-	164,124
Constance Trust	-	32,562	(1,818)	-	30,744
Cowes St M Ben Aug	-	903	61	-	964
Diocesan House Trust	-	239,494	(11,853)	-	227,641
Fawdry Bequest	-	38,501	285	-	38,786
Glebe Fund	-	1,207,259	(128,163)	-	1,079,096
Glebe Property	1,870,000	553,530	175,928	-	2,599,458
Glebe House Cottage Trust	-	4,398	40	-	4,438
Hayling St M Curacy End	-	1,176	80	-	1,256
Lambert Loan Fund	-	135,924	35,779	-	171,703
	41,480,857	11,403,574	699,798	(692,000)	52,892,229
Total Funds	57,029,468	20,496,118	2,634,978	(2,774,344)	77,386,220

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

20 SUMMARY OF ASSETS BY FUND (continued)

2018

	Fixed Assets		Current Assets	Liabilities	Net Assets
	Tangible	Investments			
	£	£	£	£	£
Unrestricted funds - General	12,289,987	1,631,603	1,295,368	(843,903)	14,373,055
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	28,717	(1,903)	-	26,814
Circus Charity Fund	-	1,676	135	-	1,811
Diocesan Conference Fund	-	-	18,888	-	18,888
Car Loan Fund	-	228,487	841	-	229,328
Diocesan Loan Fund	-	479,976	(21,944)	-	458,032
Parsonages Repair Fund	-	429,611	(70,543)	-	359,068
CME Fund	-	-	139,027	-	139,027
Valpy Bequest	-	27,037	(1,792)	-	25,245
Winterbotham Legacy	-	124,330	(14,382)	-	109,948
Office Repair Fund	-	44,122	55,960	-	100,082
Mission Fund	-	-	655,818	-	655,818
Lambeth Conference Fund	-	-	10,587	-	10,587
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	214,010	-	214,010
Catherington House Fund	-	1,004,950	(24,904)	-	980,046
	-	2,368,906	961,293	-	3,330,199
Restricted funds					
Barclay Bequest	-	4,022	1,340	-	5,362
Ben Aug Fund	-	83,953	(5,565)	-	78,388
Bishop's Lent Appeal	-	-	2,113	-	2,113
Christian Healing Fund	-	-	244	-	244
Harrison Parochial Loan Fund	-	-	17,911	-	17,911
Huckstepp Legacy	-	119,833	1,841	-	121,674
James Legacy	-	17,474	153	-	17,627
New Churches Fund	-	1,027,569	34,037	-	1,061,606
Turret House Fund	-	81,567	519	-	82,086
Surrexit Fund	-	-	9,933	-	9,933
Pastoral Fund	-	1,479,190	424,024	-	1,903,214
P&WCSGF	-	-	1,127,868	(1,088,760)	39,108
Youth Development	-	-	-	-	-
Corban Trust	-	26,293	6,822	-	33,115
Eckersley Clergy families	-	290,785	25,169	-	315,954
Education Restricted	-	994,582	246,931	(416,506)	825,007
Resourcing Ministerial Education	-	-	(27,695)	-	(27,695)
Strategic Development	-	-	(18,310)	-	(18,310)
	-	4,125,268	1,847,335	(1,505,266)	4,467,337

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

20 SUMMARY OF ASSETS BY FUND (continued)

	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	41,185,857	-	(521,952)	-	40,663,905
Education Endowment	-	883,577	593,589	-	1,477,166
Permanent Endowment funds					
Stipends Capital Fund	-	6,724,874	574,703	(2,029,000)	5,270,577
Bells Loan Fund	-	290,603	41,894	-	332,497
Boyd Richardson Trust	-	146,415	(9,706)	-	136,709
Constance Trust	-	27,427	(1,818)	-	25,609
Cowes St M Ben Aug	-	760	62	-	822
Diocesan House Trust	-	206,624	(11,853)	-	194,771
Fawdry Bequest	-	32,429	285	-	32,714
Glebe Fund	-	1,092,286	(128,164)	-	964,122
Glebe Property	1,930,000	552,671	175,927	-	2,658,598
Glebe House Cottage Trust	-	3,704	40	-	3,744
Hayling St M Curacy End	-	990	81	-	1,071
Lambert Loan Fund	-	114,487	30,967	-	145,454
	43,115,857	10,076,847	744,055	(2,029,000)	51,907,759
Total Funds	55,405,844	18,202,624	4,848,051	(4,378,169)	74,078,350

21 DESCRIPTION OF FUNDS

Unrestricted funds - Designated

Brown, Doig, Silver Bequest	To offset DBF office costs
Circus Charity Fund	For stipends
Diocesan Conference Fund	To offset cost of diocesan Clergy Conference
Car Loan Fund	Loans to DBF employees
Diocesan Loan Fund	Loans to Parishes
Parsonages Repairs Fund	Repair and maintenance of parsonages
Pastoral Fund	Management of money in accordance with the Pastoral Measure 1983
Ministerial Training	In service education and training
Transition Fund	Pension Support for clergy
Valpy Bequest	For stipends
Winterbotham Legacy	For DBF's own purposes
Office Repair Fund	Repair and maintenance of Office Equipment
Strategic Development Fund	For activities specifically identified in the strategic plan
Mission Fund	For outward focussed mission activities
Lambeth Conference Fund	To offset the next Lambeth conference costs
Evangelism Fund	For evangelism within the diocese
Building Repair Fund	Additional repair work on Diocesan properties
Catherington House Fund	For work of the Diocesan Spirituality Adviser

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

21 DESCRIPTION OF FUNDS (continued)

Restricted funds

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

Expendable Endowment funds

Parsonage Houses	Housing incumbents/priests in charge
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**Original
Capital**

Permanent Endowment funds

	£	
Stipends Capital Fund		For stipends
Bells Loan Fund	14,563	Loans to parishes in Portsmouth Deanery
Boyd Richardson Trust	2,500	For DBF's own purposes
Constance Trust	500	To offset DBF office costs
Cowes St M Ben Aug	679	For stipend (Cowes: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 Property		Glebe held for investment and housing
Glebe House Cottage Trust	2,200	For DBF's own purposes
Hayling St M Curacy Ed	630	For stipend (Hayling Island)
Lambert Loan Fund	21,300	Loans to clergy and PCCs
Education Endowment		

22 CAPITAL COMMITMENTS & OPERATING LEASES

At 31 December 2019 the PDBF had capital expenditure commitments authorised but not contracted for of £NIL (2018 - £NIL), and contracted for but not yet due of £NIL (2018 - £NIL).

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

	2019	2018
	£	£
Operating leases payable:		
Within 1 year	16,690	3,231
In 1-5 years	42,149	4,037
	<u>58,840</u>	<u>7,268</u>

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

23 POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Since the reporting date, the impact of the COVID-19 coronavirus on financial markets led to an initial decrease in value of 10% at March, which fully recovered by September, for the value of the charity's listed investments. . This volatility in global markets is to be expected considering the impact social distancing restrictions is having on the economy, covid-19 is a non-adjusting event.

24 PENSIONS

The PDBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

The membership figures that we hold as at December 2018 and December 2019 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 2019	December 2018
Number of members at this Responsible Body	110	112

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.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2019: £677,152, 2018: £594,399), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £974,152 for 2019 (2018: £766,399).

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

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

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

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

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

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

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

	2019	2018
Balance sheet liability at 1 January	2,029,000	2,136,000
Deficit contribution paid	-297,000	-279,000
Interest cost (recognised in SoFA)	40,000	28,000
Remaining change to the balance sheet liability (recognised in SoFA)	-1,080,000	144,000
Balance sheet liability at 31 December	692,000	2,029,000

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

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

	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

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

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.

Following extensive consultation the trustees reluctantly decided that it was no longer sustainable to continue with this scheme and at the end of May 2017 it was closed to all staff.

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

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

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. As at 31 December 2019 and 31 December 2018 there was no liability to be recognised as the PDBF paid in 2012 the deficit that had been assessed from the 2010 valuation and there was no additional liability from the 2013 or 2016 valuations.

The next valuation of the scheme will be carried out as at December 2019.

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

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2019: £297,000, 2018: £167,308).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

The legal structure of the scheme is such that if another employer fails, Portsmouth DBF 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 4 employees who had previously been teachers. The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2017 and full details are available on the Government website at: <https://www.gov.uk/government/collections/teachers-pension-scheme>

25 RELATED PARTY TRANSACTIONS

The Portsmouth Diocesan Council for Social Responsibility (PDCSR) is a separate charitable limited company. Staff engaged in the activities of PDCSR are employed by the PDBF and a contribution towards their staff costs was made by the PDCSR for £102,732 (2018: £97,709). The PDBF has also supported the work of the PDCSR for several years and in 2019 provided free use of office space.

26 FUNDS HELD AS CUSTODIAN TRUSTEE

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

	2019	2018
	£	£
CBF Investment Fund income shares	5,220,065	4,438,567
CBF Investment Fund accumulation shares	96,826	79,262
CBF Property Fund income shares	782,656	781,490
CBF Global Equity Fund	227,693	181,197
CBF Fixed Interest Securities Fund Shares	646,232	661,530
CBF COIF Investments	203,899	205,489
Other unit trust units	18,117	54,119
UK Equity holdings	11,769	5,804
UK Gilt-edged stocks	79,320	80,254
Other Fixed interest stock	8,137	6,239
Foreign Equities	7,368	7,769
Deposits & Cash at Bank	1,503,527	797,887
Net Creditors	(2,780)	(3,005)
Total assets held as custodian trustee	8,802,829	7,296,602

PORTSMOUTH DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

27 ANALYSIS OF CHANGE IN NET DEBT

	As at 1st January 2019 £	Cashflows £	Other £	As at 31st December 2019 £
Cash and cash equivalents	4,037,038	(1,944,611)	-	2,092,427
Loans falling due within one year	(40,637)	577	-	(40,060)
Loans falling due after more than one year	(120,180)	40,060	-	(80,120)
TOTAL	3,876,221	(1,903,974)	-	1,972,247