

End-of-Year Accounts

YEAR ENDING
DECEMBER 2022



THE CHURCH
OF ENGLAND



Diocese
of Portsmouth



Diocese of
Portsmouth

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2022

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number: 226466
Registered charity number: 249256

Live | Pray | Serve



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FOREWORD

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

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

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



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

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

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



*The Right Rev Jonathan Frost
Bishops of Portsmouth*

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

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

LEGAL OBJECTS

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

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

STRATEGIC AIMS

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

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

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

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

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

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

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

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

ACTIVITIES & ACHIEVEMENTS FOR THE YEAR

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

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



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

Along the way, the Road Map gave opportunities for prayer, to break

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

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

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

EDUCATION

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

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



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

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

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

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

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

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



LAY & ORDAINED MINISTRY

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

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

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

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

COMMUNITY ENGAGEMENT & IMPACT

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

FUTURE PLANS

STRATEGY

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

Highlights from the plan include:

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

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

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

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

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

BOARD OF EDUCATION

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

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

FINANCIAL REVIEW

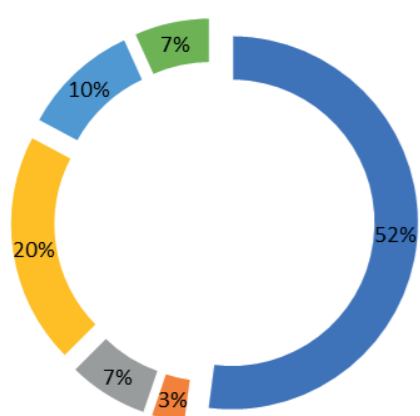
FINANCIAL PERFORMANCE

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

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

INCOME FOR 2022:

Incoming resources



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

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

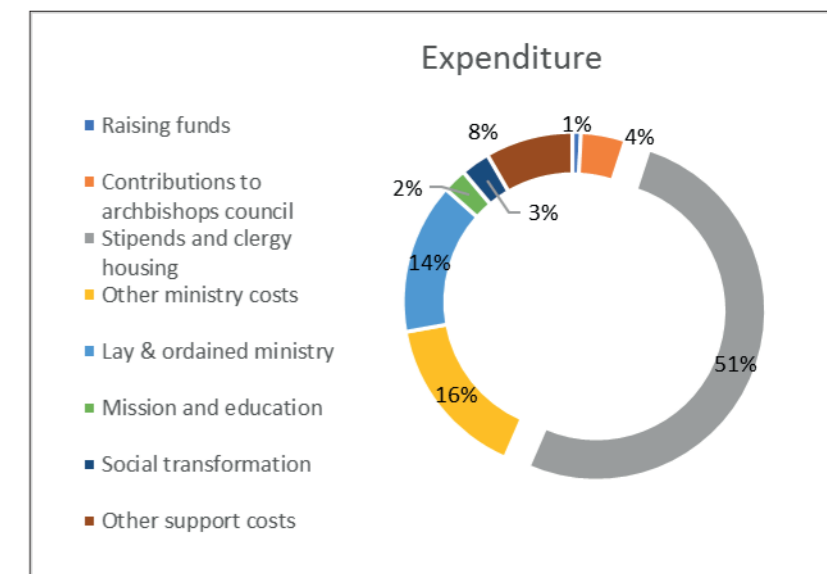
will be reviewed moving forward to ensure that we are enabling these additional ministries where they are required.

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

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

EXPENDITURE FOR 2022:

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



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

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

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

BALANCE SHEET POSITION

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

RESERVES POLICY

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

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

DESIGNATED FUNDS

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

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

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

RESTRICTED AND ENDOWMENT FUNDS

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

GRANT MAKING POLICY

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

INVESTMENT POLICY AND REPORT

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

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

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

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

- b) The Diocesan Secretary following discussion with the IAG is authorised to switch investments managed by CCLA from time to time in order to achieve the Board's required total return.
- c) Any fund managed by CCLA may be used for the Board's investments, but no other types of investment may be used without the Board's prior approval.
- d) The investment managers are to be instructed to achieve a yield of not less than 4% over a 10 year rolling period (taking into account the total cash at a) above), and a total return in line with the appropriate Benchmarks agreed by the Board annually.
- e) Funds are to be invested in line with the Statement of Ethical Investment Policy, issued by the Church of England Investment Advisory Group.
- f) This policy will be reviewed at least annually by the Board.

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

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

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

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

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

PRINCIPAL RISKS & UNCERTAINTIES

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

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

Key risks and mitigating actions are as follows:

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

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

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

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

STRUCTURE & GOVERNANCE

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

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

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

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

ORGANISATIONAL STRUCTURE

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

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

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

TRUSTEE RECRUITMENT, SELECTION, AND INDUCTION

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

DECISION MAKING STRUCTURE

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

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

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

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

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

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

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

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

DELEGATION OF DAY-TO-DAY DELIVERY

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

RELATED PARTIES

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

FUNDRAISING

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

FUNDS HELD AS CUSTODIAN TRUSTEE

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

FUNDS HELD ON BEHALF OF SCHOOLS

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

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

TRUSTEES' RESPONSIBILITIES

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

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

In preparing these financial statements the Trustees are required to:

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

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

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

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

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

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

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

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

ADMINISTRATIVE DETAILS

TRUSTEES

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

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

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

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

a) Ex Officio Members

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

Canon Debbie Sutton (Chair of the House of Laity)

Diocesan Secretary: Mrs Victoria James (resigned 8th August 2022)
Mrs Jenny Hollingsworth (Acting Diocesan Secretary 9th August 2022 to 4th December 2022)
Mr Philip Poulter (Interim Diocesan Secretary from 5th December 2022)

b) Bishop's Nominee

Mr Philip Poulter (Chair of the Diocesan Deanery Finance Committee and the Audit Committee until 5th December 2023).

c) Elected by House of Clergy

Rev Dr Susie Collingridge	Rev James Hunt
Rev Andrew Hargreaves	Rev Mark Williams
Rev Sam Martell	Rev Canon Tom Kennar
Rev Bruce Deans	

d) Elected by House of Laity

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

e) Members in Attendance

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

SENIOR STAFF AND ADVISERS

Diocesan Secretary	Victoria James (resigned 8 th August 2022)
Interim Diocesan Secretary	Philip Poulter (appointed 5 th December 2022)
Finance Director	Lisa Streeter (resigned 7 th November 2022)
Head of Strategic Implementation and Resources & Deputy Diocesan Secretary	Jenny Hollingsworth (resigned 31 st December 2022)
Head of Lay and Ordained Ministry	Anthony Rustell
Head of Mission and Education and Director of Education	Jeff Williams
Head of Social Transformation	Nick Ralph

REGISTERED OFFICE

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

KEY ADVISERS AND AGENTS

Bankers	Barclays, PO Box 612, Ocean Village, Southampton, SO14 2ZP
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors	Messrs Brutton & Co, West End House, 288 West Street, Fareham, PO16 0AJ
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	ELG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Advisers	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW

ON BEHALF OF THE TRUSTEES



Right Rev Jonathan Frost
Chair
25 May 2023



Philip Poulter
Interim Diocesan Secretary
25 May 2023

OPINION

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

Audit procedures performed by the engagement team included:

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

USE OF OUR REPORT

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

accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jane Askew (Senior Statutory Auditor)

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

Date: 7 June 2023

Note	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022	Total funds 2021	
	General £	Designated £					
Income and endowments from							
Donations							
	Parish contributions	2a	4,414,295	-	-	4,414,295	4,405,115
	Archbishops' Council	2b	494,941	-	1,083,751	-	1,578,692
	Other donations	2c	119,519	-	24,901	-	144,420
	Charitable activities	3	587,239	-	2,562	249,943	839,744
	Other trading activities	4	588,436	-	22,862	-	611,298
	Investments	5	575,621	94,112	183,937	30,530	884,200
	Other	6	-	-	-	-	432,833
	Total		6,780,051	94,112	1,318,013	280,473	8,472,649
Expenditure on:							
	Raising funds	7	64,891	-	-	-	64,891
	Charitable activities	8	6,859,603	159,528	1,038,872	-	8,058,003
	Total	9	6,924,494	159,528	1,038,872	-	8,122,894
	Net income/(expenditure) before investment gains/(losses)		(144,443)	(65,416)	279,141	280,473	349,755
	Net gains/(losses) on investments	15	(259,164)	(367,576)	(664,056)	1,818,141	527,345
	Net income		(403,607)	(432,992)	(384,915)	2,098,614	877,100
	Transfers between funds	13	3,286,937	(1,399,643)	(92,867)	(1,794,427)	-
	Other recognised gains/(losses)						
	Gains on revaluation of fixed assets	14	1,798,600	-	-	5,125,789	6,924,389
	Loss on disposal of investments		-	(15,127)	-	-	(15,127)
	Remeasurement of pension scheme provision		16,000	-	-	73,000	89,000
	Net movement in funds		4,697,930	(1,847,762)	(477,782)	5,502,976	7,875,362
	Total funds at 1 January		17,096,457	5,353,578	6,362,815	59,017,920	87,830,770
	Total funds at 31 December	20	21,794,387	3,505,816	5,885,033	64,520,896	95,706,132

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

The notes on pages 26 to 54 form part of the financial statements.

	Note	2022	2021
FIXED ASSETS			
Tangible Fixed Assets	14	66,735,277	59,350,360
Investments	15	<u>24,963,168</u>	<u>24,382,639</u>
		91,698,445	83,732,999
CURRENT ASSETS			
Debtors	16	638,814	971,026
Cash on Deposit		6,205,345	7,129,175
Cash at bank and in hand		<u>344,552</u>	<u>731,169</u>
		7,188,711	8,831,370
CREDITORS: amounts falling due within one year	17	2,728,941	2,999,532
NET CURRENT ASSETS		<u>4,459,770</u>	<u>5,831,838</u>
Total assets less current liabilities		<u>96,158,215</u>	<u>89,564,837</u>
CREDITORS amounts falling due after more than one year			
Pension scheme liabilities	18	452,083	1,734,067
Loans and long term provisions		-	167,400
		<u>452,083</u>	<u>1,566,667</u>
NET ASSETS		<u>95,706,132</u>	<u>87,830,770</u>
FUNDS			
Unrestricted income funds:			
General funds		21,794,387	17,096,457
Designated funds		<u>3,505,816</u>	<u>5,353,578</u>
		25,300,203	22,450,035
Restricted funds			
Endowment funds		5,885,033	6,362,815
		64,520,896	59,017,920
TOTAL FUNDS	19/20	<u>95,706,132</u>	<u>87,830,770</u>

Revaluation reserves of the following amounts are included within the above funds: endowment funds £22.4m (2021: £15.4m), restricted funds £1.6m (2021: £2.2m), designated funds £1.4m (2021: £1.7m), general funds £4.4m (2021: £2.9m).

The Notes on pages 26 to 54 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 25th May 2023 and signed on behalf of the Board by:

Right Rev Jonathan Frost

Jonathan Portsmouth

	2022	2021
		£
Net cash flow from operating activities		£
Net cash used in operating activities	(228,107)	(429,368)
Cash flows from investing activities		
Dividends, interest and rent from investments	815,897	728,669
Purchase of property and equipment	(513,720)	(47,249)
Purchase of investments	(403,176)	-
Sale of property and equipment	-	2,122,833
Sale of investments	<u>418,302</u>	<u>-</u>
Net cash provided by investing activities	317,303	2,804,253
Cash flows from financing activities		
Loans repaid to PDBF	-	2,100
Loans repaid by PDBF	<u>(1,399,643)</u>	<u>(73,393)</u>
Net cash used in financing	(1,399,643)	(71,293)
Change in cash and cash equivalents in the reporting period	(1,310,447)	2,303,592
Cash and cash equivalents at 1 January	7,860,344	5,556,752
Cash and cash equivalents at 31 December	<u>6,549,897</u>	<u>7,860,344</u>
Reconciliation of net income to net cash flow from operating activities		
	<u>2022</u>	<u>2021</u>
Net income for the year ended 31 December	877,100	4,053,868
Adjustments for:		
Depreciation charges	52,536	38,102
(Gains)/losses on investments	(527,345)	(3,032,731)
Dividends, interest and rent from investments	(884,200)	(792,970)
(Gain)/loss on sale of functional assets	648	(432,833)
(Gain)/loss on disposal of investments	(15,127)	-
Decrease in operating debtors	332,212	52,023
Increase/(decrease) in operating creditors	<u>(63,931)</u>	<u>(314,827)</u>
Net cash provided by operating activities	<u>(228,107)</u>	<u>(429,368)</u>
Analysis of cash and cash equivalents		
Cash at bank and in hand	344,552	731,169
Cash on deposit	6,205,345	7,129,175
	<u>6,549,897</u>	<u>7,860,344</u>

1. ACCOUNTING POLICIES

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

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

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

received, plus an accrual for any late payments received in January of the following year.

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

b) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and freehold properties and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, and expenditure on resourcing mission and ministry within the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the PDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

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

c) Tangible fixed assets and depreciation

Freehold properties

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

Parsonage houses

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

Property cost values

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

Computer equipment

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

d) Depreciation on leasehold property

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

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

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at bid value and the gain or loss taken to the Statement of Financial Activities. The properties held as an investment are formally revalued by the Diocesan surveyor on a five-year cycle alongside all other properties, with annual reviews undertaken to identify any changes that may impact the valuation.

Glebe land is accounted for at fair value and is formally revalued on a five-year cycle and reviewed annually for any changes that may impact the valuation.

- ii) **Leases.** The PDBF has only entered into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the lease term.
- iii) **Financial instruments** are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. The charity only has financial assets and liabilities which qualify as basic financial instruments.
Financial assets and liabilities measured at amortised cost, which includes loans to parishes, parish share receivable and other debtors, bank loans and creditors, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest rate method.
Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 15.

f) Fund balances

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

- **Unrestricted funds** are the PDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the PDBF. There are two types of unrestricted funds:
 - **General funds** which the PDBF intends to use for the general purposes of the PDBF and
 - **Designated funds** set aside out of unrestricted funds by the PDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

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

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

g) Key Judgements

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

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

2. DONATIONS

2a Parish Contributions

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

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

The majority of donations are collected from parishes of the diocese through the parish share system. Parish share payments received represented 86.2% (2021: 87.5%) of the amount requested.

2b Archbishops' Council

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

2021	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£	£	£	£	£
Lowest income community funding	478,430	-	-	-	478,430
Church Commission grant for Resourcing Ministerial Education	-	-	191,811	-	191,811
Strategic Development Fund	-	-	636,047	-	636,047
Sustainability grant	-	490,000	-	-	490,000
	478,430	490,000	827,858	-	1,796,288

2c Other donations

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

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

3. CHARITABLE ACTIVITIES

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

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

4. OTHER TRADING ACTIVITIES

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

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

5. INVESTMENT INCOME

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

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

6. OTHER INCOME

2022	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022
	General	Designated			
	£	£			
Gain on sale of properties	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

7. FUND RAISING COSTS

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

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

8. CHARITABLE ACTIVITIES

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

8. CHARITABLE ACTIVITIES (CONTINUED)

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

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

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

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

10. ANALYSIS OF SUPPORT COSTS

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

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

Auditors remuneration for the year was £18,600 (2021: £15,840) and the cost of operating lease rentals was £16,864 (2021: £15,052).

11. ANALYSIS OF GRANTS

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

2021	Number	Individuals	Institutions	Total
		£	£	
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	277,804	277,804
From unrestricted funds:				
Cathedral	1	-	16,000	16,000
Retired Lay Worker Pension Grant	1	2,043	-	2,043
Removal and resettlement grants	14	75,795	-	75,795
	16	77,838	16,000	93,838
From restricted funds for various purposes:				
Bishops Lent Appeal grants	-	-	-	-
	17	77,838	293,804	371,642

12. STAFF COSTS

Employee costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	1,215,966	1,055,388
National insurance contributions	193,491	105,709
Pension costs	201,911	180,320
	<u>1,611,368</u>	<u>1,341,417</u>

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

	2022 fte	2021 fte
Mission & Education	6.6	6.8
Lay & Ordained Ministry	4.7	5.5
Strategic Implementation & Resources	8.1	8.4
Safeguarding	3.4	3.4
Social Transformation (of which 2.2 are externally funded)	4.4	5.2
	<u>27.2</u>	<u>29.3</u>
Parochial Assistants	<u>1.2</u>	<u>1.2</u>
	<u>28.4</u>	<u>30.5</u>

The average number of persons employed during the year:

	2022 no.	2021 no.
Mission & Education	7	7
Lay & Ordained Ministry	6	6
Strategic Implementation & Resources	9	9
Safeguarding	5	4
Social Transformation	7	7
	<u>34</u>	<u>33</u>
Parochial Assistants	<u>2</u>	<u>2</u>
	<u>36</u>	<u>35</u>

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

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

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

of this team are charged from WDBF to PDBF on the basis of time spent providing support to each diocese. These staff are not reflected in the headcount above however the cost of their salaries is reflected.

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

	2022 no.	2021 no.
£60,000 - £70,000	2	-
£70,000 - £80,000	-	2
£80,000 - £90,000	1	-
£90,000 - £100,000	1	-

Pension payments of £47,368 (2021: £27,383) were made for these employees.

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

Diocesan Secretary & Company Secretary	Victoria James (resigned 8 August 2022)
Interim Diocesan Secretary	Philip Poulter (appointed 5 December 2022)
Director of Finance	Lisa Streeter (45%) (resigned 7 November 2022)
Deputy Diocesan Secretary	Jenny Hollingsworth (resigned 31 December 2022)
Head Lay and Ordained Ministry	Anthony Rustell
Head of Education	Jeff Williams (33%)
Head of Social Transformation	Nick Ralph (10%)

Remuneration, pensions and expenses for these 7 employees (2021: 6 employees) amounted to £350,162 (2021: £281,841).

TRUSTEES' EMOLUMENTS

No Trustee received any remuneration for services as Trustee. The Trustees

received travelling and out of pocket expenses totalling £9,456 (2021: £8,341) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees. As serving clergy, 7 trustees also received the hardship grant payment (2021: nil). No trustees were in receipt of resettlement grants during the year (2021: nil).

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

	Stipend	Housing
Archdeacon of Portsdown(Rowley)	Yes	Yes
Acting Archdeacon of the Meon (Hughes)	Yes	Yes
Acting Archdeacon of the Isle of Wight (Kerr)	Yes	Yes
Archdeacon of the Isle of Wight (Daugherty)	Yes	Yes
Chair of House of Clergy (Canon R C White)	Yes	Yes
Rev James Hunt	Yes	Yes
Rev Bruce Deans	Yes	Yes
Rev Andrew Hargreaves	Yes	No
Rev Canon Tom Kennnar	Yes	Yes
Rev Sam Martell	Yes	Yes
Rev Mark Williams	Yes	Yes

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

The PDBF paid an average of 80 (2021: 85) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £	2021 £
Stipends	2,346,596	2,476,289
National insurance contributions	193,491	205,600
Pension costs - current year	567,035	525,683
- deficit reduction	94,000	164,000
	<u>3,201,122</u>	<u>3,371,572</u>

Included in the figures above are settlement payments totalling £76,133 (2021: Nil).

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

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

Further details of the transfers are included in note 19.

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

14. TANGIBLE FIXED ASSETS – LAND AND BUILDINGS

	Freehold Land and Buildings £	Leasehold Buildings £	Computer Equipment £	Total 2022 £
At Cost or Valuation				
At 1 January 2022	57,979,978	1,851,443	47,249	59,878,670
Additions	513,720	-	-	513,720
Disposals	(656)	-	-	(656)
Revaluation	2,560,145	-	-	2,560,145
At 31 December 2022	61,053,187	1,851,443	47,249	62,951,879
Accumulated depreciation				
At 1 January 2022	-	526,998	1,312	528,310
Charge for the year	-	36,792	15,744	52,536
At 31 December 2022	-	563,790	17,056	580,846
Net book value at 31 December 2022	61,053,187	1,287,653	30,193	62,371,033
Net book value at 31 December 2021	57,979,978	1,324,445	45,937	59,350,360

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

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

15. FIXED ASSETS INVESTMENTS

	At 1st January 2022 £	Additions £	Disposals £	Change in Market Value £	At 31st December 2022 £
Unrestricted General Funds					
Unlisted investments	2,103,297	-	-	(259,164)	1,844,133
Designated Funds					
Unlisted investments	3,111,334	407,084	(418,302)	(367,576)	2,732,540
Restricted Funds					
Unlisted investments	5,597,717	64,401	-	(664,056)	4,998,062
Endowment Funds					
Unlisted investments	12,858,364	-	-	(1,519,933)	11,338,431
Investment Property	362,000	-	-	-	362,000
Investment Land	349,928	-	-	3,338,074	3,688,002
Total Funds	24,382,640	471,485	(418,302)	527,345	24,963,168

16. DEBTORS

	2022 £	2021 £
Parish share receivable	76,315	41,769
Prepayments and accrued income	269,439	354,372
Other debtors	293,060	574,885
	<u>638,814</u>	<u>971,026</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Accruals	130,685	62,040
Other creditors	583,241	563,569
* P&WCSG Fund Creditors	1,665,649	1,852,018
Loan repayments	155,000	440,060
Deferred income	2,215	31,722
Provision for repairs	157,866	-
Tax and social security	34,285	31,523
Pension scheme liabilities:		
Clergy Pension Scheme	-	16,700
Lay pension scheme	-	1,900
	<u>2,728,941</u>	<u>2,999,532</u>

* The P&WCSG Fund holds £1,712,227 (2021: £1,891,125) on deposit with CCLA and Barclays.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Loan repayment instalments due after more than one year		
1 - 2 years	155,000	800,000
2 - 5 years	297,083	766,667
Pension scheme liabilities:		
Clergy Pension Scheme	-	150,300
Lay pension scheme	-	17,100
	<u>452,083</u>	<u>1,734,067</u>

19. SUMMARY OF FUND MOVEMENTS

2022	Balances at				Gains and losses	Balances at 31 December 2022
	1 January 2022					
	£	£	£	£		
Unrestricted funds - General	17,096,457	6,780,051	(6,924,494)	3,286,937	1,555,436	21,794,387
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	39,786	-	-	-	(4,886)	34,900
Circus Charity Fund	2,568	-	-	-	(285)	2,283
Diocesan Conference Fund	45,329	420	-	-	-	45,749
Car Loan Fund	-	9,366	-	-	(40,784)	(31,418)
Diocesan Loan Fund	369,610	11,697	-	-	(76,323)	304,985
Parsonages Repairs Fund	380,988	20,098	-	-	(59,276)	341,810
CME Fund	144,101	207	-	-	-	144,308
Valpy Bequest	37,459	-	-	-	(4,600)	32,859
Winterbotham Legacy	165,715	5,743	-	-	(21,305)	150,153
Office Repair Fund	118,130	2,232	-	-	(7,507)	112,855
Mission Fund	421,793	99	(83,395)	-	-	338,497
Lambeth Conference Fund	18,715	-	-	-	-	18,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	395,494	-	-	-	-	395,494
Catherington House Fund	738,575	41,241	-	-	(166,989)	612,827
Sustainability Fund	1,090,000	-	(76,133)	-	-	1,013,867
CBIL repayment fund	1,383,820	3,009	-	(1,399,643)	(749)	(13,563)
	5,353,578	94,112	(159,528)	(1,399,643)	(382,703)	3,505,816

19. SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at				Gains and losses	Balances at 31 December 2022
	1 January 2022					
	£	£	£	£		
Restricted funds						
Barday Bequest	7,633	179	-	-	(684)	7,128
Ben Aug Fund	116,312	-	-	-	(14,283)	102,029
Bishop's Lent Appeal	20,122	3,406	(19,369)	-	-	4,159
Christian Healing Fund	247	3	-	-	-	250
Harrison Parochial Loan Fund	18,314	184	-	-	-	18,498
Huckstepp Legacy	138,371	-	-	-	(16,014)	122,357
James Legacy	25,521	-	-	-	(2,973)	22,548
New Churches Fund	1,298,683	44,674	-	34,000	(183,922)	1,193,435
Turret House Fund	129,706	3,437	-	-	(15,282)	117,861
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	614,694	(614,694)	-	-	(45,956)
Pastoral Fund	2,407,157	70,326	(23,412)	-	(234,093)	2,219,978
P&WCSGF	39,107	7,385	(4,999)	(2,386)	-	39,107
Corban Fund	49,637	1,282	-	-	(5,504)	45,415
Eckersley Clergy families	475,918	11,950	-	-	(49,473)	438,395
Education Restricted	1,676,848	69,936	(296)	(167,538)	(141,828)	1,437,122
Resourcing Ministerial Education	-	216,057	(178,102)	43,057	-	81,012
Clergy Hardship Fund	-	60,500	(42,000)	-	-	18,500
Energy Grant	-	214,000	(156,000)	-	-	58,000
	6,362,815	1,318,013	(1,038,872)	(92,867)	(664,056)	5,885,033
Expendable Endowment funds						
Parsonage Houses	41,877,465	-	-	(1,888,427)	4,869,162	44,858,200
Education Endowment	1,843,082	30,530	-	-	(111,827)	1,761,785
Permanent Endowment funds	-	-	-	94,000	(1,009,065)	8,724,109
Stipends Capital Fund	9,639,174	-	-	-	-	9,639,174
Bells Loan Fund	521,987	-	-	-	(59,121)	462,866
Boyd Richardson Trust	202,848	-	-	-	(24,910)	177,938
Constance Trust	37,997	-	-	-	(4,666)	33,331
Cowes St M Ben Aug	1,165	-	-	-	(129)	1,036
Diocesan House Trust	277,359	-	-	-	(33,898)	243,461
Fawdry Bequest	47,363	-	-	-	(5,517)	41,846
Glebe Fund	1,246,994	-	-	-	(102,105)	1,144,889
Glebe Property	2,988,154	249,943	-	-	3,594,701	6,832,799
Glebe House Cottage Trust	5,417	-	-	-	(630)	4,787
Hayling St M Curacy End	1,518	-	-	-	(168)	1,350
Lambert Loan Fund	206,360	-	-	-	(19,478)	186,882
Glebe Capital	121,037	-	-	-	(75,419)	45,618
	59,017,920	280,473	-	(1,794,427)	7,016,930	64,520,896
Total Funds	87,830,770	8,472,649	(8,122,894)	-	7,525,607	95,706,132

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

19. SUMMARY OF FUND MOVEMENTS (CONTINUED)

2021	Balances at					Balances at 31 December 2021
	1 January 2021	Income	Expenditure	Transfers	Gains and losses	
	£	£	£	£	£	
Unrestricted funds - General	16,149,415	6,660,348	(6,505,560)	(309,635)	1,101,889	17,096,457
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	34,545	-	-	-	5,241	39,786
Circus Charity Fund	2,262	-	-	-	306	2,568
Diocesan Conference Fund	36,812	17	-	8,500	-	45,329
Car Loan Fund	295,543	9,260	-	(347,544)	42,741	-
Diocesan Loan Fund	649,412	13,179	-	(369,610)	76,629	369,610
Parsonages Repairs Fund	330,284	19,034	(31,584)	-	63,254	380,988
CME Fund	144,093	8	-	-	-	144,101
Valpy Bequest	32,525	-	-	-	4,934	37,459
Winterbotham Legacy	138,146	5,177	-	-	22,391	165,715
Office Repair Fund	108,414	1,663	-	-	8,052	118,130
Mission Fund	496,818	4	(75,029)	-	-	421,793
Lambeth Conference Fund	12,715	-	-	6,000	-	18,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	80,494	-	-	315,000	-	395,494
Catherington House Fund	1,221,198	39,730	-	(700,000)	177,648	738,575
Sustainability Fund	600,000	490,000	-	-	-	1,090,000
CBIL repayment fund	-	-	-	1,383,821	-	1,383,821
	4,184,756	578,071	(106,613)	296,167	401,197	5,353,578
Restricted funds						
Barclay Bequest	6,748	151	-	-	734	7,633
Ben Aug Fund	100,991	-	-	-	15,321	116,312
Bishop's Lent Appeal	13,571	6,551	-	-	-	20,122
Christian Healing Fund	247	-	-	-	-	247
Harrison Parochial Loan Fund	18,274	40	-	-	-	18,314
Huckstepp Legacy	121,298	-	-	-	17,073	138,371
James Legacy	22,332	-	-	-	3,189	25,521
Turret House Fund	110,459	3,230	-	-	16,017	129,706
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	636,047	(636,047)	-	-	(45,956)
Pastoral Fund	2,110,075	66,850	(15,061)	-	245,293	2,407,157
P&WCSGF	39,107	379	(316)	(63)	-	39,107
Corban Fund	42,526	1,206	-	-	5,905	49,637
Eckersley Clergy families	413,401	10,850	(1,400)	-	53,067	475,918
Education Restricted	1,367,160	310,376	(1,701)	(150,469)	151,483	1,676,849
Resourcing Ministerial Education	-	191,811	(191,811)	-	-	-
	5,543,827	1,269,242	(1,000,836)	(150,532)	701,114	6,362,815

19. SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at					Balances at 31 December 2021
	1 January 2021	Income	Expenditure	Transfers	Gains and losses	
	£	£	£	£	£	
Expendable Endowment funds						
Parsonage Houses	39,512,514	69,129	-	-	2,295,822	41,877,465
Education Endowment	1,666,032	57,356	-	-	119,693	1,843,082
Permanent Endowment funds	-	-	-	-	-	-
Stipends Capital Fund	8,313,947	-	-	164,000	1,161,227	9,639,174
Bells Loan Fund	461,098	-	-	-	60,890	521,987
Boyd Richardson Trust	176,127	-	-	-	26,721	202,848
Constance Trust	32,993	-	-	-	5,004	37,997
Cowes St M Ben Aug	1,026	-	-	-	139	1,165
Diocesan House Trust	241,027	-	-	-	36,332	277,359
Fawdry Bequest	41,445	-	-	-	5,918	47,363
Glebe Fund	1,141,334	-	-	-	105,660	1,246,994
Glebe Property	2,888,889	-	-	-	99,265	2,988,154
Glebe House Cottage Trust	4,741	-	-	-	676	5,417
Hayling St M Curacy End	1,337	-	-	-	181	1,518
Lambert Loan Fund	185,466	-	-	-	20,894	206,360
Glebe Capital	40,137	-	-	-	80,900	121,037
	54,708,113	126,485	-	164,000	4,019,322	59,017,920
Total Funds	80,586,110	8,634,146	(7,613,009)	-	6,223,523	87,830,770

20. SUMMARY OF ASSETS BY FUND

2022	Fixed Assets		Current Assets	Liabilities	Net Assets
	Tangible	Investments			
	£	£			
Unrestricted funds - General	19,665,324	1,844,137	759,479	(474,553)	21,794,387
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	36,804	(1,904)	-	34,900
Circus Charity Fund	-	2,148	135	-	2,283
Diocesan Conference Fund	-	-	45,749	-	45,749
Car Loan Fund	-	193,212	(224,630)	-	(31,418)
Diocesan Loan Fund	-	231,530	73,455	-	304,985
Parsonages Repair Fund	-	446,162	(104,352)	-	341,810
CME Fund	-	-	144,308	-	144,308
Valpy Bequest	-	34,651	(1,792)	-	32,859
Winterbotham Legacy	-	162,976	(12,823)	-	150,153
Office Repair Fund	-	56,546	56,309	-	112,855
Mission Fund	-	-	338,497	-	338,497
Lambeth Conference Fund	-	-	18,715	-	18,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	395,494	-	395,494
Catherington House Fund	-	1,166,082	(553,255)	-	612,827
Sustainability Fund	-	-	1,013,867	-	1,013,867
CBIL repayment fund	-	402,425	204,013	(620,001)	(13,563)
	-	2,732,536	1,393,279	(620,001)	3,505,816

20. SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
Restricted funds					
Barclay Bequest	-	5,155	1,973	-	7,128
Ben Aug Fund	-	107,593	(5,564)	-	102,029
Bishop's Lent Appeal	-	-	4,159	-	4,159
Christian Healing Fund	-	-	250	-	250
Harrison Parochial Loan Fund	-	-	18,498	-	18,498
Huckstepp Legacy	-	120,516	1,841	-	122,357
James Legacy	-	22,395	153	-	22,548
New Churches Fund	-	1,409,495	(216,060)	-	1,193,435
Turret House Fund	-	117,328	533	-	117,861
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,733,779	486,199	-	2,219,978
P&WCSGF	-	-	1,704,756	(1,665,649)	39,107
Corban Trust	-	41,466	3,949	-	45,415
Eckersley Clergy families	-	372,667	65,728	-	438,395
Education Restricted	-	1,067,670	772,208	(402,756)	1,437,122
Resourcing Ministerial Education	-	-	81,012	-	81,012
Strategic Development	-	-	(27,889)	(18,067)	(45,956)
Ministry Hardship Fund	-	-	18,500	-	18,500
Energy grant	-	-	58,000	-	58,000
	-	4,998,064	2,973,441	(2,086,473)	5,885,033
Expendable Endowment funds					
Parsonage Houses	44,551,023	-	307,177	-	44,858,200
Education Endowment	-	1,004,094	757,691	-	1,761,785
Permanent Endowment funds					
Stipends Capital Fund	-	8,149,405	574,704	-	8,724,109
Bells Loan Fund	-	398,764	64,102	-	462,866
Boyd Richardson Trust	-	187,645	(9,707)	-	177,938
Constance Trust	-	35,149	(1,818)	-	33,331
Cowes St M Ben Aug	-	975	61	-	1,036
Diocesan House Trust	-	255,314	(11,853)	-	243,461
Fawdry Bequest	-	41,561	285	-	41,846
Glebe Fund	-	1,232,959	(88,070)	-	1,144,889
Glebe Property	2,518,929	3,888,000	425,870	-	6,832,799
Glebe House Cottage Trust	-	4,748	39	-	4,787
Hayling St M Curacy End	-	1,269	81	-	1,350
Lambert Loan Fund	-	146,725	40,157	-	186,882
Glebe Capital	-	41,823	3,795	-	45,618
	47,069,953	15,388,431	2,062,512	-	64,520,896
Total Funds	66,735,277	24,963,168	7,188,711	(3,181,028)	95,706,132

20. SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
2021					
General Fund					
Leasehold Property	1,324,445	-	(3,996)	-	1,320,449
Freehold Property	14,147,390	279,289	818,541	-	15,245,221
FHP Capital Fund	-	1,344,389	150,298	-	1,494,687
Unrestricted funds - General	15,517,772	2,103,295	1,787,213	(2,311,822)	17,096,457
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	41,690	(1,904)	-	39,786
Circus Charity Fund	-	2,433	135	-	2,568
Diocesan Conference Fund	-	-	45,328	-	45,328
Car Loan Fund	-	328,418	(328,417)	-	1
Diocesan Loan Fund	-	549,612	(180,002)	-	369,610
Parsonages Repair Fund	-	505,438	(124,450)	-	380,988
CME Fund	-	-	144,101	-	144,101
Valpy Bequest	-	39,251	(1,792)	-	37,459
Winterbotham Legacy	-	180,373	(14,660)	-	165,714
Office Repair Fund	-	64,053	54,077	-	118,130
Mission Fund	-	-	421,793	-	421,793
Lambeth Conference Fund	-	-	18,715	-	18,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	395,494	-	395,494
Catherington House Fund	-	1,400,067	(661,491)	-	738,576
Sustainability Fund	-	-	1,090,000	-	1,090,000
Barclay Bequest	-	-	1,383,821	-	1,383,821
	-	3,111,335	2,242,244	-	5,353,579
Restricted funds					
Barclay Bequest	-	5,838	1,794	-	7,633
Ben Aug Fund	-	121,876	(5,564)	-	116,312
Bishop's Lent Appeal	-	-	20,121	-	20,121
Christian Healing Fund	-	-	247	-	247
Harrison Parochial Loan Fund	-	-	18,314	-	18,314
Huckstepp Legacy	-	136,530	1,841	-	138,371
James Legacy	-	25,368	154	-	25,522
New Churches Fund	-	1,555,912	(257,229)	-	1,298,683
Turret House Fund	-	129,180	526	-	129,705
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,944,408	462,750	-	2,407,157
P&WCSGF	-	-	1,891,125	(1,852,020)	39,105
Youth Development	-	-	-	-	-
Corban Trust	-	46,969	2,668	-	49,636
Eckersley Clergy families	-	422,140	53,781	-	475,920
Education Restricted	-	1,209,499	870,107	(402,756)	1,676,849
Resourcing Ministerial Education	-	-	-	-	-
Strategic Development	-	-	(45,956)	-	(45,956)
	-	5,597,718	3,019,873	(2,254,777)	6,362,815

20. SUMMARY OF ASSETS BY FUND (CONTINUED)

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

21. DESCRIPTION OF FUNDS

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

21. DESCRIPTION OF FUNDS (CONTINUED)

Restricted funds	
Barclay Bequest	For 'new churches' buildings
Ben Aug Fund	For stipends
Bishop's Lent Appeal	Bishop's annual charity appeal
Christian Healing Fund	For Christian healing work
Corban Trust Fund	For Poor and needy in Portsmouth St Albans parish
Eckersley Clergy Families	For the support of clergy and their families
Education Restricted Fund	Education within the diocese of Portsmouth
Harrison Parochial Loan Fund	Loans to Parishes
Huckstepp Legacy	Support Ordinands
James Legacy	Support Ordinands
New Churches Fund	For 'new churches' buildings
P&WCSGF	Income from school governors' funds
Pastoral Fund	Management of money in accordance with the Pastoral Measure 1983
Resourcing Ministerial Education	Grants received to fund ordinand training
Strategic Development Fund	For activities specifically identified in the strategic plan
Surrexit Fund	For youth development
Turret House Fund	For church building projects
Youth Development	For work with the young people of the diocese
Hardship Fund	To support individuals in financial hardship as a result of the cost of living crisis
Energy Grant fund	To support Parochial Church Councils with increased energy costs
Expendable Endowment funds	
Parsonage Houses	Housing incumbents/priests in charge
Education Endowment	To fund education
	<u>Original Capital</u>
	£
Permanent Endowment funds	
Bells Loan Fund	14,563 Loans to parishes in Portsmouth Deanery
Boyd Richardson Trust	2,500 For DBF's own purposes
Constance Trust	500 To offset DBF office costs
Cowes St M Ben Aug	679 For stipend (Cowes:St Mary)
Diocesan House Trust	4,800 Upkeep of DBF offices & payment of staff
Fawdry Bequest	12,001 For clergy widows & DBF general purposes
Glebe Fund	Glebe funds held on deposit
Glebe Capital Fund	
Glebe House Cottage Trust	2,200 For DBF's own purposes
Glebe Property	Glebe held for investment and housing
Hayling St M Curacy Ed	630 For stipend (Hayling Island)
Lambert Loan Fund	21,300 Loans to clergy and PCCs
Stipends Capital Fund	For stipends

22. OPERATING LEASES

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

	2022	2021
	£	£
Operating leases payable:		
Within 1 year	18,034	15,053
In 1-5 years	18,744	26,247
	36,778	41,300

23. ANALYSIS OF CHANGES IN NET DEBT

	As at 1st January 2022 £	Cashflows £	Other £	As at 31st December 2022 £
Cash and cash equivalents	7,860,344	(1,310,447)	-	6,549,897
Loans falling due within one year	(440,060)	399,643	(114,583)	(155,000)
Loans falling due after more than one year	(1,566,667)	1,000,000	114,584	(452,083)
TOTAL	5,853,617	89,196	1	5,942,814

The amounts shown as 'other' above represent the adjustment to the amount now due for repayment within one year on the Coronavirus Business Interruption Loan.

24. PENSIONS

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

The membership figures that we hold as at December 2022 and December 2021 for Portsmouth DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2022	December 2021
Number of members at this Responsible Body	86	99

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £721,483, 2021:

£759,553), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £742,483 for 2022 (2021: £923,553).

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

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

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following the finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior officeholders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2021 is set out in the table below.

	2022 £	2021 £
Balance sheet liability at 1 January	167,000	333,000
Deficit contribution paid	(94,000)	(165,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(73,000)	(2,000)
Balance sheet liability at 31 December	-	167,000

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

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

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0%	0.2%
Price inflation	n/a	n/a	3.1%
Increase to total pensionable payroll	n/a	-1.5%	1.6%

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

Portsmouth DBF (DBS) participates in the Pension Builder Scheme section of

Church Worker Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

PENSION BUILDER SCHEME

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £159,906, 2021: £154,206).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

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

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

DEFINED BENEFITS SCHEME

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

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific

employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £nil, 2021: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £19,000 (2021: charge of £23,000).

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

A valuation of DBS is carried out once every three years. The most recently finalised valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

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

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

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

	2022 £	2021 £
Balance sheet liability at 1 January	19,000	-
Deficit contribution paid	(3,000)	(2,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	(16,000)	21,000
Balance sheet liability at 31 December	-	19,000

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

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

	December 2022	December 2021	December 2020
Discount rate	0.00%	1.5%	0.0%

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

TEACHERS' PENSION SCHEME (TPS)

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

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

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

25. RELATED PARTY TRANSACTIONS

The Portsmouth Diocesan Council for Social Responsibility (PDCSR) is a separate charitable limited company. Staff engaged in the activities of PDCSR are employed by the PDBF and a contribution towards their staff costs was made by the PDCSR for £93,516 (2021: £123,652). The PDBF has also supported the work of the PDCSR for several years and in 2022 provided free use of office space, and IT Cloud functionality.

26. FUNDS HELD AS CUSTODIAN TRUSTEE

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

	2022 £	2021 £
CBF Investment Fund income shares	5,524,978	6,432,222
CBF Investment Fund accumulation shares	735,635	809,396
CBF Property Fund income shares	732,217	829,543
CBF Global Equity Fund	270,921	314,910
CBF Fixed Interest Securities Fund Shares	506,368	625,672
CBF COIF Investments	172,016	196,901
Other unit trust units	9,444	17,490
UK Equity holdings	13,173	14,161
UK Gilt-edged stocks	79,320	79,320
Other Fixed interest stock	11,320	10,318
Foreign Equities	10,876	8,518
Deposits & Cash at Bank	1,492,670	1,484,759
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	9,556,158	10,820,430

27. POST BALANCE SHEET EVENT

On 1st January 2023, the Diocesan Board of Education transferred to a new Charitable Incorporated Organisation (CIO) as a result of the new Diocesan Board of Education Measure which came into effect during 2022. Along with Winchester DBF, PDBF remains a grant giving body to the Board of Education and continues to provide office space and services under a service level agreement. The CIO has independent governance, financial management and policies.



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THE CHURCH
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