

ANNUAL REPORT AND FINANCIAL STATEMENTS



For the year ended 31 December 2024

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company number - 226466

Registered charity number – 249256

Jesus-centred, Kingdom-seeking

First Floor, Peninsular House, Wharf Road, Portsmouth PO2 8HB • 023 9289 9650 • portsmouth.anglican.org • @CofEPortsmouth

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A large print version is available on request from Jane Dobbs

Email: jane.dobbs@portsmouth.anglican.org

Foreword

It is a pleasure to commend the Annual Report and Financial Statements for the year ended 31 December 2024. I do so with a profound sense of gratitude for the character, focus and quality of corporate life within the Diocese of Portsmouth.

The past year was lived in the context of global and regional uncertainty: war has been waged on East European soil; a cost of living crisis continued to make life difficult for many of our parishioners (especially the most deprived among them); while political change in the United States has up-ended many of the West's political certainties, not least a sense of security and high esteem for truthful speech.

It is in this febrile context that our people and communities have demonstrated their Christian commitment, resolve, and character.

The accounts reveal the extraordinary financial generosity of those who resource the work of God's Kingdom across South-East Hampshire and the Isle of Wight. Centred in Jesus Christ (or *anchored* as our Cathedral community puts it so visually) a community of disciples has kept its nerve and has continued to serve generously, courageously, and sacrificially. I give thanks for the character of the diocese.

In 2024 the Bishop's Staff Team and Diocesan Board of Finance have kept a steady focus on the drive towards financial sustainability and the interwoven strands of our financial strategy. In terms of culture, an enabling diocesan team continues to build the confidence and trust of the diocesan community: not through words, but by financial practices and disciplines that exemplify grip, transparency and sound organisation. Or, put simply, by being worthy of trust. In 2024 we began to reap the benefits of robust disciplines of financial reporting, monitoring, scrutiny, and control introduced in 2022-23. We have not come through our financial challenges: but we now have a much clearer picture of those challenges. In early 2025, the diocese welcomed a new Parish Share Scheme. Early results are encouraging. The design of the scheme - its patent fairness, transparency, and the vital way it expresses inter-dependence and mutuality within the diocesan community - has gained a broad base of support. I am most grateful to Sue Jones and her team for their effective and impactful work in this area, and to Philip Poulter for his readiness to meet and support our faithful band of parish treasurers.

In 2024, under the leadership of Chris Parker, we have continued to build a culture of generosity - and to build the confidence of clergy and lay leaders in speaking about giving as a part of Christian discipleship. Generosity Week, in which we draw on resources provided by the national church, is becoming a fixed part of diocesan and parish life.

Through Chris Parker's work in commending the Parish Giving Scheme he has been able to lighten the workload for treasurers and deliver extraordinary results. There are approximately 3,000 givers using PGS to give to their parish, 54% of whom Gift Aid their gift (a return which places us 1st nationally). 87% of givers have chosen to enable their gift to be increased annually in line with inflation.

As I commend these accounts for information and scrutiny, I would like to put on record my appreciation for Elaine Coe, Head of Finance and her team for their tireless work in supporting ministry and mission.



The Right Revd Jonathan Frost
Bishops of Portsmouth



The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2024. 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

During 2024, we formally approved our Vision and Strategy for the future. Our Vision is for our diocese to become **a rejuvenating community** [*one that rejuvenates itself and seeks to rejuvenate others*] **of Jesus-centred** [*learners and followers of Jesus, with our actions shaped by him*], **Kingdom-seeking** [*including our devotion to God, our passion for social justice, our care for Creation and fellowship with each other*] **disciples**. [*we are committed to our faith, and want to keep on becoming more like Jesus*].

Our Strategy (which we refer to as our **REJUVENATE** strategy) aims to place children and young people at the heart of our planning, and to reduce the age profile of our congregations. It also seeks to achieve three things:

- To **REVIVE** the spiritual leadership of the diocese, so our lay and clergy leaders are vibrant disciples, whose faith is deep and attractive to others;
- To **REVITALISE** our parishes, developing a culture where there are clear pathways for the unchurched to become new disciples; and
- To **RENEW** the Church, seeking to plant new congregations and create new worshipping communities in areas where we have little effective presence currently.

This Strategy is effectively communicated in the following diagram:

Activities & Achievements for the Year



The year 2024 saw the formal approval of our diocese's Vision and Strategy in June, which paved the way for an application for strategic funding from the national Church of England in the Autumn. The success of this application unlocked more than £5m of funding over the next five years to support our diocese's strategic plans. This will allow us to employ the people, create the projects and revamp the buildings to help our parishes, chaplaincies and church schools to thrive.

Among the areas that will be funded will be:

- Under REVIVE: a series of Cairns, which are local networks of clergy and lay leaders who will eat, pray and study together regularly, to help deepen their own faith;
- Under REVITALISE: funding for parishes to develop their pathways to discipleship, which will help them to create brand new disciples;
- Under REVITALISE: mission projects in specific areas of our diocese, such as Paulsgrove and Leigh Park, which aim to revitalise existing congregations with young people and families as the heartbeat of their congregations;
- Under REVITALISE: training in youthwork to establish expertise and create new leaders to work with children, families and young people;
- Under RENEW: brand new church plants, in urban Portsmouth and suburban Fareham, including moving towards a brand new church in the major new development of Welborne.

Among other achievements during 2024 were some progress on efforts to combat climate change by reducing carbon emissions. A new team, partly funded by the national Church, was created to drive our

diocese towards net zero carbon, with our cathedral and diocesan offices both achieving a silver Eco-Church award, meaning that our diocese overall merited a bronze Eco-Church award.

Our Bishop's Lent Appeal raised more than £9,000 towards Foodbanks within our diocese and the Tearfund appeal to offer humanitarian aid to those suffering in the conflict between Israel, Gaza and Lebanon. The Easter story was told on the streets of Havant by local churchgoers, and Cbeebies star Gemma Hunt led two pirate-themed services at St John's Church, Locks Heath.

It was a significant moment as HRH Prince Edward celebrated the formal re-opening of Newport Minster, at the end of a £2.6m refurbishment and redevelopment that had seen the minster closed for eight months. This was the final phase of the development of the historic church that began in 2006. HRH the Duke of Edinburgh had been the royal patron of the campaign to renew the minster and took part in the re-opening service on May 1.

Bishop Jonathan paid his first visit to our Anglican friends in Ghana, who this diocese has been linked to for 40 years. He spent 10 days there, visiting all 13 of the bishops who lead the Anglican church there, as well as churches, schools and communities across the country. He also led the annual pilgrimage to the Taizé Community in France for young people, who came from two Isle of Wight schools – Christ the King College in Newport and the Bay CofE School in Sandown.

The bishop continued to appoint new clergy to roles throughout 2024. Several stipendiary clergy were appointed to posts on the Isle of Wight, reducing the number of vacant posts significantly. And for the second year there was a 'Michaelmas' cohort of clergy ordained, having been trained on an in-house programme over the previous 12 months. This meant the bishop ordained 18 deacons in total in the summer.

Bishop Jonathan also launched a national initiative in the summer called 'Flourish', which aims to create new worshipping communities within schools. They may be voluntary or after-school groups that can worship, pray and study together. There are 40 pilot Flourish projects across the country, with four of them within our diocese, in Horndean, Sandown and Bembridge.

Diocesan staff were also heavily involved in a campaign to keep three Isle of Wight church schools open, after the Isle of Wight Council earmarked them for closure in September because of the number of surplus places across the island.

Education

The Diocesan Board of Education has now become a Charitable Incorporated Organisation as a result of the Diocesan Board of Education Measure which came into effect at the start of 2022. Registration with the Charity Commission was completed on 12th January 2024. The employment of the education team transferred to Portsmouth and Winchester Diocesan Board of Education (DBE) from 1st July 2024, and income and costs relating to the team ceased being processed through PDBF from this date.

The DBE 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 DBE and supports with office space and other services under Service Level Agreements.

Recruitment of senior leaders across all schools (not just CoFE) continues to present challenges in the current climate. We have been taking steps to engage Chairs of Governors in preparing for a change of leadership and planning for a range of outcomes.

The team's engagement in national priorities like Net Zero Carbon initiatives, anti-racism and other areas has received endorsement. The work around the national pilot for the Growing Faith Foundation has continued during 2024.

Ministry and Discipleship

The end of 2024 saw an expansion of the Ministry and Discipleship Team, under the new interim Director, Revd Andrew Hargreaves, in post from 1 October 2024, to include team positions of 'Lead for Revive' (Clergy Wellbeing, Continuing Ministerial Development and Lay Discipleship), 'Lead for Revitalise' (Parish Mission and Discipleship), 'Lead for Renew' (New Worshipping Communities, Church Planting and Pioneer Ministry), a 'Children's Youth and Families Officer', a 'Lay Ministry Discipleship Officer' and a 'Team Executive Assistant', to add to our 'Lead for Vocations', 'Assistant Lead for Vocations' and 'Anna Chaplaincy co-ordinator'. These were funded by a successful £5.3million Strategic Ministry and Mission Investment Board (SMMIB) grant with generous assistance from the PDBF to supplement the successful grant.

These posts and team will help us to fulfil our vision to be a rejuvenating community of Jesus-centred, Kingdom-seeking disciples from which our strategy to deliver the vision has Rejuvenation, children and young people, as the intentional focus of everything we do. Our primary strategy to have congregations full of children and young people is to have flourishing churches, with our strategy themes of 'Revive', 'Revitalise' and 'Renew' to help us to do this. The expanded Ministry and Discipleship Team will be key in supporting the implementing the new vision and strategy. Building on last year's report we have continued to raise up Ordained and Lay Vocations from the discernment to the training phase and beyond, as well as providing clergy and lay training and support throughout the whole of the year. Much of this was previously overseen by Revd Anthony Rustell, who left for a new post, following 10 years of faithful and fruitful service.

Community Engagement & Impact

Churches continued to offer support in a variety of ways including food banks, cafés, coffee mornings, friendship groups, bereavement support groups, toddler groups community hubs etc. Chaplains have also been active across a variety of sectors in our diocese in a variety of work settings including hospitals, hospices, the prison, university, further education, schools, retail, and Portsmouth port. The PDBF's partnership with CSR meant support continued through the Good Neighbours' Network, serving the diocese but more widely in Hampshire also.

Future Plans

Our future plans focus on growth in mission as we work towards becoming a rejuvenating community of Jesus-centred, Kingdom-seeking disciples following the approval during 2024 of our revised Diocesan vision and strategy. Our missional work will have an emphasis on growing younger, and reaching more children and young people. The plans continue to build on the Deanery plans that were part of the 2022 Road Map, that have been developing and evolving since.

Our priority to Revive the spiritual leadership of the diocese includes the creation of Pilot Cairns where invited clergy will use specific resources to move their parishes from maintenance to mission. We are also putting in place wider structures for all in leadership roles including peer group Cairns, renewed learning opportunities, better wellbeing provision and clearer expectations to enable us to fulfil our vision of making Jesus-centred, kingdom-seeking disciples.

Our priorities to Revitalise include inviting all parishes and deaneries who are involved with Revive, to develop their own vision and strategy to create pathways into discipleship to grow their church.

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

- We will continue pilots of the Church of England Flourish initiative, to create worshipping communities in schools
- We plan to establish the next cohort programme of Choir Churches, using music as a means to engage with the Christian faith.

Our priorities to Renew include:

- Continued support for significant investment in Haven Church Gosport, North Gosport, and Newport
- Implementation of a strategic plan for church planting on the Isle of Wight, which has started with major investment in Ryde.
- New strategic plants on the mainland, with work towards these starting in early 2025.

These plans have been made possible as a result of our successful application for major grant funding from the Church Commissioners via the SMMIB. Alongside that we will be rolling out our revised parish share system in 2025 after significant consultation during 2024 to shape this.

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

Financial Review

Financial Performance

The operational financial results for 2024 reflect another challenging year before taking into account revaluation of property assets and investments. We continue to operate in an environment where declining parish attendance and giving, and significant pressures on parish costs, as a result of sustained high levels of inflation, coupled with the desire for parishes to invest in local ministry, leads to continued pressure on parish share payments. Despite this, we have seen an increase in cash collected through the parish share system and have continued to invest in clergy recruitment in order to encourage growth in mission and ministry for the future.

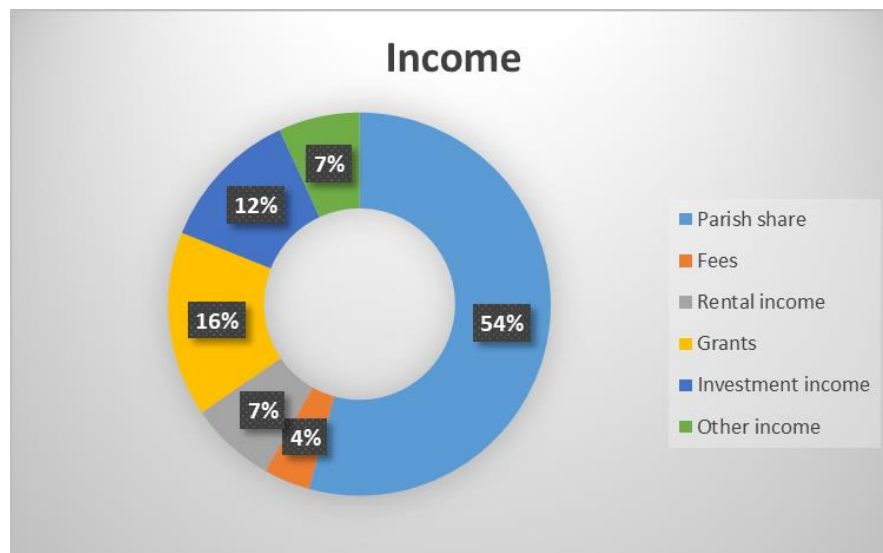
We wish to express our gratitude to all parishes for their engagement with their parish share payments; during 2024. We received a payment from each and every parish in the diocese.

Costs relating to property repairs and maintenance have continued to run at unprecedented levels and include works preparing properties for clergy appointments; works seen as vital in acknowledging our commitment to clergy welfare.

Balancing this there has been an improvement in investment valuations during the year, and we have benefitted from the sale of a property at a surplus of £97k.

The overall surplus of £1,644,645 has increased from the previous year (£1,565,350), largely driven by the revaluations of investments and property. The land values have remained steady during the year.

Income for 2024:



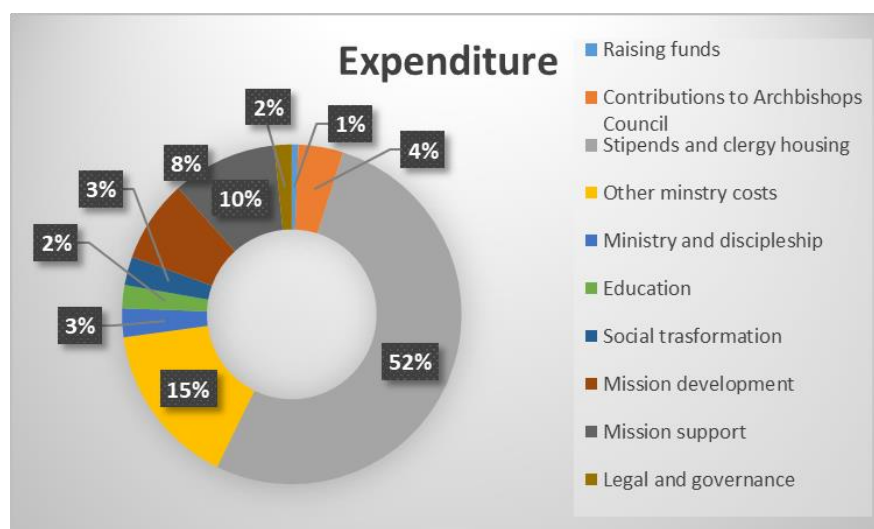
During 2024, total income generated increased by £225,224 to £8,315,305 (2023: £8,090,081). The majority of the increase was seen across general funds which increased from £6,767,749 to £7,097,767 and included an uplift of Parish share contributions of £187,489; increasing the collection rate to 86.4% (2023: 84.4%).

We also received an increase of £19,929 in Low Income Community (LINC) grant. This is directed towards those parishes with the highest levels of deprivation to support with mission and ministry.

Restricted income included grant income from the Strategic Development Fund (SDF) and the Strategic Mission and Ministry Investment Board (SMMIB) towards strategic projects totalling £521,335. We commenced a new project in Ryde on the Isle of Wight in early 2024 under the SMMIB funding.

We have continued to generate rental income from properties during clergy vacancies, and investment income has benefitted from the increase to interest rates during the year, offset by the use of funds held on deposit to support with operational cashflow.

Expenditure for 2024:



Resources expended across all funds before any transfers, gains and losses on disposal or revaluations, increased by £302,630 to £8,825,127 (2023: £8,522,499). Recruitment of stipendiary clergy to key posts continued throughout the year as well as continued focus on increasing numbers of Anna Chaplains and Self Supporting Ministers to increase ministry across the diocese. As well as an increase in headcount, both stipends

and lay staff salaries were uplifted to enable both staff and clergy to manage the impact of the inflationary pressures.

As in 2023, we continued to see significant catch up of property repairs either due to delayed quinquennial works, or preparing properties for clergy appointments. Due to the levels of inflationary pressures on costs that have been seen post COVID, this has led to a significant increase in property costs, and where possible restricted funds have been used to support with this.

As a result of the continued challenge on parish share collection and the ongoing cost pressures impacting from inflation, the operating result on the general fund was a deficit of £782,739 (2023: £689,628).

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 £98,938,008 (2023: £97,293,366) it must be remembered that included in this total are properties and other fixed assets, mostly in use for the ministry, whose value amounted to £68,832,105 (2023: £67,092,483). Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the PDBF.

Reserves policy

The free reserves, being the unrestricted general fund net of tangible assets and long term financing totalled £3.0m (2023: £2.7m) which represented 6.9 months (2023: 6.3 months) of parish share requested. The Trustees aim to maintain between 3 and 6 months.

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold not more than 12 weeks' normal expenditure in cash or on deposit, this being around £2,231,000 based on the budgeted expenditure for 2025. The reserves at 31 December 2024 equated to around 16 weeks expenditure. It has been considered appropriate to hold this increased level of cash and free reserves for the short to medium term whilst parish funds remain under pressure (impacting on parish share collection levels) and we await confirmation of future funding from Archbishop's Council for the next triennium 2026-2028.

Designated funds

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

A description of each reserve together with the intended use of the reserve is set out in note 21. The total value of designated funds at the end of 2024 reduced by £0.3m to £2.4m (2023: £2.7m), reflecting the strategic use of these funds, particularly to support our SDF and SMMIB funded projects.

Restricted and endowment funds

As set out in note 20 PDBF also holds and administers many restricted and endowment funds. As at 31 December 2024 restricted funds totalled £6.3m (2023: £6.3m) and endowment funds totalled £66.6m (2023: £65.9m). Neither are available for the general purposes of the PDBF.

Grant making policy

The Memorandum of Association of the PDBF explicitly permits the PDBF to make grants in pursuance of its objects, and the nature of grants made in 2024 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. Due to previous performance of the fund, the decision was made to reduce the holding the property portfolio, and we continue to keep this under review.

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 2024 was £898,363 (2023: £938,450) and reflected a 3.6% yield. For the year ended 31 December 2024 the investment portfolio achieved an overall total return of 6.44% (being the increase in market value and the actual income received) (2023: 11.26%).

The benchmark against which each of the individual CCLA funds is compared is disclosed in their quarterly report. The property and global investment funds outperformed the selected benchmark in for the year to varying degrees. The investment fund has performed below the benchmark throughout the year. Each fund has outperformed the benchmark on an annualised 5 year basis. The PDBF's investment strategy continues to be, to maintain a high level of income, and to concentrate on good quality companies and properties with long term growth potential. The property fund's performance improved to 6.14% (2023: -1.19%) whilst the global equity fund produced a total return of 8.82% (2023: 17.97%). The investment fund resulted in a reduced return of 5.09% (2023: 12.57%). The % allocation of assets to funds was as follows (the decision was made during the prior year to reduce the holding in the property fund due the sustained negative returns):

	2024	2023
Investment fund	80%	78%
Property Fund	12%	12%
Global Equity Fund	8%	10%
	<u>100%</u>	<u>100%</u>

Principal Risks & Uncertainties

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

Key risks and mitigating actions are as follows:

Key risks	How managed
Growth in congregations: the number and age profile of worshipping communities and of ministers remains a concern, with a high proportion in the upper age brackets. This has potentially far-reaching implications for the aims and objectives of both the PDBF and each PCC in the medium to long term. The future plans of the PDBF as outlined above are designed specifically to address and mitigate these key risks and uncertainties and in this way to continue to fulfil its charitable aims and objectives.	<p>During 2024 we continued to make significant clergy appointments into some parishes that have been in vacancy for a period of time, as well as seeing the impact of appointments made during 2023 on mission.</p> <p>As part of our Rejuvenation strategy we have received national funding for the formation of cairns which will enable us to ensure support for mission and ministry is available at a local, deanery and diocesan level.</p> <p>PDBF continues to seek opportunities for significant funding investment to ensure that the relevant resources are available to meet the desired plans for growth and revitalisation.</p>
Finances: We continue to experience pressure on costs and salary levels resulting from sustained periods of above average inflation. The impact on clergy, staff and PCCs has been felt strongly and results in ongoing challenges to parish share payments as well as an increase to the cost base for the diocese.	<p>Management accounts are reported monthly to Bishops Staff Team and Audit Committee and finances are discussed at each Bishop's Council meeting. Cash flow forecasts are also updated regularly to aid early identification of pressure points.</p> <p>We continue to encourage open communication with PCCs to ensure that any financial challenges they face can be identified and the appropriate support offered where possible.</p>
Parish share: Parish share accounts for around 64%	Receipts are closely monitored on a monthly basis

Key risks	How managed
of the diocese's general income therefore any reduction in this can have significant impact on the future finances and the ability to deliver mission longer term and support the growth of parishes.	<p>and deanery treasurers are supported by diocesan staff and the Diocesan Deanery Finance Committee to understand the budgets and why regular payment of the parish share is preferable.</p> <p>Parishes are assisted to promote the Parish Giving Scheme to aid income generation and enable them to allocate resources to the payment of the parish share.</p> <p>Diocesan finances are reviewed monthly by Bishops Staff Team, Diocesan Deanery Finance Committee, Audit Committee and Bishops Council to ensure the impact of any shortfall in parish share payments can be identified on a timely basis.</p> <p>A parish share review has been completed during 2024 with wide consultation. Questionnaires were available to both individuals and PCCs to respond, to ensure the way we allocate parish share reflects a fair and equitable method across the diocese, that is driven by the parishes.</p>
People: The clergy and lay staff employed by the diocese are critical to the ability to meet the diocesan mission. If the staff teams and clergy are not adequately supported then they will be unable to meet the needs of the parishes and the wider needs of the communities we serve. There is a risk of parishes feeling unsupported when clergy vacancies occur.	<p>Recruitment procedures are in place to ensure that all those employed have the sufficient skills and training to undertake their roles. Parishes and archdeacons will be kept up to date with any changes in the recruitment of clergy.</p> <p>An induction programme is in place for staff joining the diocese and the HR advisory Board has continued to review key policies to ensure that they remain up to date and relevant for the support and wellbeing of staff and clergy.</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>Key members of staff maintain open communication with funders to ensure that they can feed into any consultations around changes to funding and access any additional grants as and when they become available.</p> <p>We to continue to engage with the national review of financial support for dioceses, ensuring that our financial requirements and challenges are understood, and sharing the impact of the funding we receive.</p>

Key risks	How managed
<p>Governance: The work of the diocese is dependent on good governance, trust and transparency, and confidence in the culture and decision making.</p>	<p>Committee membership is reviewed regularly to ensure that decision making groups are appropriately skilled and training is provided where necessary. A skills audit is undertaken when new trustees are appointed to ensure that key skills or gaps can be identified.</p> <p>Each sub-committee has a Trustee (as representative of Bishop's Council) either as a full member or observer.</p> <p>Terms of reference and membership of committees are regularly reviewed to ensure all areas of Diocesan life are appropriately addressed and considered.</p> <p>PDBF is committed to openness and consultation around budgets and sharing of financial information, and wider communication and engagement.</p>
<p>Safeguarding: The care of children and vulnerable adults remains a key priority to the diocese as it is a Gospel imperative and at the heart of who we are and what we do.</p>	<p>The diocese invests in suitable trained officers and training and support of parishes and schools. In recent years the staffing level within the team has been increased to enable the team to better support parishes.</p> <p>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 2024, a new safeguarding database was implemented to enable better monitoring and reporting of the progress of cases.</p> <p>The DBF will be subject to the INEQE audit during 2025 which is part of the 5 year audit programme commissioned by Archbishop's Council.</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.

Trustee recruitment, selection, and induction

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

Decision making structure

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

Synod each year receives and agrees the annual budget, prepared, and approved by the PDBF.

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

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

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

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

Delegation of day-to-day delivery

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

Related Parties

The PDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. Details of these costs can be found in note 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. 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 and therefore we have not received any complaints regarding our fundraising activities. Due regard is given to the Fundraising Code of Practice set by Fundraising Regulator when providing guidance to the parishes.

Remuneration of key management personnel

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

Funds held as Custodian Trustee

The PDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 (as amended) and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the PDBF does not control them. They are segregated from the PDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £10.2m at 31 December 2024 (2023: £9.9m), 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 Batt Broadbent.

Funds held on behalf of schools

The PDBF, on behalf of the joint Portsmouth and Winchester Diocesan Board of Education 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 until 1 July 2024) 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 2024 is £1,236,505 (2023: £1,275,038). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1,887,696 and £1,782,584 respectively in 2024 (2023: £1,978,913 and £2,406,505).

Trustees' Responsibilities

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

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

In preparing these financial statements the Trustees are required to:

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

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

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

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

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

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

Statement of Disclosure to the Auditors

So far as the Trustees are aware:

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

Appointment of Auditors

On 18 November 2024, the charity's auditors changed their name from Haysmacintyre LLP to HaysMac LLP.

There will be a tender process for the appointment of auditors for the PDBF for the year ended 31 December 2025.

Administrative Details

Trustees

No Trustee had any beneficial interest in the company during 2024.

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 2024 and those that are now serving from the start of 2025 covering the period up to the date of this report along with details of those in attendance:-

1. Trustees who served between 1st January 2024 and 31st December 2024:

a) Ex Officio Members

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

b) Elected by House of Clergy

Revd Andrew Hargreaves	Revd Dr Susie Collingridge
Revd James Hunt	Revd Canon Tom Kennar
Revd Sam Martell (resigned 22 nd September 2024)	Revd Mark Williams

c) Elected by House of Laity

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

d) Members in Attendance

Throughout 2024, 3 General Synod members are also voting members of Council in either ex officio or elected capacities (Rev Canon R White, Canon Lucy Docherty, Revd Andrew Hargreaves). Therefore, 3 members of General Synod (Mrs Rebecca Hunt, Mr Ian Johnston and Revd Dr Paul Chamberlain) are in attendance.

Trustees serving since 1st January 2025 post elections and to the date of this report:

e) Ex Officio Members

Chair:	The Rt Rev Dr Jonathan Frost (Bishop of Portsmouth)
Dean of Portsmouth:	The Very Revd Dr Anthony Cane
Archdeacons:	The Ven Steve Daughtery (Archdeacon of Isle of Wight, resigned 20 April 2025) The Ven Kathryn Percival (Archdeacon of the Meon) The Revd Canon Robert White (Acting Archdeacon of Portsdown, from 25 March 2024)
Chairs of the Houses:	The Revd Canon Robert White (Chair of the House of Clergy) Canon Debbie Sutton (Chair of the House of Laity)
Diocesan Secretary:	Mr Philip Poulter
Director of Ministry and Discipleship:	Revd Andrew Hargreaves

f) Elected by House of Clergy

Revd Amy Adeniran	Revd Ray Driscoll (appointed 27 January 2025)
Revd James Hunt	Revd Dr Coleen Jackson
Revd David Morgan	Revd Adam Tams

g) Elected by House of Laity

Oyinlolu Alonge (appointed 24 March 2025)	Mr Neil Chrimes
Canon Lucy Docherty	Mrs Bethan Fogell (resigned 9 April 2025)
Canon John Gwynn (appointed 19 February 2025)	Mr Martin How
Canon Adrian Jordan	Mr Simon Lemieux
Mr Steven Smart	

h) Members in Attendance

From 1st January 2025 to the date of this report, 3 General Synod members are also voting members of Council in either ex officio or elected capacities (Rev Canon R White, Canon Lucy Docherty, Revd Andrew Hargreaves). Therefore, 3 members of General Synod (Mrs Rebecca Hunt, Mr Ian Johnston and Revd Dr Paul Chamberlain) are in attendance.

Senior staff and advisers

Diocesan Secretary	Philip Poulter
Director of Mission and Ministry	Anthony Rustell (resigned 3 rd December 2024)
Interim Director of Mission and Discipleship	Andrew Hargreaves (appointed 1 st October 2024)
Director of Education	Jeff Williams (resigned 30 June 2024)
Executive Director, CSR	Nick Ralph
Director of Communications	Neil Pugmire
Head of Safeguarding	Emily Hassan
Head of Finance	Elaine Coe

Registered Office

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

Key Advisers and Agents

Bankers	Barclays PLC, PO Box 165, Crawley, RH10 1YX
Auditors	HaysMac LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors & registrar	Batt Broadbent LLP, Minster Chambers, 42-44 Castle Street, Salisbury, SP1 3TX
Investment Advisers	CCLA, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Carter Jonas LLP, 9-10 Jewry Street, Winchester SO23 8RZ
Insurers	ELG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Advisers	Kane HR, Westpoint House, 32-34 Albert Street, Fleet, Hampshire, GU51 3RW

ON BEHALF OF THE TRUSTEES

The Right Revd Jonathan Frost

Chairman

19 May 2025

Philip Poulter

Diocesan Secretary

19 May 2025

Opinion

We have audited the financial statements of Portsmouth Diocesan Board of Finance for the year ended 31 December 2024 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 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we

conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of our report

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

Jane Askew (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Date:

10 Queen Street Place
London
EC4R 1AG

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

STATEMENT OF FINANCIAL ACTIVITIES

At 31 December 2024

	Note	Unrestricted funds General £	Designated £	Restricted funds £	Endowment funds £	Total funds 2024 £	Total funds 2023 £
Income and endowments from							
Donations							
Parish contributions	2a	4,510,614	-	-	-	4,510,614	4,323,125
Archbishops' Council	2b	597,563	-	704,125	-	1,301,688	1,395,981
Other donations	2c	86,260	-	67,000	-	153,260	129,360
Charitable activities	3	632,675	23,217	10,000	-	665,892	558,984
Other trading activities	4	559,539	-	44,499	-	604,038	647,538
Investments	5	613,762	81,118	211,587	97,876	1,004,343	1,035,093
Other	6	97,354	-	-	-	97,354	-
Total		7,097,767	104,336	1,037,211	97,876	8,337,189	8,090,081
Expenditure on:							
Raising funds	7	55,350	-	-	-	55,350	67,555
Charitable activities	8	7,825,155	226,106	718,516	-	8,769,777	8,454,943
Total	9	7,880,505	226,106	718,516	-	8,825,127	8,522,498
Net income/(expenditure) before investment gains/(losses)		(782,738)	(121,771)	318,695	97,876	(487,938)	(432,417)
Net gains on investments	15	100,625	47,359	118,401	263,042	529,427	1,438,122
Net income		(682,113)	(74,412)	437,096	360,918	41,489	1,005,705
Transfers between funds	13	1,336,163	(190,177)	(440,588)	(705,398)	-	-
Other recognised gains/(losses)							
Gains on revaluation of fixed assets	14	596,661	-	-	981,216	1,577,877	509,746
Gain/(loss) on disposal of investments		-	(998)	-	48,161	47,163	49,899
Remeasurement of pension scheme provision		-	-	-	-	-	-
		596,661	(998)	-	1,029,377	1,625,040	559,645
Net movement in funds		1,250,711	(265,587)	(3,492)	684,897	1,666,529	1,565,350
Total funds at 1 January		22,413,352	2,684,572	6,277,263	65,896,295	97,271,482	95,706,132
Total funds at 31 December	19	23,664,063	2,418,985	6,273,771	66,581,192	98,938,011	97,271,482

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 comparative data for year ended 31 December 2023 is included in note 27.

The notes on pages 29 to 59 form part of the financial statements.

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

BALANCE SHEET

At 31 December 2024

		2024	2023
	Note		
FIXED ASSETS			
Tangible Fixed Assets	14	68,832,105	67,092,483
Investments	15	25,681,472	25,928,144
		<u>94,513,577</u>	<u>93,020,627</u>
CURRENT ASSETS			
Debtors	16	532,241	740,217
Cash on Deposit		5,338,513	5,579,083
Cash at bank and in hand		548,456	300,416
		<u>6,419,210</u>	<u>6,619,716</u>
CREDITORS: amounts falling due within one year	17	1,707,276	2,368,861
NET CURRENT ASSETS		<u>4,711,934</u>	<u>4,250,855</u>
Total assets less current liabilities		<u>99,225,511</u>	<u>97,271,482</u>
CREDITORS amounts falling due after more than one year	18		
Loans and long term provisions		287,500	-
		<u>287,500</u>	<u>-</u>
NET ASSETS		<u>98,938,011</u>	<u>97,271,482</u>
FUNDS			
Unrestricted income funds:			
General funds		23,664,063	22,413,352
Designated funds		2,418,985	2,684,572
		<u>26,083,048</u>	<u>25,097,924</u>
Restricted funds		6,273,771	6,277,263
Endowment funds		66,581,192	65,896,295
TOTAL FUNDS	19/20	<u>98,938,011</u>	<u>97,271,482</u>

Revaluation reserves of the following amounts are included within the above funds: endowment funds £25.0m (2023: £23.6m), restricted funds £2.0m (2023: £1.9m), designated funds £1.5m (2023: £1.5m), general funds £5.3m (2023: £4.6m).

The Notes on pages 29 to 59 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 19th May 2025 and signed on behalf of the Board by:

The Right Revd Jonathan Frost

PORTSMOUTH DIOCESAN BOARD OF FINANCE

Company No: 226466

STATEMENT OF CASHFLOWS

At 31 December 2024

	2024	2023
Net cash flow from operating activities		
Net cash used in operating activities	(1,944,846)	(1,671,554)
Cash flows from investing activities		
Dividends, interest and rent from investment	928,296	963,767
Purchase of property and equipment	(726,698)	-
Purchase of investments	(637,039)	(3,589,884)
Sale of property and equipment	611,074	-
Sale of investments	1,489,183	4,234,356
Net cash provided by investing activities	1,664,816	1,608,239
Cash flows from financing activities		
Loans repaid by PDBF	-	(607,083)
Cash inflows from new borrowing	287,500	-
Net cash used in financing	287,500	(607,083)
Change in cash and cash equivalents in the reporting period	7,470	(670,398)
Cash and cash equivalents at 1 January	5,879,499	6,549,897
Cash and cash equivalents at 31 December	5,886,969	5,879,499
<u>Reconciliation of net income to net cash flow from operating activities</u>		
	2024	2023
Net income for the year ended 31 December	41,489	1,005,705
Adjustments for:		
Depreciation charges	51,233	52,540
(Gains)/losses on investments	(529,427)	(1,438,122)
Dividends, interest and rent from investments	(1,004,343)	(1,035,093)
(Gain)/loss on sale of functional assets	(97,354)	-
(Gain)/loss on disposal of investments	47,163	49,899
(Increase)/decrease in operating debtors	207,976	(101,403)
Increase/(decrease) in operating creditors	(661,583)	(205,080)
Net cash provided by operating activities	(1,944,846)	(1,671,554)
<u>Analysis of net debt</u>	25	
Cash at bank and in hand	548,456	300,416
Cash on deposit	5,338,513	5,579,083
Bank/other loan	(287,500)	-
Total net debt	5,599,469	5,879,499

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

b) Expenditure

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

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

1. ACCOUNTING POLICIES (CONTINUED)

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

c) Tangible fixed assets and depreciation

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

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

Parsonage houses

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

1. ACCOUNTING POLICIES (CONTINUED)

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

Computer equipment

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

d) Depreciation

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

Glebe land is accounted for at fair value and is reviewed on a five-year cycle and revalued accordingly.

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

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

Financial assets and liabilities measured at amortised cost, which includes 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

1. ACCOUNTING POLICIES (CONTINUED)

- **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.
- Fair value of properties

2 DONATIONS**2a Parish Contributions**

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Parish share requested	5,222,779	-	-	-	5,222,779
Short fall against cash received	(745,463)	-	-	-	(745,463)
Payments received	4,477,316	-	-	-	4,477,316
Amounts received for prior year	33,298	-	-	-	33,298
Parish share receivable	4,510,614	-	-	-	4,510,614

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

2a Parish Contributions (continued)

The majority of donations are collected from parishes of the diocese through the parish share system. Current year parish share receipts represent 85.7% of the total apportioned (2023: 83.4%) or when receipts for previous years are included, 86.4% (2023: 84.4%) of the amount requested.

2b Archbishops' Council

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Lowest income community funding	597,563	-	-	-	597,563
Church Commission grant for Resourcing Ministerial Education	-	-	21,700	-	21,700
Strategic Development Fund	-	-	521,335	-	521,335
Net Zero Carbon Funding	-	-	42,100	-	42,100
Other Archbishops's Council Grants	-	-	118,990	-	118,990
	597,563	-	704,125	-	1,301,688

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

2c Other donations

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Benefact Trust	84,280	-	-	-	84,280
Donations	1,980	-	67,000	-	68,980
	86,260	-	67,000	-	153,260

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Benefact Trust	98,000	-	-	-	98,000
Donations	25,965	-	5,665	-	31,630
	123,965	-	5,665	-	129,630

3 CHARITABLE ACTIVITIES

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2024
	£	£	£	£	£
Statutory fees and chaplaincy income	325,245	-	-	-	325,245
Miscellaneous income	50,803	23,217	10,000	-	84,020
Section income:					
Education	60,050	-	-	-	60,050
Ministry Support	61,448	-	-	-	61,448
Social Transformation	135,129	-	-	-	135,129
	632,675	23,217	10,000	-	665,892

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2023
	£	£	£	£	£
Statutory fees and chaplaincy income	282,595	-	-	-	282,595
Miscellaneous income	47,841	5,505	25,000	-	78,346
Section income:					
Education	41,416	-	-	-	41,416
Ministry support	69,366	-	-	-	69,366
Social Transformation	87,261	-	-	-	87,261
	528,479	5,505	25,000	-	558,984

4 OTHER TRADING ACTIVITIES

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2024
	£	£	£	£	£
Rental income from properties	559,539	-	44,499	-	604,038
	559,539	-	44,499	-	604,038

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2023
	£	£	£	£	£
Rental income from properties	601,395	-	46,143	-	647,538
	601,395	-	46,143	-	647,538

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

5 INVESTMENT INCOME

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Dividends receivable	378,691	43,362	177,712	86,041	685,806
Interest receivable	129,090	37,756	33,875	11,835	212,556
Rents receivable	105,981	-	-	-	105,981
	613,762	81,118	211,587	97,876	1,004,343

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Dividends receivable	376,864	62,631	188,011	89,521	717,027
Interest receivable	139,914	38,158	32,264	11,087	221,423
Rents receivable	96,643	-	-	-	96,643
	613,421	100,789	220,275	100,608	1,035,093

6 OTHER INCOME

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Gain on sale of properties	97,354	-	-	-	97,354
	97,354	-	-	-	97,354

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Gain on sale of properties	-	-	-	-	-
	-	-	-	-	-

7 FUND RAISING COSTS

2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2024
	£	£	£	£	£
Glebe agent's fees and repairs	11,866	-	-	-	11,866
Management fees of rentals	43,484	-	-	-	43,484
	55,350	-	-	-	55,350

2023	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	funds	funds	2023
	£	£	£	£	£
Glebe agent's fees and repairs	13,845	-	-	-	13,845
Management fees of rentals	53,710	-	-	-	53,710
	67,555	-	-	-	67,555

8 CHARITABLE ACTIVITIES

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	168,051	-	-	-	168,051
National church responsibilities	111,233	-	-	-	111,233
Grants and provisions	19,162	-	-	-	19,162
Mission agency pension contributions	-	-	-	-	-
Retired clergy housing costs	77,498	-	-	-	77,498
	375,944	-	-	-	375,944
Resourcing ministry and mission					
Training for ministry	169,828	-	19,598	-	189,426
Parish ministry:					
Stipends and national insurance	2,695,679	-	22,713	-	2,718,392
Pension costs	546,290	-	4,466	-	550,756
Housing costs	1,312,875	36,139	2,438	-	1,351,452
Removal, resettlement & other grants	158,696	-	-	-	158,696
Other expenses	168,883	189,967	669,301	-	1,028,151
	5,052,251	226,106	718,516	-	5,996,873
Support for ministry and mission					
Ministry and Discipleship	240,846	-	-	-	240,846
Education	194,895	-	-	-	194,895
Mission development	691,885	-	-	-	691,885
Mission Support	882,883	-	-	-	882,883
Social transformation	239,826	-	-	-	239,826
Governance	33,894	-	-	-	33,894
Legal and registrar	112,731	-	-	-	112,731
	2,396,960	-	-	-	2,396,960
	7,825,155	226,106	718,516	-	8,769,777

8 CHARITABLE ACTIVITIES (CONTINUED)

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	166,797	-	-	-	166,797
National church responsibilities	107,864	-	-	-	107,864
Grants and provisions	18,996	-	-	-	18,996
Mission agency pension contributions	5,905	-	-	-	5,905
Retired clergy housing costs	73,069	-	-	-	73,069
	372,631	-	-	-	372,631
Resourcing ministry and mission					
Training for ministry	156,992	-	119,311	-	276,303
Parish ministry:					-
Stipends and national insurance	2,494,352	12,621	-	-	2,506,973
Pension costs	582,980	19,953	-	-	602,933
Housing costs	1,358,653	35,730	2,620	-	1,397,003
Removal, resettlement & other grants	165,363	-	-	-	165,363
Other expenses	12,500	36,891	767,165	-	816,556
	4,770,840	105,195	889,096	-	5,765,131
Support for ministry and mission					
Ministry and Discipleship	271,297	61,470	-	-	332,767
Education	181,543	-	-	-	181,543
Mission development	420,183	-	-	-	420,183
Mission Support	985,917	-	9,360	-	995,277
Social transformation	211,418	-	-	-	211,418
Governance	79,915	-	-	-	79,915
Legal and registrar	96,078	-	-	-	96,078
	2,246,351	61,470	9,360	-	2,317,181
	7,389,822	166,665	898,456	-	8,454,943

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2024	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2024
	£	£	£	£
Raising funds	55,350	-	-	55,350
Contributions to Archbishops' Council	-	375,944	-	375,944
Parish Ministry	5,829,282	167,591	-	5,996,873
Support for Ministry and Mission	2,266,225	-	70,684	2,336,910
Education	60,050	-	-	60,050
	8,210,907	543,535	70,684	8,825,127

2023	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	TOTAL 2023
	£	£	£	£
Raising funds	67,555	-	-	67,555
Contributions to Archbishops' Council	-	372,631	-	372,631
Parish Ministry	5,674,246	170,944	-	5,845,190
Support for Ministry and Mission	2,079,805	-	115,901	2,195,706
Education	41,416	-	-	41,416
	7,863,022	543,575	115,901	8,522,498

10 ANALYSIS OF SUPPORT COSTS

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	33,894	-	-	-	33,894
	70,684	-	-	-	70,684

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£	£	£	£	£
Central administration	36,790	-	-	-	36,790
Governance	79,111	-	-	-	79,111
	115,901	-	-	-	115,901

Auditors' remuneration for the year was £20,490 (2023: £19,530) and the cost of operating lease rentals was £25,256 (2023: £22,530).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

11 ANALYSIS OF GRANTS

2024	Number	Individuals £	Institutions £	Total £
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	375,944	375,944
From unrestricted funds:				
Retired Lay Worker Pension Grant	1	1,241	-	1,241
Removal and resettlement grants	36	166,350	-	166,350
	37	167,591	-	167,591
From restricted funds for various purposes:				
Youth development grant to PCCs	1	-	1,700	1,700
Alpha grant to PCCs	13	-	1,430	1,430
Minor repairs and improvements grant to PCCs	2	-	13,552	13,552
Quick wins grant to PCCs	6	-	9,908	9,908
Energy grants to PCCs	1	-	500	500
	23	-	27,090	27,090
	61	167,591	403,034	570,625

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

12 STAFF COSTS

Employee costs during the year were as follows:

	2024 £	2023 £
Wages and salaries	1,329,796	1,176,011
National insurance contributions	134,763	118,960
Pension costs	95,522	200,463
	<u>1,560,081</u>	<u>1,495,434</u>

Included in the above are settlement payments totalling £2,500 (2023: £2,242).

The reduction in pension costs compared to the prior year is due to a surplus on the historical lay staff DBS scheme, which is being used to offset current pension contributions for lay staff. The monies are held by the Church of England Pension Board.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

12 STAFF COSTS (CONTINUED)

The average number of persons employed during the year:

	2024	2023
	no.	no.
Property and parish support	8.3	7.0
Education	7.0	7.0
Ministry and discipleship	3.8	3.8
Safeguarding	7.8	7.2
Communications	2.0	2.0
Strategic projects	2.3	2.5
Social Transformation	4.3	3.0
Administrative and finance support	5.0	5.3
	40.5	37.8
Parochial Assistants	3.0	2.5
	43.5	40.3

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

	2024	2023
	fte	fte
Property and parish support	6.7	5.7
Education	2.2	2.1
Ministry and discipleship	3.1	2.9
Safeguarding	5.7	4.8
Communications	1.6	1.6
Strategic projects	2.2	1.9
Social Transformation	3.3	2.1
(of which 3.3 are externally funded, 2023: 1.7)		
Administrative and finance support	4.7	4.7
	29.5	25.8
Parochial Assistants	2.7	2.0
	32.2	27.8

Included in the figures above are a small number of staff who work within the deaneries including the PA's to the Archdeacons, as well as those in central diocesan support roles. In addition, 2 members of staff are funded under the Strategic Development funds, 2 funder under the Net Zero Carbon funds and 1 funded under the Church Building Support Officer funds.

The staff team included above under Education are shared with the Winchester Diocesan Board of Finance (WDBF). Two thirds of the cost of this team are recharged to the WDBF based on the number of schools in each diocese and the FTE head count reflects the average headcount paid for by PDBF. From 1st July 2024 these staff were TUPE'd to the Portsmouth and Winchester Diocesan Board of Education (P&WDBE). The figures above include their costs for the first 6 months of the year only.

The finance team for the PDBF are also a shared team with WDBF. The costs of this team are charged from WDBF to PDBF on the basis of time spent providing support to each diocese. The average FTE for these staff is included in the headcount above, based on the time spent supporting PDBF.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

12 STAFF COSTS (CONTINUED)

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

	2024	2023
	no.	no.
£60,000 - £70,000	2	1
£80,000 - £90,000	1	1

Pension payments of £17,862 (2023: £26,139) were made for these employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2024 they were:

Diocesan Secretary	Philip Poulter
Director of Mission and Ministry (resigned 3 December)	Revd Anthony Rustell
Interim Director of Ministry and Discipleship (appointed 1 October)	Revd Andrew Hargreaves
Director of Education (resigned 30 June)	Jeff Williams (33%)
Head of Social Transformation	Nick Ralph (10%)
Director of Communications	Neil Pugmire
Head of Safeguarding	Emily Hassan
Head of Finance	Elaine Coe (95%)

Remuneration, pensions and expenses for these 8 employees (2023: 7) amounted to £406,876 (2023: £405,960).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses totalling £15,726 (2023: £21,965) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees. During the year, no trustees were in receipt of resettlement grants (2023: 3).

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 2025):

	Stipend	Housing
The Archdeacon of Portsdown (Rowley)	Yes	Yes
Archdeacon of the Isle of Wight (Daughtery)	Yes	Yes
Archdeacon of the Meon (Percival)	Yes	Yes
Acting Archdeacon of Portsdown (Canon R C White)	Yes	Yes
The Revd James Hunt	Yes	Yes
The Revd Andrew Hargreaves	Yes	No
The Revd Canon Tom Kennar	Yes	Yes
The Revd Sam Martell	Yes	Yes
The Revd Mark Williams	Yes	Yes
The Revd Susie Collingridge	Yes	Yes
The Revd Amy Adeniran	Yes	Yes
The Revd Adam Tams	Yes	Yes
The Revd David Marsh	Yes	Yes
The Revd Ray Driscoll	Yes	Yes

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

Vanda Leary (resigned 31 December 2024)
Philip Poulter

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

12 STAFF COSTS (CONTINUED)

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 78.5 (2023: 74.5) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024	2023
	£	£
Stipends	2,403,709	2,213,119
National insurance contributions	217,425	188,393
Pension costs - current year	550,756	602,933
	<u>3,171,890</u>	<u>3,004,445</u>

Included in the figures above are settlement payments totalling £nil (2023: £90,555).

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

2024	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated	funds	funds
	£	£	£	£
Transfer of investment income to support operating costs	50,779	(86,802)	-	36,023
Transfer of parsonage assets to DBF property assets after pastoral scheme	741,421	-	-	(741,421)
Portsmouth share of Interest earned by P&WCSG Fund	11,339	-	(11,339)	-
Transfer for previous years costs	95,078	(95,078)	-	-
Transfer to diocesan conference fund	(8,000)	8,000	-	-
Transfer cost of education team activities	171,501	-	(171,501)	-
Transfer of matched funding commitments (sustainability fund to mission fund)	-	240,630	-	-
	-	(240,630)	-	-
Transfer for parsonage repairs	261,060	-	(261,060)	-
Transfer for office repair costs	13,758	(13,758)	-	-
Transfer of SDF costs not claimed	(3,312)	-	3,312	-
Transfer for property enhancements (capital stipends fund to parsonage house)	-	-	-	(151,698)
	-	-	-	151,698
Transfer towards stipends	2,540	(2,540)	-	-
	<u>1,336,164</u>	<u>(190,178)</u>	<u>(440,588)</u>	<u>(705,398)</u>

Further details of the transfers are included in note 19.

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS (CONTINUED)

2023	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£	£	£	£
Transfer for costs of 2022 parsonage insurance	33,561	(33,561)	-	-
Portsmouth share of Interest earned by P&WCSG Fund	8,933	-	(8,933)	-
To charge the sustainability fund for property repairs	1,591	(1,591)	-	-
Transfer from sustainability fund for CBIL repayments	-	607,000	-	-
	-	(607,000)	-	-
Transfer unspent communications budget for	(30,000)	30,000	-	-
Transfer to correct fund for 2022 revaluation posting	60,750	-	-	(60,750)
Transfer cost of education team activities	140,428	-	(140,428)	-
Transfer for catch up on property repairs	315,000	(315,000)	-	-
Transfer of SDF costs not claimed	(35,149)	-	35,149	-
Transfer from sustainability fund for additional matched funding commitments for SDF projects	-	57,000	-	-
	-	(57,000)	-	-
	<u>1,096,801</u>	<u>(921,839)</u>	<u>(114,212)</u>	<u>(60,750)</u>

14 TANGIBLE FIXED ASSETS – Land and Buildings

	Freehold Land and Buildings	Leasehold Buildings	Computer Equipment	Total
	£	£	£	2024 £
At Cost or Valuation				
At 1 January 2024	65,827,177	1,851,443	47,249	67,725,869
Additions	726,698	-	-	726,698
Disposals	(513,720)	-	-	(513,720)
Revaluation	1,577,877	-	-	1,577,877
At 31 December 2024	<u>67,618,032</u>	<u>1,851,443</u>	<u>47,249</u>	<u>69,516,724</u>
Accumulated depreciation				
At 1 January 2024	-	600,580	32,806	633,386
Charge for the year	-	36,790	14,443	51,233
At 31 December 2024	-	<u>637,370</u>	<u>47,249</u>	<u>684,619</u>
Net book value at 31 December 2024	<u>67,618,032</u>	<u>1,214,073</u>	<u>-</u>	<u>68,832,105</u>
Net book value at 31 December 2023	<u>65,827,177</u>	<u>1,250,863</u>	<u>14,443</u>	<u>67,092,483</u>

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

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 2024 £	Additions £	Disposals £	Change in Market Value £	At 31st December 2024 £
Unrestricted General Funds					
Unlisted investments	2,743,489	-	-	100,625	2,844,114
Designated Funds					
Unlisted investments	1,743,087	34,157	(481,408)	47,359	1,343,195
Restricted Funds					
Unlisted investments	5,077,274	71,890	(448,897)	118,401	4,818,668
Endowment Funds					
Unlisted investments	12,214,292	607,039	(558,878)	238,042	12,500,495
Investment Property	437,000	-	-	25,000	462,000
Investment Land	3,713,000	-	-	-	3,713,000
Total Funds	25,928,142	713,086	(1,489,183)	529,427	25,681,472

16 DEBTORS

	2024 £	2023 £
Parish share receivable	56,468	73,927
Prepayments and accrued income	329,745	312,287
Other debtors	146,028	354,003
	532,241	740,217

The parish share receivable relates to amounts received in January 2024 relating to 2023 parish share requests and are treated as accrued income in the accounts. Any payments against arrears received after this date will be recorded as 2025 income.

17 CREDITORS: amounts falling due within one year

	2024 £	2023 £
Accruals	113,086	234,533
Other creditors	162,900	594,259
* P&WCSG Fund Creditors	1,236,505	1,275,038
Deferred income	73,552	30,579
Provision for repairs	93,492	200,731
Tax and social security	27,741	33,721
	1,707,276	2,368,861

* The P&WCSG Fund holds £1,286,951 (2023: £1,330,550) on deposit with CCLA and Barclays.

Deferred income relates to rental income received in advance which is fully released in the subsequent year, and Strategic Ministry and Mission funding for Ryde received in advance which has not been fully spent at the end of the year. This is expected to be spent in the coming year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

18 CREDITORS: amounts falling due after more than one year

	2024	2023
	£	£
Loan repayment instalments due after more than one year		
Over 5 years	287,500	
	287,500	-

The loan balance is an amount due to the Parish of Warblington with Emsworth parish in relation to the purchase of a property during the year. There is no interest due and the property is to be held on trust for three years. The loan will be settled from the proceeds of the sale of the property when this arises.

19 SUMMARY OF FUND MOVEMENTS

2024	Balances at 1 January 2024 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2024 £
Unrestricted funds - General	22,413,352	7,097,767	(7,880,505)	1,336,163	697,286	23,664,063
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	68,393	-	(6,630)	1,904	2,157	65,824
Circus Charity Fund	2,487	-	-	(2,540)	53	-
Diocesan Conference Fund	55,905	1,634	-	8,000	-	65,539
Diocesan Loan Fund	346,067	6,740	-	(31,450)	16,644	338,001
Parsonages Repairs Fund	304,042	16,211	(34,754)	-	6,607	292,106
CME Fund	145,039	1,083	-	-	-	146,122
Valpy Bequest	36,148	-	-	-	869	37,017
Winterbotham Legacy	168,970	6,208	-	(28,446)	4,042	150,774
Office Repair Fund	121,886	3,541	(5,809)	(13,758)	1,418	107,278
Mission Fund	334,379	14,726	(173,849)	232,626	-	407,882
Lambeth Conference Fund	8,715	-	-	-	-	8,715
Evangelism Fund	1,495	-	(1,385)	-	-	110
Building Repair Fund	80,494	-	-	(80,494)	-	-
Catherington House Fund	714,052	19,189	(1,293)	(52,415)	15,621	695,154
Sustainability Fund	326,817	9,276	-	(249,906)	5	86,192
CBIL repayment fund	(26,985)	1,738	-	26,302	(1,055)	-
Reader board	(3,331)	23,990	(2,386)	-	-	18,273
	2,684,572	104,336	(226,106)	(190,177)	46,361	2,418,985

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

19 SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at 1 January 2024 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2024 £
Restricted funds						
Barclay Bequest	7,864	245	-	-	129	8,238
Ben Aug Fund	112,240	-	-	-	2,850	115,090
Bishop's Lent Appeal	4,342	17	(389)	-	-	3,970
Christian Healing Fund	261	10	-	-	-	271
Harrison Parochial Loan Fund	19,150	581	-	-	-	19,731
Huckstepp Legacy	123,412	-	-	-	1,962	125,374
James Legacy	24,673	-	-	-	561	25,234
New Churches Fund	1,336,943	40,120	-	-	27,729	1,404,792
Turret House Fund	132,729	3,728	-	-	3,014	139,471
Surrexit Fund	5,195	23,744	(13,199)	-	-	15,740
Pastoral Fund	2,371,045	69,076	(7,438)	(261,060)	44,404	2,216,027
P&WCSGF	39,107	34,399	(23,060)	(11,339)	-	39,107
Corban Fund	50,784	1,478	-	-	1,039	53,301
Eckersley Clergy families	486,669	14,642	-	-	9,339	510,650
Education Restricted	1,439,320	100,473	(4,111)	(171,501)	27,374	1,391,555
Resourcing Ministerial Education	102,946	21,700	(19,598)	-	-	105,048
Strategic Development	(391)	521,335	(524,708)	3,312	-	(452)
Energy Grant	15,334	-	(500)	-	-	14,834
Net Carbon Zero	5,640	42,673	(49,519)	-	-	(1,206)
Church Building Support Officer	-	21,800	(11,955)	-	-	9,845
Minor Repairs and Improvements	-	72,765	(9,908)	-	-	62,857
Flourish	-	44,000	(23,866)	-	-	20,134
Quick Wins	-	24,425	(13,552)	-	-	10,873
Strategic Mission and Ministry - Rejuvenation	-	-	(16,713)	-	-	(16,713)
	6,277,263	1,037,211	(718,516)	(440,588)	118,401	6,273,771
Expendable Endowment funds						
Parsonage Houses	45,157,130	-	-	(589,723)	998,091	45,565,498
Education Endowment	1,844,541	28,203	-	-	18,456	1,891,200
Permanent Endowment funds						
Stipends Capital Fund	9,350,205	-	-	(151,698)	189,206	9,387,713
Bells Loan Fund	525,475	14,124	-	26,900	20,916	587,415
Boyd Richardson Trust	195,746	-	-	-	4,702	200,448
Constance Trust	36,667	-	-	-	881	37,548
Cowes St M Ben Aug	1,128	-	-	-	24	1,152
Diocesan House Trust	264,710	-	-	-	6,094	270,804
Fawdry Bequest	45,821	(41)	-	-	1,042	46,822
Glebe Fund	1,218,193	49,384	-	-	22,464	1,290,041
Glebe Property	6,932,799	-	-	-	8,126	6,940,925
Glebe House Cottage Trust	5,238	-	-	-	119	5,357
Hayling St M Curacy End	1,470	-	-	-	32	1,502
Lambert Loan Fund	206,973	6,206	-	9,123	3,677	225,979
Glebe Capital	110,199	-	-	-	18,589	128,788
	65,896,296	97,876	-	(705,398)	1,292,419	66,581,192
Total Funds	97,271,482	8,337,189	(8,825,127)	-	2,154,468	98,938,011

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

19 SUMMARY OF FUND MOVEMENTS (CONTINUED)

2023	Balances at 1 January 2023 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2023 £
Unrestricted funds - General	21,794,387	6,767,748	(7,457,377)	1,096,801	211,792	22,413,352
Unrestricted funds - Designated						
Brown, Doig, Silver Bequest	34,900	-	-	30,000	3,493	68,393
Circus Charity Fund	2,283	-	-	-	204	2,487
Diocesan Conference Fund	45,749	1,486	-	8,670	-	55,905
Car Loan Fund	(31,418)	62	-	21,870	9,486	0
Diocesan Loan Fund	304,985	6,582	-	-	34,500	346,067
Parsonages Repairs Fund	341,810	21,972	(35,729)	(33,561)	9,550	304,042
CME Fund	144,308	731	-	-	-	145,039
Valpy Bequest	32,859	-	-	-	3,289	36,148
Winterbotham Legacy	150,153	6,600	-	-	12,217	168,970
Office Repair Fund	112,855	3,664	-	-	5,367	121,886
Mission Fund	338,497	351	(61,470)	57,000	-	334,379
Lambeth Conference Fund	18,715	-	-	(10,000)	-	8,715
Evangelism Fund	1,495	-	-	-	-	1,495
Building Repair Fund	395,494	-	-	(315,000)	-	80,494
Catherington House Fund	612,827	19,554	-	-	81,671	714,052
Sustainability Fund	1,013,867	11,111	(32,574)	(665,591)	4	326,817
CBIL repayment fund	(13,563)	28,676	(28,056)	(15,227)	1,185	(26,985)
Reader board	-	5,505	(8,836)	-	-	(3,331)
	3,505,816	106,294	(166,665)	(921,839)	160,966	2,684,572

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

19 SUMMARY OF FUND MOVEMENTS (CONTINUED)

	Balances at 1 January 2023 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances at 31 December 2023 £
Restricted funds						
Barclay Bequest	7,128	247	-	-	489	7,864
Ben Aug Fund	102,029	-	-	-	10,211	112,240
Bishop's Lent Appeal	4,159	184	-	-	-	4,343
Christian Healing Fund	250	11	-	-	-	261
Harrison Parochial Loan Fund	18,498	652	-	-	-	19,150
Huckstepp Legacy	122,357	-	-	-	1,055	123,412
James Legacy	22,548	-	-	-	2,125	24,673
New Churches Fund	1,193,435	45,099	-	-	98,409	1,336,943
Surrexit Fund	5,195	-	-	-	-	5,195
Strategic Development	(45,956)	677,102	(666,687)	35,149	-	(391)
Pastoral Fund	2,219,978	68,435	(7,620)	-	90,252	2,371,045
P&WCSGF	39,107	27,207	(18,274)	(8,933)	-	39,107
Corban Fund	45,415	1,434	-	-	3,935	50,784
Eckersley Clergy families	438,395	14,406	(1,500)	-	35,368	486,669
Education Restricted	1,437,122	115,336	(9,039)	(140,428)	36,329	1,439,320
Resourcing Ministerial Education	81,012	141,245	(119,311)	-	-	102,946
Clergy Hardship Fund	18,500	5,500	(24,000)	-	-	-
Energy Grant	58,000	-	(42,666)	-	-	15,334
Net Carbon Zero	-	15,000	(9,360)	-	-	5,640
	5,885,033	1,115,430	(898,456)	(114,212)	289,468	6,277,263
Expendable Endowment funds						
Parsonage Houses	44,858,200	-	-	(60,750)	359,680	45,157,130
Education Endowment	1,761,785	28,800	-	-	53,956	1,844,541
Permanent Endowment funds						
Stipends Capital Fund	8,724,109	-	-	-	626,096	9,350,205
Bells Loan Fund	462,866	13,463	-	-	49,146	525,475
Boyd Richardson Trust	177,938	-	-	-	17,808	195,746
Constance Trust	33,331	-	-	-	3,336	36,667
Cowes St M Ben Aug	1,036	-	-	-	92	1,128
Diocesan House Trust	243,461	-	-	-	21,249	264,710
Fawdry Bequest	41,846	30	-	-	3,944	45,821
Glebe Fund	1,144,889	52,149	-	-	21,156	1,218,193
Glebe Property	6,832,799	-	-	-	100,000	6,932,799
Glebe House Cottage Trust	4,787	-	-	-	451	5,238
Hayling St M Curacy End	1,350	-	-	-	120	1,470
Lambert Loan Fund	186,882	6,166	-	-	13,925	206,973
Glebe Capital	45,618	-	-	-	64,581	110,199
	64,520,897	100,608	-	(60,750)	1,335,541	65,896,296
Total Funds	95,706,133	8,090,081	(8,522,499)	-	1,997,767	97,271,482

20 SUMMARY OF ASSETS BY FUND

2024	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£		£
Unrestricted funds - General	20,646,734	2,844,114	875,947	(702,732)	23,664,063
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	65,824	-	-	65,824
Diocesan Conference Fund	-	-	65,539	-	65,539
Diocesan Loan Fund	-	282,575	55,426	-	338,001
Parsonages Repair Fund	-	169,981	122,125	-	292,106
CME Fund	-	-	146,122	-	146,122
Valpy Bequest	-	38,808	(1,791)	-	37,017
Winterbotham Legacy	-	120,296	30,478	-	150,774
Office Repair Fund	-	63,330	43,948	-	107,278
Mission Fund	-	-	407,882	-	407,882
Lambeth Conference Fund	-	-	8,715	-	8,715
Evangelism Fund	-	-	110	-	110
Catherington House Fund	-	602,382	92,772	-	695,154
Sustainability Fund	-	-	86,192	-	86,192
Reader board	-	-	18,273	-	18,273
	-	1,343,196	1,075,791	-	2,418,985

20 SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current		Net
	Tangible	Investments	Assets	Liabilities	Assets
	£	£	£	£	£
Restricted funds					
Barclay Bequest	-	5,773	2,465	-	8,238
Ben Aug Fund	-	115,090	-	-	115,090
Bishop's Lent Appeal	-	-	5,159	(1,189)	3,970
Christian Healing Fund	-	-	271	-	271
Harrison Parochial Loan Fund	-	-	19,731	-	19,731
Huckstepp Legacy	-	123,534	1,840	-	125,374
James Legacy	-	25,081	153	-	25,234
New Churches Fund	-	1,328,936	75,856	-	1,404,792
Turret House Fund	-	138,893	578	-	139,471
Surrexit Fund	-	-	15,740	-	15,740
Pastoral Fund	-	1,929,510	286,517	-	2,216,027
P&WCSGF	-	-	1,275,612	(1,236,505)	39,107
Corban Trust	-	46,439	6,862	-	53,301
Eckersley Clergy families	-	417,374	93,276	-	510,650
Education Restricted	-	688,039	699,264	4,252	1,391,555
Resourcing Ministerial Education	-	-	105,048	-	105,048
Strategic Development	-	-	58,146	(58,598)	(452)
Energy grant	-	-	14,834	-	14,834
Net Carbon Zero	-	-	(1,206)	-	(1,206)
Church Building Support Officer	-	-	9,845	-	9,845
Minor Repairs and Improvements	-	-	62,857	-	62,857
Flourish	-	-	20,134	-	20,134
Quick Wins	-	-	10,873	-	10,873
Strategic Mission and Ministry - Rejuvenation	-	-	(16,713)	-	(16,713)
	-	4,818,669	2,747,142	(1,292,040)	6,273,771
Expendable Endowment funds					
Parsonage Houses	45,683,320	-	(117,822)	-	45,565,498
Education Endowment	-	1,076,505	814,694	-	1,891,199
Permanent Endowment funds					
Stipends Capital Fund	-	8,964,708	423,006	-	9,387,714
Bells Loan Fund	-	468,826	118,589	-	587,415
Boyd Richardson Trust	-	210,155	(9,707)	-	200,448
Constance Trust	-	39,367	(1,819)	-	37,548
Cowes St M Ben Aug	-	1,091	61	-	1,152
Diocesan House Trust	-	282,657	(11,853)	-	270,804
Fawdry Bequest	-	46,546	276	-	46,822
Glebe Fund	-	1,276,578	13,463	-	1,290,041
Glebe Property	2,502,051	4,013,003	425,871	-	6,940,925
Glebe House Cottage Trust	-	5,317	40	-	5,357
Hayling St M Curacy End	-	1,421	81	-	1,502
Lambert Loan Fund	-	164,327	61,652	-	225,979
Glebe Capital	-	124,992	3,796	-	128,788
	48,185,371	16,675,493	1,720,328	-	66,581,192
Total Funds	68,832,105	25,681,472	6,419,210	(1,994,776)	98,938,011

20 SUMMARY OF ASSETS BY FUND (CONTINUED)

2023	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
Unrestricted funds - General	19,723,600	2,743,489	632,655	(686,392)	22,413,352
Unrestricted funds - Designated					
Brown, Doig, Silver Bequest	-	40,297	28,096	-	68,393
Circus Charity Fund	-	2,352	135	-	2,487
Diocesan Conference Fund	-	-	55,905	-	55,905
Car Loan Fund	-	-	-	-	-
Diocesan Loan Fund	-	265,930	80,137	-	346,067
Parsonages Repair Fund	-	455,713	(151,671)	-	304,042
CME Fund	-	-	145,039	-	145,039
Valpy Bequest	-	37,940	(1,792)	-	36,148
Winterbotham Legacy	-	179,327	(10,357)	-	168,970
Office Repair Fund	-	61,913	59,973	-	121,886
Mission Fund	-	-	334,378	-	334,378
Lambeth Conference Fund	-	-	8,715	-	8,715
Evangelism Fund	-	-	1,495	-	1,495
Building Repair Fund	-	-	80,494	-	80,494
Catherington House Fund	-	586,760	127,292	-	714,052
Sustainability Fund	-	105	326,712	-	326,817
CBIL repayment fund	-	112,754	(139,739)	-	(26,985)
Reader board	-	-	(3,331)	-	(3,331)
	-	1,743,089	941,481	-	2,684,572
Restricted funds					
Barclay Bequest	-	5,643	2,221	-	7,864
Ben Aug Fund	-	117,804	(5,564)	-	112,240
Bishop's Lent Appeal	-	-	9,015	(4,672)	4,343
Christian Healing Fund	-	-	261	-	261
Harrison Parochial Loan Fund	-	-	19,150	-	19,150
Huckstepp Legacy	-	121,572	1,840	-	123,412
James Legacy	-	24,520	153	-	24,673
New Churches Fund	-	1,267,574	69,369	-	1,336,943
Turret House Fund	-	132,172	557	-	132,729
Surrexit Fund	-	-	5,195	-	5,195
Pastoral Fund	-	1,850,556	520,489	-	2,371,045
P&WCSGF	-	-	1,314,145	(1,275,038)	39,107
Corban Trust	-	45,400	5,384	-	50,784
Eckersley Clergy families	-	408,035	78,634	-	486,669
Education Restricted	-	1,103,999	738,077	(402,756)	1,439,320
Resourcing Ministerial Education	-	-	102,946	-	102,946
Strategic Development	-	-	(392)	-	(392)
Ministry Hardship Fund	-	-	-	-	-
Energy grant	-	-	15,334	-	15,334
Net zero	-	-	5,640	-	5,640
	-	5,077,275	2,882,454	(1,682,466)	6,277,263

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

20 SUMMARY OF ASSETS BY FUND (CONTINUED)

	Fixed Assets		Current	Liabilities	Net
	Tangible	Investments	Assets		Assets
	£	£	£	£	£
Expendable Endowment funds					
Parsonage Houses	44,849,953	-	307,177	-	45,157,130
Education Endowment	-	1,058,050	786,491	-	1,844,542
Permanent Endowment funds					
Stipends Capital Fund	-	8,775,502	574,703	-	9,350,205
Bells Loan Fund	-	447,911	77,564	-	525,474
Boyd Richardson Trust	-	205,452	(9,706)	-	195,746
Constance Trust	-	38,486	(1,819)	-	36,667
Cowes St M Ben Aug	-	1,067	61	-	1,127
Diocesan House Trust	-	276,563	(11,853)	-	264,710
Fawdry Bequest	-	45,505	316	-	45,821
Glebe Fund	-	1,254,115	(35,921)	-	1,218,194
Glebe Property	2,618,928	3,888,000	425,870	-	6,932,798
Glebe House Cottage Trust	-	5,198	40	-	5,238
Hayling St M Curacy End	-	1,389	81	-	1,470
Lambert Loan Fund	-	160,650	46,323	-	206,972
Glebe Capital	-	106,404	3,795	-	110,199
	47,468,881	16,264,292	2,163,122	-	65,896,295
Total Funds	67,192,481	25,828,145	6,619,711	(2,368,859)	97,271,482

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
Reader Board	For the activities of the Reader Board

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 Mission and Pastoral N
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
Energy Grant fund	To support Parochial Church Councils with increased energy costs
Net Carbon Zero	To support work towards net carbon zero initiatives
Church Building Support Officer	Towards costs of Church Buildings Support Officer in delivering suppo
Minor Repairs and Improvements	For small scale repairs and improvements for church buildings
Flourish	For school partnerships to develop new worshipping communities.
Quick Wins	For small grants to parishes to support net zero projects
Strategic Mission and Ministry - Rejuvenation	For activities specifically identified in the strategic plan

Expendable Endowment funds

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

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:

	2024 £	2023 £
Operating leases payable:		
Within 1 year	9,324	26,027
In 1-5 years	6,386	1,920
	<u>15,710</u>	<u>27,947</u>

23 ANALYSIS OF CHANGES IN NET DEBT

	As at 1st January 2024 £	Cashflows £	Other £	As at 31st December 2024 £
Cash and cash equivalents	5,879,499	7,466	-	5,886,965
Loans falling due within one year	-	-	-	-
Loans falling due after more than one year	-	(287,500)	-	(287,500)
TOTAL	<u>5,879,499</u>	<u>(280,034)</u>	<u>-</u>	<u>5,599,465</u>

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 Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

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 (2024: £566,346, 2023: £585,666), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £0 (2023: £0).

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 assumptions:

- An average discount rate of 2.7% pa;
- RPI inflation of 3.6% pa (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increases in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

24 PENSIONS (CONTINUED)

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

% of pensionable stipends	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	Nil

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

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2024 is nil. The movement in the balance sheet liability over 2023 and over 2024 is set out in the table below.

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

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

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

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

CWPF has two sections:

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

24 PENSIONS (CONTINUED) 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 (2024: £51,917, 2023: £175,556).

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m 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 (2024: £nil, 2023: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £nil (2023: £nil).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2024

24 PENSIONS (CONTINUED)

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. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

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 2023 or 31 December 2024.

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

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

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

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

	December 2024	December 2023	December 2022
Discount rate	N/A	N/A	0.00%

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

Teachers' pension scheme (TPS)

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

24 PENSIONS (CONTINUED)

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 £132,967 (2023: £83,271). The PDBF has also supported the work of the PDCSR for several years and in 2024 provided free use of office space, and IT Cloud functionality.

The Portsmouth and Winchester Diocesan Board of Education (DBE) shares trustees with PDBF and provides funding to the charity for its operations. Funding provided in the year totalled £86,666 (2023: £nil). The PDBF provided free use of office space to the DBE.

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:

	2024	2023
	£	£
CBF Investment Fund income shares	6,062,905	5,684,034
CBF Investment Fund accumulation shares	486,052	462,444
CBF Property Fund income shares	691,076	687,259
CBF Global Equity Fund	330,783	311,299
CBF Fixed Interest Securities Fund Shares	553,632	536,939
CBF COIF Investments	172,025	181,732
Other unit trust units	8,982	9,233
UK Equity holdings	15,201	15,201
UK Gilt-edged stocks	79,320	79,320
Other Fixed interest stock	11,320	11,320
Foreign Equities	10,876	10,876
Deposits & Cash at Bank	1,773,993	1,931,887
Net Creditors	(2,780)	(2,780)
Total assets held as custodian trustee	<u>10,193,386</u>	<u>9,918,765</u>

27 STATEMENT OF FINANCIAL ACTIVITIES PRIOR YEAR

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