

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

PORTSMOUTH DIOCESAN COUNCIL FOR SOCIAL RESPONSIBILITY

Company number - 7717141

Registered charity number – 1145162

Our brands:



Working with:



Hampshire
County Council



KAOSPILOT

Affiliated to:



A large print version is available on request from Portsmouth Diocesan Office
Peninsular House, Wharf Road, Portsmouth, PO2 8HB

www.csrnet.org.uk

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PORTSMOUTH DIOCESAN COUNCIL FOR SOCIAL RESPONSIBILITY

ANNUAL REPORT

For the year ended 31 December 2016

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 2016.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The PDCSR can trace its origins back to 1920 and beyond. It has been a registered charity since 1963. It was incorporated on 1st Jan 2012 which required a new charity registration number. Its objects, which were re-written to comply with the current requirements of the Charity Commission and Companies House, now form part of the new Memorandum and Articles of Association and express the objects of the organisation as:

- 4.1 The advancement of charitable purposes for the public benefit as are exclusively charitable according to the laws of England and Wales carried out in connection with the religious and other charitable work of the Church of England in the Diocese of Portsmouth.
- 4.2 The advancement of education and training for men and women so as to encourage them to undertake voluntary work, social service and similar charitable activities for the benefit of the wider community: The expression "Social Service" being defined as meaning any and all organisations or persons providing (whether under statutory obligations to do so or voluntary) services to the community at large for the assistance and advice of persons suffering ill health, poverty, physical or mental distress or generally being handicapped or socially or economically disadvantaged; or to prevent or alleviate ill health, poverty, mental or physical distress or any handicapped or socially or economically disadvantaged condition.
- 4.3 The promotion of research into the moral and social welfare needs of the community of the said area and the publication of the useful results of all such research.
- 4.4 The relief of persons who are in need, hardship or distress through the development of the capacity of the Church at parish, deanery and diocesan levels to address, in partnership with others, issues of social and economic disadvantage in communities in Portsmouth, Hampshire and the Isle of Wight including the provision of confidential counselling services at suitable premises.
- 4.5 The promotion of the voluntary sector for the public benefit by the provision of information, advice, instruction and other services in any Diocese of the Church of England including the publication of material in written or electronic forms and the holding of meetings, conferences, courses and lectures.

STRATEGIC AIMS

In 2016, CSR implemented a new three year business strategy following on from the previous three year strategies, covering 2016 - 2018. The overall aim of this is:

1. To develop and promote wider engagement strategies with local Anglican communities in order to demonstrate impact, growth and resonance.
2. To support local socially enterprising and transforming activity, making engagement sustainable.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

In 2016, while there have been some activities external to the diocese which have demonstrated the wider impact of our rapid development programme (rdp) approach, the main focus has been on developing work within Hampshire on Good Neighbours and on follow-up with parishes previously involved with rdp. There have been some staff changes and new patterns of working which could lead to further positive collaborations.

FUTURE PLANS

We aim to offer an alternative approach based on communities working together and looking outward, underpinned by a renewed Anglican approach of building the common good.

CSR's Vision

CSR's Vision is for the development, renewal and flourishing of local communities building the kingdom of God. This will be done in a positive partnership with local Anglican communities and key aligned allies, through generous acts of transformative investment and action, in socially, financially and environmentally sustainable ways for the common good.

CSR's Values

Our values are based on a strong social vision – living the gospel – in which we work alongside (with) local communities; identifying new opportunities; joining in with what God is already doing; co-designing and working out what will resonate and transform them for the good of all, developing new relationships based on local Anglican communities. CSR will encourage change, challenge the status quo, and aim to do so with fun, creativity, passion, energy and commitment.

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CSR's Mission

CSR will achieve its vision by offering targeted encouragement, coaching, infrastructure, investment and other resources to aid active local Anglican, and wider, communities, to achieve this vision through social action, social engagement, social business and social transformation:

Good Neighbours Network (GNN)

www.goodneighbours.org.uk

In 2016, Good Neighbours was a major focus for CSR's work as it celebrated its 40th anniversary with a 'Big Tea Party' at Winchester Cathedral in the presence of HRH Princess Alexandra (below) and the launch of our new campaign supporting frontline groups: 'People Helping People'. The event, which was attended by representatives from almost all 120+ groups in the Network, was a huge success and enjoyed by all present. GN was further restructured this year into a single brand based around the Good Neighbours Network (dropping 'Support Service') as this better reflects the nature of the work and relationships within it.



The number of volunteers has gone up yet again to 4,083. The number of tasks has increased even faster to 166,664, showing yet again that there is no end to the need for this work but to do it, while there are more volunteers, they are working ever harder.

The work of the Network is funded as part of the Supportive Communities Programme at Hampshire County Council and the county's five NHS Clinical Commissioning Groups. With a new funding system this year, we were delighted to be awarded increased funding (against trend) and against a background of huge financial challenges in public sector funding but illustrating the importance of the Network to supporting those who are isolated and unable to get about so easily. We commissioned a new website, paid for by a grant from the Transform Foundation, which will be more user friendly and robust.



rapid development programme (rdp)

www.rapiddevelopment.org.uk

rdp programmes in Knowle West in Bristol Diocese and Stanmore in Winchester Diocese were concluded near the beginning of the year with some on-going support for implementation continuing in Stanmore.

CSR was also asked to run the 2½ day senior staff residential meeting of a diocese from the Church in Wales utilising similar approaches to that used within our rdp methodology. This was delivered with the assistance of our rdp consultant Leigh Rampton and was a great success.

rdp follow-up continues at varying levels in Paulsgrove Portsmouth, West Leigh in Havant, and St Luke's Southsea. CSR has agreed to invest some of its own resources in these places over the next year or two which is funded from its Business Development Fund as deliberate and planned acts of social investment.

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Joint Venture Social Enterprise (JVSE)

The JVSE (in which CSR owned 50% of the shares alongside Parity Trust) has now been closed down with the remaining assets being returned to CSR and Parity. There was a small net loss (£3,487) but an immense amount of good work was undertaken in the time it operated and one of the most significant on-going legacies is the Cathedral Innovation Centre.

www.cathedralinnovationcentre.com

Leadership and Innovation

www.kaospilot.dk

We have continued to work with the Kaospilot School in Denmark with its unique inspiring approach to creativity



KAOSPILOT

and enterprise. This year, CSR organised a Kaospilot Educator Masterclass programme at the University of Winchester in which several CSR and Portsmouth Diocesan staff participated (as well as some from Winchester Diocese). The different ways of thinking about organising educational programmes was refreshing and helpful for designing more effective programmes of our own.

CSR ran a Lego SeriousPlay® training event led by Rebecka Cada, Kaospilot graduate, at Aspex gallery in the summer. This is an innovative process designed to enhance innovation and business performance. It is based on research which shows that hands-on, minds-on learning produces a deeper, more meaningful understanding of the world and its possibilities. The fact that it isn't word based also provides opportunities for applying it in a variety of contexts.

Mind the Gap – Generational Training

www.mindthegaptraining.com

While work on this has been quiet this year, we believe that the underlying philosophy about the importance of recognising the differences between different generations, inspired by the work of Dr Graeme Codrington, continues to be not only an important one but vital for the church to understand and respond to, if



it is to engage more effectively with younger generations, not least on social issues. This understanding informs much of our wider work on rdp, leadership and innovation. We aim to promote it more again with the new CSR website, which will have commercial capabilities.

University of Portsmouth

In the summer of 2016 CSR worked with a small cohort of Brazilian students on two projects working with local parishes, helping churches to engage with their local communities. Fun, ideas and positive new approaches were generated as well as some engagement programmes trialled. In one case, this formed some of the evidence base for a grant funding bid for the parish.

Other

This was the first full year of the current arrangement where Canon Nick Ralph is shared for 50% of his time with Winchester Social Enterprise (WSE) in the Winchester Diocese. While WSE has developed its own business plans, there are some areas of overlap in which the connection between

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For the year ended 31 December 2016

the two organisations is particularly helpful. Over 2016 collaborations with Winchester, included Good Neighbours, the Kaospilot Educator Masterclass, and WSE's work around Church based Early Years support for parishes.

There have been some significant staff changes this year. We said farewell early in the year to Nicky Pybus who had been our Social Responsibility Co-ordinator for four years as she went to become a lay pioneer in Cosham and Wymering, and to Elizabeth Foulds, who retired as the manager of Good Neighbours at the very end of the year. We are extremely grateful to them for all their hard work over several years.

We also welcomed Gambol Parker, who is our Assistant Director of Social Enterprise and Engagement and comes with a strong track record in social enterprise and is heading up some specific projects; and Debbie Sutton, who was initially working as a project officer helping to develop Good Neighbours outside of Hampshire and, with the reorganisation, has now become one of the core Network Advisers, alongside Angela Smith in her new role as Good Neighbours Guru!

FINANCIAL REVIEW

Financial Performance

The accounts show the unrestricted General Fund with a net deficit of £16,549 (2015: £19,045 deficit) before transfers and revaluations. As detailed in the report several new initiatives were undertaken on the basis of funding from the Business Development fund and £9,000 was transferred to the general fund at the year end to cover these outgoings. There were also revaluation gains of £43,810 on the financial investments.

The GNN Fund, which is a restricted fund, showed a surplus of £7,629 (2015: £16,246). The grants themselves come in at different times, and for the funders relates to a year of April – March.

Balance sheet position

The Trustees consider that the balance sheet together with details in note 12 show broadly that the assets are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. The net assets at the balance sheet date totalled £708,354 (2015: £672,561).

Reserves policy

Free reserves

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees' policy is to hold a very small balance of readily realisable assets in the general fund in order to maximise the income derived from investments. At the end of 2016 this was £21,287 (2015: £32,323). The financial risks of this policy are negligible since the largest expense is the reimbursement of costs to the Portsmouth DBF and the timing of such payments are controllable.

Designated funds

The Trustees may, with the approval of the board, 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 adequate justification for their retention.

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Funds currently designated within the PDCSR accounts are the Business Development fund of £78,837 (2015: £72,074) and the recently created Investment for Income fund of £586,372 (2015: £554,025).

Investment policy

CSR has the power to:

- Purchase, take on lease or in exchange, hire or otherwise acquire any real or personal property and any rights or privileges required for the purposes of the Council
- Sell, let, mortgage, dispose of or turn into account all or any of the property and funds of the Council
- Undertake, execute, and manage any charitable trusts which may lawfully be accepted by the Council
- Raise or borrow money for the purposes of the Council on such terms and on such security as shall be thought fit.

The directors continue to be guided in their investment decisions by the Investment Advisory Group of the Portsmouth Diocesan Board of Finance. No investment transactions took place during 2015 but the unrestricted investments were moved to a designated Investment for Income fund. This move was directed by the steering committee in recognition of the fact that these assets should not be depleted as the income generated is essential for the continuing viability of the operations.

Funds continued to be invested in CCLA funds, spread between the property fund and investment fund. The portfolio as a whole experienced an overall rise in market values of 6.67% (2015: 3.47%), an income yield of 5.00% (2015: 4.50%) and a resulting total return of 11.67% (2015: 7.97%).

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable periodic reports to be produced so that the necessary steps can be taken to lessen these risks.

The principal risk for CSR would be the loss of a major grant or contract. As these are governed by clear rules, and notice periods the risk of that happening unexpectedly is remote. Reserves have been set aside to cover any liabilities that might result.

STRUCTURE AND GOVERNANCE

Organisational structure

PDCSR is a Company limited by guarantee, incorporated the 25th July 2011 and operating under a Memorandum and Articles of Association altered pursuant to Special Resolution on the 7th day of December 2011. (Company no. 7717141; Charity no.1145162).The trustees, who were directors for the purpose of company law, who served during the year are set out on page 9. Members of the charitable company guarantee an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

The Council for Social Responsibility (CSR) is an independent charity based at the Diocese of Portsmouth that seeks to facilitate sustainable and innovative approaches to locally based social action, especially, though not exclusively, at the parish level in South East Hampshire, Portsmouth and the Isle of Wight, and beyond. It works with people of all faiths and none without preference or prejudice, and is committed to working in a fully inclusive way. The Bishop of Portsmouth appoints the chief officer whose title was changed in the year, to Director of Social Enterprise and Engagement. He is currently an ordained member of the Diocesan staff. The staff responsible for working with the Council in bringing its policy and plans to life are;

Director of Social Enterprise and Engagement – The Revd Canon Nick Ralph
Good Neighbours Support Service, Service Manager – Elizabeth Foulds
Good Neighbours Support Service, Groups and Network Adviser – Angela Smith

As of 1st Nov 2015, the DSEE was seconded for 50% of his time to the Winchester Social Enterprise for 2 years in a positive partnership which also frees up some funds for other work.

Decision making structure

The Directors are responsible for strategy, financial management and all major decisions. Oversight of day to day detailed work and management of the charity's activities is undertaken by the CSR Steering Group appointed by the Directors, and listed on page 9 of this report.

The CSR Steering Group met five times in the year and has continued the outward focus in which CSR aims to generate new income streams and expand its independent resources.

Trustee recruitment, selection and induction

Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest and loyalty. The Trustees were provided with trustee training during 2015.

Delegation of day to day delivery

The Trustees and the sub-committee which assist them in the fulfilment of their responsibilities, rely upon the Director of Social Enterprise and Engagement, and his colleagues for the delivery of the day to day activities of the company and the Portsmouth Diocesan Board of Finance acts as agent for CSR for employment, finance and administrative matters.

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 PDCSR and of the surplus or deficit of the PDCSR 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 PDCSR 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 PDCSR 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 PDCSR's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

PORTSMOUTH DIOCESAN COUNCIL FOR SOCIAL RESPONSIBILITY

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For the year ended 31 December 2016

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2016. The following are the Trustees who served at any time during 2016 up to the date of this report:

Chairman:	The Rt Revd Christopher Foster – Lord Bishop of Portsmouth	
Ex-officio	The Very Revd D C Brindley (The Dean of Portsmouth) The Ven G A Collins (Archdeacon of the Meon) The Ven Dr J W Grenfell (Archdeacon of Portsdown) The Ven P A Sutton (Archdeacon of the Isle of Wight) The Revd Canon R C White (Chair of the House of Clergy) Canon D Sutton (Chair of the House of Laity) The Revd W P Kennedy (The Diocesan Secretary)	
Bishop's Nominee:	Canon J Gwynn (Chairman of Diocesan Finance Committee)	
Elected by:		
Synod House of Clergy	The Revd P Armstead The Revd M Bagg The Revd Dr P Chamberlain The Revd I Snares	The Revd Canon W Hughes The Revd A Kerr The Revd Canon G Morris The Revd M Duff
Synod House of Laity	Mr W Berry (fr 15.2.17) Mr G Barwick Canon D Bennison Mr N Chapman Mrs L Clay Mrs M Crittenden (fr 24.6.16) Canon L Docherty Mr K Doyle	Canon S Forster Mrs I James Cdre M Lane Canon Dr H Mason Mr G Ringrow (resigned 7.3.16) Mr R Solomon Canon H Spurgeon Mr J Steadman(resigned 7.10.16)
CSR Steering Group	Canon L Docherty – Chair The Revd Canon N Ralph Mr E Phillips Mr R Solomon Mr P O'Beirne	The Ven Dr J W Grenfell The Revd W Kennedy (secretary/treasurer) Canon H Mason The Revd B O'Sullivan Mrs G Parker

Senior staff and advisers

Director of Social Enterprise and Engagement	Nick Ralph
Assistant Director of Social Enterprise and Engagement	Gambol Parker

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Registered Office: Diocesan Office, Peninsular House, Wharf Road, Portsmouth, PO2 8HB
Bankers: Barclays PLC, PO Box 165, Crawley, RH10 1YX
Independent Examiner: haysmacintyre, 26 Red Lion Square, London WC1R 4AG
Solicitors: Messrs Brutton & Co, West End House, 288 West Street, Fareham, PO16 0AJ
Investment advisers Investment Advisory Group, Diocese of Portsmouth and,
CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Surveyor: Mr C Daniells, Daniells Harrison, The Old Manor House, Wickham Road,
Fareham, PO16 7AR

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 1 - 9 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

The Right Revd Christopher Foster
Chairman
10TH May 2017

The Revd Wendy P Kennedy
Diocesan Secretary
10th May 2017

INDEPENDENT EXAMINER REPORT TO THE MEMBERS OF PORTSMOUTH DIOCESAN COUNCIL FOR SOCIAL RESPONSIBILITY

I report on the accounts of the company for the year ended 31 December 2016 which are set out on pages 12 to 18.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006 and which are consistent with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Adam Halsey FCA
Senior Statutory Auditor
26 Red Lion Square
London
WC1R 4AG

Date:

PORTSMOUTH DIOCESAN COUNCIL FOR SOCIAL RESPONSIBILITY

STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2016

	Note	General fund £	Designated funds £	Restricted fund £	Total funds 2016 £	Total funds 2015 £
Incoming and endowments from:						
Donations	2	8,400	-	146,105	154,505	145,405
Charitable Activities	3	9,195	-	-	9,195	8,374
Investment income	4	28,630	4,300	1	32,931	28,615
		46,225	4,300	146,106	196,631	182,394
Expenditure on:						
Charitable activities	5	62,774	-	138,477	201,251	181,210
		62,774	-	138,477	201,251	181,210
Net income/(expenditure) before transfers		(16,549)	4,300	7,629	(4,620)	1,184
Transfers between funds	6	9,000	(9,000)	-	-	-
Other recognised gains/(losses)						
Realised gains/(losses) on investments		(3,487)	-	-	(3,487)	-
Unrealised investment gains		-	43,810	-	43,810	22,031
Net movement in funds	7	(11,036)	39,110	7,629	35,703	23,215
Total funds at 1 January		32,323	626,099	14,229	672,651	649,436
Total funds at 31 December		21,287	665,209	21,858	708,354	672,651

All amounts derive from continuing activities. The statement of financial activities incorporates an income and expenditure account for the purposes of the Companies Act 2006.

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BALANCE SHEET

For the year ended 31 December 2016

Company Number –7717141

	Note	2016 £	2015 £
Fixed Assets			
Investments	8	701,602	657,792
Investment in Joint Venture	9	0	12,500
		<u>701,602</u>	<u>670,292</u>
Current Assets			
Debtors	10	21,369	26
Short term Investments		13,222	9,830
Cash at bank and in hand		56,269	18,010
		<u>90,860</u>	<u>27,866</u>
Creditors: amounts falling due within one year	11	84,108	25,507
		<u>6,752</u>	<u>2,359</u>
Net current liabilities			
		<u>6,752</u>	<u>2,359</u>
Total assets less current liabilities		<u>708,354</u>	<u>672,651</u>
The funds of the charity:			
General fund		21,287	32,323
Designated funds		665,209	626,099
Restricted income funds		21,858	14,229
Total funds	12	<u>708,354</u>	<u>672,651</u>

The accounting policies and notes on pages 15-19 form an integral part of these accounts.

For the year ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Approved by the Board and authorised for issue on 10th May 2017 and signed on its behalf by

The Right Revd Christopher Foster
Chairman
10th May 2017

The Revd Wendy P Kennedy
Diocesan Secretary
10th May 2017

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and the FRS102 Section 1A.

Following the transition to FRS102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and where these have resulted in a material change to the amounts, classification or presentation within the financial statements as at the date of transition then a transitional adjustment has been made (see note 27). 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 PDCSR 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.

Income from investments includes all dividends on securities for which the date of payment falls within the period. Investment income includes tax recoverable thereon.

Grants are accounted for on a receivable basis with the exception of the funding restricted for the GNSS activities where they are time-apportioned to align on a quarterly basis with the costs towards which they are contributing.

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 Activity category.

c) Fund balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

	General fund £	Designated funds £	Restricted fund £	Total funds 2016 £	Total funds 2015 £
INCOMING RESOURCES					
2. Donations					
Diocesan funds	8,400	-	-	8,400	8,400
* GNN funding	-	-	146,105	146,105	137,005
	8,400	-	146,105	154,505	145,405
* This includes a management fee of £12,773					
3. Charitable Activities					
Activity Income	8,620	-	-	8,620	4,000
Sundry Income	575	-	-	575	4,374
	9,195	-	-	9,195	8,374
4. Investments					
CBF Deposit Interest	1	50	1	52	39
CBF Investment fund	14,317	4,250	-	18,567	17,240
CBF Property fund	14,312	-	-	14,312	11,336
	28,630	4,300	1	32,931	28,615

EXPENDITURE ON

5. Charitable activities					
Special Publications	1,549	-	3,485	5,034	4,024
Training	-	-	-	-	7,121
Monitoring & Evaluation	-	-	1,300	1,300	1,800
Other Activity costs	16,440	-	39,415	55,855	38,726
Grant to PDBF for Salary costs	35,639	-	69,137	104,776	102,808
Other staff expenses	7,115	-	3,967	11,082	3,951
Office support costs	71	-	8,400	8,471	8,487
Independent examiner's costs	1,860	-	-	1,860	1,813
Legal Costs	100	-	-	100	25
Management costs	-	-	12,773	12,773	12,455
	62,774	-	138,477	201,251	181,210

All staff are employed by the Portsmouth Diocesan Board of Finance on behalf of CSR.

At the end of 2016 there were 3.20 employees [2015: 3.20]

The trustees received no expenses during the year [2015: £nil]

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016

	General fund	Designated funds	Restricted funds	Total funds 2016
	£	£	£	£
6. Analysis of Transfers between Funds				
To transfer from the Business Development fund to support new initiatives	9,000	(9,000)		-
	9,000	(9,000)	-	-

7. Movement of Funds

	At 1st January 2016	Income	Expenditure	Transfers	Gains/ (Losses)	At 31st December 2016
	£	£	£	£	£	£
General fund						
General Fund	32,323	46,225	(62,774)	9,000	(3,487)	21,287
Designated funds						
Business Development	72,074	4,300	-	(9,000)	11,463	78,837
Investment for Income	554,025	-	-	-	32,347	586,372
	626,099	4,300	-	(9,000)	43,810	665,209
Restricted						
GNSS	14,229	146,106	(138,477)	-	-	21,858
	14,229	146,106	(138,477)	-	-	21,858
Total Funds	672,651	196,631	(201,251)	-	40,323	708,354

8. Investments

	At 1st January 2016	Additions	Disposals	Transfers	Change in Market Value	At 31st December 2016
	£	£	£	£	£	£
CBF Investment fund units	-	-	-	-	-	-
CBF Property fund	-	-	-	-	-	-
Unquoted investment	500	-	-	-	-	500
General Fund	500	-	-	-	-	500
CBF Property fund	206,130	-	-	-	(6,271)	199,859
CBF Investment fund units	451,162	-	-	-	50,081	501,243
Designated Funds	657,292	-	-	-	43,810	701,102
Total Funds	657,792	-	-	-	43,810	701,602

All investments are held within the UK

CSR continues to hold £500 of shares in the Cathedral Innovation Centre (CIC). Working with Think Global and Portsmouth Business School the CIC ran a day conference to explore the social enterprise and solidarity economy in September 2016, has opened a hotwalls studio in Old Portsmouth in collaboration with Portsmouth City Council, and supported the Hampshire and Isle of Wight Festival of the mind. Many other projects, collaborations and new businesses have been supported through it.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016

9. Investment in Joint Venture

Cost	£
At 1 January	25,000
Disposal	(25,000)
At 31 December	-
Provision	
At 1 January	12,500
Disposal	(12,500)
At 31 December	-
Book value	
At 31 December 2015	12,500
At 31 December 2016	-

10. Debtors

	2016	2015
	£	£
Sundry Debtors	2,427	26
Accrued investment income	6,942	
Pre-paid legal costs	12,000	-
	21,369	22,944

11. Creditors : amounts falling due within one year

	2016	2015
	£	£
Sundry Creditors	16,416	4,937
Due to PDBF for CSR & costs	36,442	2,935
Deferred CSR Income	5,000	
Deferred GNN Income	26,250	17,635
	84,108	40,013

12. Assets by Fund

	Investment Assets £	Current Assets £	Current Liabilities £	Net Assets £
General fund				
General fund	500	59,771	(38,984)	21,287
Designated funds				
Business Development fund	114,730	(35,893)	-	78,837
Investment for Income fund	586,372	-	-	586,372
	701,102	(35,893)	-	665,209
Restricted funds				
GNN	-	66,982	(45,124)	21,858
Total Funds at 31st December 2016	701,602	90,860	(84,108)	708,354

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016

Description of Funds:

General Fund

These funds are unrestricted and to be used for the furtherance of the charitable objectives of the PDCSR as detailed on page 1 of the annual report.

Business Development Fund

This fund arose from the sale of a piece of land in 2012 at which point the trustees agreed that this windfall should be used specifically to support new projects and each year since then has been utilised for such activities under the direction of the steering committee.

Investment for Income Fund

These funds were designated by the trustees in 2015 to generate income to support the continued operations of PDCSR.

GNN Fund

These are the funds received from external sources and restricted for the sole purpose of supporting the activities of the Good Neighbours Network, Hampshire.

13. Capital commitments

There were no capital commitments at 31st December 2016 [2015: Nil]

14. Contingent liabilities

There were no contingent liabilities at 31st December 2016 [2015: Nil]

15. Related Party transactions

The Portsmouth Diocesan Board of Finance (PDBF) is the direct employer of all PDCSR staff and payment was made to it in respect of these costs of £117,549 [2015 – £115,263]. The PDBF has also supported the work of the PDCSR for several years and in 2016 provided office space to the value of £8,400.

In 2011 the PDCSR set up the Joint Venture Social Enterprise in partnership with The Parity Trust. £25,000 of Business Development funds were invested in the new business in the form of a debenture, which was converted into shares on the 31st January 2013. The value of the JVSE equity in CSR's accounts was written down to £12,500 in 2013 and in 2016 the JVSE was wound up with the CSR recognising a loss of £3,487 against its book value.

16. Post Balance Sheet Event

The land which CSR used to own at Purbrook was sold in 2010 with a 25 year overage agreement for any uplift in value due to subsequent development. A development was pursued by a third party and eventually granted. This had been expected in 2016 but took until 2017 to conclude details. The release of the overage covenant resulted in CSR benefiting to £350,000 in early 2017.