SHEFFIELD DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 245861

Details

Other names	THE SHEFFIELD DIOCESAN TRUST AND BOARD OF FINANCE, DIOCESE OF SHEFFIELD
Status	Registered
Legal form	Charitable company
Company number	00196087
Registered	1965-11-25
Register	View on the Charity Commission register

Contact

Address	Diocese Of Sheffield Diocesan Church House 95-99 Effingham Street Rotherham S65 1BL
Phone	01709309117
Email	reception@sheffield.anglican.org
Website	www.sheffield.anglican.org

Activities

Objects: TO ASSIST AND PROMOTE THE RELIGIOUS AND OTHER CHARITABLE WORK OF THE CHURCH OF ENGLAND IN THE DIOCESE OF SHEFFIELD.

Activities: To promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith and other charitable work in the Diocese of Sheffield or its successor diocese and elsewhere.

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Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Acts As An Umbrella Or Resource Body
- **What:** Religious Activities
- **Who:** Other Defined Groups

Geography

- **Area of benefit:** DIOCESE OF SHEFFIELD
- Barnsley
- Doncaster
- Rotherham
- Sheffield City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£10,073,000	£11,653,000	£59,796,000	95
2023-12-31	£10,133,000	£11,657,000	£60,837,000	93
2022-12-31	£9,912,000	£11,008,000	£60,417,000	94
2021-12-31	£10,263,000	£10,042,000	£63,266,000	153
2020-12-31	£9,559,069	£9,705,991	£59,598,000	147

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Trustees

Name	Role	Appointed
Anna Rose De Castro		2025-01-01
Canon IAN GEOFFREY WALKER		2015-07-18
Dr JACQUELINE ANNE BUTCHER		2016-01-01
Isobel Julia Newton		2019-07-10
Michael Macdonald		2019-01-22
Neill Andrew Birchenall		2017-06-13
PETER RAINFORD		
RT REVD DR PETER JONATHAN WILCOX		2017-06-05
Rev Benjamin Michael Tanner		2025-01-01
Rev Canon CLAIRE LOUISE DAWSON		2019-01-22
Rev Canon Edwin Harry Steele		2022-01-27
Rev Canon Matthew Ivan Rhodes		2022-01-01
Rev Edward John Scott Morrison		2025-01-01
Rev Javaid Iqbal		2020-05-16
Rev Leah Beverley Vasey-Saunders		2025-09-16
The Very Revd Abigail Laura Thompson		2021-11-06
Venerable David Ian Gerrard		2025-11-18

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SHEFFIELD DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 245861

Accounts

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Annual Report

&

Financial Statements

For the year ended 31st December 2024

THE DIOCESE OF SHEFFIELD

SHEFFIELD DIOCESE BOARD OF FINANCE

Company Number: 196087

Registered Charity Number: 245861

The Diocese of Sheffield is called to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world

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ANNUAL REPORT

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. In signing as Trustees, they also sign the strategic report sections in their capacity as Directors. This combined report satisfies the legal requirements for:

The Directors' Report of a charitable company;

The Strategic Report under the Companies Act 2006; and

The Trustees Annual Report under the Charities Act 2011.

FOREWORD

This year has again presented significant challenges for the Diocese of Sheffield - economic pressures continue to weigh heavily, especially on our poorest communities, and the Church nationally remains in a state of discernment and tension. In addition, it was announced during the autumn that Bishop Sophie, then the Bishop of Doncaster, had been appointed to the See of Coventry: while we rejoice for her and for that Diocese, her appointment introduces a further level of change and disruption.

Yet amid this, we are witnessing signs of renewal and encouragement across our Diocese. Our vision to grow a sustainable network of Christ-like, lively, and diverse Christian communities remains compelling and timely, and I am heartened by the many ways it continues to take root.

The Statistics for Mission for 2024 show encouraging signs of ongoing recovery. Across the Diocese as a whole, usual Sunday Attendance and Usual Weekly Attendance grew by between 3% and 5% for both adults and children. These are not just numbers—they reflect people coming to faith, reconnecting with the Church, and finding community and hope. We rejoice in the research published by the Bible Society suggesting a Quiet Revival, especially among young men, aged 18-25, nationwide. Alongside these green shoots, we see strong engagement with our strategic initiatives: the growth of Focal Ministry, the launch of new congregations, and a prayer community now nearing 1,500 people. These all point to a Diocese finding its footing again after the disruption of the pandemic and stepping forward with quiet confidence in the Lord Jesus.

We do not take these signs of hope for granted. They are the fruit of faithful and prayerful service by clergy, lay leaders, and volunteers across our communities. They also reflect wise strategic investment and generous support from the national Church. We are not yet where we hope to be—but we are moving forward. I give thanks for the leadership of the Board of Finance and for all those who serve the Church's mission in this Diocese.

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

Diocesan Synod approved a deficit budget for 2024 as part of the long term strategy to invest in the foundation of new structures within the Diocese to facilitate sustainable growth in the years to come. The end result for 2024 was a deficit of £1.0m on the general fund; which was substantially less than the budgeted deficit.

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We see the strong growth in attendance, reported in 2023, continue across the Diocese in 2024. However, most of our communities still struggle with the impact of cost of living pressures and so we value the continued support from the Church Commissioners in recognition of the number of Low Income Communities within our Diocese.

At the end of the year, despite us running a deficit, overall funds on our balance sheet have only marginally reduced to £59.8m compared to £60.8m in 2023. There are several reasons for this:

1. The deficit in our unrestricted general fund of £1.0m was substantially less than the budgeted deficit of £2.1m, primarily due to recruitment to clergy vacancies being at a slower pace than hoped.
2. We have continued to focus on maximising the performance of our Glebe and other investments, resulting in gains in year of £0.5m, £0.1m of which was attributable to the unrestricted general fund.

The net result is that our unrestricted general funds stood at £5.5m at 31 December 2024, which has reduced from £6.7m in 2023 due to the £1.0m deficit and £0.2m transfers between funds in the year.

As long as fixed asset and investment valuations remain healthy, this gives us a little more headroom for us to see the fruits from our long term strategy of Renewed, Released and Rejuvenated.

Ian Walker, Chair of Sheffield Diocesan Board of Finance

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LEGAL OBJECTS

The Sheffield Diocesan Board of Finance's ("SDBF") principal object is to promote, assist and advance the religious and other charitable work of the Church of England in the Diocese of Sheffield by acting as the financial executive of the Sheffield Diocesan Synod. The objects of the Diocese of Sheffield cover most of the County of South Yorkshire with a small part of the East Riding and one parish in North Yorkshire.

The SDBF has the following statutory responsibilities:

i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991; and
iv. the custodian of permanent endowment and property assets relating to trusts held by Incumbents and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

STRATEGIC AIMS AND OBJECTIVES

The SDBF manages the financial aspects of the provision of ministry within the Diocese ensuring appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities.

The Diocese of Sheffield continues:

i. to ensure a Christian presence in every parish;
ii. to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
iii. to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, including schools, universities, and in local communities; and
iv. to manage diocesan resources effectively to meet the legal objects of the Diocese.

In promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that SDBF delivers public benefit. This is achieved through community engagement, resourcing education and supporting those in need both spiritually and physically.

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ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Introduction from CEO/Acting Diocesan Secretary

It is a privilege to introduce this Annual Report for the Diocese of Sheffield, reflecting on a year marked by both challenge and encouragement as we continue our journey of being Renewed, Released, and Rejuvenated.

2024 was a year of planned financial deficit, approved by Diocesan Synod, as we pressed ahead with bold investment in people, systems and structures to enable sustainable future growth. While the economic backdrop remained difficult, particularly for our poorest communities, the Diocese has shown flexibility and hope. Encouragingly, overall participation figures have continued their upward trend, and many of our mission and ministry indicators show meaningful progress.

In 2023 and the early part of 2024, we undertook a significant consultation and review process to refresh our Diocesan strategy at the mid-point of the 3Rs journey. This wide-ranging engagement across the Diocese helped us to assess impact to date, listen to local voices, and reshape our vision for the years ahead. The resulting strategy refresh informed a major funding application to the national Church's Strategic Mission and Ministry Investment Board. We are delighted that this has resulted in a confirmed award of £17.5 million for 2025–28, with an in-principle commitment of a further £18.3 million for 2029–31. This substantial investment will enable continued development of key initiatives such as the Centenary Project, Resourcing Churches, Focal Ministry, and Mission Area Support, alongside vital new support for buildings, lay leadership and diverse communities.

We have seen steady momentum across all three strands of our strategic vision. Our prayer community continues to grow, our leadership development pipeline is thriving, and we continue to witness local churches stepping out with courage and creativity - whether through Focal Ministry, Resourcing Churches, or the development of new worshipping communities.

Despite running a deficit, prudent financial management means our overall funds ended the year, only marginally down on 2023, at the same level as 2023, and we are stewarding our assets and reserves carefully. We give thanks for the generosity of parishes, the dedication of clergy and lay leaders, and the efforts and engagement of those who serve on our boards and committees.

The Statistics for Mission for 2024 show that there are positive signs of ongoing recovery to pre-pandemic levels. Estimated attendance for October 2024 increased to 80% of 2019 levels. 25% of parishes experienced growth in their worshipping community, 26% remained steady, and 49% have seen a decrease since 2019. 21% of parishes experienced growth in their usual Sunday attendance, 30% remained steady, with 48% below 2019.

As we look to the future, we remain committed to nurturing a Diocese that is Christ-like, lively and diverse in every place.

Lindsey-Jane (LJ) Buxton, Acting Diocesan Secretary

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Progress Against our Strategy in 2024

Work supported by National Church Funding

Strategic Transformation Funding

The Transformation programme – a multi-year award of £5.6m from the Archbishops' Council's Strategic Investment Board in 2020 – supports our 3Rs strategy delivery with continued good progress through 2024.

Impact of Renewed

1,456 people are in the prayer community (those who have officially signed-up – we trust that more people are praying for renewal!). These 1,456 people are resourced through daily online prayer, weekly prayer reflections and seasonal prayer gatherings through the year at Deanery and Diocesan level. Thy Kingdom Come Beacon events regularly draw in up to 250 people. In addition, the 2024 Thy Kingdom Come prayer pilgrimages involved around 240 people across 11 deaneries.

Impact of Released

Lights for Christ
422 adults have adopted a Personal Rule of Life (PRoL), exceeding the target for 2024. In addition, 155 young people have participated in adapted PRoL workshops.

50 churches are engaged with Lights for Christ, exceeding the target for 2024.

12 active local Lights for Christ Champions are in place, meeting the target for 2024.
We have seen real traction with discipleship activities that people can do in their daily lives, such as Wear Your Faith Fortnight and the Lights for Christ Advent Calendar.

Our Lights for Christ web pages have been viewed over 75,000 times and over 7,000 people have downloaded Lights for Christ courses since 2020.

On Holy Saturday 2024, with much fanfare and fireworks, 40 people from across the Diocese were baptised and confirmed at our Cathedral. Encouragingly we are seeing increasing numbers of adult confirmation candidates.

We are increasingly seeing people come to faith through engaging social action work that tends to human needs and gives invitation and opportunities to explore faith.

Focal Ministry
We have 109 active authorised Focal Ministers, which is ahead of our target for 2024.

51 churches are now engaged with Focal Ministry, exceeding the target for 2024.

Eleven of our twelve Deaneries have authorised Focal Ministers in place. Candidates from the twelfth deanery are in the process of becoming authorised.

In addition, more than 90 new people have taken up other recognised local ministries since the establishment of Focal Ministry teams (data collected from Annual Reviews with Focal Ministers since Jan 2024).

Mission Area Support
Since Mission Area Support was established in 2021, parishes across the Diocese have been supported with over 690 tasks. In 2024 we supported 115 parishes with 247 tasks

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(with an additional 96 tasks ongoing). This support ranges from giving information and advice, resources, training, signposting and in-depth development work.

Impact of Rejuvenated

17.4% of parishes started at least one new congregation or worshipping community in 2023, compared to 9.0% across the Church of England (2023 Stats for Mission).

11 Resourcing Churches have signed the Memorandum of Understanding to plant or graft within 5 years, well on track to our 2025 target of 12 in total.

Rotherham Minster and St John's Goole (SDF Phase 1 Resourcing Churches) have grown in size and missional impact. The worshipping community at Rotherham Minster grew from 99 to 191 during 2019-2023. In Goole, the worshipping community grew from 59 to 97 during the same period. Notwithstanding the interruption of the Pandemic, we are seeing positive growth in most key metrics (missional impact, spiritual depth, growth of relational fringe, prominence in civic life and growing leaders) and bold strategic plans for the next phase. Goole is sending a record 4 students to our Foundations Course this year. This is a significant indicator of a growth in depth of discipleship and raising up of leaders.

Whilst Covid has slowed us reaching our target of 75 new congregations by the end of 2025, we are delighted that since 2019 we have 43 active new congregations. One of these is our first ethno-linguistic congregation, The Don Urdu Fellowship which has within a few months grown to 50 worshippers including 17 children.

Since 2009 we have enabled 11 successful revitalising grafts, with a clear pipeline for subsequent grafting. We are delighted to have 2nd generation grafts from 3 of our Resourcing Churches, with preparations underway for 3rd generation grafts.

Average weekly attendance at services of worship grew in 100% of churches receiving grafts from 2020-2023, with a total growth in attendance across these churches of 167%.

89% of our Oversight Ministers / stipendiary clergy meet regularly with their Associate Archdeacon for one-to-one coaching and support.

24% of our current clergy are under 40 years old, exceeding our target of 10% (includes Parish Clergy, Diocesan Clergy, Curates, Bishops and Cathedral Clergy).

We are seeing increasing diversity amongst ordained and lay leaders, and anticipate that the appointment of a Racial Justice Officer will provide much needed capacity to improve this further. 180+ clergy and lay leaders have completed Unconscious Bias training since 2021, exceeding the lifetime target.

Mission Area Formation: we've seen evidence from the consultation that the Mission Area approach is breaking down parochialism whilst maintaining an emphasis on local contextual mission. We haven't forced any legal structure changes on our places and people. We are finding that through persuasion, relationship and common sense we are seeing more desire for collaboration, with places also starting to voluntarily rationalise governance. Some places are more advanced than others but the Oversight Minister cross licensing is helpful in creating cohesive Mission Areas. To date, 21 Mission Areas are fully formed involving 55 parishes (32%), 8 Mission Areas have been agreed locally and are awaiting appointments or licencing (34 parishes, 5%) and a further 21 Mission Areas are evolving (64 parishes, 37%). The ongoing 'health' of our Mission Areas and how they function is crucial. 'Healthy Mission Area' criteria has been developed to help us track this. Each Mission Area is assessed annually by the relevant AATE.

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Centenary Project

The Centenary Project has continued to have a significant impact and has gained national recognition as a model of best practice. 21 Centenary Project Workers are currently in post. In 2024, 2959 people were registered with 291 different Centenary Project ministries. Our Centenary Project Workers ran 1882 sessions and were supported by 318 volunteers. There were 61,000 additional points of contact through schools work and unregistered activities.

Funding has successfully been secured for phase 2 of the Centenary Project which includes a significant expansion to the project with a further 24 workers appointed to Centenary Project roles in churches across the Diocese and a new strand of support for volunteer led ministry. The Centenary Project continues to be overseen by the Programme Board.

Education

Church of England Schools are a vital part of the work and ministry of the Diocese. There are 38 primary schools and 1 secondary school in the Diocese of Sheffield.

The Diocese of Sheffield Board of Education (DBE) remains committed to the development of effective collaboration with, and between, our Church Schools and to the supporting and enrichment of Church Schools' distinctive offering of teaching and learning within a Christian context.

Centrally organised and provided Diocesan support has continued, including the ongoing "Understanding Christianity" training which, during 2024, had a mixed cohort, with the majority of participants working in non-church schools, located within the Diocese. Training has also continued to support. the development of RE, provision for collective worship and the leadership of schools.

The Diocese produced a new set of guidance notes on spirituality in schools and the spiritual development of young people. The new guidance introduces the idea of a 'spirited curriculum' whereby colleagues identify aspects of spirituality within the life of the classroom.

As one response to the national "Growing Faith" agenda, working in the intersections between homes, schools and churches, the Diocese produced "Lights for Schools", a programme spanning an annual cycle of seasons and events. This includes suggestions for parish churches to grow their connection between church and school.

The new SIAMS Framework for the inspection of Church Schools is in its second year. All our inspections have received the judgement that, through their vision and practice, they are living up to their foundation as Church schools and enabling pupils and adults to flourish. This is greatly helped by the emphasis this Diocese has long maintained upon the whole school being clear about their distinctive Christian vision. Every school now has one in place and some are in the process of renewing theirs to reflect changing priorities. We have no schools in this Diocese that have been judged as not meeting the above criteria.

Since September 2024, OfSTED has wisely ended single headline judgments for schools. Our final set of single word grades placed 87% of our schools as good or above. The remaining schools are in the 'Requires Improvement' category – and all improving to move to good. There is no unsatisfactory provision in Diocesan schools.

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The Diocese continues to work with schools that wish to convert on the process of becoming an academy. 75% of our schools have converted or are in the conversion process. The Diocese of Sheffield Academies Trust (DSAT) and James Montgomery Trust (JMAT) continue to be the two voluntary aided trusts. During this year the Diocese is re-brokering the St Mary's Academy Trust (SMAT), the trust shared with the Diocese of Leeds. DSAT, our Diocese-led trust, now serves 17 schools and is in the process of growing to include 3 additions to the trust, taking it to a trust of 20 schools.

One significant change within DSAT (the Diocese of Sheffield Academies Trust) was the departure of Andrew Waldron, our CEO, and the appointment of Alison Adair to this post. Over the past year DSAT has continued to develop the governance structures within the trust and has also changed the admission policies in a number of schools.

The Board of Faith and Justice

As a Diocese we are passionate about issues of social justice. Much of this work is co-ordinated through the Board of Faith and Justice. The Board's work is shaped by the strategy document Salt and Light – A strategy for serving and transforming our society and God's World. In particular, the Board has focussed on developing the Diocesan response across the last 3 Marks of Mission of the Anglican Communion:

i. To respond to human need by loving service;
ii. To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation
iii. To strive to safeguard the Integrity of creation and sustain and renew the life of the earth. The Board carries out much of its active business through working groups, each dedicated to a specific area of Salt and Light concern with terms of reference and membership established by the Board.

Throughout the year, the Board played a vital role in promoting social justice, fostering inclusivity, and supporting the working groups listed below. The board consists of dedicated individuals who worked tirelessly to address pressing issues and make a positive impact on the lives of people in the diocese. Moreover, the board actively engaged with various advocacy efforts, both at the local and national levels. They voiced their concerns and opinions on social issues such as racial justice, environmental sustainability, and social justice. By actively participating in discussions and advocating for change, the board worked towards creating a more just and compassionate society.

Throughout 2024 the following working groups were active;

Mental Health
Diocesan Resource Group for Seniors (DRGS)
Black, Asian and Minority Ethnic Anglicans (BAME)
Dementia
Poverty & Inequality
Global Justice
Climate Change and Environment.

In 2024, as a result of a successful funding application in 2023 to the Diocesan Investment Programme Racial Justice stream, we were able to appoint a Racial Justice Officer who is now leading the development of our strategy in this area.

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Net Zero

2024 saw an acceleration in our work to deliver our strategy to decarbonise the Diocese. Early in 2024 funding was secured from the Net Zero Programme Board to fully fund a part-time Net Zero Programme Manager from 1 May 24, and we partnered with Leeds Diocese to contract an independent energy consultancy to provide energy audits to a significant number of churches during 2024 - 2025. Further funding was successfully secured from the NZ Programme Demonstrator Fund to replace a decrepit boiler system with electrical heating, thus decarbonising a church in Rotherham, and from the NZ Programme Boiler Hardship Fund to replace a defunct gas boiler with air source heat pumps in another church. There is a growing list of churches that are actively working on projects that will reduce their carbon emissions, and as these projects come to completion we expect that they will become more comfortable places to visit, cheaper to run and less damaging to the environment.

On EcoChurch, we achieved our first Gold award and the numbers of Silver and Bronze awards continued to climb. We also appointed a Diocesan Eco Church Champion to work with churches on their progress through the stages of EcoChurch as the number of registered churches continues to grow.

Senior Staff Appointments

The Senior Staff team saw no personnel changes in 2024. However, in 2025 we will be appointing a new Bishop of Doncaster, Archdeacon of Sheffield and Rotherham, and our Diocesan Secretary-Chief Executive will take 6 months maternity leave. In 2024 we did recruit a new Finance Director who has brought experience and additional capacity to the team.

Safeguarding

Safeguarding was and remains a key priority for the Diocese. In 2024 we continued to deliver training both online and in person. Including the roll out of the Parish Safeguarding Dashboard which is proving valuable to parishes in developing their safeguarding practice.

The team continues to offer safeguarding advice and support to the Cathedral in line with the service level agreement in place. This is a mutually beneficial partnership.

The contribution of Parish Safeguarding Officers was celebrated in June with 35 PSOs in attendance.

Related Parties

The SDBF works closely with a range of partners and parties as set out below. These are not related party transactions for financial reporting purposes.

The Archbishops' Council to which the Diocese pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Archbishop's Council and National Church Institutions from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF also pays for clergy stipends through the Archbishop's Council.

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The Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement

Volunteers

The SDBF is dependent on the huge number of volunteers involved in church activities both locally and at Diocesan level. The SDBF greatly values the considerable time given by all volunteers and particularly, committee members across the Diocese in pursuit of the mission of the SDBF. No attempt has been made to quantify this resource, so generously given.

Fundraising

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

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FUTURE PLANS

As is noted in the Foreward by Rt Revd Dr Pete Wilcox the Diocese has shown positive signs of missional health and growth in year. We have made a number of key appointments to clergy vacancies and we continue to invest reserves to maintain our clergy numbers in line with our strategic planning.

We have benefited from financial support to increase our baseline number of curates. This additional investment from the strategic mission and ministry fund is one element that has supported the development of our Curate in Charge programme which supports a strong and healthy leadership development pipeline across the Diocese.

National church continue to be a key mission partner and following our refreshed strategy work in 2024 we have secured £17.5m from the Strategic Mission & Ministry Investment Board (SMMIB) to invest in making further progress towards our vision, 2025-28.

This funding will provide the opportunity of second phase developments of key areas of work such as Centenary Project, Resourcing Churches, and Mission Area Support. As well as the expansion of support for lay ministers and revitalisation teams. For the first time this funding includes £2.2m for strategic buildings investment to help support building works on churches in key locations, e.g. centres of population where we can see potential to grow the church.

An in-principle award of £18.3m has been made by SMMIB for 2029-31, following successful annual reviews of the delivery 2025-28.

Other funding previously secured will dovetail into this new funding stream.

This gift of mission funding does not mean that we are no longer reliant on Common Fund. On the contrary it buys us some time to grow the church and Common Fund to ensure that we can be self-financing going forward.

Communications to deaneries regarding the refreshed strategy will continue in 2025.

FINANCIAL REVIEW

2024 was a further year of fragile recovery against an economic backdrop where utility costs and cost of living metrics have suffered the steepest inflationary rises in many parishioners' lifetimes. The financial constraints felt in the households across our Diocese have impaired the ability of many to contribute to the work of the Diocese.

The sustained generosity of a wide range of donors has been matched by the much-needed support from our Archbishops' Council who have prioritised their commitments to resource our Diocese in a range of project funds. The Revitalisation, Transformation and Capacity Funding projects and their funding streams commit us in partnership through to 2030.

The underlying operational costs of core Diocese activity and static common fund contribution levels continue to leave us with a substantial operational deficit. This ongoing deficit and its implications were factored into the sustainability plans which were at the core of our bid for longer term National Church Triennium funding. This bid was submitted in January 2025 and the initial conditional award of £17.5m is for the period 2025-28.

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A deficit operational budget for 2025 has been set at £1.99m for the General Funds which will be funded by reserves.

The core costs of the Diocese are for Parish Ministry and the personnel supported by stipends and salaries, with stipends and staff salaries rising by 5% during 2024 to match inflation/cost-of-living increases, consistent with the increase given in 2023.

Our Diocese remains a relatively poor Diocese with limited reserves, but our supporters are generous, and we remain grateful for the participation in the financial needs of the Diocese expressed in Common Fund Contributions. The 2024 Common Fund contributions totalled £3.4m (2023 - £3.4m). The 2025 Common Fund target has been set at £3.5m and we continue to proactively work with PCCs and across the SDBF on financial planning and sustainability.

Net operating costs before investment gains yielded a £1.0m deficit (2023 - £0.9m deficit) which was better than forecast and significantly below the approved budget deficit of £2.1m. The deficit was substantially contained below projections due to the difficulty experienced in recruiting clergy to the available posts.

Diocese reserves have been utilised to cover the shortfall in operating costs created in 2024 and 2023 but we are keenly aware of the limitations on our free reserves. The National Church Triennium funding award is a critical element of future planning.

A significant element of our funding is received from the Archbishops' Council, which was £4.2m (2023 - £4.6m) across a number of projects. This includes Lowest Income Communities funding of £1.7m (2023 - £1.7m) which we have allocated to support mission and ministry in parishes where they have ranked in the lowest 10% of our Diocese in terms of Social Deprivation indices.

The Transformation, Capacity and Resourcing Churches projects are included in these Archbishops' Council funds. These projects support the ongoing strategic development of the Diocese and enable us to reach new and diverse communities. We also received a grant of £75,000 from the Sheffield Church Burgesses Trust which continues to support work across the Sheffield Deaneries. Income from investments and rental income was largely in line with expectation.

Costs for Resourcing Mission and Ministry remained consistent with the prior year but were lower than budget. Recruitment progress remained slower than desired, but costs of establishing clergy have become significantly more expensive. Housing and removal costs remain particularly susceptible to inflationary pressures and there is continued pressures on these associated budgets.

The total value of Tangible Fixed Assets increased to £38.5m from £37.3m primarily as a result of additions in stipend fund properties funded from the sale of investments. This is a strategic decision to meet ongoing clergy housing requirements. No depreciation was charged in year and in line with policy all depreciating assets having been written down in prior years. There was a gain in the year in the value of Fixed Asset Investments, due to favourable changes in market value late in 2024, but not to the same extent of gains seen in 2023. The movement on valuation can go up and down, driven by general economic uncertainties from potential trading tariffs and the continuity conflicts in Ukraine and the Middle East.

Pension schemes are administered by the Church of England Pensions Board.

The Church of England Funded Pension Scheme for clergy had its most recent scheme valuation in 2021 and the previous deficit had been eliminated. The pension contribution rate in 2024 was 28% consistent with 2023 in line with national contribution rates.

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The Church Workers Pension Fund, covering all current salaried employees on a defined contribution basis has a normal contribution rate of 10.5% including death in service benefits.

During the year, there was a usable surplus of £192,000 arising from an historic Church Workers defined benefit scheme valuation in 2022. This scheme has no current salaried employees and the decision was made to use the surplus to offset the employer monthly costs of the defined contribution scheme from April 2024, thus helping towards reducing the overall Diocese deficit in the year. The surplus will be fully utilised in early 2025.

Reserves Policy

Our Reserves Policy considers the use of all our Funds but primarily focuses on our Unrestricted Funds, which fall into three categories:

Free Reserves, which we define as the resources held in our General Fund as readily realisable assets, at 31 December 2024, totalled £3.8m (31 December 2023: £5.3m). There has been a decrease in these reserves which mirrors the operational deficit of £1.0m on general funds, a £0.2m transfer of properties and a £0.2m net transfer between funds. There is a longer term strategy to release monies from restricted funds where possible for work towards strategic priorities.

Our priority is to maintain Free Reserves at a sufficient level to ensure financial resilience and sustainability, including mitigating against key risks identified in our risk register for at least the next financial year. A planned deficit for 2025 of £1.99m was approved by Diocesan Synod in November 2024.

We are also seeking to achieve a balance between holding reserves to maintain financial resilience and using our funds in support of the mission and strategic priorities as set out in the Diocesan Strategy in October 2018, “Renewed Released Rejuvenated”.

We are blessed that we hold certain Restricted Funds which can also be deployed to support the implementation of the strategy. We continue to adopt a strategic plan agreed by Bishop’s Council to utilise funds as helpfully as possible within the regulatory framework.

Tangible fixed assets within our General Fund are held to support our charitable activities. Funds are not readily available as they can only be realised through the sale of the properties we hold. Our policy is review whether we need to retain these assets at least once a year and when they become vacant. At 31 December 2024 the total value was £1.7m being the net book value of the relevant properties less the value of any related loans which would be repayable if the properties were sold. (31 December 2023: £1.4m).

Designated Funds: The Trustees may designate an element of Unrestricted Funds for an agreed purpose where this is considered to be appropriate and linked to a particular objective. The need for the fund is reviewed at least once a year and funds returned to Free Reserves if no longer required. In our reserves policy, we are taking the approach to limit the use of designated funds.

Details of all designated, restricted and endowment funds can be found in notes 17 to 20 of the accounts.

The Diocese of Sheffield is delighted to confirm that it has no direct investments in fossil fuel companies, as has been the case for some time. Following a meeting of the Bishop’s Council, it has also committed to not reinvesting in them in the future.

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Grant Making Policy

The SDBF's Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects. The Grants Committee meets annually to consider applications made by parishes to support ongoing activities.

Grants made in 2024 covered contributions towards necessary maintenance works in Church buildings where alternative funding is not available locally, grants for this purpose are typically less than £5,000. Additionally, a number of grants were made to support various aspects of ministry including short term parish support staff contributions and event support. These grant awards were consistent with the aims and objectives of the SDBF.

Investment Policy

The SDBF is empowered by its Memorandum and Articles of Association to invest monies not immediately required for its purposes. In addition, the SDBF acts as Trustee of a number of Trust Funds, and these must be invested in accordance with the related trusts.

The Trustees' investment policy is to hold all restricted and endowed investments in CBF Funds. CCLA Investment Management Ltd have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

Most of the SDBF's other investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited.

The Finance and Property Committee regularly reviews the performance of the funds and makes decisions on investments. In the coming year we will be working with CCLA on a full review of investments held by SDBF.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and active management of risk. A corporate register of risks is maintained. Separate project-level risk registers are also maintained and reported through Programme reporting structures.

The corporate risk register is reviewed by the Trustees at each Bishop's Council meeting and at the Finance & Property Committee (F&PC). The responsibility for delivery of the mitigation strategies identified is delegated to individual risk owners under the oversight of the Diocesan Secretary. The register is reviewed and updated 4 times a year by the Programme Team with risk owners.

Risks are categorised as Financial, Strategic & Reputational, Operational and Statutory & Legal. Risks are plotted in a matrix to easily highlight our most significant risk areas. A summary of our most significant risks and associated mitigation strategies are detailed below:

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Financial

Churches don't / can't meet Common Fund pledges, resulting in loss of income to Diocese for investment in priority work

- monthly review by Finance team and Generous Giving Officers (GGOs) and escalated to Senior Staff
- encourage churches to adopt Parish Giving Scheme, Parish Buying Scheme and other stewardship resources
- Mission Area Support and advice for churches in urgent situations
- challenge undermining narratives in PCCs
- clear communications about Common Fund
- Giving and Generosity Officers funded by national church to increase capacity and help churches to increase income
- staff redundancy where budget is not reduced commensurately.

Unbudgeted financial commitments or overspend that eat into reserves, eventually leading to reputational damage / emergency loan required from Church Commissioners

- F&PC meet regularly to review finances
- variances of spend against budget are examined each month
- reports provided to Bishop's Council and Programme Board who provide additional challenge and support
- quarterly project budget review with Strategic Programme Director provides additional scrutiny
- appointment of dedicated Project Accountant.

Strategic & Reputational

High-profile safeguarding failures in the wider national church lead to a general loss of confidence in Church of England safeguarding policy and procedure at all levels, undermining the work of the Diocesan Safeguarding Team and PCCs to create a safe church for all

- communications to reassure people on robust diocesan safeguarding policy and practice
- professionally qualified, well-resourced Diocesan Safeguarding Team. Confident, trained and supported Parish Safeguarding Officers
- safeguarding training available to all appropriate roles
- scrutiny and audit of safeguarding practice by Diocesan Safeguarding Advisory Panel (DSAP)
- the Diocese fostering a culture of transparency and openness where there is a balance of power and understanding of individual rights
- good communication and dialogue between parishes and Dioceses
- strong leadership by senior staff where challenge is welcomed
- Registrar and Anthony Collins provide legal support
- Contract with 31:8 for DBS support, complaints and listening service, out of hours and team absence cover
- Safer Recruitment policies and training in place. Requirement for policies to be in place in all churches, and for reporting of serious incidents to charity commission, Diocese Safeguarding Advisor and Diocesan Secretary.

Theological positions of some churches and the reputation of the C of E leads to a lack of safety for LGBTQIA+ people / Outcomes of the Living in Love and Faith exploration /

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consultation lead to some of our congregations leaving the C of E / Diocese resulting in financial loss and reputational damage

- encourage people to join in with the short course and listen to a variety of views
- Senior Staff to encourage generosity, engagement and mutual respect across difference
- dialogue offered by Bishops and Archdeacons
- confirm any legal implications with Registrar

Pace and scale of change means that some parishes are blockers and not permission givers resulting in failure of strategic aims

- Area Deans and Archdeacons providing support for key leaders
- active risk management through Transformation programme
- Associate Archdeacons in post and building relational capital.

Operational

Inability to recruit sufficient suitable clergy to Oversight Minister roles leading to a failure of the diocesan strategy

- Open Days for clergy recruitment
- seeking to use Pathways for Clergy recruitment
- review recruitment process to avoid limiting the range of candidates considered
- strategic leadership pipeline of curates.

Inadequate staff resources, capacity and attendance creates pressure on central services leading to delays, errors and increased sickness levels

- bid for additional resources through grant funding
- increase timescales for delivering some services
- sickness monitoring
- regular checks on the wellbeing of staff by line managers and additional support offered to individuals when required
- engage Recruitment Agencies.

Statutory & Legal

Non-compliance with legal frameworks and statutory regulations leading to legal claims and fines or payment of compensation

- Registrar engaged
- budget allocated and accrued across financial years
- insurance in place
- commercial legal support for property/tenant disputes
- staff recruited with the relevant technical and professional qualifications with regular CPD to maintain expertise and knowledge
- ICAEW and trustee course and charity conference
- appropriate financial audits.

STRUCTURE GOVERNANCE AND MANAGEMENT

The Sheffield Diocesan Board of Finance (SDBF) is a company limited by guarantee (No. 196087) and a registered charity (No. 245861) governed by its Memorandum and Articles of Association.

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The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Sheffield. It was established in its present form in 1926.

The SDBF works in consultation with the wider Church of England and receives a range of funding from both The Church Commissioners and the Archbishops' Council. The Bishop of Sheffield is a member of the House of Bishops who are responsible for setting key policy which impacts SDBF operations, a key example would be in the area of Safeguarding.

Governance and policy of the SDBF is the responsibility of the Directors, who are also members of the company and Trustees for the purposes of charity law. The Bishop of Sheffield, together with other ex-officio persons are Trustees together with six people elected from and by the members of Diocesan Synod every three years, re-elections were held in 2024, with new Trustees joining from 1 January 2025. The Bishop of Sheffield, the Rt Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years. The Synod elects six of the Trustees of the Diocesan Board of Finance. The SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association. By virtue of the National Institutions Measure 1998 the SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the SDBF in consultation with the Diocesan Board of Education

The role of Bishops Council is set out in paragraph 75 of the Standing Orders. It includes planning the business of synod and advising the synod on matters placed before it. It also has an advisory role on financial business, as set out in paragraph 109 of the Standing Orders. Under paragraph 111, the finance committee of the Board of Finance has to submit its accounts and draft budget to Bishops Council. Bishops Council then makes to the Synod sitting as the Board of Finance "such recommendations thereon as it thinks fit". Synod (sitting as the DBF) approves the budget as proposed by the finance committee and authorises the DBF to expend a sum not exceeding the amount outlined within the budget as presented.

The Finance and Property Committee appointed on behalf of Bishop's Council is responsible for oversight and scrutiny on decision making around financial resources and property assets. This committee meets most months. A budget is prepared annually and presented to first to Bishop's Council and then Diocesan Synod for approval at its November meeting.

The Committee undertakes the SDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

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Trustees

Trustees are members of the Bishop's Council and are either elected via Diocesan Synod or via interview. They are given induction as they start their role and at other times as appropriate. 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. Trustees are required to make a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Trustee appointments – there were no new appointments in 2024.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a use of a positioning scale for the grading of posts. Salary and stipend uplift decisions are made annually paid in April (Clergy) and July (DBF officers and staff).

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TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of SDBF for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 (FRS102)
- 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 SDBF 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 SDBF 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 SDBF'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.

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.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2024. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr PJ Wilcox
Chair	IG Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	JA Butcher MA (Cantab), MSc, PhD
	The Venerable M L Chamberlain BA, BTh, MPhil (Resigned June 2025)
	The Reverend C Dawson
	A De Castro (Appointed January 2025)
	The Venerable J Iqbal
	The Right Reverend S Jelley (Resigned February 2025)
	M MacDonald
	IJ Newton BA FCA
	Lay Canon P M Rainford MA
	The Reverend E Morrison (Appointed January 2025)
	The Reverend I Smith BA
	The Reverend EH Steele
	The Reverend Canon M Rhodes
	The Reverend B Tanner (Appointed January 2025)
	The Very Reverend Abagail Thompson
Secretary	T Gardiner
Registered office	95 -99 Effingham Street Rotherham S65 1BL
Bankers	Virgin Money
Auditors	Saffery LLP, 10 Wellington Place, Leeds, LS1 4AP
Investment advisers	CCLA Investment Management Ltd
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ
Insurers	Ecclesiastical Insurance

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-13 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Signed by:
2820C8EA705D4D9...
Ian Walker

Chair

24 June 2025

Signed by:
23587F7CA3BB44D...
Tony Gardiner

Secretary

24 June 2025

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD DIOCESAN BOARD OF FINANCE LIMITED

Opinion

We have audited the financial statements of Sheffield Diocesan Board of Finance Limited for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its 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.

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Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 themselves. 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) 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 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 and strategic 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, or returns adequate for our audit have not been received from branches not visited by us; or

· the 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 21, 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

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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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act. 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. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates. Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales and the Church of England Measures.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

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During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the

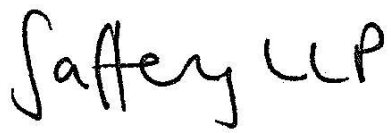
Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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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.



2 July 2025

Sally Appleton (Senior Statutory Auditor)

For and on behalf of Saffery LLP, Statutory Auditor

10 Wellington Place, Leeds, LS1 4AP

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SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2024
Including movements in Endowment Funds

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2024 £'000**	Total 2023 £'000
Income and endowments from							
Donations							
Parish contributions	2	3,689	-	246	-	**3,935**	3,870
Archbishops' Council		1,822	129	2,219	-	**4,170**	4,636
Other donations		122	137	56	-	**315**	273
Charitable activities	3	336	35	20	-	**391**	398
Other activities	4	246	1	38	-	**285**	221
Investments	5	392	-	270	40	**702**	735
Other - sale of assets		108	-	-	167	**275**	-
		6,715	302	2,849	207	**10,073**	10,133
Expenditure on							
Raising funds	6	-	-	78	-	**78**	50
Charitable activities	7	7,753	309	3,513	-	**11,575**	11,607
		7,753	309	3,591	-	**11,653**	11,657
Net (expenditure)/income before investment gains		(1,038)	(7)	(742)	207	**(1,580)**	(1,524)
Net gains on disposals of fixed assets		15	-	-	20	**35**	305
Net (expenditure)/income for year		(1,023)	(7)	(742)	227	**(1,545)**	(1,219)
Transfer between funds	17	(291)	7	284	-	**-**	-
Other recognised gains							
Net gains on revaluation of investments		83	-	202	219	**504**	1,639
Net movements in funds		(1,231)	-	(256)	446	**(1,041)**	420
Total funds brought forward		6,730	-	8,450	45,657	**60,837**	60,417
Total funds carried forward	17	5,499	-	8,194	46,103	**59,796**	60,837

All activities derive from continuing activities. The notes on pages 31 to 43 form part of the financial statements.

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SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET
As at 31 December 2024

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2024 £'000**	Total 2023 £'000
FIXED ASSETS							
Tangible fixed assets	12	2,189	-	-	36,265	**38,454**	37,286
Investments	13	1,967	-	8,165	8,684	**18,816**	20,951
		4,156	-	8,165	44,949	**57,270**	58,237
CURRENT ASSETS							
Debtors	14	536	-	243	206	**985**	734
Cash at bank and in hand		1,615	-	783	983	**3,381**	3,441
		2,151	-	1,026	1,189	**4,366**	4,175
CREDITORS: amount falling due within one year	15	(324)	-	(995)	-	**(1,319)**	(960)
		1,827	-	31	1,189	**3,047**	3,215
TOTAL ASSETS LESS CURRENT LIABILITIES		5,983	-	8,196	46,138	**60,317**	61,452
CREDITORS: amount falling due after more than one year	16	(484)	-	(2)	(35)	**(521)**	(615)
NET ASSETS		5,499	-	8,194	46,103	**59,796**	60,837
FUNDS							
Endowment funds		-	-	-	46,103	**46,103**	45,657
Restricted funds	17	-	-	8,194	-	**8,194**	8,450
Unrestricted funds		5,499	-	-	-	**5,499**	6,730
		5,499	-	8,194	46,103	**59,796**	60,837

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 24 June 2025 and signed on behalf of the Board by:

Ian Geoffrey Walker (Chairman)

Signed by:

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SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
For the year ended 31 December 2024

		2024		2023
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities		**(2,479)**		(1,617)
Cash flow from investing activities				
Dividends, interest and rent from investments	**702**		735	
Proceeds from the sale of:				
Tangible fixed assets	**570**		1,003	
Fixed assets investments	**2,638**		2,090	
Purchase of:				
Tangible Fixed Assets for the use of the SDBF	**(1,428)**		(1,291)	
Net cash provided by investing activities		**2,482**		2,537
Cash flow from financing activities				
Loans repaid by the SDBF	**(101)**		(5)	
Loans repaid to the SDBF	**39**		6	
		(62)		1
Change in cash and cash equivalents in the reporting period		**(59)**		921
Cash and cash equivalents at 1 January		**3,441**		2,520
Cash and cash equivalents at 31 December		**3,382**		3,441
Reconciliation of net expenditure to net cash flow from operating activities				
Net expenditure for the year ended 31 December		**(1,545)**		(1,219)
Adjustments for:				
Dividends, interest and rent from investments		**(702)**		(735)
(Increase) / Decrease in debtors		**(290)**		328
Increase in creditors		**368**		314
Gains on investments/fixed assets		**(310)**		(305)
Net cash used in operating activities		**(2,479)**		(1,617)
Analysis of cash and cash equivalents				
Cash at bank and in hand		**3,382**		3,441

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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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The trustees believe that the expected income and expenditure is sufficient especially considering the level of reserves held by the charity to enable it to continue as a going concern. In addition the initial award from the National Church bid received in March 2025, amounting to £17.5m has components to support the SDBF and its sustainability plans for the period 2025-28.

a) Income

All income is included in the Statement of Financial Activities (SoFA) when the SDBF is entitled to it, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

i) **Common fund** is recognised as income of the year in which it is received.
ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
iii) **Interest and dividends** are recognised as income when receivable.
iv) **Grants** received are recognised in the year received uness accounting convention requires them to be carried forward as the entitlement criteria are not met.
v) **Parochial fees** are recognised as income of the year to which they are received.
vi) **Donations** other than grants are recognised when receivable**.**
vii) **Gains on disposal of fixed assets for the SDBF'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.

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.

i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in 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 SDBF, 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 SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors.

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

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 SDBF 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. Annual impairment reviews in accordance with the requirements of FRS102 ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are held at fair value with the value linked-loan revalued accordingly.

Parsonage houses

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

Stipend Fund Properties

The SDBF has followed the requirements of FRS102, in its accounting treatment for properties contained in the Stipend Fund Capital Fund. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF 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, whereas Church House legal title remains within the Stipend Fund Capital under SDBF as provision of offices to the SDBF.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Fixtures and fittings	15-30% per annum straight line basis

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1 ACCOUNTING POLICIES (continued)

e) Other accounting policies

i) **Fixed asset investments**
These are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

ii) **Investment properties**
Glebe properties which are held for investment purposes and rented out have been included at their fair value.

f) Fund balances

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

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

Designated funds set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees

ii) **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

iii) **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 SDBF (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.

iv) **"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 as charity branches. Trusts where the SDBF 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:

- Assessment of residual value of freehold property when determining whether or not depreciation is required – see above;
- Calculation of depreciation – see details set out at 1d) above; and
- Accounting for pensions – the key assumptions underpinning any pension creditor reflected in these accounts are set by the Church of England Pensions Board and then reviewed and accepted or challenged by the Trustees. The DBF has adopted a policy of recognising its usable surplus on the Church Workers Pension Fund which is included within debtors.

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2 DONATIONS

Parish contributions

Donations are collected from the parishes of the diocese through the Common Fund system.

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Current year						
Parish contributions	3,305	-	50	-	**3,355**	3,368
Receipts for previous years	65	-	-	-	**65**	14
	3,370	-	50	-	**3,420**	3,382
Locally supported clergy	319		196		**515**	488
	3,689	-	246	-	**3,935**	3,870

The prior year Parish contributions included £215k of restricted funds for locally supported ministry.

Archbishops' Council

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
LINC and Transition Funding*	1,724	-	-	-	**1,724**	1,733
Mutality in Finance	50	-	-	-	**50**	50
Resourcing Churches	-	-	387	-	**387**	470
Centenary Project	-	-	31	-	**31**	278
Transformation and Capacity Funding	-	-	1,219	-	**1,219**	1,176
Racial Justice	-	-	16	-	**16**	-
Resourcing Ministerial Education	-	-	(285)	-	**(285)**	241
Ordinands Grants	-	-	27	-	**27**	-
Spiritual growth	-	-	8	-	**8**	-
Revitalisation Project	-	-	247	-	**247**	-
Giving advisor	48	-	-	-	**48**	48
Net Zero	-	129	-	-	**129**	-
Minor Repairs Grants	-	-	30	-	**30**	-
Additional Curates	-	-	400	-	**400**	516
Posts of First Responsibility	-	-	109	-	**109**	124
MES and Youth	-	-	30	-	**30**	-
	1,822	129	2,219	-	**4,170**	4,636

* This is annual funding which is allocated to Lowest Income Communities with reference to deprivation indicies and parish population, which may be used either for specific parish mission and development projects or for clergy stipends.
The prior year Archbishops Counil income includes £2,805k of restricted funding, including £1,176k relating to the Strategic Transformation Fund and £872k relating to the Strategic Development Fund.

Other donations

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Benefact Trust formerly AllChurches	-	125	-	-	**125**	145
Church Burgesses	75	-	-	-	**75**	75
Donations	47	12	56	-	**115**	53
	122	137	56	-	**315**	273

All prior year "other donations" were unrestricted (£113k) or designated (£160k).

3 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Statutory fees	287	-	-	-	**287**	303
Chaplaincy and other	49	35	20	-	**104**	64
Education	-	-	-	-	**-**	31
	336	35	20	-	**391**	398

The prior year charitable activities income includes £49k of restricted income and £35k of designated income.

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4 OTHER ACTIVITIES

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Housing income	230	-	20	-	**250**	221
Other income	16	1	18	-	**35**	-
	246	1	38	-	**285**	221

The prior year figures include £10k of restricted income.

5 INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Dividend receivable	162	-	132	-	**294**	515
Interest receivable	89	-	138	40	**267**	99
Rents receivable	141	-	-	-	**141**	121
	392	-	270	40	**702**	735

The prior year investment income includes £253k allocated to restricted funds and £91k allocated to endowment funds.

6 FUNDRAISING COSTS

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Glebe agent's fee	-	-	38	-	**38**	29
Parsonage rental costs	-	-	40	-	**40**	21
	-	-	78	-	**78**	50

The prior year fundraising costs include £29k relating to the endowment fund.

7 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2024**	2023
	£'000	£'000	£'000	£'000	**£'000**	£'000
Archbishops Council						
Training for ministry	188	-	-	-	**188**	188
National church responsibilities	209	-	-	-	**209**	209
	397	-	-	-	**397**	397
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	2,757	126	787	-	**3,670**	3,486
Pension contribution	566	26	165	-	**757**	802
Housing costs	1,627	86	120	-	**1,833**	1,683
Removal, resettlement and grants	186	-	19	-	**205**	186
	5,136	238	1,091	-	**6,465**	6,157
Clergy training and support	144	-	17	-	**161**	308
Support for parish ministry	2,044	51	2,357	-	**4,452**	4,651
	7,324	289	3,465	-	**11,078**	11,116
Expenditure						
Projects, conferences and events	32	20	48	-	**100**	94
	32	20	48	-	**100**	94
	7,753	309	3,513	-	**11,575**	11,607

Prior year expenditure includes £246k allocated to the designated fund, £3,930k allocated to the restricted fund and £5k allocated to the endowment fund,

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8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	**Total Costs 2024 £'000**
Raising funds	78	-	-	**78**
Charitable activities:				
Contributions to Archbishops' Council	397	-	-	**397**
Resourcing parish ministry	7,367	3,019	692	**11,078**
Schools and Projects	38	62	-	**100**
	7,880	3,081	692	**11,653**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2023 £'000
Raising funds	50	-	-	50
Charitable activities:				
Contributions to Archbishops' Council	397	-	-	397
Resourcing parish ministry	6,763	3,723	630	11,116
Schools and Projects	73	21	-	94
	7,283	3,744	630	11,657

9 ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	**Total 2024**
	General £'000	Designated £'000	£'000	£'000	**£'000**
Central administration	588	-	-	-	**588**
Governance:					
External audit	38	-	-	-	**38**
Registrar and Chancellor	59	-	-	-	**59**
Diocesan Synodical costs	7	-	-	-	**7**
	692	-	-	-	**692**

	Unrestricted funds		Restricted Funds	Endowment Funds	**Total 2023**
	General £'000	Designated £'000	£'000	£'000	**£'000**
Central administration	537	-	-	-	537
Governance:					
External audit	28	-	-	-	28
Registrar and Chancellor	52	-	-	-	52
Diocesan Synodical costs	13	-	-	-	13
	630	-	-	-	630

10 ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	**Total 2024 £'000**	Total 2023 £'000
From unrestricted funds for National Church responsibilities					
Contributions to Archbishops' Council	2	-	327	**327**	322
From unrestricted funds:					
PCCs for faculty fees	60	-	20	**20**	8
Clergy for training	61	15	-	**15**	10
Ordinands in training	23	145	-	**145**	301
	144	160	20	**180**	319

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11 STAFF COSTS

	2024 £'000	2023 £'000
Employee costs during the year were as follows:		
Wages and salaries	**2,887**	2,675
National Insurance contributions	**272**	242
Pension costs	**125**	310
	3,284	3,227

The Pension Costs include a credit of £192,000 (2023: £nil) in relation to a usable surplus which arose from the completion of the latest actuarial valuation on the Church Workers Defined Benefit Scheme allowing a reduction in the pension costs in 2024.

The average number of persons employed during the year:

	Number	Number
Administration and financial management	**17**	16
Property	**3**	3
Discipleship & Ministry, Stewardship	**15**	13
Safeguarding and inclusion	**6**	6
Projects staff funded from reserves	**6**	6
Projects staff externally funded	**48**	49
	95	93

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:	Number	Number
£60,001 - £70,000	**1**	2
£70,001 - £80,000	**2**	1
£80,001 - £90,001	**1**	-

Pension payments of £30,268 were made for these employees (2023: £21,928).

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 and Company Secretary	Katie Bell
Director of Finance	Tony Gardiner
Director of Formation for Ministry	Rev Toby Hole
Director of Education	Huw Thomas
Deputy Diocesan Secretary (Comms, Safeguarding, HR)	Lindsay-Jane Buxton

Remuneration, pensions and national insurance for these 5 employees amounted to £354,252 (2023: £396,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £13,048 (2023 - £7,827) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Right Revd S Jelley	No	Yes
Venerable J Iqbal	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Rev I Smith	Yes	Yes
Rev F Kouble	Yes	Yes
Rev EH Steele	Yes	Yes
Rev M Rhodes	Yes	Yes
Rev C Dawson	Yes	Yes

The SDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop but excluding Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 114 (2023 - 112) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024 £'000	2023 £'000
Stipend	**3,359**	3,198
National Insurance contributions	**280**	257
Pension costs	**757**	802
	4,396	4,257

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £39,953 - £51,910 (2023 range: £38,050 - £48,972). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2024 was in the range £40,230 - £42,242 (2023 range: £38,314 - £40,230) and other clergy who were Trustees were paid in the range £29,056 - £30,509 (2023 range: £27,672 - £29,056). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2024 at £12,539 (2023: £11,942). The value of housing provided to the Bishop is estimated at £17,010 (2023: £16,200).

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12 TANGIBLE FIXED ASSETS

	Unrestricted Funds					
	Freehold Properties	Leasehold Properties	Office Equipment	Parsonages Fund Properties	Stipend Fund Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2024	2,027	-	46	30,802	4,457	37,332
Additions	-	-	-	-	1,428	1,428
Disposals	(102)	-	-	-	(158)	(260)
Transfers	264	-	-	(1,585)	1,321	-
At 31 December 2024	**2,189**	**-**	**46**	**29,217**	**7,048**	**38,500**
Depreciation						
At 1 January 2024	-	-	46	-	-	46
At 31 December 2024	**-**	**-**	**46**	**-**	**-**	**46**
Net Book Value						
At 31 December 2024	**2,189**	**-**	**-**	**29,217**	**7,048**	**38,454**
At 31 December 2023	2,027	-	-	30,802	4,457	37,286

Freehold properties in the Balance Sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2024 there were 5 (2023: 6) such properties and their value included above amounts to £904,849 (2023: £1,007,647).

13 FIXED ASSETS INVESTMENTS

	At 1 Jan 2024	Additions	Disposals	Transfers	Change in Market Value	**At 31 Dec 2024**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Unrestricted funds						
Unlisted investments	3,918	-	(2,033)	-	82	**1,967**
Restricted funds						
Unlisted investments	7,963	-	-	-	202	**8,165**
Endowment funds						
Investment property	3,920	-	-	-	62	**3,982**
Unlisted investments	5,150	-	(605)	-	157	**4,702**
	9,070	-	(605)	-	219	**8,684**
Total	20,951	-	(2,638)	-	503	**18,816**

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14 DEBTORS

	2024	2023
	£'000	£'000
Due within one year		
Loans to parishes	**27**	27
Loans to schools	**112**	124
Other debtors and prepayments	**630**	340
	769	491
Due after more than one year		
Loans to parishes	**216**	243
	216	243
Total debtors	**985**	734

15 CREDITORS: amounts falling due within one year

	2024	2023
	£'000	£'000
Church Commissioners other loans	-	7
Deferred income	**986**	50
Other creditors and accruals	**333**	903
	1,319	960

16 CREDITORS: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	**483**	565
Other loans	**38**	50
	521	615
The maturity of the above loans may be analysed as follows:		
Between one and two years	**13**	13
Between two and five years	**25**	37
In five years or more	**483**	565
	521	615

Church Commissioners Value-Linked Loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis with the Church Commissioners and are repayable on the disposal of the related property.

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17 SUMMARY OF FUND MOVEMENTS 2024 YEAR END

	At 1 Jan 2024	Income	Expenditure	Transfers	Gains and Losses	At 31 Dec 2024
	£'000	£'000	£'000	£'000	£'000	**£'000**
UNRESTRICTED FUNDS						
General	6,729	6,715	(7,753)	(291)	97	**5,498**
Designated Funds:						
Benefact formerly AllChurches	-	125	(125)	-	-	-
Net Zero	-	129	(134)	5	-	-
Chaplaincy	-	35	(35)	-	-	-
Other	-	13	(15)	2	-	-
	-	302	(309)	7	-	-
RESTRICTED FUNDS						
Pastoral	2,827	71	(77)	-	87	**2,908**
Church in Action	4,887	134	(72)	(440)	101	**4,610**
Schools	505	99	(158)	59	5	**510**
Transformation and Capacity Funding	(319)	1,219	(1,355)	455	-	-
Resourcing Churches	(144)	399	(581)	326	-	-
Revitalisation Project	-	249	(194)	(55)	-	-
Centenary Project	57	218	(435)	160	-	-
Resourcing Ministerial Education	-	(258)	(27)	-	-	**(285)**
Other Trusts/grants/donations	637	718	(692)	(221)	9	**451**
	8,450	2,849	(3,591)	283	202	**8,194**
ENDOWMENT FUNDS						-
Stipend Fund Capital	11,336	167	-	709	78	**12,291**
Parsonages	32,600	40	-	(709)	140	**32,071**
Schools	1,721	-	-	-	21	**1,742**
	45,657	207	-	-	240	**46,104**
TOTAL FUNDS	60,836	10,074	(11,653)	-	539	**59,795**

SUMMARY OF FUND MOVEMENTS 2023 YEAR END

	At 1 Jan 2023	Income	Expenditure	Transfers	Gains and Losses	At 31 Dec 2023
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	6,748	6,515	(7,447)	559	354	6,729
Designated Funds:						
Restructuring Fund	7	195	(246)	44	-	-
	7	195	(246)	44	-	-
RESTRICTED FUNDS						
Pastoral	2,895	60	(28)	(317)	217	2,827
Church in Action	4,020	143	(58)	409	373	4,887
Schools	504	78	(174)	97	-	505
Projects	597	2,142	(2,370)	(575)	-	(206)
Energy grants	400	-	(400)	-	-	-
Other Trusts/grants/donations	614	909	(900)	(186)	-	437
	9,030	3,332	(3,930)	(572)	590	8,450
ENDOWMENT FUNDS						
Stipend Fund Capital	10,542	-	(29)	486	337	11,336
Parsonages	32,587	52	(5)	(611)	577	32,600
Schools	1,503	39	-	94	85	1,721
	44,632	91	(34)	(31)	999	45,657
TOTAL FUNDS	60,417	10,133	(11,657)	-	1,943	60,836

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18 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Unrestricted fund contributions to projects	(284)	-	284	-
Stipend Capital Fund from the Parsonsage Fund for property transfers	-	-	-	(709)
Parsonage Fund to Stipend Capital Fund for property transfers	-	-	-	709
To designated funds from unrestricted	(7)	7	-	-
	(291)	7	284	-

19 SUMMARY OF ASSETS BY FUND 2024 YEAR END

	Fixed Assets	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	2,189	1,967	2,149	(806)	5,499
RESTRICTED FUNDS					
Pastoral	-	2,735	451	(276)	2,910
Church in Action	-	4,498	543	(433)	4,608
Schools	-	510	-	-	510
Resourcing Ministerial Education	-	-	-	(285)	(285)
Miscellaneous Trusts	-	422	32	(2)	452
	-	8,165	1,026	(996)	8,195
ENDOWMENT FUNDS					
Stipend Fund Capital	7,048	4,726	515	-	12,289
Parsonages	29,217	3,003	(149)	-	32,070
Schools		955	825	(38)	1,743
	36,265	8,684	1,191	(38)	46,102
TOTAL FUNDS AS AT 31 DECEMBER 2024	**38,454**	**18,816**	**4,366**	**(1,840)**	**59,796**

SUMMARY OF ASSETS BY FUND 2023 YEAR END

	Fixed Assets	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	2,027	3,918	1,846	(1,061)	6,730
RESTRICTED FUNDS					
Pastoral	-	2,648	179	-	2,827
Church in Action	-	4,398	488	-	4,886
Schools	-	505	-	-	505
Projects	-	-	257	(463)	(206)
Miscellaneous Trusts	-	412	25	-	437
	-	7,963	949	(463)	8,449
ENDOWMENT FUNDS					
Stipend Fund Capital	5,949	4,648	740	-	11,337
Parsonages	29,310	3,488	(197)	-	32,601
Schools	-	934	836	(51)	1,719
	35,259	9,070	1,379	(51)	45,657
TOTAL FUNDS AS AT 31 DECEMBER 2023	37,286	20,951	4,174	(1,575)	60,836

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20 DESCRIPTION OF FUNDS

GENERAL FUND

The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.

DESIGNATED FUNDS

Benefact

From grants received from the Allchurches now renamed Benefact, SDBF has designated this fund to help kick start a growth regeneration programme in the Doncaster area where there are high levels of deprivation.

RESTRICTED FUNDS

Pastoral Fund

The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other dioceses
- to transfer funds to the Diocesan Stipends Fund income or capital accounts.

Church in Action

The Church in Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.

Church Schools Fund

This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

Projects

The projects undertaken by the SDBF are as follows:

1. Mission Partnership Development Worker Project
2. Centenary Project
3. Children's, Youth and Families Worker Project
4. Resourcing Churches Project
5. Transformation and Capacity Funding Project
6. Revitalisation Project

Miscellaneous Trusts

There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows:

Queen Victoria Fund
Training of Ordinands - Alice Marple Trust
Training of Ordinands - E J Freeman Bequest
Elizabeth Bramall Trust
Sheffield Scripture Readers General Trusts
Sheffield Scripture Readers Benevolent Trusts
First Lord Grimthorpe Charity Fund

ENDOWMENT FUNDS

Stipend Fund Capital

The Diocesan Stipends Capital Fund has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. The fund may be used for the purchase, capital improvement and maintenance of glebe property and benefice houses. Funds can be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

Parsonages

This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses. The fund also includes investments where surplus benefice houses have been sold when surplus to requirements.

Church Schools Fund

This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

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21 PENSIONS

Church of England Funded Pension Scheme

Sheffield DBF participates in two defined benefit pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of Sheffield DBF and the other Responsible Bodies. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund for lay staff.

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, which were £0.757m in 2024 (2023: £0.802m), 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% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in

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

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

% of pensionable stipends	31st Dec 2024	31st Dec 2023	31st Dec 2022	31st Dec 2021
Deficit repair contributions	Nil	Nil	Nil	7.1%

An interim reduction to deficit contributions to 3.2% of pensionable stipends was 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 were no deficit recovery payments from 1 January 2023 onwards,

	2024	2023
	£'000	£'000
Balance sheet liability as at 1 January	-	
Contributions paid	-	
Interest costs (recognised in the SoFA)	-	
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability as at 31 December	-	-

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

	December 2024	December 2023	December 2022
Discount rate	n/a	n/a	n/a
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	n/a

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

Church Workers Pension Fund (CWPF)

Sheffield DBF participates in the Defined Benefits Scheme section of CWPF for lay staff, which is now closed to future accrual. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:
1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
   A. a deferred annuity section known as Pension Builder Classic, and,
   B. a cash balance section known as Pension Builder 2014.

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 charge of £NIL for 2024 (2023: £NIL).

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.

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21 PENSIONS (continued)

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 below:

	2024	2023
Balance Sheet liability at 1st January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining charge to the balance sheet liabulity * (recognised in SOFA)	-	-
Balance sheet liability at 31st Dec	-	-

* 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:

	Dec-24	Dec-23	Dec-22
Discount rate	N/A	N/A	0.00%

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

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: £317,277, 2023: £309,514).

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

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, Sheffield DBF could become responsible for paying a share of the failed employer's pension liabilities.

As a result of the valuation at 31 December 2022, the valuation generated a useable surplus for Sheffield DBF amounting to £192,000. Sheffield DBF decided to use this surplus to reduce the cash cost of the employers contributions during 2024 into the Pension Builder 2014 scheme for a period of approximately 10 months.

Included on the balance sheet is an asset of £24k relating to a usable surplus within the SDBF's share of the Church Workers Pension Fund - defined benefit scheme. During the year £168k of this surplus was used by the SDBF against its current year pension contributions under the Pension Builder Scheme.

22 FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF 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 SDBF does not control them. The financial assets held in this way may be summarised as follows:

	2024	2023
	£'000	£'000
CBF Church of England Investment Fund Income Shares	**6,295**	5,558
CBF Church of England Fixed Interest Securities Fund Shares	**732**	225
COIF Income and Accumulation Shares	**235**	219
CBF Church of England Deposit Fund	**1,998**	845
Other Investments	**559**	318
Cash at bank	**286**	286
	10,105	7,451

SHEFFIELD DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 245861

Accounts

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Annual Report

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Financial Statements

For the year ended 31st December 2023

THE DIOCESE OF SHEFFIELD

SHEFFIELD DIOCESE BOARD OF FINANCE

Company Number: 196087

Registered Charity Number: 245861

The Diocese of Sheffield is called to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world

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ANNUAL REPORT

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2023. In signing as Trustees, they also sign the strategic report sections in their capacity as Directors. This combined report satisfies the legal requirements for:

The Directors' Report of a charitable company

The Strategic Report under the Companies Act 2006, and

The Trustees Annual Report under the Charities Act 2011

FOREWORD

I am encouraged by the progress across the Diocese during 2023, in spite of some significant 'headwinds'. The wider Church of England's exploration of the Prayers of Love and Faith proved to be seriously challenging to the unity and diversity of our Diocese during this year – ours is perhaps among the most polarised in the country over these proposals. And the anticipated 'bounce-back' from Covid has taken longer to materialise than we had hoped, compounded no doubt by the cost of living crisis.

And yet… and yet our statistics show that across many measures of attendance and participation, figures in 2023 are higher than in 2022. Average Adult Weekly Attendance has increased by 7%. Both Adult and Child Usual Sunday Attendance have increased by 6%, and Worshipping Community has increased by 4%. Easter and Christmas attendance have seen more significant increases of 11% and 19% respectively. This is in line with statistics reported nationally.

I am cautious about the implications of these figures. On the one hand, we should celebrate the data: many transformed individual lives and stories of God's grace have contributed to it. On the other hand, this is not yet an established trend of growth. So for what it implies about the work of the Holy Spirit in our midst, we give thanks to God. But we must continue to work hard to ensure 2023 is not an aberration.

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

2023 was a year of operational deficit for the Diocese, however this was planned, as a deficit budget on our general unrestricted funds had been approved by Diocesan Synod as part of our long term strategy to invest in the foundation of new structures within the Diocese to facilitate sustainable growth in the years to come.

Successful rollout of these investments continues through the appointment of great leaders.

However, the impact on giving, and therefore funds flow to the Diocese, has been disrupted due to the impact of COVID-19; the longer time scale to bounce back from it; coupled with the subsequent cost of living pressures. These pressures have impacted our whole Diocese, but disproportionately so in our poor communities - the focus of many of our growth initiatives. It is, therefore, taking longer than originally planned for a significant upturn in common fund to feed through to Diocesan finances.

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Unusually at the end of the year, despite us running a deficit, overall funds on our balance sheet remained stable at £60.8m compared to £60.4m in 2022. There were a number of reasons for this including:

1. The operational deficit on unrestricted general funds of £0.9m was substantially less than the budgeted deficit of £1.5m, primarily due to recruitment to clergy vacancies being at a slower pace than hoped.
2. We have continued to focus on maximising the performance of our Glebe and other investments, resulting in gains in year of £1.6m, £0.3m of which is attributable to the unrestricted general fund.
3. We have been able to continue to release and reallocate assets between funds, resulting in a transfer to the unrestricted general fund of £0.6m

The net result is that our unrestricted general funds stood at £6.7m at 31 December 2023 which is at the same level as last year end.
As long as fixed asset and investment valuations remain healthy, this gives us a little more headroom for us to see the fruits from our long term strategy of Renewed, Released and Rejuvenated.

Ian Walker, Chair of Sheffield Diocesan Board of Finance

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LEGAL OBJECTS

The Sheffield Diocesan Board of Finance's ("SDBF") principal object is to promote, assist and advance the religious and other charitable work of the Church of England in the Diocese of Sheffield by acting as the financial executive of the Sheffield Diocesan Synod. The objects of the Diocese of Sheffield cover most of the County of South Yorkshire with a small part of the East Riding and one parish in North Yorkshire.

The SDBF has the following statutory responsibilities:

i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976
ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991
iv. the custodian of permanent endowment and property assets relating to trusts held by Incumbents and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

STRATEGIC AIMS AND OBJECTIVES

The SDBF manages the financial aspects of the provision of ministry within the Diocese ensuring appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities.

The Diocese of Sheffield continues:

i. to ensure a Christian presence in every parish;
ii. to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
iii. to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, including schools, universities, and in local communities; and
iv. to manage diocesan resources effectively to meet the legal objects of the Diocese.

In promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that SDBF delivers public benefit. This is achieved through community engagement, resourcing education and supporting those in need both spiritually and physically.

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ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Progress Against our Strategy in 2023

Introduction

We continued to work throughout 2023 towards the implementation of our 3Rs Strategy: 'Renewed, Released and Rejuvenated'. 2023 marks the mid-point of our current strategy. The 'Rocket boosting' additional investment from the Strategic Transformation Fund (STF) runs to 2026. In light of this we launched a 'Strategy Refresh' programme in 2023. This is looking at the impact of our strategic interventions post pandemic and post award of the initial STF investment and will inform our future strategic planning and engagement with available Diocesan Investment Programme funding streams moving forward.

We have continued to make some excellent clergy appointments in year. This has been supported in part by the ongoing investment in our Diocesan clergy leadership pipeline. In recent years we have intentionally increased our investment in the team supporting vocations and we have actively engaged with Strategic Ministry Funding to maximise our curate places from a SDBF baseline of 4 to a maximum available of 10. This has included intentional match funding from SDBF reserves as we recognise the critical nature of this work in supporting the future leaders of the Diocese and beyond.

In year we have also continued to develop and expand our Curate in Charge programme which allows us to increase our leadership development offer to curates in the third year of their training pathway. It has also enabled us to proactively manage key strategic clergy vacancies. We have also secured funding in year to support a Ministry Experience Scheme with the first planned cohort to start in 2024. Alongside this we have continued to invest directly in the development of lay leaders. Our Focal Ministry programme continues to go from strength the strength.

Our prayer community continued to grow with just under 1,400 members against a target of 2,025 members by 2025.

We also continued to make progress against targets for the Rejuvenated strand of the strategy:

	Current number 2023	Target number 2025
Resourcing Churches	11	12
New Congregations Sheffield & Rotherham	9	25
New Congregations Doncaster	15	25
New Congregations Schools	11	25

We currently have 94 active authorised Focal Ministers across the Diocese, and more people in the pipeline. This exceeds the target of 65 for the year and is very promising for the longer-term sustainability of the Oversight model of ministry.

48 individual Oversight Ministers are now licenced on the new style role description (60% of stipendiary clergy). Associate Archdeacons continue to prove valuable in supporting parishes on the ground to find ways forward and implement the strategy.

The Statistics for Mission for 2023 show that there are positive signs of ongoing recovery to pre-pandemic levels. Estimated attendance for October 2023 increased to 78% of 2019 levels. 23% of parishes experienced growth in their worshipping community, 28%

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remained steady, and 49% have seen a decrease since 2019. 13% of parishes experienced growth in their usual Sunday attendance, 37% remained steady, with 50% below 2019.

Work supported by National Church Funding

Strategic Transformation Funding

The Transformation programme – a multi-year award of £5.6m from the Archbishops' Council's Strategic Investment Board in 2020 - supports our 3Rs strategy delivery; it is the 'rocket fuel' to help us achieve our vision.

Solid progress continued during 2023. Coaching and mentoring of Oversight Ministers / clergy by Associate Archdeacon Transition Enablers (AATEs) continued as we journey to the new model of ministry; 60 individual (75%) Oversight Ministers / clergy are now in a 121 coaching / mentoring relationship with their AATE. Learning Communities are now underway in 5 out of 6 twinned deaneries. 162 clergy and lay people completed Unconscious Bias training by the end of 2023, exceeding the lifetime target.

48 individual Oversight Ministers are now licenced on the new style role description (60% of stipendiary clergy) and more clergy recruitment is planned / underway. 5 more Leadership Formation events took place in 2023, with good feedback and engagement. 20 Mission Areas have been formed, which is behind where we hoped to be at this stage; the number of parish vacancies is affecting formation but is expected to catch up as vacancies are filled.

94 active Focal Ministers are now authorised in 11 out of 12 deaneries, with more in the pipeline. We have also seen real traction with Personal Rule of Life (PRoL). 43 churches are now actively engaged, and 331 adults have attended PRoL workshops.

Mission Area Support made a real difference to parishes this year. At the end of 2023, 487 tasks were completed by MAS teams, supporting 149 parishes, exceeding the target for the year. Feedback from parishes on this new coordinated 'centrally employed and locally deployed' model of support continues to be very positive.

Robust monitoring and governance of the whole programme continued throughout 2023 to ensure delivery of outcomes is kept on track.

The Diocese has drawn down £2m of the Strategic Transformation allocated funding to date against delivery expenses incurred.

Revitalisation

The Diocese was successful in securing £4.7m of Diocesan Programme Investment Funding in April 2023 towards the Revitalisation multi-year project. This new project will fund 5 new graft teams and encourage more new congregations across the Diocese, in addition to running a new Young Leader's Ministry Experience Scheme (MES). The majority of activity will start in 2024, but already we have awarded 13 Small Sparks grants (one-off grants to parishes to start a new missional activity) and 1 Mission Enabler (lay worker) grant.

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Resourcing Churches

Both St John's Goole and Rotherham Minster teams were able to further build and sustain momentum in 2023.

Overall growth in the worshipping community and engaged disciples remains slower than expected, but we are seeing growth in most areas with solid foundations being built on. Good prayerful plans are in place, lots of missional activities are underway and the relational fringe in both places continues to grow with new links emerging in all aspects of church life. The civic role of both churches became even more prominent in each town in 2023. Momentum continues to grow and there is confidence in further growth as we enter the final year of the SDF project.

Centenary Project

The Centenary Project has continued to have a significant impact and has gained national recognition as a model of best practice. 17 Centenary Project Workers are currently in post, and a further 4 posts will be created as part of the new Revitalisation project in the next 18 months. 1,473 children and young people engaged with 200 different mission activities during quarter four of 2023.

The SDF commitment to the project formally ended in 2022, but an underspend was carried forward into 2023. The project will continue in full and is fully funded until the end of 2025 (with original Diocesan funding). Future sustainability and expansion options are being explored with the full support of Bishop's Council and Programme Board.

Education

Church of England Schools are a vital part of the work and ministry of the Diocese. There are 38 primary schools and 1 secondary school in the Diocese of Sheffield educating about 9,500 students.

The Diocese of Sheffield Board of Education (DBE) remains committed to the development of effective collaboration with, and between, our Church Schools; to the celebration of the excellent work that has been, and will be, carried out in our Church Schools; and to the supporting and enrichment of Church Schools' distinctive offering of teaching and learning within a Christian context.

Centrally organised and provided Diocesan support has returned, including the successful "Understanding Christianity" training which, this year, has a cohort that mixed, with half from church schools and half the participants working in community schools, located within the Diocese. There has also been a welcome return of other training such as SIAMS Preparation, workshops on Child Spiritual Development, Liturgy and Worship and our regular Leadership Briefings. The Diocese is also providing other training in RE for schools across the region.

Our Diocesan Schools have continued their journeys of improvement, moving from 85% good or outstanding in January 2018 to 95% good or outstanding in January 2023, with schools that were previously graded as inadequate in OFSTED inspections of preceding years now evaluated as good. There are no inadequate schools in the Diocese of Sheffield and the remaining 'Requires Improvement' include schools awaiting an inspection to enable them to change that grading.

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The Diocese offers good provision in all its schools.

After a lull during the period affected by Covid, the Diocese has returned to engagement with the national programme enabling schools to become academies. 75% of our schools have converted or are in the conversion process. The Diocese of Sheffield Academies Trust (DSAT) and James Montgomery Trust (JMAT) continue to be the two voluntary aided trusts within the Diocese, along with St Mary's Academy Trust (SMAT), the trust shared with the Diocese of Leeds. DSAT, our Diocese-led trust, now serves 15 schools. The Trust is recognised by the DFE as an effective potential partner in supporting schools in difficulty.

The process of establishing 20 to 25 school-based congregations in our church schools has now restarted and conversations have commenced about new projects.

The Board of Faith and Justice

As a Diocese we are passionate about issues of social justice. Much of this work is co-ordinated through the Board of Faith and Justice. The Board's work is shaped by the strategy document Salt and Light – A strategy for serving and transforming our society and God's World. In particular, the Board has focussed on developing the Diocesan response across the last 3 Marks of Mission of the Anglican Communion:

i. To respond to human need by loving service;
ii. To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation
iii. To strive to safeguard the Integrity of creation and sustain and renew the life of the earth. The Board carries out much of its active business through working groups, each dedicated to a specific area of Salt and Light concern with terms of reference and membership established by the Board.

Throughout the year, the Board played a vital role in promoting social justice, fostering inclusivity, and supporting the working groups listed below. The board consists of dedicated individuals who worked tirelessly to address pressing issues and make a positive impact on the lives of people in the diocese. Moreover, the board actively engaged with various advocacy efforts, both at the local and national levels. They voiced their concerns and opinions on social issues such as racial justice, environmental sustainability, and social justice. By actively participating in discussions and advocating for change, the board worked towards creating a more just and compassionate society.

Throughout 2023 the following working groups were active;

Mental Health
Diocesan Resource Group for Seniors (DRGS)
Black, Asian and Minority Ethnic Anglicans (BAME)
Dementia
Poverty & Inequality
Global Justice
Climate Change and Environment.

In 2023 we submitted a funding application to the Diocesan Investment Programme Racial Justice stream which was successful. Plans include the appointment of a Racial Justice Officer who will develop and lead our strategy in this area. We hope to appoint to this post in early 2024.

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Work continued towards our carbon neutral plans through the Net Zero Steering Group. 20 more churches achieved the A Rocha bronze level or above accreditation (13 Bronze and 7 silver). We are pleased to say that the Diocesan Church House achieved Bronze status in 2023.

Senior Staff Appointments

The Senior Staff team had a fairly steady year in terms of personnel changes, with minor movement compared to other years. The Chief Executive Officer returned from maternity leave in May. Our Finance Director left the Diocese at the end of 2023 but has been providing support with cover for the role through the search process. As at December 2023 we are actively engaged in a formal recruitment process.

Safeguarding

Safeguarding is a key priority for the Diocese. In 2023 we continued to deliver training both online and in person where the need arose and it was safe to do so. The safeguarding team has been successful in recruiting to key posts.

This enables the team to offer safeguarding advice and support to the Cathedral in line with the service level agreement currently being developed.

Related Parties

The SDBF works closely with a range of partners and parties:

The Archbishops' Council to which the Diocese pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Archbishop's Council and National Church Institutions from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF also pays for clergy stipends through the Archbishop's Council.

The Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement

Volunteers

The SDBF is dependent on the huge number of volunteers involved in church activities both locally and at Diocesan level. The SDBF greatly values the considerable time given by all volunteers and particularly, committee members across the Diocese in pursuit of the mission of the SDBF. No attempt has been made to quantify this resource, so generously given.

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FUTURE PLANS

As is noted in the Foreward by Rt Revd Dr Pete Wilcox the Diocese has shown positive signs of missional health and growth in year. We have made a number of key appointments to clergy vacancies and we continue to invest reserves to maintain our clergy numbers in line with our strategic planning.

We have benefited from financial support to increase our baseline number of curates. This additional investment from the strategic mission and ministry fund is one element that has supported the development of our Curate in Charge programme which supports a strong and healthy leadership development pipeline across the Diocese.

Transformation programme
The programme formally ends at the end of 2026. Priorities for 2024 include:

- Launch of clergy wellbeing survey to see how things are going and what we could do differently
- Coaching training for more clergy and lay leaders
- Learning Communities underway across all 6 twinned deaneries
- Authorised Focal Ministers across all 12 deaneries
- Re-authorisation of at least 75% of Focal Ministers authorised in 2021
- 12 Lights for Christ Champions
- 400 individuals adopted Personal Rule of Life
- 50+ parishes supported in admin and compliance by Mission Area Support

Revitalisation
The Revitalisation project will run until July 2030. Priorities for 2024 include:

- Three of five Revitalisation grafts underway
- 7 Mission Enabler grants and 30 Small Sparks grants awarded
- Recruitment of Ministry Experience Scheme (MES) Project Coordinator and Warden
- Commencement of first MES Young Leader's cohort

Resourcing Churches
The project formally ends 31 Dec 2024; we are currently forecasting an underspend which is likely to extend posts into early 2025. Discussions about sustainability and continuation of the teams are ongoing and is a priority for the next period.

Strategy Refresh and application for triennium funding
Our 'Renewed Released Rejuvenated' strategy was put in place to 2025. Therefore 2023 was the ideal time to review progress, understand what God is blessing and calling the Diocese towards. Following an extensive consultation exercise in 2023 and early 2024 we are now at the point of being able to discern the next iteration of a refreshed strategy. This will be informed by the impact of the current strategy, the consultation feedback, and new opportunities in our region, such as new housing developments.

In parallel with the development of the refreshed strategy we are continuing to partner with national church for funding support for the next phase of mission and ministry in the Diocese.

FINANCIAL REVIEW

2023 continues the fragile recovery in our post COVID era against an economic backdrop where utility costs and cost of living metrics have suffered the steepest inflationary rises in

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many parishioners' lifetimes. The financial constraints felt in the households across our Diocese have impaired the ability of many to contribute to the work of the Diocese.

The sustained generosity of a wide range of donors has been matched by the much-needed support from our Archbishops' Council who have prioritised their commitments to resource our Diocese in a range of project funds.

These commitments have been extended in 2023 alongside the Transformation and Capacity Funding to include a Revitalisation project assisting multiple parishes to renew. These projects and their funding streams commit us in partnership through to 2030.

This cannot conceal the underlying escalation in operational costs of core Diocese activity and static common fund contribution levels which open a substantial operational deficit. This ongoing deficit and its implications are being factored into the sustainability plans which will be at the core of our bid for longer term National Church Triennium funding. This bid is in preparation but will be submitted at the earliest in late 2024. (In 2022 the Archbishops' Council announced the allocation of £1.2 billion available over the period 2023-2025 with this level of funding to be maintained over the following 6 years. This £3.6 billion of funds will be available on a bid basis for specific purposes. Sheffield Diocese is currently working to obtain our share but this injection of funds into the life of Dioceses around the UK has potential to be transformative.)

A deficit operational budget for 2024 has been set at £2.07m which will be funded by reserves.

The core costs of the Diocese are for Parish Ministry and the personnel supported by stipends and salaries. The costs have been rising in response to inflation which has only fallen back in early 2024 – staff costs rose by 5% to assist with the cost-of-living crisis.

Our Diocese remains a relatively poor Diocese with limited reserves, but our supporters are generous, and we remain grateful for the participation in the financial needs of the Diocese expressed in Common Fund Contributions. The 2023 Common Fund contributions totalled £3.4m (2022 - £3.4m). Pledges received for 2024 total £3.68m; we do not expect this level of contribution to rise significantly in the immediate future although we continue to proactively work with PCCs and across the SDBF on financial planning and sustainability.

Net operating costs before investment gains yielded a £0.9m deficit which was better than forecast and within the approved budget deficit of £1.52m. The deficit was substantially contained below projections due to the difficulty experienced in recruiting clergy to the available posts. The clergy cost saving thus offset the common fund shortfall against pledges. 2023 was the first year that we were not contributing to a clergy pension deficit which was settled at the end of 2022.

Diocese reserves have been utilised to cover the shortfall in operating costs created in 2023 and 2022 but we are keenly aware of the limitations on our free reserves. The triennium funding bid is thus a critical element of future planning.

A significant element of our funding is received from the Archbishops' Council £5m (2022 - £4m) across a number of projects. This includes Lowest Income Communities funding of £1.6m (2022 - £1.7m) which we have allocated to support mission and ministry in parishes where they have ranked in the lowest 10% of our Diocese in terms of Social Deprivation indices.

The Transformation, Capacity and Resourcing Churches projects are included in these Archbishops' Council funds. These projects support the ongoing strategic development of

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the Diocese and enable us to reach new and diverse communities. We also received a grant of £75,000 from the Sheffield Church Burgesses Trust which continues to support work across the Sheffield Deaneries. Income from investments and rental income was largely in line with expectation.

Costs in 2023 for Resourcing Mission and Ministry increased in comparison with the prior year but remained lower than budget. Recruitment progress was slower but costs of establishing clergy have become significantly more expensive. Housing and removal costs have been particularly susceptible to inflationary pressures and there is continued pressures on these associated budgets.

The total value of Tangible Fixed Assets increased to £37.3m from £36.6m primarily as a result of additions in stipend fund properties funded from the sale of investments. This is a strategic decision to meet ongoing clergy housing requirements. No depreciation was charged in year. In line with policy all depreciating assets having been written down in prior years. There was a gain in the year in the value of Fixed Asset Investments, due to favourable changes in market value late in 2023. The movement on valuation can go up and down, this was caused by general economic uncertainties particularly the war in Ukraine. These gains reversed the 2022 substantial losses.

Pension schemes, the Church of England Funded Pension Scheme and the Church Workers Pension Fund are administered by the Church of England Pensions Board. Contributions in year are in line with national contribution rates and in line with expectation. The most recent scheme valuation of the Church of England Funded Pension Scheme was completed in 2021 and revealed the deficit had been restored and at 2022 there is no longer any provision for additional measures to recover the shortfall. 2023 pension contributions for clergy have been reduced from 39% to 28% which has helped fund the stipend increment of 5% required to address the inflationary pressures in 2023.

Reserves Policy

Our Reserves Policy considers the use of all our Funds but primarily focuses on our Unrestricted Funds, which fall into three categories:

Free Reserves which we define as the resources held in our General Fund as readily realisable assets. At 31 December 2023 these totalled £.5.3m (31 December 2022: £5.3m). Free reserves have been maintained despite the £0.9m operational deficit on general funds due to the ability to transfer £0.6m of funds from Restricted and Endowment Funds to general funds in 2023. This is part of a longer term strategy to release funds where possible for work towards strategic priorities.

Our priority is to maintain Free Reserves at a sufficient level to ensure financial resilience and sustainability, including mitigating against key risks identified in our risk register for at least the next financial year. A planned deficit for 2024 of £2.07m was approved by Diocesan Synod in November 2023.

We are also seeking to achieve a balance between holding reserves to maintain financial resilience and using our funds in support of the mission and strategic priorities as set out in the Diocesan Strategy in October 2018, “Renewed Released Rejuvenated”

We are blessed that we hold certain Restricted Funds which can also be deployed to support the implementation of the strategy. We continue to adopt a strategic plan agreed by Bishop’s Council to utilise funds as helpfully as possible within the regulatory framework.

Tangible fixed assets within our General Fund are held to support our charitable activities and are not readily available as they can only be realised through the sale of the properties we hold. Our policy is review whether we need to retain these assets at least once a year and when they become vacant. At 31 December 2023 the total value was £1.4m being the net book value of the relevant properties less the value of any related loans which would be repayable if the properties were sold. (31 December 2022: £1.4m).

Designated Funds: the Trustees may designate an element of Unrestricted Funds for an agreed purpose where this is considered to be appropriate linked to a particular objective. The need for the fund is reviewed at least once a year and funds returned to Free Reserves if no longer required. In our reserves policy, we are taking the approach to limit the use of designated funds. As at 31 December 2023 we had 1 designated fund which had a value of £nil as (31 December 2022: 1 designated fund totalling £7,000.)

Details of all designated, restricted and endowment funds can be found in notes 17 to 20 of the accounts.

The Diocese of Sheffield is delighted to confirm that it has no direct investments in fossil fuel companies, as has been the case for some time. Following a meeting of the Bishop's Council, it has also committed to not reinvesting in them in the future.

Grant Making Policy

The SDBF's Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects. The Grants Committee meets annually to consider applications made by parishes to support ongoing activities.

Grants made in 2023 covered contributions towards necessary maintenance works in Church buildings where alternative funding is not available locally, grants for this purpose are typically less than £5,000. Additionally, a number of grants were made to support various aspects of ministry including short term parish support staff contributions and event support. These grant awards were consistent with the aims and objectives of the SDBF.

Investment Policy

The SDBF is empowered by its Memorandum and Articles of Association to invest monies not immediately required for its purposes. In addition, the SDBF acts as Trustee of a number of Trust Funds, and these must be invested in accordance with the related trusts.

The Trustees' investment policy is to hold all restricted and endowed investments in CBF Funds. CCLA Investment Management Ltd have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

Most of the SDBF's other investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited.

The Finance and Property Committee regularly reviews the performance of the funds and makes decisions on investments. In year we will be working with CCLA on a full review of investments held by SDBF.

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PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained. The register is reviewed by the Trustees at each Bishop's Council meeting and also at each of the Finance & Property Committees. The responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary

The risk register identifies areas where the risk of either failure to act or the impact of the events is considered significant. Risk areas have been reviewed at Heads of Department, Finance and Property Committee and Bishop's Council: Governance/Strategic; Staff; Financial (income/expenditure); Reputational; Statutory/Legal and Operational. These risk areas and the associated mitigation strategies are summarised:

Financial

Risk of under-collection of and/or reduced Common Fund, fees or rent

Collection statistics are produced and circulated on a monthly basis
Parish Finance Team in place and operating effectively
Financial Modelling tool developed and used to support strategic decision making

Reputational

Child protection and vulnerable adults:

Communications and PR support engaged
Liaison with National Safeguarding Team
Resources for safeguarding expanded; and
Delivered high volume of training to clergy, parish employees and volunteers

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Statutory/Legal

Risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law:

- Registrar and Chancellor contract in place;
- Safeguarding team in place;
- Policies aligned with National Church guidelines;
- Safeguarding training provided;
- Thirty-One Eight contract in place for DBS checks;
- Thirty-One Eight cover in place for Safeguarding Adviser and listening service provision.

Data Protection Legislation

Risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently compliant with GDPR

- Staff training carried out
- Ability for individuals to set their own privacy settings on the Diocesan CMS database;
- Privacy statement available;
- Undertook Cyber Essential check.

Staffing

Risk of prolonged staff absences through long term illness

- Temporary staff recruited;
- Flexible cover between teams.

STRUCTURE GOVERNANCE AND MANAGEMENT

The Sheffield Diocesan Board of Finance (SDBF) is a company limited by guarantee (No. 196087) and a registered charity (No. 245861) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Sheffield. It was established in its present form in 1926.

The SDBF works in consultation with the wider Church of England and receives a range of funding from both The Church Commissioners and the Archbishops' Council. The Bishop of Sheffield is a member of the House of Bishops who are responsible for setting key policy which impacts SDBF operations, a key example would be in the area of Safeguarding.

Governance and policy of the SDBF is the responsibility of the Directors, who are also members of the company and Trustees for the purposes of charity law. The Bishop of Sheffield, together with other ex-officio persons are Trustees together with six people elected from and by the members of Diocesan Synod every three years, re-elections were last held in 2021. The Bishop of Sheffield, the Rt Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years. The Synod elects six of the Trustees of the Diocesan Board of Finance. The

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SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association. By virtue of the National Institutions Measure 1998 the SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the SDBF in consultation with the Diocesan Board of Education

The role of Bishops Council is set out in paragraph 75 of the Standing Orders. It includes planning the business of synod and advising the synod on matters placed before it. It also has an advisory role on financial business, as set out in paragraph 109 of the Standing Orders. Under paragraph 111, the finance committee of the Board of Finance has to submit its accounts and draft budget to Bishops Council. Bishops Council then makes to the Synod sitting as the Board of Finance "such recommendations thereon as it thinks fit". Synod (sitting as the DBF) approves the budget as proposed by the finance committee and authorises the DBF to expend a sum not exceeding the amount outlined within the budget as presented.

The Finance and Property Committee appointed on behalf of Bishop's Council is responsible for oversight and scrutiny on decision making around financial resources and property assets. This committee meets most months. A budget is prepared annually and presented to first to Bishop's Council and then Diocesan Synod for approval at its November meeting.

The Committee undertakes the SDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Trustees

Trustees are members of the Bishop's Council and are either elected via Diocesan Synod or via interview. They are given induction as they start their role and at other times as appropriate. 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. Trustees are required to make a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Trustees appointments – there were no new appointments in 2022

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a use of a positioning scale for the grading of posts. Salary and stipend uplift decisions are made annually paid in April (Clergy) and July (DBF officers and staff).

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TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of SDBF for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 (FRS102)
- 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 SDBF 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 SDBF 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 SDBF'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.

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.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2023. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr PJ Wilcox
Chair	IG Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	JA Butcher MA (Cantab), MSc, PhD
	The Venerable M L Chamberlain BA, BTh, MPhil
	The Reverend C Dawson
	IRDowning [Retired November 2023]
	The Venerable J Iqbal
	The Right Reverend Sophie Jelley
	The Reverend F Kouble
	M MacDonald
	IJ Newton BA FCA
	Lay Canon P M Rainford MA
	The Reverend I Smith BA
	The Reverend EH Steele
	The Reverend Canon M Rhodes
	The Very Reverend Abigail Thompson
Secretary	K Bell
Registered office	95 -99 Effingham Street Rotherham S65 1BL
Bankers	Virgin Money
Auditors	Saffery LLP
Investment advisers	CCLA Investment Management Ltd
Glebe Agents	Savills
Insurers	Ecclesiastical Insurance

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-10 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Ian Walker
Chair
Signed by: Ian Walker 77BB4C96798C4CE...
Date 21 August 2024

Katie Bell
Secretary
DocuSigned by: Katie Bell A3FEC934A594471...
Date 19 August 2024

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD DIOCESAN BOARD OF FINANCE LIMITED

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report) 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 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 and strategic 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, or returns adequate for our audit have not been received from branches not visited by us; or

• the 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 18, 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

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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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act. 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. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates. Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

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During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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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.

Saffery LLP

Sally Appleton (Senior Statutory Auditor)

For and on behalf of Saffery LLP, Statutory Auditor

Mitre House

North Park Road

Harrogate

HG1 5RX

19 September **2024**

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SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2023
Including movements in Endowment Funds

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2023 £'000**	Total 2022 £'000
Income and endowments from							
Donations							
Parish contributions	2	3,655	-	215	-	**3,870**	3,625
Archbishops' Council		1,831	-	2,805	-	**4,636**	4,043
Other donations		113	160	-	-	**273**	559
Other grants		-	-	-	-	**-**	267
Charitable activities	3	314	35	49	-	**398**	463
Other activities	4	211	-	10	-	**221**	241
Investments	5	391	-	253	91	**735**	714
		6,515	195	3,332	91	**10,133**	9,912
Expenditure on							
Raising funds	6	21	-	-	29	**50**	71
Charitable activities	7	7,426	246	3,930	5	**11,607**	10,937
		7,447	246	3,930	34	**11,657**	11,008
Net (expenditure)/income before investment gains and asset sales		(932)	(51)	(598)	57	**(1,524)**	(1,096)
Surplus on investment sales		-	-	-	-	**-**	32
Surplus on sales of fixed assets		44	-	-	261	**305**	-
Net (expenditure)/income for year		(888)	(51)	(598)	318	**(1,219)**	(1,064)
Transfer between funds	18	559	44	(572)	(31)	**0**	-
Other recognised gains / (losses)							
Net gains/(losses) on investments		311	-	590	738	**1,639**	(1,785)
Net movements in funds		(18)	(7)	(580)	1,025	**420**	(2,849)
Total funds brought forward		6,748	7	9,030	44,632	**60,417**	63,266
Total funds carried forward	17	6,730	0	8,450	45,657	**60,837**	60,417

All activities derive from continuing activities. The notes on pages 28 to 45 form part of the financial statements.

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SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET
As at 31 December 2023

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2023 £'000**	Total 2022 £'000
FIXED ASSETS							
Tangible fixed assets	12	2,027	-	-	35,259	**37,286**	36,693
Investments	13	3,918	-	7,963	9,070	**20,951**	21,402
		5,945	-	7,963	44,329	**58,237**	58,095
CURRENT ASSETS							
Debtors	14	264		327	143	**734**	1,057
Cash at bank and in hand		1,582		623	1,236	**3,441**	2,520
		1,846	-	950	1,379	**4,175**	3,577
CREDITORS: amount falling due within one year	15	(498)	-	(463)	1	**(960)**	(554)
		1,348	-	487	1,380	**3,215**	3,023
TOTAL ASSETS LESS CURRENT LIABILITIES		7,293	-	8,450	45,709	**61,452**	61,118
CREDITORS: amount falling due after more than one year	16	(563)		-	(52)	**(615)**	(701)
Net assets excluding pension liabilities		6,730	-	8,450	45,657	**60,837**	60,417
Defined benefit pension liabilities	21	-	-	-	-	**-**	-
NET ASSETS		6,730	-	8,450	45,657	60,837	60,417
FUNDS							
Endowment funds		-	-	-	45,657	**45,657**	44,632
Restricted funds		-	-	8,450	-	**8,450**	9,030
Unrestricted funds		6,730	-	-	-	**6,730**	6,755
		6,730	-	8,450	45,657	**60,837**	60,417

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on and signed on behalf of the Board by:

Signed by:
Ian Walker
[illegible]

21 August 2024

Ian Geoffrey Walker (Chairman)

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SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
For the year ended 31 December 2023

	£'000	2023 £'000	£'000	2022 £'000
Net cash (outflow) from operating activities		(1,617)		(2,602)
Cash flow from investing activities				
Dividends, interest and rent from investments	735		714	
Proceeds from the sale of:				
Tangible fixed assets	1,003		258	
Fixed assets investments	2,090		2,845	
Purchase of:				
Tangible Fixed Assets for the use of the SDBF	(1,291)		(1,253)	
Fixed assets investments	-		(556)	
Net cash provided by investing activities		2,537		2,008
Cash flow from financing activities				
Loans repaid to the SDBF	6		61	
Loans repaid by the SDBF	(5)		(33)	
		1		28
Change in cash and cash equivalents in the reporting period		921		(566)
Cash and cash equivalents at 1 January		2,520		3,086
Cash and cash equivalents at 31 December		3,441		2,520
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income / (expenditure) for the year ended 31 December		(1,219)		(1,064)
Adjustments for:				
Dividends, interest and rent from investments		(735)		(714)
(Increase) / Decrease in debtors		328		(281)
Increase/(Decrease) in creditors		314		(300)
(Decrease) in Pension Liability		-		(211)
Surplus on fixed asset sales		(305)		(32)
Net cash (used in) operating activities		(1,617)		(2,602)
Analysis of cash and cash equivalents				
Cash at bank and in hand		3,441		2,520

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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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. SDBF recognsies that there has been slower than expected post COVID recovery of key income streams such as Common fund and current economic challenges around interest rates and energy costs. However, the trustees believe that the expected income and expenditure is sufficient especially considering the level of reserves held by the charity to enable it to continue as a going concern.

a) Income

All income is included in the Statement of Financial Activities (SoFA) when the SDBF 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) **Common fund** is recognised as income of the year to which it is received.

ii) **Rent** receivable is recognised as income in the period with respect to which it relates.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received are recognised in the year received unless their entitlement to receipt relates to future accounting periods.

v) **Parochial fees** are recognised as income of the year to which they are received.

vi) **Donations** other than grants are recognised when receivable**.**

vii) **Gains on disposal of fixed assets for the SDBF'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.

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.

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

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in 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 SDBF, 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 SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors where there is an agreed schedule of contributions.

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c) Tangible fixed assets and depreciation

Freehold properties

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 SDBF 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. Annual impairment reviews in accordance with the requirements of FRS102 ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are held at historical cost taken on transition to FRS102 at 1 January 2014. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form.

Parsonage houses

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

Stipend Fund Properties

The SDBF has followed the requirements of FRS102, in its accounting treatment for properties contained in the Stipend Fund Capital Fund. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF 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, whereas Church House legal title remains within the Stipend Fund Capital under SDBF as provision of offices to the SDBF.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

e) Other accounting policies

i) **Fixed asset investments**
These are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities. Glebe properties which are held for investment purposes and rented out have been included at their fair value.

ii) **Leases**
The SDBF 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 shorter of the overall lease term or first break clause whichever is shorter in time.

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f) Fund balances

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

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

Designated funds set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees

ii) **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

iii) **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 SDBF (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 as charity branches. Trusts where the SDBF 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.

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2 DONATIONS

Parish contributions

Donations are collected from the parishes of the diocese through the Common Fund system from 2015 and through Parish Share before then.

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Current year						
Parish contributions	3,368	-	-	-	3,368	3,340
Receipts for previous years	14	-	-	-	14	58
	3,382	-	-	-	3,382	3,398
Locally supported ministry	273	-	215	-	488	227
	3,655	-	215	-	3,870	3,625

Archbishops' Council

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
LInC and Transition Funding*	1,733	-	-	-	1,733	1,751
Strategic Development Fund	98	-	872	-	970	1,059
Capacity Funding	-	-	-	-	-	163
Resourcing Ministerial Education	-	-	241	-	241	204
Strategic Transformation Fund (DIP)	-	-	1,176	-	1,176	467
Mission Development Fund	-	-	516	-	516	-
Energy grants	-	-	-	-	-	400
	1,831	-	2,805	-	4,636	4,044

* This is annual funding which is allocated to Lowest Income Communities with reference to deprivation indicies and parish population, which may be used either for specific parish mission and development projects or for clergy stipends.

Other donations

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Benefact Trust	-	145	-	-	145	166
Sheffield Church Burgesses Trust	75	-	-	-	75	75
Other Donations	38	15	-	-	53	318
	113	160	-	-	273	559

Other grants

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Other grants	-	-	-	-	-	267
	-	-	-	-	-	267

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3 CHARITABLE ACTIVITIES	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Statutory fees	303	-	-	-	303	355
Chaplaincy and other	9	35	20	-	64	65
Education	2	-	29	-	31	43
	314	35	49	-	398	463

4 OTHER ACTIVITIES	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Housing income	211	-	10	-	221	234
Other income	-	-	-	-	-	7
	211	-	10	-	221	241

5 INVESTMENT INCOME	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Dividend receivable	207	-	217	91	515	296
Interest receivable	63	-	36	-	99	281
Rents receivable	121	-	-	-	121	137
	391	-	253	91	735	714

6 FUND RAISING COSTS	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Glebe agent's fee	-	-	-	29	29	48
Parsonage rental costs	21	-	-	-	21	23
	21	-	-	29	50	71

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7 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2023**	2022
	£'000	£'000	£'000	£'000	**£'000**	£'000
Archbishops Council						
Training for ministry	188	-	-	-	188	249
National church responsibilities	209	-	-	-	209	217
Other						
Grants and provisions	-	-	-	-	-	194
	397	-	-	-	397	660
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	2,632	119	735	-	3,486	4,528
Pension contribution	634	24	144	-	802	1,059
Housing costs	1,398	44	241	-	1,683	1,425
Removal, resettlement and grants	186	-	-	-	186	218
Other expenses	-	-	-	-	-	44
	4,850	187	1,120	-	6,157	7,274
Support for parish ministry	54	-	254	-	308	798
	4,904	187	1,374	-	6,465	8,072
Expenditure						
Support for church schools and parishes	2,078	59	2,509	5	4,651	2,086
Projects	47	-	47	-	94	119
	2,125	59	2,556	5	4,745	2,205
	7,426	246	3,930	5	11,607	10,937

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8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs (note 9)	Total Costs 2023
	£'000	£'000	£'000	£'000
Raising funds	50	-	-	50
Charitable activities:				
Contributions to Archbishops' Council	397	-	-	397
Resourcing parish ministry	6,763	3,723	630	11,116
Schools and Projects	73	21	-	94
	7,283	3,744	630	11,657

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total Costs 2022
	£'000	£'000	£'000	£'000
Raising funds	72	-	-	72
Charitable activities:				
Contributions to Archbishops' Council	-	660	-	660
Resourcing parish ministry	5,664	1,730	677	8,071
Schools and Projects	-	2,205	-	2,205
	5,736	4,595	677	11,008

9 ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	**Total 2023**
	General £'000	Designated £'000	£'000	£'000	**£'000**
Central administration	537	-	-	-	537
Governance:					
External audit	28	-	-	-	28
Registrar and Chancellor	52	-	-	-	52
Diocesan Synodical costs	13	-	-	-	13
	630	-	-	-	630

	Unrestricted funds		Restricted Funds	Endowment Funds	**Total 2022**
	General £'000	Designated £'000	£'000	£'000	**£'000**
Central administration	587	-	-	-	587
Governance:					
External audit	29	-	-	-	29
Registrar and Chancellor	61	-	-	-	61
Diocesan Synodical costs	-	-	-	-	-
	677	-	-	-	677

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10 ANALYSIS OF GRANTS MADE

	Individuals £'000	Institutions £'000	**Total 2023 £'000**	Total 2022 £'000
From unrestricted funds for National Church responsibilities				
Contributions to Archbishops' Council	-	322	**322**	660
From unrestricted funds:				
PCCs for faculty fees		8	**8**	18
Clergy for training		10	**10**	7
Ordinands in training		301	**301**	187
	-	319	**319**	212

11 STAFF COSTS

	2023	2022
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	2,675	2,490
National Insurance contributions	242	241
Pension costs	310	216
	3,227	2,947

The average number of persons employed during the year:	Number	Number
Administration and financial management	16	18
Property	3	3
Discipleship & Ministry, Stewardship	13	14
Safeguarding and inclusion	6	4
Projects staff funded from reserves	6	6
Projects staff externally funded	49	49
	93	94

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:	Number	Number
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1

Pension payments of £21,928 were made for these employees (2022: £14,478).

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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 2023 they were:

Diocesan Secretary and Company Secretary	Katie Bell
Director of Finance	Keith Mallon
Director of Formation for Ministry	Rev Toby Hole
Director of Education	Huw Thomas
Deputy Diocesan Secretary (Comms, Safeguarding, HR)	Lindsay-Jane Buxton

Remuneration, pensions and national insurance for these 5 employees amounted to £396,149 (2022: £297,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £7,827 (2022 - £11,463) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	**Housing**
The Right Revd S Jelley	No	Yes
Venerable J Iqbal	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Rev I Smith	Yes	Yes
Rev Fiona Kouble	Yes	Yes
Rev EH Steele	Yes	Yes
Rev M Rhodes	Yes	Yes
Rev C Dawson	Yes	Yes

The SDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop but excluding Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 112 (2022 - 112) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2023 £'000	2022 £'000
Stipend	3,198	2,968
National Insurance contributions	257	259
Pension costs	802	1,117
	4,257	4,344

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £38,050 - £48,972 (2022 range: £37,680 - £46,180). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2023 was in the range £38,314 - £40,230 (2022 range: £37,198 - £38,314) and other clergy who were Trustees were paid in the range £27,672 - £29,056 (2022 range: £26,860 - £27,762). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2023 at £11,942 (2022: £11,057). The value of housing provided to the Bishop is estimated at £16,200 (2022: £15,000).

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12 TANGIBLE FIXED ASSETS

	Unrestricted Funds			Parsonages	Stipend	
	Freehold Properties	Leasehold Properties	Office Equipment	Fund Properties	Fund Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2023	2,027	-	46	30,212	4,454	36,739
Additions	-	-	-	1,288	3	1,291
Disposals	-	-	-	(698)	-	(698)
At 31 December 2023	2,027	-	46	30,802	4,457	37,332
Depreciation						
At 1 January 2023	-	-	46	-	-	46
Disposals	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
At 31 December 2023	-	-	46	-	-	46
Net Book Value						
At 31 December 2023	2,027	-	-	30,802	4,457	37,286
At 31 December 2022	2,027	-	-	30,212	4,454	36,693

Freehold properties in the Balance Sheet are vested in the SDBF, except for parsonage (benefice) houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2023 there were 6 (2022: 6) such properties and their value included above amounts to £1,007,647 (2022: £1,007,647).

Fixed asset disposals above relates to three property sales from the parsonages fund. In addition, there are £44k of proceeds in the unrestricted fund, which relate to sales of surplus land and reversionary interests which had £nil value on the balance sheet.

13 FIXED ASSETS INVESTMENTS

	At 1 Jan 2023	Additions	Disposals	Transfers	Change in Market Value	At 31 Dec 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
Unlisted investments	4,602	-	(661)	(334)	311	3,918
Restricted funds						
Unlisted investments	5,576	-	-	1,797	590	7,963
Endowment funds						
Investment property	3,666	-	-	-	254	3,920
Unlisted investments	7,558	-	(1,429)	(1,463)	484	5,150
	11,224	-	(1,429)	(1,463)	738	9,070
Total	21,402	-	(2,090)	-	1,639	20,951

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14 DEBTORS

	2023	2022
	£'000	£'000
Due within one year		
Loans to parishes	27	27
Loans to schools	124	29
Other debtors and prepayments	340	668
	491	724
Due after more than one year		
Loans to parishes	243	270
Loans to schools	-	63
	243	333
Total debtors	734	1,057

15 CREDITORS: amounts falling due within one year

	2023	2022
	£'000	£'000
Church Commissioners other loans	7	-
Deferred income	50	-
Other creditors and accruals	903	554
	960	554

16 CREDITORS: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	565	638
Other loans	50	63
	615	701
The maturity of the above loans may be analysed as follows:		
Between one and two years	13	13
Between two and five years	37	50
In five years or more	565	638
	615	701

Other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £50,000 (2022 - £63,000) relates to the Schools Fund, £nil to the General Fund (2022 - £6,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, which is borne by the SDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the SDBF.

Value-Linked Loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis with the Church Commissioners and are repayable on the disposal of the related property. They are valued in line with the related property.

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17 SUMMARY OF FUND MOVEMENTS 2023 YEAR END

	At 1 Jan 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	At 31 Dec 2023 £'000
UNRESTRICTED FUNDS						
General	6,748	6,515	(7,447)	559	354	6,729
Designated restructuring fund	7	195	(246)	44	-	-
Total designated funds	7	195	(246)	44	-	-
RESTRICTED FUNDS						
Pastoral	2,895	60	(28)	(317)	217	2,827
Church in Action	4,020	143	(58)	409	373	4,887
Schools	504	78	(174)	97	-	505
Strategic Transformation Fund (DIP)	597	2,142	(2,370)	(575)	-	(206)
Energy grants	400	-	(400)	-	-	-
Other Trusts/grants/donations	614	909	(900)	(186)	-	437
	9,030	3,332	(3,930)	(572)	590	8,450
ENDOWMENT FUNDS						
Stipend Fund Capital	10,542	-	(29)	486	337	11,336
Parsonages	32,587	52	(5)	(611)	577	32,600
Schools	1,503	39	-	94	85	1,721
	44,632	91	(34)	(31)	999	45,657
TOTAL FUNDS	60,417	10,133	(11,657)	0	1,943	60,836

The deficit on the strategic transformation fund will be covered by confirmed future income rececipts in 2024.

SUMMARY OF FUND MOVEMENTS 2022 YEAR END

	At 1 Jan 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	At 31 Dec 2022 £'000
UNRESTRICTED FUNDS						
General	6,642	6,630	(7,747)	1,791	(568)	6,748
Designated Funds:						
Clergy Conference	22	-	(22)	-	-	-
Church House Refurbishment	13	-	(13)	-	-	-
Benefact Trust	136	166	(163)	(139)	-	-
Restructuring Fund	7	-		-	-	7
	178	166	(198)	(139)	-	7
RESTRICTED FUNDS						
Stipend Income	-	222	(222)	-	-	-
Pastoral	3,181	65	(48)	-	(303)	2,895
Church in Action	5,015	136	(565)	-	(566)	4,020
Schools	530	93	(119)		-	504
Projects	687	1,574	(1,664)	-	-	597
Energy grants	-	400	-		-	400
Other Trusts/grants/donations	454	626	(416)	-	(50)	614
	9,867	3,116	(3,034)	-	(919)	9,030
ENDOWMENT FUNDS						
Stipend Fund Capital	11,938	-	-	(1,732)	336	10,542
Parsonages	32,879	-	(29)	80	(343)	32,587
Schools	1,762	-	-	-	(259)	1,503
	46,579	-	(29)	(1,652)	(266)	44,632
TOTAL FUNDS	63,266	9,912	(11,008)	-	(1,753)	60,417

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18 TRANSFERS BETWEEN FUNDS

The financial statements include a transfer of £476k relating to the investment funds from Campsall Vicarage, which have been transferred from the parsonages endowment fund to the pastoral restricted fund, following advice taken to release the endowment to the restricted fund.

The remaining fund transfers reflect a re-allocation of historical and current year transactions, whereby funds from the stipends capital and restricted funds have contributed to the core costs of the DBF.

19 SUMMARY OF ASSETS BY FUND 2023 YEAR END

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	2,027	3,918	1,846	(1,061)	6,730
DESIGNATED FUNDS					
Restructuring Fund	-	-	-	-	-
RESTRICTED FUNDS					
Pastoral	-	2,648	179	-	2,827
Church in Action	-	4,398	488	-	4,886
Schools	-	505	-	-	505
Strategic Transformation Fund (DIP)	-	-	257	(463)	(206)
Other Trusts/grants/donations	-	412	25	-	437
	-	7,963	949	(463)	8,449
ENDOWMENT FUNDS					
Stipend Fund Capital	5,949	4,648	740	-	11,337
Parsonages	29,310	3,488	(197)	-	32,601
Schools	-	934	836	(51)	1,719
	35,259	9,070	1,379	(51)	45,657
TOTAL FUNDS AS AT 31 DECEMBER 2023	37,286	20,951	4,174	(1,575)	60,836

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19 SUMMARY OF ASSETS BY FUND (CONTINUED) 2022 YEAR END

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Restated Net Assets £'000
UNRESTRICTED FUNDS					
General	2,027	4,602	1,183	(1,064)	6,748
DESIGNATED FUNDS					
Restructuring Fund	-	-	7	-	7
RESTRICTED FUNDS					
Pastoral	-	1,554	1,341	-	2,895
Church in Action	-	4,020	-	-	4,020
Schools	-	-	504	-	504
Projects	-	-	497	-	497
Miscellaneous Trusts	-	-	1,304	(191)	1,113
	-	5,575	3,646	(191)	9,030
ENDOWMENT FUNDS					
Stipend Fund Capital	4,454	5,657	431	-	10,542
Parsonages	30,212	3,613	(1,238)	-	32,587
Schools	-	1,954	(451)	-	1,503
	34,666	11,224	(1,258)	-	44,632
TOTAL FUNDS AS AT 31 DECEMBER 2022	36,693	21,401	3,578	(1,255)	60,417

20 DESCRIPTION OF FUNDS

GENERAL FUND The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.

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20 DESCRIPTION OF FUNDS (continued)

RESTRICTED FUNDS

Pastoral Fund	The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes · to defray costs incurred for the purposes of the Measure or any scheme or order made under the · to make loans or grants for the provision, restoration, improvement or repair of churches and · other purposes of the Diocese or any benefice or parish in the Diocese · to make grants or loans to any other dioceses · to transfer funds to the Diocesan Stipends Fund income or capital accounts.
Church in Action	The Church in Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.
Church Schools Fund	This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.
Projects	The projects undertaken by the SDBF are as follows: 1. Centenery Project 2. Strategic Transformation Programme (STF) 3. Resourcing Churches Project 4. Revilalisation Programme - Approved 2023
Miscellaneous Trusts	There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows: Queen Victoria Fund Training of Ordinands - Alice Marple Trust Training of Ordinands - E J Freeman Bequest Elizabeth Bramall Trust Sheffield Scripture Readers General Trusts Sheffield Scripture Readers Benevolent Trusts First Lord Grimthorpe Charity Fund

ENDOWMENT FUNDS

Stipend Fund Capital	The Diocesan Stipends Capital Fund has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. The fund may be used for the purchase, capital improvement and maintenance of glebe property and benefice houses. Funds can be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.
Parsonages	This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.
Church Schools Fund	This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

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21 PENSIONS

Church of England Funded Pension Scheme

Sheffield 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 scheme 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, which were £0.802m in 2023 (2022: £1.297m), 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 2023, following the valuation results being agreed, the deficit contributions paid were £nil (2022: £211).

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% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates 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.

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

% of pensionable stipends	31st Dec 2023	31st Dec 2022	31st Dec 2021
Deficit repair contributions	Nil	Nil	7.1%

An interim reduction to deficit contributions to 3.2% of pensionable stipends was 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.

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21 PENSIONS (continued)

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

	2023	2022
	£'000	£'000
Balance sheet liability as at 1 January	-	211
Contributions paid	-	(126)
Interest costs (recognised in the SoFA)	-	(85)
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability as at 31 December	-	-

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0.0% p.a.
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	(1.5)% p.a.

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

Church Workers Pension Fund (CWPF)

Sheffield DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:
1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
    A. a deferred annuity section known as Pension Builder Classic, and,
    B. a cash balance section known as Pension Builder 2014.

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 (2023: £NIL, 2022: £NIL) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £NIL for 2023 (2022: £NIL).
If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.
A valuation of DBS is carried out once every three years. The most recently finalised valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

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21 PENSIONS (continued)

The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.
Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £8,700 per year.
No provision for deficit recovery payments is required at either December 2023 or December 2022 under the latest valuation.

	2023	2022
Balance Sheet liability at 1st January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining charge to the balance sheet liability * (recognised in SOFA)	-	-
Balance sheet liability at 31st Dec	-	-

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

Where relevant 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:

	Dec-23	Dec-22	Dec-21
Discount rate	N/A	0.00%	0.00%

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

22 FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956

	2023	**2022**
	£'000	**£'000**
CBF Church of England Investment Fund Income Shares	5,558	4,758
CBF Church of England Fixed Interest Securities Fund Shares	225	210
COIF Income and Accumulation Shares	219	251
CBF Church of England Deposit Fund	845	859
Other Investments	318	277
Cash at bank	286	286
	7,451	6,640

SHEFFIELD DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 245861

Accounts

Annual Report

&

Financial Statements

For the year ended 31st Dec 2022

THE DIOCESE OF SHEFFIELD

SHEFFIELD DIOCESE BOARD OF FINANCE

Company Number: 196087

Registered Charity Number: 245861

The Diocese of Sheffield is called to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world

FRIDAY

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COMPANIES HOUSE

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ANNUAL REPORT

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022. In signing as Trustees, they also sign the strategic report sections in their capacity as Directors. This combined report satisfies the legal requirements for:

The Directors' Report of a charitable company

The Strategic Report under the Companies Act 2006, and

The Trustees Annual Report under the Charities Act 2011

FORWARD

I am immensely proud of the way DBF staff and clergy and lay leaders across the Diocese have responded to the extraordinary challenges of the past three years (2020-2022). The global pandemic has been followed by a severe cost of living crisis, and the two together have put considerable additional pressure on both DBF and parish finances.

I am grateful to our Finance Director and other DBF staff for some shrewd stewardship of our assets, freeing up significant reserves in the process, and for embedding a whole new accountancy software which will assist our financial management going forward. Equally, I am grateful to lay and clergy leaders in our parishes and mission areas for the generosity which has meant that Common Fund receipts in 2022 exceeded those we received in 2021: the first year on year increase in the six years since I became Bishop of Sheffield. And I am grateful to national church colleagues for their continued investment in our Diocese.

The Lord has continued to bless our efforts to fulfil our vision, 'to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place which are effective in making disciples and in seeking to transform our society and God's world'. It has been gratifying to see the continued growth, and national influence, of our Centenary Project — successfully navigating the transition from first to second generation of leadership. We have seen the integration of the former St Peter's College and Parish Support Team into the new Resourcing Mission and Ministry team, under the leadership of a newly appointed Director of Mission and Ministry. Likewise, it has been heartening to see momentum growing at Rotherham Minster and St John the Evangelist, Goole through the SDF-funded projects in those places; and I thank God for the two further church grafts which took place in 2022, to Norfolk Park & Arbourthorne and to Totley. It has also been a great encouragement that we were able to fill all 14 stipendiary incumbency vacancies in 2022, in the process reversing the decline in the proportion of female incumbents in the Diocese, so that by the end of the year it was close to 30%. In 2022, thanks especially to the work of Bishop Sophie, but also to a newly appointed DDO, we also ordained the highest number of

stipendiary deacons (10) any of us can remember: this influx of new missional energy and giftedness gives me great joy.

For these and all his mercies may the name of the Lord be blessed and praised.

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

2022 saw the end to the worst of the physical constraints brought about by COVID 19, although the scars and loss still remain as our worshipping communities move forward. The war in The Ukraine and the consequent impact on both inflation and interest rates has been an additional challenge felt in our church communities and the finances of the Diocese.

However, although still a significant drain on our resources, the general funds deficit of £1.1m is significantly less than the originally approved budget deficit of £1.9m. The largest variance is the result of savings from employing fewer clergy due to slower than expected recruitment. While this is a short-term gain it underlines the strategic importance of the curates' pipeline for the future growth of the Diocese.

We continue to be supported by the church nationally, not only with specific support for our low-income communities, but also for the growth initiatives we are embarked on, such as the investment in curates.

In stewarding the resources entrusted to us, we are mindful that they are finite, but God isn't. We seek financial sustainability for our initiatives, recognising that as a Diocese we need to come together to support further those in more financial need. However, our overarching desire is to see Kingdom sustainability and indeed growth.

Ian Walker, Chair of Sheffield Diocesan Board of Finance

LEGAL OBJECTS

The Sheffield Diocesan Board of Finance's ("SDBF") principal object is to promote, assist and advance the religious and other charitable work of the Church of England in the Diocese of Sheffield by acting as the financial executive of the Sheffield Diocesan Synod. The objects of the Diocese of Sheffield cover most of the County of South Yorkshire with a small part of the East Riding and one parish in North Yorkshire.

The SDBF has the following statutory responsibilities;

i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976
ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991
iv. the custodian of permanent endowment and property assets relating to trusts held by Incumbents and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

STRATEGIC AIMS AND OBJECTIVES

The SDBF manages the financial aspects of the provision of ministry within the Diocese ensuring appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities.

The Diocese of Sheffield continues:

i. to ensure a Christian presence in every parish;
ii. to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
iii. to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, including schools, universities, and in local communities; and
iv. to manage diocesan resources effectively to meet the legal objects of the Diocese.

In promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that SDBF delivers public benefit. This is achieved through community engagement, resourcing education and supporting those in need both spiritually and physically.

ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Progress Against our Strategy in 2022

In spite of the continued challenges following the pandemic we have continued to work throughout 2022 towards the implementation of our 3Rs Strategy: "Renewed, Released and Rejuvenated".

Our prayer community has continued to grow with 1,327 members against a target of 2,025 members by 2025.

We have delivered 6 Deanery Prayer events with strong levels of engagement. We have also continued to make progress against targets for the Rejuvenated strand of the strategy. The table below shows our progress to date:

	Current number 2022	Target number 2025
Resourcing Churches	10	12
New Congregations Sheffield & Rotherham	8	25
New Congregations Doncaster	9	25
New Congregations Schools	11	25

We currently have 57 authorised Focal Ministers across the Diocese. This exceeds the target of 30 for the year and is very promising for the longer-term sustainability of the Oversight model of ministry. 40 individual Oversight Ministers are now licenced on the new style role description, this covers 74 parishes. Associate Archdeacons are proving valuable in supporting parishes on the ground to find ways forward and implement the strategy. Feedback relating to clergy wellbeing from engagement with their Associate Archdeacon is positive.

The Statistics for Mission for 2022 show that there are positive signs of ongoing recovery from pre-pandemic levels. Estimated attendance including both onsite and online indicates October 2022 attendance to 83% of 2019 levels. Of those with data, 37 churches (22%) experienced growth in their worshipping community, 51 churches (24%) remained steady, with 84 (49%) below 2018. 38 churches (22%) experienced growth in their usual Sunday attendance, 54 churches (25%) remained steady, with 84 (48%) below 2018 levels.

Work supported by National Church Funding: Strategic Development Funding and Transformation Funding

Centenary Project

The Centenary Project has continued to have a significant impact and has gained national recognition as a model of best practice. 22 Centenary Project Workers are now in post, and a further 5 posts will be created as part of the Diocese of Sheffield's successful Revitalisation funding application in the next 18 months. 1,139 children and young people engaged with CPW-run groups during Quarter 4 2022.

The SDF element of the project formally ended in 2022, but a remaining underspend has been carried forward into the first 6 months of 2023. From then, the project will continue in full and is fully funded until 2025 (with original Diocesan funding). Future sustainability

and expansion options are being explored with the full support of Bishop's Council and Programme Board.

Resourcing Churches

Both Rotherham and Goole teams were able to build momentum in 2022. Overall growth in the worshipping community, engaged disciples and new congregations at both places was slower than expected due to the pandemic – particularly in Goole where the starting point was much lower – but we are seeing some positive, steady growth with solid foundations in place.

Good prayerful plans are in place, lots of missional activities underway and the relational fringe in both places is thriving with links emerging in all aspects of church life. The growth of the relational fringe is a key part of the strategy of growth in the worshipping community and engaged disciples and is a key indicator of the direction of travel.

The civic role of both churches became more prominent in 2022. Momentum continues to grow and there is excitement in both places as we enter the penultimate year of the project

Strategic Transformation Funding

The Transformation programme – an award of £4.9m from the Archbishops' Council's Strategic Investment Board in 2020 - supports our 3Rs strategy delivery; it is the 'rocket fuel' to help us achieve our vision.

2022 marked real progress made in delivery. Coaching and mentoring of Oversight Ministers / Clergy by Associate Archdeacon Transition Enablers progressed as we journey to the new model of ministry. The rollout of Unconscious Bias training to parishes, creation of Learning Communities is well underway in 4 out of 6 twinned deaneries.

40 Oversight Ministers are now licensed and more clergy recruitment is underway, Oversight Leadership Formation Days (replacing Leading Well) are being positively received by clergy. 72 Focal Ministers are now authorised in 11 out of 12 deaneries with 25 churches actively engaged with our Personal Rule of Life and 253 people attending workshops.

Recruitment for Mission Area Support team is almost complete and we have received very positive feedback from parishes receiving this new coordinated 'centrally employed and locally deployed' support.

The Common Fund Review has been completed and concluded. In light of the current climate – it has been decided to pause implementation of any new system; this recommendation was approved by the Finance & Property Committee and Bishop's Council. This will be reviewed again in late 2023 and be informed by work on triennium funding and pledges for 2024.

Sound monitoring and governance of the whole programme has continued to ensure delivery of outcomes is kept on track; a third positive Delivery Assurance Review took place with national church during 2022. With the introduction of the new Diocesan data analyst, accessibility of data and how it is combined has speeded up and transformed decision making.

The Diocese has drawn down £1.3m of the £4.9m Strategic Transformation allocated funding to date against expenses incurred.

Education

Church of England Schools are a vital part of the work and ministry of the Diocese. There are 38 primary schools and 1 secondary school in the Diocese of Sheffield educating about 9,500 students.

The Diocesan Boards of Education Measure and our resultant new scheme were presented at Diocesan Synod on 27th November 2021 and passed with no questions or concerns, such that the legal Diocese of Sheffield Board of Education (DBE) role is now held by the Diocesan Board of Finance. However, our new scheme commits us to maintaining the regular Education Board, which functions as a committee of the DBF. Elections to this new structure took place in the Autumn and the new body commenced on 1st January 2022.

The Diocese of Sheffield Board of Education (DBE) remains committed to the development of effective collaboration with, and between, our Church Schools; to the celebration of the excellent work that has been, and will be, carried out in our Church Schools; and to the supporting and enrichment of Church Schools' distinctive offering of teaching and learning within a Christian context.

Centrally organised and provided Diocesan support has returned, including the successful "Understanding Christianity" training which, this year, has a cohort that mixed, with half from church schools and half the participants working in community schools, located within the Diocese. There has also been a welcome return of other training such as SIAMS Preparation, workshops on Child Spiritual Development, Liturgy and Worship and our regular Leadership Briefings . The Diocese is also providing other training in RE for schools across the region.

Our Diocesan Schools have continued their journeys of improvement, moving from 85% good or outstanding in January 2018 to 95% good or outstanding in January 2023, with schools that were previously graded as inadequate in OFSTED inspections of preceding years now evaluated as good. There are no inadequate schools in the Diocese of Sheffield and the remaining 'Requires Improvement' include schools awaiting an inspection to enable them to change that grading.

The Diocese offers good provision in all its schools.

After a lull during the period affected by Covid, the Diocese has returned to engagement with the national programme enabling schools to become academies. 75% of our schools have converted or are in the conversion process. The Diocese of Sheffield Academies Trust (DSAT) and James Montgomery Trust

(JMAT) continue to be the two voluntary aided trusts within the Diocese, along with St Mary's Academy Trust (SMAT), the trust shared with the Diocese of Leeds. DSAT, our Diocese-led trust, now serves 15 schools. The Trust is recognised by the DFE as an effective potential partner in supporting schools in difficulty.

The process of establishing 20 to 25 school-based congregations in our church schools has now restarted and conversations have commenced about new projects.

The Board of Faith and Justice

As a Diocese we are passionate about issues of social justice. Much of this work is co-ordinated through the Board of Faith and Justice. The Board's work is shaped by the strategy document Salt and Light – A strategy for serving and transforming our society and God's World. In particular, the Board has focussed on developing the Diocesan response across the last 3 Marks of Mission of the Anglican Communion:

i. To respond to human need by loving service;
ii. To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation.
iii. To strive to safeguard the integrity of creation and sustain and renew the life of the earth. The Board carries out much of its active business through working groups, each dedicated to a specific area of Salt and Light concern with terms of reference and membership established by the Board.

Throughout the year, the Board played a vital role in promoting social justice, fostering inclusivity, and supporting the working groups listed below. The board consists of dedicated individuals who worked tirelessly to address pressing issues and make a positive impact on the lives of people in the diocese. Moreover, the board actively engaged with various advocacy efforts, both at the local and national levels. They voiced their concerns and opinions on social issues such as racial justice, environmental sustainability, and social justice. By actively participating in discussions and advocating for change, the board worked towards creating a more just and compassionate society.

Throughout 2022 the following working groups were active;

Mental Health
Diocesan Resource Group for Seniors (DRGS)
Black, Asian and Minority Ethnic Anglicans (BAME)
Dementia
Poverty & Inequality
Global Justice
Climate Change and Environment.

In 2022, the Diversity in Participation group was established in response to the Archbishops; Anti-Racism Taskforce (published in 2021). The group released a vision and commitment for racial justice in our diocese. The next step is to develop a road map of activity to help us achieve this vision.

Work continued towards our carbon neutral plans through the Net Zero Steering Group. 20 more churches achieved the A Rocha bronze level or above accreditation (13 Bronze

and 7 silver). The central office also submitted its application. This is expected to be achieved in 2023.

Senior Staff Appointments

The Senior Staff team had a fairly steady year in terms of personnel changes, with minor movement compared to other years. A new Chaplain to the Bishop of Sheffield started in January, a move that saw him move back to Sheffield after three years. The Chief Executive Officer went on maternity leave in August, with cover for the role being shared between the Director of Communications and through consultancy support from Andy Brookes. Andy has supported the Diocese before in 2020. Our HR Director left at the end of 2022.

There was also little movement in staffing terms in Heads of Departments at Church House.

Safeguarding

Safeguarding is a key priority for the Diocese. In 2023 we continued to deliver training both online and in person where the need arose and it was safe to do so. The safeguarding team has been successful in recruiting to key posts.

This enables the team to offer safeguarding advice and support to the Cathedral in line with the service level agreement currently being developed.

The National Past Case Review report was released in 2022 and SDBF published our executive summary in line with other Dioceses. We continue to work on the recommendations under the guidance of the Diocesan Safeguarding group.

Related Parties

The SDBF works closely with a range of partners and parties:

The Archbishops' Council to which the Diocese pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Archbishop's Council and National Church Institutions from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF also pays for clergy stipends through the Archbishop's Council.

The Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement

Volunteers

The SDBF is dependent on the huge number of volunteers involved in church activities both locally and at Diocesan level. The SDBF greatly values the considerable time given by all volunteers and particularly, committee members across the Diocese in pursuit of the mission of the SDBF. No attempt has been made to quantify this resource, so generously given.

FUTURE PLANS

Our successful Transformation bid has continued to be the key driver of Diocese wide rejuvenation in 2023 as we emerge from the COVID 19 pandemic era. This strategy has been further endorsed by the approval of another £5m project bid to Revitalise 5 parishes with a commitment through to 2030. SDBF will partner in the funding of this ambitious project.

The resources that have been made available to the Diocese over the next few years will significantly strengthen our plans to deliver our Diocesan strategy. The funds are focussing on supporting five areas of activity, which we have identified as key to our future sustainability

Well supported and newly energised clergy: our six Associate Archdeacon Transition Enablers (AATEs) have continued momentum through 2022 they have started work in earnest within the twinned deaneries. They have been supporting clergy, providing coaching and skills development, as they transition to a Mission Areas. The AATEs helped to run Twinned Deanery Events in late 2022, sharing stories of success from with the area. The team is also now trialling a logging system to track visits and type of issue encountered to help share learning within the team

Focal Ministry: The Director of Focal Ministry has been working within Mission Areas to help to identify and develop potential individuals, and to develop teams. Resources have been updated with user feedback, and the first Focal Ministry teams have now been commissioned. Some resources have already been developed and are available via the Diocesan website www.sheffield.anglican.org/focal-ministry.

Lights for Christ: We seek to mobilise the whole people of God for the whole mission of God, so that every baptised person is enabled to shine as a light in the world to the glory of God the Father. We have seen high engagement with our Advent and Lent courses, developed specifically for the Lights for Christ programme. The Lights for Christ Enabler is in post and has been carrying out awareness and training events in Deaneries to help people understand discipleship development, and the resources that are available to help them. The introduction of a Rule of Life, with accompanying resources has also been a key feature of the work of the last 12 months.

Mission Area support: aligning our central services team at Church House ever more closely to the Diocesan strategy, we will be able to provide direct help to Mission Areas in relation to finances, giving and generosity, operations, compliance, and buildings. We believe these resources will genuinely help to lift the burden from clergy and lay leaders, releasing energy on the ground for mission. Recruitment through 2022 to key posts in this team was challenging and slow. Now, the majority of appointments are made. We continue to develop systems and methodologies to help support this ministry with data dashboards and a planned CRM system

Common Fund: we will be seeking to develop the current Common Fund system so that it contributes more effectively to the future sustainability of our Diocese and the ongoing implementation of the strategy. A Common Fund Review Group has been meeting regularly, establishing workstreams, consulting with Mission Area representatives and commissioning dashboard work to help understand the date, and look for trends. It is likely that a new system will be considered in 2023. This will build on a first phase review taken in 2022, this concluded that post COVID recovery was still an important element that made implementation of a fair system in 2023 extremely difficult.

The first six months of 2023 will see the following:

- The inducting and aligning of our Mission Support Teams to support Mission Areas.
- The further rollout of a new Clergy Wellbeing handbook and development of clergy support services on the Diocesan website.
- More Lights for Christ resources on Rule of Life, continued awareness events and development of resources.
- The commissioning of further Focal Ministry teams
- The adoption of a Mission Area Support request system to ensure requests are sent to the correct teams and monitored centrally
- The launch of phase one of the Common Fund Review group work
- A Diocesan Conference (early July be an important milestone in the strategic journey)

In particular we have planned:

- Induction of the Mission Finance Support Team and the Church Buildings Support Team, setting early priorities
- A round of LLF courses ran by trained practitioners in the deaneries.
- Continued work on the Common Fund Review project, with a June rollout of phase one
- Continuing to embed hybrid-working patterns in Church House, looking at contractual changes, establishing patterns of working and installing two hybrid meeting systems in the Conference and Board Rooms

FINANCIAL REVIEW

2022 has seen a fragile recovery from the impact of the COVID pandemic with parishes adjusting to a new normal. Plotting a course through this uncertainty has been further unsettled by the impact of global economic pressures. The contributions from parishes have been under severe pressure with the steep rise in energy prices and re-emergence of inflation to levels not experienced in 30 years.

Against this broad backdrop the Diocese has contained costs wherever possible with recruitment lagging behind the aspirations but helping reduce costs. Clergy and staff costs rose prior to the main surge in inflation experienced in the late autumn of 2022 and budgets were set for 2023 based on a 5% rise in these core costs.

In 2022 the Archbishops' Council announced the allocation of £1.2 billion available over the period 2023-2025 with this level of funding to be maintained over the following 6 years. This £3.6 billion of funds will be available on a bid basis for specific purposes. Sheffield Diocese is currently working to obtain our share but this injection of funds into the life of Dioceses around the UK has potential to be transformative.

Our Diocese remains a relatively poor Diocese with limited reserves, but our supporters are generous, and we remain grateful for the participation in the financial needs of the Diocese expressed in Common Fund Contributions. The 2022 Common Fund contributions totalled £3.4m (2021 - £3.3m) this coupled with a £3.6m pledge received for 2023 starts to turn the decline experienced in the pandemic period.

We cannot ignore the broad uncertainties of the economic outlook and the impact this will have on our donor base and accordingly we have invested in systems that significantly enhance our forecasting abilities. The Diocese receives a variety of funding streams representing a tapestry of generosity but also a risk profile. Our recent successful Revitalisation bid is a commitment with substantial National Church stretching to 2030. In 2023 we shall be modelling the impact of all funding streams and the combined risk impact on our sustainability.

Net expenditure of general unrestricted reserves before investment gains was £1.1m against a planned deficit of £1.9m. Our prior year 2021 deficit was substantially covered by the generosity of the National Church.

Diocese reserves have been utilised to cover the shortfall in operating costs created in 2022 but we are keenly aware of the limitations on our free reserves.

A significant element of our funding is received from the Archbishops' Council £4m (2021 - £4.7m) across a number of projects. This includes Lowest Income Communities funding of £1.7m (2021 - £1.7m) which we have allocated to support mission and ministry in parishes where they have ranked in the lowest 10% of our Diocese in terms of Social Deprivation indices.

The Transformation, Capacity and Resourcing Churches projects are included in these Archbishops' Council funds. These projects support the ongoing strategic development of the Diocese and enable us to reach new and diverse communities. We also received a grant of £75,000 from the Sheffield Church Burgesses Trust which continues to support work across the Sheffield Deaneries. Income from investments and rental income was largely in line with expectation.

Costs in 2022 for Resourcing Mission and Ministry increased in comparison with the prior year but remained lower than budget. Recruitment progress was slower but costs of establishing clergy have become significantly more expensive. Housing and removal costs have been particularly susceptible to inflationary pressures and there is continued pressures on these associated budgets.

The total value of Tangible Fixed Assets increased to £36.6m from £35.2m primarily as a result of additions in stipend fund properties funded from the sale of investments. This is a strategic decision to meet ongoing clergy housing requirements. No depreciation was charged in year. In line with policy all depreciating assets have been written down in prior years. There was a loss in the year in the value of Fixed Asset Investments, due to unfavourable changes in market value. The movement on valuation can go up and down, this was caused by general economic uncertainties in particular the war in Ukraine. These losses reversed the 2021 substantial gains.

Pension schemes, the Church of England Funded Pension Scheme and the Church Workers Pension Fund are administered by the Church of England Pensions Board. Contributions in year are in line with national contribution rates and in line with expectation. The most recent scheme valuation of the Church of England Funded Pension Scheme was completed in 2019 and revealed the deficit had been restored and at 2022 there is no longer any provision for additional measures to recover the shortfall. 2023 pension contributions for clergy have been reduced from 39% to 28% which has helped fund the stipend increment of 5% required to address the inflationary pressures in 2023.

Reserves Policy

Our Reserves Policy considers the use of all our Funds but primarily focuses on our Unrestricted Funds, which fall into three categories:

Free Reserves which we define as the resources held in our General Fund as readily realisable assets. At 31 December 2022 these totalled £5.3m. (31 December 2021: £5.2m).

Our priority is to maintain Free Reserves at a sufficient level to ensure financial resilience and sustainability, including mitigating against key risks identified in our risk register for at least the next financial year. A planned deficit for 2023 of £1.5m was approved by Diocesan Synod in November 2022

We are also seeking to achieve a balance between holding reserves to maintain financial resilience and using our funds in support of the mission and strategic priorities as set out in the Diocesan Strategy in October 2018, "Renewed Released Rejuvenated"

We are blessed that we hold certain Restricted Funds which can also be deployed to support the implementation of the strategy. A review of reserve funds was completed in 2022 and a strategic plan was adopted by Bishop's Council to utilise funds as helpfully as possible within the regulatory framework.

Tangible fixed assets within our General Fund are held to support our charitable activities. Funds are not readily available as they can only be realised through the sale of the properties we hold. Our policy is to review whether we need to retain these assets at least once a year and when they become vacant. At 31 December 2022 the total value was £1.4m being the net book value of the relevant properties less the value of any related loans which would be repayable if the properties were sold. (31 December 2021: £1.9m).

Designated Funds. The Trustees may designate an element of Unrestricted Funds for an agreed purpose where this is considered to be appropriately linked to a particular objective. The need for the fund is reviewed at least once a year and funds returned to Free Reserves if no longer required. In our revised reserves policy, we are taking the approach to limit the use of designated funds. As at 31 December 2022 we had 1 designated fund with a value of £7,000. (31 December 2021: 4 designated funds totalling £178,000.)

Details of all designated, restricted and endowment funds can be found in notes 17 to 20 of the accounts.

The Diocese of Sheffield is delighted to confirm that it has no direct investments in fossil fuel companies, as has been the case for some time. Following a meeting of the Bishop's Council, it has also committed to not reinvesting in them in the future.

Grant Making Policy

The SDBF's Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects. The Grants Committee meets annually to consider applications made by parishes to support ongoing activities. Grants made in 2022 covered contributions towards necessary maintenance works in Church buildings where alternative funding is not available locally, grants for this purpose are typically less than £5,000. Additionally, a number of grants were made to support various aspects of ministry including short term parish support staff contributions and event support. These grant awards were consistent with the aims and objectives of the SDBF.

Fundraising

The DBF does not actively engage in fundraising activities.

Investment Policy

The SDBF is empowered by its Memorandum and Articles of Association to invest monies not immediately required for its purposes. In addition, the SDBF acts as Trustee of a number of Trust Funds, and these must be invested in accordance with the related trusts.

The Trustees' investment policy is to hold all restricted and endowed investments in CBF Funds. CCLA Investment Management Ltd have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

Most of the SDBF's other investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited.

The Finance and Property Committee regularly reviews the performance of the funds and makes decisions on investments. In 2023 we will be working with CCLA on a full review of investments held by SDBF.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained. The register is reviewed by the Trustees at each Bishop's Council meeting and also at each of the Finance & Property Committees. The responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary

The risk register identifies areas where the risk of either failure to act or the impact of the events is considered significant. Risk areas have been reviewed at Heads of Department, Finance and Property Committee and Bishop's Council: Governance/Strategic; Staff; Financial (income/expenditure); Reputational; Statutory/Legal and Operational. These risk areas and the associated mitigation strategies are summarised:

Financial

Risk of under-collection of and/or reduced Common Fund, fees or rent

- Collection statistics are produced and circulated on a monthly basis
- Parish Finance Team in place and operating effectively
- Financial Modelling tool developed and used to support strategic decision making

Reputational

Child protection and vulnerable adults:

- Communications and PR support engaged
- Liaison with National Safeguarding Team
- Resources for safeguarding expanded; and
- Delivered high volume of training to clergy, parish employees and volunteers

Statutory/Legal

Risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law:

- Registrar and Chancellor contract in place;
- Safeguarding team in place;
- Policies aligned with National Church guidelines;
- Safeguarding training provided;
- Thirty-One Eight contract in place for DBS checks;
- Thirty-One Eight cover in place for Safeguarding Adviser and listening service provision.

Data Protection Legislation

Risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently compliant with GDPR

- Staff training carried out
- Ability for individuals to set their own privacy settings on the Diocesan CMS database;
- Privacy statement available;
- Undertook Cyber Essential check.

Staffing

Risk of prolonged staff absences through long term illness

- Temporary staff recruited;
- Flexible cover between teams.

STRUCTURE GOVERNANCE AND MANAGEMENT

The Sheffield Diocesan Board of Finance (SDBF) is a company limited by guarantee (No. 196087) and a registered charity (No. 245861) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Sheffield. It was established in its present form in 1926.

The SDBF works in consultation with the wider Church of England and receives a range of funding from both The Church Commissioners and the Archbishops' Council. The Bishop of Sheffield is a member of the House of Bishops who are responsible for setting key policy which impacts SDBF operations, a key example would be in the area of Safeguarding.

Governance and policy of the SDBF is the responsibility of the Directors, who are also members of the company and Trustees for the purposes of charity law. The Bishop of Sheffield, together with other ex-officio persons are Trustees together with six people elected from and by the members of Diocesan Synod every three years, re-elections were last held in 2021. The Bishop of Sheffield, the Rt Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every

three years. The Synod elects six of the Trustees of the Diocesan Board of Finance. The SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association. By virtue of the National Institutions Measure 1998 the SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the SDBF in consultation with the Diocesan Board of Education

The role of Bishops Council is set out in paragraph 75 of the Standing Orders. It includes planning the business of synod and advising the synod on matters placed before it. It also has an advisory role on financial business, as set out in paragraph 109 of the Standing Orders. Under paragraph 111, the finance committee of the Board of Finance has to submit its accounts and draft budget to Bishops Council. Bishops Council then makes to the Synod sitting as the Board of Finance "such recommendations thereon as it thinks fit". Synod (sitting as the DBF) approves the budget as proposed by the finance committee and authorises the DBF to expend a sum not exceeding the amount outlined within the budget as presented.

The Finance and Property Committee appointed on behalf of Bishop's Council is responsible for oversight and scrutiny on decision making around financial resources and property assets. This committee meets most months. A budget is prepared annually and presented to first to Bishop's Council and then Diocesan Synod for approval at its November meeting.

The Committee undertakes the SDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Trustees

Trustees are members of the Bishop's Council and are either elected via Diocesan Synod or via interview. They are given induction as they start their role and at other times as appropriate. 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. Trustees are required to make a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Trustees appointments

The Reverend Canon M Rhodes (From 1st Jan 2022)
The Reverend EH Steele (From 27th Jan 2022)

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a use of a positioning scale for the grading of posts. Salary and stipend uplift decisions are made annually paid in April (Clergy) and July (DBF officers and staff).

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of SDBF for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 (FRS102)
- 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 SDBF 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 SDBF 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 SDBF'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.

STATEMENT OF DISCLOSURE TO THE AUDITORS

Saffery LLP have been appointed as auditors to SDBF in the year and have expressed their willingness to remain in office.

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.

ADMINISTRATIVE DETAILS

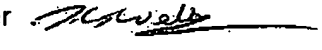
Trustees

No Trustee had any beneficial interest in the company during 2022. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr PJ Wilcox
Chair	IG Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	JA Butcher MA (Cantab), MSc, PhD
	The Venerable M L Chamberlain BA, BTh, MPhil
	The Reverend C Dawson
	IR Downing
	The Venerable J Iqbal
	The Right Reverend Sophie Jelley
	The Reverend F Kouble
	M MacDonald
	IJ Newton BA FCA
	Lay Canon P M Rainford MA
	The Reverend I Smith BA
	The Reverend EH Steele (From 27th Jan 2022)
	The Reverend Canon M Rhodes (From 1st Jan 2022)
Secretary	K Bell
Registered office	95 -99 Effingham Street Rotherham S65 1BL
Bankers	Virgin Money
Auditors	Saffery LLP
Investment advisers	CCLA Investment Management Ltd
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ
Insurers	Ecclesiastical Insurance

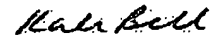
In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-10 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Ian Walker 

Chair

Date 21/9/23

Katie Bell 

Secretary

Date 21/09/23

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD DIOCESAN BOARD OF FINANCE LIMITED

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going

concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report) 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 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 and strategic 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, or returns adequate for our audit have not been received from branches not visited by us; or

- the 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 pages 18, 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act. 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. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls

operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates. Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales and the Church of England Measures.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Saffery LLP

Sally Appleton (Senior Statutory Auditor)

For and on behalf of Saffery LLP, Statutory Auditor

Mitre House

North Park Road

Harrogate

HG1 5RX

28/9/ **2023**

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2022
Including movements in Endowment Funds

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Income and endowments from							
Donations							
Parish contributions	2	3,623	-	2	-	3,625	3,577
Archbishops' Council		2,069	-	1,974	-	4,043	4,735
Other donations		87	166	306	-	559	584
Other grants		-	-	267	-	267	-
Charitable activities	3	460	-	3	-	463	435
Other activities	4	234	-	7	-	241	261
Investments	5	157	-	557	-	714	671
		6,630	166	3,116	-	9,912	10,263
Expenditure on							
Raising funds	6	23	-	19	29	71	87
Charitable activities	7	7,724	198	3,015	-	10,937	9,955
		7,747	198	3,034	29	11,008	10,042
Net (expenditure)/income before investment gains		(1,117)	(32)	82	(29)	(1,096)	221
Net (losses)/gains on investments		(568)	-	(863)	(354)	(1,785)	2,841
Net income / (expenditure) for year		(1,685)	(32)	(781)	(383)	(2,881)	3,062
Transfer between funds	18	1,791	(139)	-	(1,652)	-	-
Other recognised (losses)/gains							
Gains on fixed asset investments		-	-	(56)	88	32	606
Net movements in funds		106	(171)	(837)	(1,947)	(2,849)	3,668
Total funds brought forward		6,642	178	9,867	46,579	63,266	59,598
Total funds carried forward	17	6,748	7	9,030	44,632	60,417	63,266

All activities derive from continuing activities. The notes on pages 28 to 44 form part of the financial statements.

SHEFFIELD DIOCESAN BOARD OF FINANCE

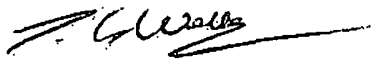
BALANCE SHEET
As at 31 December 2022

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
FIXED ASSETS							
Tangible fixed assets	12	2,027	-	-	34,666	**36,693**	35,261
Investments	13	4,602	-	5,576	11,224	**21,402**	25,476
		6,629	-	5,576	45,890	**58,095**	60,737
CURRENT ASSETS							
Debtors	14	668	-	389	-	**1,057**	837
Cash at bank and in hand		515	7	3,256	(1,258)	**2,520**	3,086
		1,183	7	3,645	(1,258)	**3,577**	3,923
CREDITORS: amount falling due within one year	15	(426)	-	(128)	-	**(554)**	(470)
		757	7	3,517	(1,258)	**3,023**	3,453
TOTAL ASSETS LESS CURRENT LIABILITIES		7,386	7	9,093	44,632	**61,118**	64,190
CREDITORS: amount falling due after more than one year	16	(638)	-	(63)	-	**(701)**	(713)
Net assets excluding pension liabilities		6,748	7	9,030	44,632	**60,417**	63,477
Defined benefit pension liabilities	21	-	-	-	-	**-**	(211)
NET ASSETS		6,748	7	9,030	44,632	**60,417**	63,266
FUNDS							
Endowment funds		-	-	-	44,632	**44,632**	46,579
Restricted funds		-	-	9,030	-	**9,030**	9,867
Unrestricted funds		6,748	7	-	-	**6,755**	6,820
		6,748	7	9,030	44,632	**60,417**	63,266

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 21/9/23 and signed on behalf of the Board by:

Company number 196087

Ian Geoffrey Walker (Chairman)



SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
For the year ended 31 December 2022

	£'000	2022 £'000	£'000	2021 £'000
Net cash (outflow) from operating activities		(2,635)		(1,005)
Cash flow from investing activities				
Dividends, interest and rent from investments	714		671	
Interest paid	-		(38)	
Proceeds from the sale of:				
Tangible fixed assets	258		1,612	
Fixed assets investments	3,204		2,955	
Purchase of:				
Tangible Fixed Assets for the use of the SDBF	(1,253)		(1,889)	
Fixed assets investments	(882)		(1,386)	
Net cash provided by investing activities		2,041		1,925
Cash flow from financing activities				
Loans repaid by the SDBF	(33)		(106)	
Loans repaid to the SDBF	61		39	
		28		(67)
Change in cash and cash equivalents in the reporting period		(566)		853
Cash and cash equivalents at 1 January		3,086		2,233
Cash and cash equivalents at 31 December		2,520		3,086
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net (expenditure)/income for the year ended 31 December		(2,881)		3,062
Adjustments for:				
Depreciation charge		-		10
Dividends, interest and rent from investments		(714)		(671)
Interest paid				38
(Increase) / Decrease in debtors		(281)		(288)
Increase/(Decrease) in creditors		(300)		(106)
(Decrease) in Pension Liability		(211)		(209)
Pension scheme deficit (increase) / decrease		-		-
Unrealised (gains) / losses on investments		1,752		(2,841)
Net cash (used in) operating activities		(2,635)		(1,005)
Analysis of cash and cash equivalents				
Cash at bank and in hand		2,520		3,086

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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. Despite the current global impact of COVID-19 the trustees believe that the expected income and expenditure is sufficient especially considering the level of reserves held by the charity to enable it to continue as a going concern.

a) Income

All income is included in the Statement of Financial Activities (SoFA) when the SDBF 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) **Common fund** is recognised as income of the year to which it is received.

ii) **Rent** receivable is recognised as income in the period with respect to which it relates.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received are recognised in the year received unless accounting convention requires them to be carried forward to the year where expenditure is matched.

v) **Parochial fees** are recognised as income of the year to which they are received.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets for the SDBF'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.

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.

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

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in 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 SDBF, 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 SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors.

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

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 SDBF 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. Annual impairment reviews in accordance with the requirements of FRS102 ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are held at historical cost taken on transition to FRS102 at 1 January 2014. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form.

Parsonage houses

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

Stipend Fund Properties

The SDBF has followed the requirements of FRS102, in its accounting treatment for properties contained in the Stipend Fund Capital Fund. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF 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, whereas Church House legal title remains within the Stipend Fund Capital under SDBF as provision of offices to the SDBF.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

e) Other accounting policies

i) Fixed asset investments
These are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities. Glebe properties which are held for investment purposes and rented out have been included at their fair value.

ii) Leases
The SDBF 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 shorter of the overall lease term or first break clause whichever is shorter in time.

iii) Key judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported during the year and at the balance sheet date. The key judgemnets applied relate to the residual values of land and buildings and the assumptions relating to the valuation of the defined benefit pension scheme.

f) Fund balances

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

i) **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the SDBF.

Designated funds set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees

ii) **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

iii) **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 SDBF (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 as charity branches. Trusts where the SDBF 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.

2 DONATIONS

Parish contributions

Donations are collected from the parishes of the diocese through the Common Fund system from 2015 and through Parish Share before then.

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Current year						
Parish contributions	3,338		2		3,340	3,255
Receipts for previous years	58				58	43
	3,396	-	2	-	3,398	3,298
Locally supported clergy	227				227	279
	3,623	-	2	-	3,625	3,577

The prior year includes £5k of restricted Parish contributions.

Archbishops' Council

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
LINC and Transition Funding*	1,751	-	-	-	1,751	1,820
Strategic Development Fund	318	-	741	-	1,059	796
Sustainability Fund**	-	-	-	-	-	900
Capacity Funding	-	-	163	-	163	138
Resourcing Ministerial Education	-	-	204	-	204	335
Transformation Bid	-	-	467	-	467	746
Mission Development Fund	-	-	-	-	-	-
Energy grants	-	-	400	-	400	-
	2,069	-	1,974	-	4,043	4,735

All Archbisophs' Council funding was restricted in the prior year with the exception of the sustainability fund.

* This is annual funding which is allocated to lowest income communities with reference to deprivation indicies and parish population, which may be used either for specific parish mission and development projects or for clergy stipends.

** Sustainability Fund - This funding was made available by the Archbishops' Council to support Dioceses to mitigate the impact of the COVID-19 pandemic where loss of income may adversely impact long term sustainability.

Other donations

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Benefact Trust formerly AllChurches	-	166			166	160
Church Burgesses	-		75		75	76
Donations	87		231		318	348
	87	166	306	-	559	584

The prior year included £160k of designated AllChurches grant and £275k of restricted donations.

Other grants

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Other grants	-	-	267	-	267	-
	-	-	267	-	267	-

3 CHARITABLE ACTIVITIES	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	355	-	-	-	355	334
Chaplaincy and other	65	-	-	-	65	56
Education	40	-	3	-	43	45
	460	-	3	-	463	435

The prior year includes £5k of restricted income for education.

4 OTHER ACTIVITIES	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	234	-	-	-	234	261
Other income	0	-	7	-	7	-
	234	-	7	-	241	261

The prior year includes £16k of restricted housing income.

5 INVESTMENT INCOME	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Dividend receivable	131		39		170	171
Interest receivable	26		381		407	409
Rents receivable	-	-	137	-	137	91
	157	-	557	-	714	671

The prior year includes £492k of restricted income and £44k of endowment fund income.

6 FUND RAISING COSTS	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	19	29	48	62
Parsonage rental costs	23	-	-	-	23	25
	23	-	19	29	71	87

All fund raising costs were unrestricted in the prior year.

7 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Archbishops Council						
Training for ministry	-	-	249	-	249	188
National church responsibilities	217	-	-	-	217	131
Other						
Grants and provisions	-	125	69	-	194	16
Mission agency pension costs	-	-	-	-	-	8
Retired clergy housing costs	-	-	-	-	-	69
Pooling of ordinands maintenance grants	-	-	-	-	-	3
General Synod expenses	-	-	-	-	-	-
	217	125	318	-	660	415
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	2,798	-	1,730	-	4,528	3,276
Pension contribution	795	-	264	-	1,059	764
Housing costs	1,412	13	-	-	1,425	1,405
Removal, resettlement and grants	218	-	-	-	218	94
Other expenses	22	22	-	-	44	638
	5,245	35	1,994	-	7,274	6,177
Support for parish ministry	401	-	397	-	798	1,718
	5,646	35	2,391	-	8,072	7,895
Expenditure						
Support for church schools and parishes	1,861	38	187	-	2,086	258
Projects			119		119	1,387
	1,861	38	306	-	2,205	1,645
	7,724	198	3,015	-	10,937	9,955

The prior year figures include £4,348k of restricted expenditure of which £2,947k is on Parish Ministry, £1,293k on projects, £108k on support for church schools and parishes.

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total Costs 2022
	£'000	£'000	£'000	£'000
Raising funds	71	-	-	71
Charitable activities:				
Contributions to Archbishops' Council	-	660	-	660
Resourcing parish ministry	5,665	1,730	677	8,072
Schools and Projects	-	2,205	-	2,205
	5,736	4,595	677	11,008

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total Costs 2021
	£'000	£'000	£'000	£'000
Raising funds	87	-	-	87
Charitable activities:				
Contributions to Archbishops' Council	-	415	-	415
Resourcing parish ministry	4,877	2,550	468	7,895
Schools and Projects	-	1,645	-	1,645
	4,964	4,610	468	10,042

9 ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	587	-	-	-	587
Governance:					
External audit	29	-	-	-	29
Registrar and Chancellor	61	-	-	-	61
Diocesan Synodical costs	-	-	-	-	0
	677	-	-	-	677

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2021
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	407	-	-	-	407
Governance:					
External audit	23	-	-	-	23
Registrar and Chancellor	37	-	-	-	37
Diocesan Synodical costs	1	-	-	-	1
	468	-	-	-	468

10 ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	Total 2022 £'000	Total 2021 £'000
From unrestricted funds for National Church responsibilities					
Contributions to Archbishops' Council	-	-	660	660	415
From unrestricted funds:					
PCCs for faculty fees			18	18	13
Overseas mission agencies				-	-
Churches Together organisations				-	-
Clergy for training	33		7	7	7
Ordinands in training	30		187	187	192
Regional Training Partnership				-	-
	63	-	212	212	212

11 STAFF COSTS

	2022 £'000	2021 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,490	2,178
National Insurance contributions	241	201
Pension costs	216	195
	2,947	2,574

The average number of persons employed during the year:	Number	Number
Administration and financial management	18	17
Property	3	2
Discipleship & Ministry, Stewardship	14	13
Safeguarding and inclusion	4	4
Projects staff funded from reserves	6	7
Projects staff externally funded	49	39
	94	82

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:	Number	Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1

Pension payments of £14,478 were made for these employees (2021: £14,105).

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 2022 they were:

Diocesan Secretary and Company Secretary	Katie Bell
Director of Finance	Keith Mallon
Director of Formation for Ministry	Rev Toby Hole
Director of Education	Huw Thomas

Remuneration, pensions and national insurance for these 4 employees amounted to £297,000 (2021: £352,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £11,463 (2021 - £7,704) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Right Revd S Jelley	No	Yes
Venerable J Iqbal	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Rev I Smith	Yes	Yes
Rev Fiona Kouble	Yes	Yes
Rev EH Steele	Yes	Yes
Rev M Rhodes	Yes	Yes
Rev C Dawson	Yes	Yes

The SDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop but excluding Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 112 (2021 - 117) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipend	4,194	3,021
National insurance contributions	334	255
Pension costs	1,117	1,013
	5,645	4,289

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £37,680 - £46,180 (2021 range: £37,680 - £46,180). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2022 was in the range £37,198 - £38,314 (2021 range: £36,830 - £37,198) and other clergy who were Trustees were paid in the range £26,860 - £27,762 (2021 range: £26,600 - £26,860). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2022 at £11,057 (2021: £11,057). The value of housing provided to the Bishop is estimated at £15,000 (2021: £15,000).

12 TANGIBLE FIXED ASSETS

	Unrestricted Funds					
	Freehold Properties £'000	Leasehold Properties £'000	Office Equipment £'000	Parsonages Fund Properties £'000	Stipend Fund Properties £'000	Total £'000
Cost or valuation						
At 1 January 2021	2,027	-	46	29,807	3,427	35,307
Additions	-	-	-	405	1,253	1,658
Disposals	-	-	-		(226)	(226)
At 31 December 2022	2,027	-	46	30,212	4,454	36,739
Depreciation						
At 1 January 2021	-	-	46	-	-	46
Disposals	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
At 31 December 2022	-	-	46	-	-	46
Net Book Value						
At 31 December 2022	2,027	-	-	30,212	4,454	36,693
At 31 December 2021	2,027	-	-	29,807	3,427	35,261

Freehold properties in the Balance Sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2022 there were 6 (2021: 6) such properties and their value included above amounts to £1,007,647 (2021: £1,007,647).

13 FIXED ASSETS INVESTMENTS

	At 1 Jan 2022 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 Dec 2022 £'000
Unrestricted funds						
Unlisted investments	4,844	326	-	-	(568)	4,602
Restricted funds						
Unlisted investments	8,521	492	(2,519)		(918)	5,576
Endowment funds						
Investment property	3,905		(685)		446	3,666
Unlisted investments	8,206	64			(712)	7,558
	12,111	64	(685)	-	(266)	11,224
Total	25,476	882	(3,204)	-	(1,752)	21,402

14 DEBTORS

	2022 £'000	2021 £'000
Due within one year		
Loans to parishes	27	27
Loans to schools	29	12
Other debtors and prepayments	668	387
Inter-fund debtor	-	
	724	426
Due after more than one year		
Loans to parishes	270	348
Loans to schools	63	63
	333	411
Total debtors	1,057	837

15 CREDITORS: amounts falling due within one year

	2022 £'000	2021 £'000
Church Commissioners other loans	-	21
Deferred income	-	-
Other creditors and accruals	554	449
	554	470

16 CREDITORS: amounts falling due after more than one year

	2022 £'000	2021 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	638	619
Church Commissioners other loans	-	6
Other loans	63	88
	701	713
The maturity of the above loans may be analysed as follows:		
Between one and two years	13	6
Between two and five years	50	38
In five years or more	638	669
	701	713

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £63,000 (2021 - £63,000) relates to the Schools Fund, £nil to the General Fund (2021 - £6,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, which is borne by the SDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the SDBF.

Value-Linked Loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis with the Church Commissioners and are repayable on the disposal of the related property.

17 SUMMARY OF FUND MOVEMENTS 2022 YEAR END

	At 1 Jan 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	At 31 Dec 2022 £'000
UNRESTRICTED FUNDS						
General	6,642	6,630	(7,747)	1,791	(568)	6,748
Designated Funds:						
Clergy Conference	22	-	(22)			-
Church House Refurbishment	13	-	(13)			-
Benefact formerly AllChurches	136	166	(163)	(139)	-	-
Restructuring Fund	7	-				7
	178	166	(198)	(139)	-	7
RESTRICTED FUNDS						
Stipend Income	-	222	(222)	-	-	-
Pastoral	3,181	65	(48)	-	(303)	2,895
Church in Action	5,015	136	(565)	-	(566)	4,020
Schools	530	93	(119)	-	-	504
Projects	687	1,574	(1,664)	-	-	597
Energy grants	-	400	-	-	-	400
Other Trusts/grants/donations	454	626	(416)	-	(50)	614
	9,867	3,116	(3,035)	-	(918)	9,030
ENDOWMENT FUNDS						
Stipend Fund Capital	11,938	-	-	(1,732)	336	10,542
Parsonages	32,879	-	(29)	80	(343)	32,587
Schools	1,762	-	-	-	(259)	1,503
	46,579	-	(29)	(1,652)	(266)	44,632
TOTAL FUNDS	63,266	9,912	(11,009)	-	(1,752)	60,417

SUMMARY OF FUND MOVEMENTS 2021 YEAR END

	As restated At 1 Jan 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	At 31 Dec 2021 £'000
UNRESTRICTED FUNDS						
General	5,910	5,431	(5,483)	97	687	6,642
Designated Funds:						
Clergy Conference	30	-	(8)	-	-	22
Church House Refurbishment	13	-	-	-	-	13
Benefact formerly Allchurches	107	160	(131)		-	136
Restructuring Fund	7	-		-	-	7
	157	160	(139)	-	-	178
RESTRICTED FUNDS						
Stipend Income		2,125	(2,125)	-	-	-
Pastoral	2,796	73	(20)	-	332	3,181
Church In Action	4,615	142	(315)	(97)	670	5,015
Schools	475	106	(108)		57	530
Projects	294	2,173	(1,780)	-	-	687
Miscellaneous Trusts	391	9	-	-	54	454
	8,571	4,628	(4,348)	(97)	1,113	9,867
ENDOWMENT FUNDS						
Stipend Fund Capital	11,573	-	(72)	-	437	11,938
Parsonages	31,846	44	-	-	989	32,879
Schools	1,541	-	-	-	221	1,762
	44,960	44	(72)	-	1,647	46,579
TOTAL FUNDS	59,598	10,263	(10,042)	-	3,447	63,266

18 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Contribution from Benefact to core costs	139	(139)	-	0
Historical property works allocated to the stipend capital fund	1,133	-	-	(1,133)
Transfer of properties from the pastoral schemes	519	-	-	(519)
	1,791	(139)	-	(1,652)

19 SUMMARY OF ASSETS BY FUND 2022 YEAR END

	Fixed Assets	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	2,027	4,602	1,183	(1,064)	6,748
Designated funds					
Clergy Conference	-	-	-	-	-
Church House Refurbishment	-	-	-	-	-
Benefact formerly Allchurches Trust	-	-	-	-	-
Restructuring Fund	-	-	7	-	7
	-	-	7	-	7
RESTRICTED FUNDS					
Pastoral		1,554	1,341		2,895
Church in Action		4,020			4,020
Schools			504		504
Projects			497		497
Miscellaneous Trusts			1,304	(191)	1,113
	-	5,575	3,646	(191)	9,030
ENDOWMENT FUNDS					
Stipend Fund Capital	4,454	5,657	431		10,542
Parsonages	30,212	3,613	(1,238)	-	32,587
Schools		1,954	(451)	-	1,503
	34,666	11,224	(1,258)	-	44,632
TOTAL FUNDS AS AT 31 DECEMBER 2022	36,693	21,401	3,578	(1,255)	60,417

19 SUMMARY OF ASSETS BY FUND (CONTINUED) 2021 YEAR END

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Restated Net Assets £'000
UNRESTRICTED FUNDS					
General	2,027	4,844	964	(1,193)	6,642
Designated funds					
Clergy Conference	-	-	22	-	22
Church House Refurbishment	-	-	13	-	13
Benefact formerly AllChurches	-	-	136	-	136
Restructuring Fund	-	-	7	-	7
	-	-	178	-	178
RESTRICTED FUNDS					
Pastoral	-	2,657	526	-	3,183
Church in Action	-	4,987	153	(122)	5,018
Schools	-	451	157	(79)	529
Projects	-	-	683	-	683
Miscellaneous Trusts	-	426	28	-	454
	-	8,521	1,547	(201)	9,867
ENDOWMENT FUNDS					
Stipend Fund Capital	3,429	6,850	1,659	-	11,938
Parsonages	29,805	3,498	(425)	-	32,878
Schools	-	1,763	-	-	1,763
	33,234	12,111	1,234	-	46,579
TOTAL FUNDS AS AT 31 DECEMBER 2021	35,261	25,476	3,923	(1,394)	63,266

20 DESCRIPTION OF FUNDS

GENERAL FUND The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.

DESIGNATED FUNDS

Clergy conference	The Clergy Conference Fund was funding set aside to support a programme of training events to be arranged by the Bishop of Sheffield. It was fully utilised in 2022
Church House Refurbishment	This fund relates to legacies received in 2008 and 2009 designated as funds available to SDBF to develop facilities and resources at Church House. This was fully utilised in 2022
Benefact	From grants received from the Allchurches now renamed Benefact, SDBF has designated this fund to help kick start a growth regeneration programme in the Doncaster area where there are high levels of deprivation.

20 DESCRIPTION OF FUNDS (continued)

RESTRICTED FUNDS

Pastoral Fund

The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the
- to make loans or grants for the provision, restoration, improvement or repair of churches and
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other dioceses
- to transfer funds to the Diocesan Stipends Fund income or capital accounts.

Church in Action

The Church in Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.

Church Schools Fund

This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

Projects

The projects undertaken by the SDBF are as follows:

1. Mission Partnership Development Worker Project
2. Centenary Project
3. Children's, Youth and Families Worker Project
4. Resourcing Churches Project
5 Transformation Project

Miscellaneous Trusts

There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as:
Queen Victoria Fund
Training of Ordinands - Alice Marple Trust
Training of Ordinands - E J Freeman Bequest
Elizabeth Bramall Trust
Sheffield Scripture Readers General Trusts
Sheffield Scripture Readers Benevolent Trusts
First Lord Grimthorpe Charity Fund

ENDOWMENT FUNDS

Stipend Fund Capital

The Diocesan Stipends Capital Fund includes fixed assets, investments and cash, and has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. The fund may be used for the purchase, capital improvement and maintenance of glebe property and benefice houses. Funds can be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

Parsonages

This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses, and also includes funds held for benefice houses that have been sold and pastoral schemes which have not yet been completed.

Church Schools Fund

This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

21 PENSIONS

Church of England Funded Pension Scheme

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

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year (2022: £1,297m, 2021: £1,013m), plus the figures highlighted in the table below as being recognised in the SoFA.

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% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 90% of the S3NA, tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

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

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

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

21 PENSIONS (continued)

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

	2022 £'000	2021 £'000
Balance sheet liability as at 1 January	211	420
Contributions paid	(126)	(217)
Interest costs (recognised in the SoFA)	(85)	1
Remaining change to the balance sheet liability* (recognised in SoFA)		7
Balance sheet liability as at 31 December	-	211

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

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

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

Church Workers Pension Fund (CWPF)

The SDBF 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

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions There is no sub-division of assets between employers in each section of the Pension Builder Scheme.
The scheme is a multi-employer scheme as described in section 28 of FRS102. This is because it is not possible to attribute the Pension Builder A valuation of the Pension Builder scheme is carried out once every three years. The most recent was carried out as at 31 December 2019. The next For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit The legal structure of the scheme is such that if another employer fails, SDBF could become responsible for paying a share of that employer's pension

22 FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and

	2022 £'000	2021 £'000
CBF Church of England Investment Fund Income Shares	4,758	5,754
CBF Church of England Fixed Interest Securities Fund Shares	210	244
COIF Income and Accumulation Shares	251	268
CBF Church of England Deposit Fund	859	870
Other Investments	277	286
Cash at bank	286	322
	6,640	7,744

SHEFFIELD DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 245861

Accounts

Annual Report
&
Financial Statements

For the year ended 31st December 2021

THE DIOCESE OF SHEFFIELD
Renewed | Released | Rejuvenated

SHEFFIELD DIOCESAN BOARD OF FINANCE

Company number: 196087
Registered Charity number: 245861

The Diocese of Sheffield is called to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world.

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ANNUAL REPORT

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 2020. In signing as Trustees, they also sign the strategic report sections in their capacity as Directors. This combined report satisfies the legal requirements for:

The Director's Report of a charitable company
The Strategic Report under the Companies Act 2006, and
The Trustees Annual Report under the Charities Act 2011.

FORWARD

The first three months of 2021, while the nation was again in full lockdown, was perhaps even more demanding than much of 2020 had been: for many among our lay and clergy leaders, as well as for congregants generally, levels of exhaustion were high, whereas mental-health and a sense of wellbeing were low. However, as the year unfolded, many church communities and their local neighbourhoods entered a more spacious place. Gradually, well supported by the efficacy of the vaccination programme, worshippers grew in confidence to return to onsite worship, which became increasingly 'hybrid' rather than mostly online. Indeed, it was wonderful to see several of our churches so well used as vaccination hubs. By the end of the year, by the grace of God, there was also increased confidence to plan evangelistic and discipleship activities once again, and to extend our church planting and grafting ambitions. In this latter aspect in particular, there was a real sense of ourselves as co-workers with the Holy Spirit in mission. Attendance figures and Common Fund contributions were still down relative to 2019, but there was a sense by the year's end that 'post-pandemic recovery' had begun. We have therefore entered 2022, still fully committed to our vision (stated on the front cover of these accounts) and to our 'Renewed, Released and Rejuvenated' strategy to achieve it. I am immensely grateful to the colleagues on the Bishop's Senior Staff Team, the Bishop's Council and the Finance and Property Committee for their hard work in ensuring that our human and financial resources are well aligned, to ensure we are as fruitful as possible in the service of our Lord Jesus Christ.

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

2021 proved to be another year of both blessing and sadness. In the Diocese we were saddened that the restrictions due to the pandemic, and the prevalence of illnesses it has caused in our communities, continued for longer than we hoped for.

We were blessed though that vaccines were developed which were effective in reducing the worst effects of COVID 19. Furthermore many of our churches and congregations reached out to our communities in need and we trust were a blessing to them.

Now, as the worst of the effects of the pandemic, and the associated restrictions, are behind us, we have new challenges and opportunities in rebuilding our church congregations and outreach programmes, not least amongst children and youth.

The Diocese has also been blessed by the continued support from the national church who generously supported us in 2021 to the tune of an additional £900k sustainability funding. This was on top of the £4.9m Strategic Transformation Fund previously announced in continued support of our church growth and transformation strategy. Two assurance reviews have been very positive so they continue to be fully supportive.

We have also been enhancing our finance and oversight teams with the appointment of Keith Mallon as our new Finance Director. The capacity and the capability in this team is of increasing importance as we seek to provide evidence in support of yet more bids to the national church. The latest announcements of a large increase in release of funds from the Church Commissioners is most encouraging especially as they seek to target growth in poorer communities and amongst the younger generation.

Ian Walker, Chair of Sheffield Diocesan Board of Finance

LEGAL OBJECTS

The Sheffield Diocesan Board of Finance's ("SDBF") principal object is to promote, assist and advance the religious and other charitable work of the Church of England in the Diocese of Sheffield by acting as the financial executive of the Sheffield Diocesan Synod. The objects of the Diocese of Sheffield cover most of the County of South Yorkshire with a small part of the East Riding and one parish in North Yorkshire.

The SDBF has the following statutory responsibilities:

i) the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;

ii) the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;

iii) the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;

iv) the custodian of permanent endowment and property assets relating to trusts held by Incumbents and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

STRATEGIC AIMS AND OBJECTIVES

The SDBF manages the financial aspects of the provision of ministry within the Diocese ensuring appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities.

The Diocese of Sheffield continues:

i) to ensure a Christian presence in every parish;
ii) to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;

iii) to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, including schools, universities, and in local communities; and,

iv) to manage diocesan resources effectively to meet the legal objects of the Diocese.

In promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that SDBF delivers public benefit. This is achieved through community engagement, resourcing education and supporting those in need both spiritually and physically.

ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Progress Against our Strategy in 2021

In spite of the continued challenges of the pandemic we have continued to work throughout 2021 towards the implementation of our 3Rs Strategy: "Renewed, Released and Rejuvenated".

Our prayer community has continued to grow with 1,106 members against a target of 2,025 by 2025. We have delivered 6 virtual Deanery Prayer events with strong levels of engagement. We marked Thy Kingdom Come between Ascension and Pentecost, with a virtual beacon event which provided new opportunities for engagement. We have also continued to make progress against targets for the Rejuvenated strand of the strategy. The table below shows our progress to date:

	Current number 2021	Target number 2025
Resourcing Churches	7	12
New Congregations Sheffield & Rotherham	6	25
New Congregations Doncaster	7	25
New Congregations Schools	6	25

Lights for Christ has continued to have a significant impact. The website had 25,839-page views and 7,316 individual users in 2021 (exceeding the target of 5,000 website visits and 600 individuals per year). 75 Diocesan groups and 62 other groups accessed Travelling Light course materials in 2021 (approximately 500 individuals in Diocese and 620 out of Diocese). 6 groups are using Shining as Lights course materials.

After some challenges with recruitment we have now appointed core team members for Mission Area Support. We are utilising data models to target where support will be most effective.

2021 like 2020 has been a challenging year. The continued impacts of the global pandemic across our communities and across all aspects of our ministry have required adaptability to continue to support our communities across this period. We have maintained regular Bishops' mailings to give encouragement and advice as we have continued pandemic restrictions and a new normality.

The Church House team has now adopted hybrid working in 2021. We continue to review flexible working arrangements and are adjusting staff contractual arrangements with discussions ongoing as the restrictions and consequent enduring impacts are felt. We have been well supported by the technology we have in place and as a result, most of our operations have continued throughout the period with meetings moving online supported by remote technologies.

Projects supported by the Strategic Development Funding

The continued impact of the coronavirus on both the Centenary Project and the Resourcing Churches Project has meant that standard models of activity have had to adapt in order to comply with Government guidelines. People have risen to the challenge of maintaining the considerable momentum within the projects. Delivery outputs have been met and or exceeded in some areas. We have identified two unintended but positive impacts of the pandemic; firstly it has enhanced people's understanding of and use of modern technology, and social media has enabled us to engage with more people than previously. Secondly it has reached people who would not usually engage with Church or who are on the fringe.

Centenary Project

At the end of 2021, there are 22 CPWs in post; 15 funded via SDF CYP, 2 via Resourcing Churches and 5 original non-SDF. We are continuing to see the impact of the foundations laid by the original Centenary Project with the 5 original non-SDF CPWs remaining in post and 100% parish funded. 4 SDF CYP funded CPWs are now 100% parish funded.

The Fundraising Development Officer continues to work with parishes from the outset to help them develop a funding plan for their worker, and there are no concerns about the sustainability of other posts approaching the end of their SDF funding. This reflects the hard work and investment the team has made in promoting sustainability and ensuring parishes prepare and plan for the future retention of their much-valued CPWs.

The sustainability of the wider project – post SDF and original Diocesan funding is under consideration, with sustainability and expansion ideas positively received by Programme Board and their strong support for the CP central team to push-on with exploring and identifying future funding options.

Resourcing Churches

The continued impact of the pandemic in 2021 meant the ability to plan and carry out face to face worship and missional activities was restricted again. As a result, the worshipping community targets for 2021 were not met. Nonetheless, good, prayerful plans are in place in both Resourcing Churches, lots of new missional activities have now started, and the relational fringe has grown significantly with links starting to be seen between the fringe and life of the church. The growth of the relational fringe is a key part of the strategy of growth in the worshipping community and number of engaged disciples, and is a key indicator of direction of travel. Momentum is growing, good seeds have been sown, and there is a real sense that the project will really be able to fly in 2022.

Strategic Transformation Funding

In 2020 the Diocese of Sheffield was the first Diocese in the country to receive a full award of Strategic Transformation Funding (STF). The award of £4.9m for our major transformation programme was made by the Archbishops' Council's Strategic Investment Board in December 2020 with the project commencing in 2021. The flagship project supports the Diocese's plans for significantly increased engagement with young people, growth in deprived areas, new congregations across the Diocese, and sustained growth in the Common Fund.

The prolonged impact of COVID has delayed the re-organisation of ministry under a new model in which each deanery will be composed of a number of mission areas, each with at least one ordained oversight minister and a number of focal ministry teams. 2022 will see higher level of activity as an expanded role for lay people is rolled out within the Diocese, the project represents a substantial investment in training and development.

2021 saw the start of the delivery of the transformation programme. The transformation programme supports our 3Rs strategy delivery by funding elements of the strategy that SDBF was not able to fund ourselves. This is described as the rocket fuel to help us achieve our vision. Key successes in 2021 have been; the recruitment of 6 highly able Associate Archdeacon-Transition Enablers to support and coach clergy and Mission Areas as they journey to implementing the new model of ministry, 14 authorised Focal Ministers in 2021 (plus 3 at Getting Ready stage and 5 at Discernment stage), 5 churches completed training as a Lights for Christ learning hub. We experience challenges in recruitment for the Mission Area Support roles that are a key part of the Released strand of the strategy. However, one Buildings Officer did start in December and quickly made a positive impact, as have our 2 Generosity and Giving Officers.

We have drawn down £746,000 of the £4.9m funding in 2021. More details on what is planned in 2022 and beyond can be found in the Future Plans section of this report.

Education

Church of England Schools are a vital part of the work and ministry of the Diocese. There are 38 primary schools and 1 secondary school in the Diocese of Sheffield educating about 9,500 students.

The Diocesan Boards of Education Measure and our resultant new scheme were presented at Diocesan Synod on 27th November 2021 and passed with no questions or concerns, such that the legal Diocese of Sheffield Board of Education (DBE) role is now held by the Diocesan Board of Finance. However, our new scheme commits us to maintaining the regular Education Board, which functions as a committee of the DBF. Elections to this new structure took place in the Autumn and the new body commenced on 1st January 2022.

The Diocese of Sheffield Board of Education (DBE) remains committed to the development of effective collaboration with, and between, our Church Schools; to the celebration of the excellent work that has been, and will be, carried out in our Church Schools; and to the supporting and enrichment of Church Schools' distinctive offering of teaching and learning within a Christian context.

We are still going through a period of staggered recovery from Covid 19, and the past year has seen the challenging combination of schools hampered by absence due to infection, alongside the return of standard expectations with regards to accountability. The DBE continue to note, with gratitude, the courage and dedication of school staff during this past year.

Centrally organised and provided Diocesan support has returned, including the re-starting of the successful "Understanding Christianity" training which, this year, has a cohort that mixed, with half from church schools and half the participants working in community schools, located within the Diocese. There has also been a welcome return of other training such as SIAMS Preparation. The Diocese is also providing other training in RE for schools across the region.

Our Diocesan Schools have continued their journeys of improvement, moving from 85% good or outstanding in January 2018 to 93% good or outstanding, with schools that were previously graded as inadequate in OFSTED inspections of preceding years now evaluated as good. There are no inadequate schools in the Diocese of Sheffield and the remaining 'Requires Improvement' include schools awaiting an inspection to enable them to change that grading.

After a lull during the period affected by Covid, the Diocese has returned to engagement with the national programme enabling schools to become academies. 65% of our schools have converted, but with two schools resolving to become academies and a number showing renewed interest that will soon rise to the 70% mark. The Diocese of Sheffield Academies Trust (DSAT) and James Montgomery Trust (JMAT) continue to be the two voluntary aided trusts within the Diocese, along with St Mary's Academy Trust (SMAT), the trust shared with the Diocese of Leeds. DSAT, our Diocese-led trust, now has 15 schools with a further two joining in the near future. The Trust is recognised by the DFE as an effective potential partner in supporting schools in difficulty.

The process of establishing 20 to 25 school-based congregations in our church schools has now restarted and conversations have commenced about new projects.

The Board of Faith and Justice

As a Diocese we are passionate about issues of social justice. Much of this work is co-ordinated through the Board of Faith and Justice. The Board's work is shaped by the strategy document Salt and Light – A strategy for serving and transforming our society and God's World. In particular, the Board has focussed on developing the Diocesan response across the last 3 Marks of Mission of the Anglican Communion:

To respond to human need by loving service;

To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and

To strive to safeguard the Integrity of creation and sustain and renew the life of the earth. The Board carries out much of its active business through working groups, each dedicated to a specific area of Salt and Light concern with terms of reference and membership established by the Board.

Throughout 2021 the following working groups were active;

Mental Health
Diocesan Resource Group for Seniors (DRGS)
Black, Asian and Minority Ethnic Anglicans (BAME)
Dementia
Poverty & Inequality
Global Justice
Climate Change and Environment.

The Board has developed key areas of work in the year which have included registration with The Equality Trust and leading on Network events highlighting the Black Lives Matter movement and the importance of quality for all in the Church. The Board also supported the Bishop of Sheffield's consultation on Diversity and Inclusion.
In year the SDBF has reviewed the ethical investments policy of the Diocese. Investments are held with CCLA and funds have been reviewed to ensure that all areas of investment are in line with the aims and objectives of the SDBF and the wider Diocese. The Finance and Property Committee review the profile of investments with CCLA on a quarterly basis.
The Diocese of Sheffield at its Diocesan Synod declared a climate emergency in 2020. We are currently working towards Eco Diocese status and we have worked to highlight the commitment of the Church of England to meet net zero by 2030. A Net Zero steering group has been established and this work will continue into 2022 and beyond.
The Board will also continue to speak up at all opportunities to address the injustices in the welfare reforms and sanctions policy. A specific area of work post pandemic will be to work with Central and Local Government to consider the impact of COVID-19 on our poorest communities and highlight the work of parishes across the Diocese in responding to this.

Senior Staff Appointments

There have been a number of appointments to the Sheffield Diocesan Board of Finance Staff Team.

Rev Ian Parkinson	Associate Archdeacon Transition Enabler	Jan-21
Rev Julie Upton	Associate Archdeacon Transition Enabler	Jan-21
Ruth Dunlop	Human Resources Director	Apr-21
Rev Christopher Stebbing	Associate Archdeacon Transition Enabler	Jun-21
Rev Julie Bacon	Associate Archdeacon Transition Enabler	Jul-21
Rev Stephen Edmonds	Associate Archdeacon Transition Enabler	Jul-21
Rev Clive Hogger	Associate Archdeacon Transition Enabler	Aug-21
Keith Mallon	Finance Director	Dec-21

Safeguarding

Safeguarding was a key priority for the Diocese. In 2021 we continued to deliver training both online and in person where the need arose and it was safe to do so. The safeguarding team has recruited to key posts and is currently in the process of recruiting a part time ADSA to expand capacity in the team. This will enable the team to offer safeguarding advice and support to the Cathedral in line with the service level agreement currently being developed. The Past Cases Review work was completed and our report submitted to the National team in December 2021. We are awaiting the publication of the National report regarding this review and are looking to progress the recommendations of the review process.

Related Parties

The SDBF works closely with a range of partners and parties:

The Archbishops' Council to which the Diocese pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Archbishop's Council and National Church Institutions from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF also pays for clergy stipends through the Archbishop's Council.

The Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

Volunteers

The SDBF is dependent on the huge number of volunteers involved in church activities both locally and at Diocesan level. The SDBF greatly values the considerable time given by all volunteers and particularly, committee members across the Diocese in pursuit of the mission of the SDBF. No attempt has been made to quantify this resource, so generously given.

FUTURE PLANS

Following the successful award of £4.9m Strategic Transformation Funding (STF) by the Archbishops' Council's Strategic Investment Board in December 2020, in 2022 we will continue with the implementation of the plans.

The resources that have been made available to the Diocese over the next few years, will significantly strengthen our plans to deliver our Diocesan strategy. The funds are focussing in supporting five areas of activity, which we have identified as key to our future sustainability:

Well supported and newly energised clergy: we have now recruited six Associate Archdeacon Transition Enablers (AATEs), and through 2021 they have started work in earnest within the twinned deaneries. They have been supporting clergy, providing coaching and skills development, as they transition to a Mission Areas. The AATEs helped to run six Twinned Deanery Events in late 2021, sharing stories of success from with the area. The team is also now trialling a logging system to track visits and type of issue encountered to help share learning within the team.

Focal Ministry: The Director of Focal Ministry has been working within Mission Areas to help to identify and develop potential individuals, and to develop teams. Resources have been updated with user feedback, and the first Focal Ministry teams have now been commissioned. Some resources have already been developed and are available via the Diocesan website www.sheffield.anglican.org/focal-ministry.

Lights for Christ: you can follow here our recent progress in this area, as we seek to mobilise the whole people of God for the whole mission of God, so that every baptised person is enabled to shine as a light in the world to the glory of God the Father. We have seen high engagement with our Advent and Lent courses, developed specifically for the Lights for Christ programme. The Lights for Christ Enabler is in post and has been carrying out awareness and training events in Deaneries to help people understand discipleship development, and the resources that are available to help them. The introduction of a Rule of Life, with accompanying resources has also been a key feature of the work of the last 12 months.

Mission Area support: aligning our central services team at Church House ever more closely to the Diocesan strategy, we will be able to provide direct help to Mission Areas in relation to finances, giving and generosity, operations, compliance, and buildings. We believe these resources will genuinely help to lift the burden from clergy and lay leaders, releasing energy on the ground for mission. Recruitment through 2021 to key posts in this team was challenging and slow. Now, the majority of appointments are made. A key outcome of the work in 2021 was around using data better with the production of dynamic dashboards that can give the team information to help target help in the right areas.

Common Fund: we will be seeking to develop the current Common Fund system so that it contributes more effectively to the future sustainability of our Diocese and the ongoing implementation of the strategy. A Common Fund Review Group has been meeting regularly, establishing workstreams, consulting with Mission Area representatives and commissioning dashboard work to help understand the date, and look for trends. It is likely that a new system will be launched in 2023. This will build on a first phase through 2022 which is focussing on a realistic recovery period for parish finances.

The first six months of 2022 will see the following:

The inducting and aligning of our Mission Support Teams to support Mission Areas.

The further rollout of a new Clergy Wellbeing handbook and development of clergy support services on the Diocesan website.

More Lights for Christ resources on Rule of Life, continued awareness events and development of resources.

The commissioning of further Focal Ministry teams.

The adoption of a Mission Area Support request system to ensure requests are sent to the correct teams and monitored centrally.

The launch of phase one of the Common Fund Review group work.

A Diocesan Conference (early July be an important milestone in the strategic journey).

In particular we have planned:

Induction of the Mission Finance Support Team and the Church Buildings Support Team, setting early priorities.

A round of LLF courses ran by trained practitioners in the deaneries.

Continued work on the Common Fund Review project, with a June rollout of phase one.

Continuing to embed hybrid-working patterns in Church House, looking at contractual changes, establishing patterns of working and installing two hybrid meeting systems in the Conference and Board Rooms.

FINANCIAL REVIEW

The continued COVID pandemic adversely impacted the finances of the Diocese for a second consecutive year. We are heavily reliant on Common Fund. Contributions to the Common Fund are made by our parishes on a pledge basis and most parishes experienced reduced income from a combination of church family giving, hall hire and other fees, as places of worship and community halls were required to close for many months in line with Government guidelines. When permitted to re-open there has been significant caution in the behaviour of the general public.

The SDBF has been able to draw on reserves and £900,000 of Sustainability Funding from the Archbishop's Council in 2021 but the continuing financial impact on SDBF and parishes in the Diocese and the social impact on the communities we serve remains uncertain. This uncertainty does not impact our ability to continue as a going concern.

Net expenditure of general unrestricted reserves before investment gains was £52,000 against a planned deficit of £1,651,000. Whilst this appears favourable it is important to note that this position is the net impact of a number of significant issues.

In year the Archbishops' Council made a support package of funding available to Dioceses across England. The aim of the funding was to provide support to mitigate the impact of the COVID-19 pandemic on long term sustainability of Dioceses. We made a successful application and were awarded £900,000. This funding is the key reason why these accounts show a better than planned position. Whilst recognised fully in year it will work to support SDBF into 2022 as it has reduced the adverse impact on reserves in 2021 which are then available to be applied to mitigate ongoing losses into 2022 as the pandemic economic fallout continues. Common Fund income expectations for 2022 continue to show the impact of the pandemic at a parish level as congregations are adapting to a new normality. Pledges received towards are funding show a small increment against 2021 but the inflationary pressures and particularly utility price rises will affect our income.

In 2021 the Common Fund was £3,298,000 which is down £294,000 on prior year and £150,000 against budget, a total reduction against expectation of 4%. We are thankful, however, for the way in which parishes have continued to meet pledges as much as possible to support mission and ministry in all areas of the Diocese, including where this has required the use of local reserves in some instances.

In year we received £4,735,000 from the Archbishops' Council across a number of projects. This includes Lowest Income Communities funding which we have allocated to support mission and ministry in parishes where they have ranked in the lowest 10% of our Diocese in terms of Social Deprivation indices. We received £796,000 of Strategic Development Funding which has supported our work on both Resourcing Churches and the Centenary Project. Both projects support the ongoing strategic development of the Diocese and enable us to reach new and diverse communities. We also received a grant of £75,000 from the Sheffield Church Burgesses Trust which continues to support work across the Sheffield Deaneries. Income from investments and rental income was largely in line with expectation.

Costs in 2021 for Resourcing Mission and Ministry increased in comparison with the prior year and remained lower than budget. This is impacted by lower levels of activity than anticipated, e.g. training and events due to government restrictions in year. In some instances, these activities have successfully been delivered online, in other instances there will be higher levels of activity in 2022 and 2023. Quinquennial inspections and associated repairs and maintenance have remained at a reduced level in the year due to limitations in access to buildings. Support costs are in line with expectation.

The total value of Tangible Fixed Assets increased from £34,388,000 to £35,261,000 primarily as a result of additions in stipend fund properties funded from the sale of investments. This is a strategic decision to meet ongoing clergy housing requirements. Depreciation was charged in year in line with policy. There was a gain in year in the value of Fixed Asset Investments, due to favourable changes in market value. The movement on valuation can go up and down, early 2022 economic uncertainties eroded the value of investments worldwide.

Pension schemes, Church of England Funded Pension Scheme and the Church Workers Pension Fund are administered by the Church of England pensions Board. Contributions in year are in line with national contribution rates and in line with expectation. The most recent scheme valuation of the Church of England Funded Pension Scheme was completed in 2019 and revealed a deficit on the scheme. In year we continued to make additional contributions of 7.9% as part of a plan to reduce this deficit, this will reduce in 2022 on the basis of improvements in the funding position over the course of 2021. The balance sheet liability as at 31st December 2021 was £211,000, the pension scheme deficit scheme that has taken a decade to implement will conclude in 2022.

Reserves Policy

Our Reserves Policy considers the use of all our Funds but primarily focuses on our Unrestricted Funds, which fall into three categories:

Free Reserves which we define as the resources held in our General Fund as readily realisable assets. At 31 December 2021 these totalled £5,198,000. (31 December 2020: £4,036,000).

Our priority is to maintain Free Reserves at a sufficient level to ensure financial resilience and sustainability, including mitigating against key risks identified in our risk register for at least the next financial year. At the 31 December 2021 we have assessed this requirement to be £2,631,000 including a planned deficit for 2022 of £1,931,000 approved by Diocesan Synod in November 2021.

We are also seeking to achieve a balance between holding reserves to maintain financial resilience and using our funds in support of the mission and strategic priorities as set out in the Diocesan Strategy in October 2018, "Renewed Released Rejuvenated".

We are blessed that we hold certain Restricted Funds which can also be deployed to support the implementation of the strategy.

Tangible fixed assets within our General Fund held to support our charitable activities. Funds are not readily available as they can only be realised through the sale of the properties we hold. Our policy is review whether we need to retain these assets at least once a year and when they become vacant. At 31 December 2021 the total value was £1,624,000 being the net book value of the relevant properties less the value of any related loans which would be repayable if the properties were sold. (31 December 2020: £1,874,000).

Designated Funds. The Trustees may designate an element of Unrestricted Funds for an agreed purpose where this is considered to be appropriate linked to a particular objective. The need for the fund is reviewed at least once a year and funds returned to Free Reserves if no longer required. In our revised reserves policy, we are taking the approach to limit the use of designated funds. As at 31 December 2021 we had 4 Designated Funds totalling £178,000. (31 December 2020: 4 Designated Funds totalling £157,000.)

Details of all Designated, Restricted and Endowment Funds can be found in notes 17 to 20 of the accounts.

Grant Making Policy

The SDBF's Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects. The Grants Committee meets annually to consider applications made by parishes to support ongoing activities.

Grants made in 2021 covered contributions towards necessary maintenance works in Church buildings where alternative funding is not available locally, grants for this purpose are typically less than £5,000. These grant awards were consistent with the aims and objectives of the SDBF.

Investment Policy

The SDBF is empowered by its Memorandum and Articles of Association to invest monies not immediately required for its purposes. In addition, the SDBF acts as Trustee of a number of Trust Funds, and these must be invested in accordance with the related trusts.

The Trustees' investment policy is to hold all restricted and endowed investments in CBF Funds. CCLA Investment Management Ltd have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

Most of the SDBF's other investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited.

The Finance and Property Committee regularly reviews the performance of the funds and makes decisions on investments. In year we will be working with CCLA on a full review of investments held by SDBF.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained. The register is reviewed by the Trustees at each Bishop's Council meeting and also at each of the Finance & Property Committees. The responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary.

The risk register identifies areas where the risk of either failure to act or the impact of the events is considered significant. Risk areas have been reviewed at Heads of Department, Finance and Property Committee and Bishop's Council: Governance/Strategic; Staff; Financial (income/expenditure); Reputational; Statutory/Legal and Operational. These risk areas and the associated mitigation strategies are summarised:

1. **Financial** – risk of under-collection of and/or reduced Common Fund, fees or rent

    Collection statistics are produced and circulated on a monthly basis.
    Parish Finance Team in place and operating effectively
    Financial Modelling tool developed and used to support strategic decision making

2. **Reputational** – child protection and vulnerable adults:

Communications and PR support engaged;
Liaison with National Safeguarding Team;
Resources for safeguarding expanded; and
Delivered high volume of training to clergy, parish employees and volunteers.

3. **Statutory/Legal** – risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law:

Registrar and Chancellor contract in place;
Safeguarding team in place;
Policies aligned with National Church guidelines;
Safeguarding training provided;
Thirty-One Eight contract in place for DBS checks;
Thirty-One Eight cover in place for Safeguarding Adviser and listening service provision.

4. **Data Protection Legislation** – risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently compliant with GDPR:

Staff training carried out;
Ability for individuals to set their own privacy settings on the Diocesan CMS database;
Privacy statement available;
Undertook Cyber Essential check.

5. **Staffing** – risk of prolonged staff absences through long term illness:

Temporary staff recruited;
Flexible cover between teams.

STRUCTURE GOVERNANCE AND MANAGEMENT

The Sheffield Diocesan Board of Finance (SDBF) is a company limited by guarantee (No. 196087) and a registered charity (No. 245861) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Sheffield. It was established in its present form in 1926.

The SDBF works in consultation with the wider Church of England and receives a range of funding from both The Church Commissioners and the Archbishops' Council. The Bishop of Sheffield is a member of the House of Bishops who are responsible for setting key policy which impacts SDBF operations, a key example would be in the area of Safeguarding.

Governance and policy of the SDBF is the responsibility of the Directors, who are also members of the company and Trustees for the purposes of charity law. The Bishop of Sheffield, together with other ex-officio persons are Trustees together with six people elected from and by the members of Diocesan Synod every three years, re-elections were last held in 2021. The Bishop of Sheffield, the Rt Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years. The Synod elects six of the Trustees of the Diocesan Board of Finance. The SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association. By virtue of the National Institutions Measure 1998 the SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the SDBF in consultation with the Diocesan Board of Education.

The role of Bishops Council is set out in paragraph 75 of the Standing Orders. It includes planning the business of synod and advising the synod on matters placed before it. It also has an advisory role on financial business, as set out in paragraph 109 of the Standing Orders. Under paragraph 111, the finance committee of the Board of Finance has to submit its accounts and draft budget to Bishops Council. Bishops Council then makes to the Synod sitting as the Board of Finance "such recommendations thereon as it thinks fit". Synod (sitting as the DBF) approves the budget as proposed by the finance committee and authorises the DBF to expend a sum not exceeding the amount outlined within the budget as presented.

The Finance and Property Committee appointed on behalf of Bishop's Council is responsible for oversight and scrutiny on decision making around financial resources and property assets. This committee meets most months. A budget is prepared annually and presented to first to Bishop's Council and then Diocesan Synod for approval at its November meeting.

The Committee undertakes the SDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Trustees

Trustees are members of the Bishop's Council and are either elected via Diocesan Synod or via interview. They are given induction as they start their role and at other times as appropriate. 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. Trustees are required to make a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Trustees appointments:

The Very Reverend AL Thompson (From 6th Nov 2021)
The Reverend Cannon M Rhodes (From 1st Jan 2022)
The Reverend EH Steele (From 27th Jan 2022)

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a use of a positioning scale for the grading of posts. Salary and stipend uplift decisions are made annually paid in April (Clergy) and July (DBF officers and staff).

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of SDBF for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. 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 affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

i) Select suitable accounting policies and apply them consistently;
ii) Observe methods and principles in the Charities SORP 2019 (FRS102)
iii) Make judgements and estimates that are reasonable and prudent
iv) State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
v) Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of SDBF 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 charitable company 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 on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictjons.

STATEMENT OF DISCLOSURE TO THE AUDITORS

In so far as the Trustees are aware:

i) there is no relevant audit information of which the charitable company's auditors are unaware, and
ii) the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2021. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr PJ Wilcox
Chair	IG Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	JA Butcher MA (Cantab), MSc, PhD
	The Venerable M L Chamberlain BA, BTh, MPhil
	The Reverend C Dawson
	IR Downing
	The Venerable J Iqbal
	The Right Reverend Sophie Jelly
	The Reverend F Kouble
	M MacDonald
	IJ Newton BA FCA
	Lay Canon P M Rainford MA
	The Reverend EEM Robertshaw BA, PGCE, MTh (Resigned 31st Dec 2021)
	The Reverend Canon MI Rhodes (From 1st January 2022)
	The Reverend I Smith BA
	The Reverend EH Steele (From 27th Feb 2022)
	The Very Reverend AL Thompson (From 21st Nov 2021)
Secretary	K Bell
Registered Office:	Diocesan Church House, 95-99 Effingham Street, Rotherham, S65 1BL
Bankers	Yorkshire Bank Plc, 6A High Street, Mexborough, S64 9AP
Auditors	Hawsons, Pegasus House, 463A Glossop Road, Sheffield, S10 2QD
Solicitors	Wake Smith Solicitors, No.1 Velocity, 2 Tenter Street, Sheffield, S1 4BY
Investment advisers	CCLA Investment Management Ltd
	80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-10 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Ian Geoffrey Walker
Chair
Date 28 June 2022

Katie Bell
Secretary
Date 28 June 2022

Independent Auditor's Report to the Members of Sheffield Diocesan Board of Finance

Opinion

We have audited the financial statements of Sheffield Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including 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 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The charitable company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the charitable company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102 and the Companies Act 2006. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. 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 the posting of inappropriate journal entries to improve the charity's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the charitable company to obtain an understanding of the legal and regulatory framework applicable to the charity and how the charity complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Trustee meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for. 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.



Simon Bladen (Senior Statutory Auditor)
For and on behalf Hawsons Chartered Accountants, Statutory Auditor
Pegasus House
463a Glossop Road
Sheffield S10 2QD

10 August 2022

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2021
Including movements in Endowment Funds

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2021 £'000**	Total 2020 £'000
Income and endowments from							
Donations							
Parish contributions	2	3,572	-	5	-	**3,577**	3,979
Archbishops' Council		900	-	3,835	-	**4,735**	3,523
Other donations		149	160	275	-	**584**	665
Charitable activities	3	430	-	5	-	**435**	390
Other activities	4	245	-	16	-	**261**	287
Investments	5	135	-	492	44	**671**	715
		5,431	160	4,628	44	**10,263**	9,559
Expenditure on							
Raising funds	6	87	-	-	-	**87**	113
Charitable activities	7	5,396	139	4,348	72	**9,955**	9,592
		5,483	139	4,348	72	**10,042**	9,705
Net income / (expenditure) before investment gains		(52)	21	280	(28)	**221**	(146)
Net gains / (losses) on investments		609	-	1,113	1,119	**2,841**	1,164
Net income / (expenditure) for year		557	21	1,393	1,091	**3,062**	1,018
Transfer between funds	18	97	-	(97)	-	-	-
Other recognised gains / (losses)							
Gains on fixed assets		78	-	-	528	**606**	418
Net movements in funds		732	21	1,296	1,619	**3,668**	1,436
Total funds brought forward		5,910	157	8,571	44,960	**59,598**	58,162
Total funds carried forward	17	6,642	178	9,867	46,579	**63,266**	59,598

All activities derive from continuing activities. The notes on pages 24 to 42 form part of the financial statements.

SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET
As at 31 December 2021

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2021 £'000**	Total 2020 £'000
FIXED ASSETS							
Tangible fixed assets	12	2,027	-	-	33,234	**35,261**	34,388
Investments	13	4,844	-	8,521	12,111	**25,476**	24,204
		6,871	-	8,521	45,345	**60,737**	58,592
CURRENT ASSETS							
Debtors	14	80	-	757	-	**837**	588
Cash at bank and in hand		884	178	790	1,234	**3,086**	2,233
		964	178	1,547	1,234	**3,923**	2,821
CREDITORS: amount falling due within one	15	(332)	-	(138)	-	**(470)**	(580)
		632	178	1,409	1,234	**3,453**	2,241
TOTAL ASSETS LESS CURRENT LIABILITIES		7,503	178	9,930	46,579	**64,190**	60,833
CREDITORS: amount falling due after more than one year	16	(650)	-	(63)	-	**(713)**	(815)
Net assets excluding pension liabilities		6,853	178	9,867	46,579	**63,477**	60,018
Defined benefit pension liabilities	21	(211)	-	-	-	**(211)**	(420)
NET ASSETS		6,642	178	9,867	46,579	**63,266**	59,598
FUNDS							
Endowment funds		-	-	-	46,579	**46,579**	44,960
Restricted funds		-	-	9,867	-	**9,867**	8,571
Unrestricted funds		6,642	178	-	-	**6,820**	6,067
		6,642	178	9,867	46,579	**63,266**	59,598

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 28 June 2022 and signed on behalf of the Board by:



Ian Geoffrey Walker (Chairman)

SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
For the year ended 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(1,005)		(1,320)
Cash flow from investing activities				
Dividends, interest and rent from investments	671		715	
Interest paid	(38)		(38)	
Proceeds from the sale of:				
Tangible fixed assets	1,612		619	
Fixed assets investments	2,955		1,298	
Purchase of:				
Tangible Fixed Assets for the use of the SDBF	(1,889)		(853)	
Fixed assets investments	(1,386)		(14)	
Net cash provided by investing activities		1,925		1,727
Cash flow form financing activities				
Loans repaid by the SDBF	(106)		(108)	
Loans repaid to the SDBF	39		47	
		(67)		(61)
Change in cash and cash equivalents in the reporting period		853		346
Cash and cash equivalents at 1 January		2,233		1,887
Cash and cash equivalents at 31 December		3,086		2,233
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income / (expenditure) for the year ended 31 December		3,062		1,018
Adjustments for:				
Depreciation charge		10		14
Dividends, interest and rent from investments		(671)		(715)
Interest paid		38		38
(Increase) / Decrease in debtors		(288)		237
(Decrease) in creditors		(106)		(396)
(Decrease) in Pension Liability		(209)		(352)
Pension scheme deficit (increase) / decrease		-		-
Unrealised (gains) / losses on investments		(2,841)		(1,164)
Net cash (used in) operating activities		(1,005)		(1,320)
Analysis of cash and cash equivalents				
Cash at bank and in hand		3,086		2,233

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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. Despite the current global impact of COVID-19 the trustees believe that the expected income and expenditure is sufficient especially considering the level of reserves held by the charity to enable it to continue as a going concern.

a) Income

All income is included in the Statement of Financial Activities (SoFA) when the SDBF 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) **Common fund** is recognised as income of the year to which it is received.

ii) **Rent** receivable is recognised as income in the period with respect to which it relates.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

v) **Parochial fees** are recognised as income of the year to which they are received.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets for the SDBF'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.

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.

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

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in 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 SDBF, 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 SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors.

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

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 SDBF 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. Annual impairment reviews in accordance with the requirements of FRS102 ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are held at historical cost taken on transition to FRS102 at 1 January 2014. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form.

Parsonage houses

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

Stipend Fund Properties

The SDBF has followed the requirements of FRS102, in its accounting treatment for properties contained in the Stipend Fund Capital Fund. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF 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, whereas Church House legal title remains within the Stipend Fund Capital under SDBF as provision of offices to the SDBF.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

e) Other accounting policies

i) **Fixed asset investments**
These are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities. Glebe properties which are held for investment purposes and rented out have been included at their fair value.

ii) **Leases**
The SDBF 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 shorter of the overall lease term or first break clause whichever is shorter in time.

f) Fund balances

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

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

Designated funds set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees

ii) **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

iii) **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 SDBF (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 as charity branches. Trusts where the SDBF 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.

2 DONATIONS

Parish contributions

Donations are collected from the parishes of the diocese through the Common Fund system from 2015 and through Parish Share before then.

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
Current year						
Parish contributions	3,250	-	5	-	3,255	3,537
Receipts for previous years	43	-	-	-	43	55
	3,293	-	5	-	3,298	3,592
Parish assistant staff	279	-	-	-	279	387
	3,572	-	5	-	3,577	3,979

Archbishops' Council

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
LINC and Transition Funding*	-	-	1,820	-	1,820	1,798
Strategic Development Fund	-	-	796	-	796	743
Sustainability Fund**	900	-	-	-	900	600
Capacity Funding	-	-	138	-	138	114
Resourcing Ministerial Education	-	-	335	-	335	268
Transformation Bid	-	-	746	-	746	-
	900	-	3,835	-	4,735	3,523

* This is annual funding which is allocated to Lowest Income Communities with reference to deprivation indicies and parish population, which may be used either for specific parish mission and development projects or for clergy stipends.
** Sustainability Fund - This funding was made available by the Archbishops' Council to support Dioceses to mitigate the impact of the COVID-19 pandemic where loss of income may adversely impact long term sustainability.

Other donations

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
Allchurches Trust grant	-	160	-	-	160	154
Church Burgesses	1	-	75	-	76	75
Donations	148	-	200	-	348	436
	149	160	275	-	584	665

3 CHARITABLE ACTIVITIES	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
Statutory fees	334	-	-	-	334	244
Guaranteed annuities	-	-	-	-	-	1
Chaplaincy and other	56	-	-	-	56	105
Education	40	-	5	-	45	40
	430	-	5	-	435	390

4 OTHER ACTIVITIES	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
Housing income	245	-	16	-	261	287
	245	-	16	-	261	287

5 INVESTMENT INCOME	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
Dividend receivable	133	-	400	44	577	581
Interest receivable	2	-	1	-	3	6
Rents receivable	-	-	91	-	91	128
	135	-	492	44	671	715

6 FUND RAISING COSTS	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
Glebe agent's fee	62	-	-	-	62	83
Parsonage rental costs	25	-	-	-	25	30
	87	-	-	-	87	113

7 CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	**Total**	Total
	General	Designated	Funds	Funds	**2021**	2020
	£'000	£'000	£'000	£'000	**£'000**	£'000
Contributions to Archbishops' Council						
Training for ministry	188	-	-	-	188	188
National church responsibilities	131	-	-	-	131	141
Grants and provisions	16	-	-	-	16	16
Mission agency pension costs	8	-	-	-	8	7
Retired clergy housing costs	69	-	-	-	69	67
Pooling of ordinands maintenance grants	3	-	-	-	3	(30)
General Synod expenses	-	-	-	-	-	4
	415	-	-	-	415	393
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	726	-	2,550	-	3,276	3,143
Pension contribution	764	-	-	-	764	721
Housing costs	1,405	-	-	-	1,405	1,106
Removal, resettlement and grants	94	-	-	-	94	106
Other expenses	133	131	374	-	638	914
	3,122	131	2,924	-	6,177	5,990
Support for parish ministry	1,615	8	23	72	1,718	1,548
	4,737	139	2,947	72	7,895	7,538
Expenditure						
Support for church schools and parishes	150	-	108	-	258	240
Projects	94	-	1,293	-	1,387	1,421
	244	-	1,401	-	1,645	1,661
	5,396	139	4,348	72	9,955	9,592

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total Costs 2021
	£'000	£'000	£'000	£'000
Raising funds	87	-	-	87
Charitable activities:				
Contributions to Archbishops' Council	-	415	-	415
Resourcing parish ministry	4,877	2,550	468	7,895
Schools and Projects	-	1,645	-	1,645
	4,964	4,610	468	10,042

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total Costs 2020
	£'000	£'000	£'000	£'000
Raising funds	113	-	-	113
Charitable activities:				
Contributions to Archbishops' Council	-	393	-	393
Resourcing parish ministry	5,003	2,088	447	7,538
Schools and Projects	-	1,661	-	1,661
	5,116	4,142	447	9,705

9 ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	**Total 2021**
	General	Designated			
	£'000	£'000	£'000	£'000	**£'000**
Central administration	407	-	-	-	407
Governance:					
External audit	23	-	-	-	23
Registrar and Chancellor	37	-	-	-	37
Diocesan Synodical costs	1	-	-	-	1
	468	-	-	-	468

	Unrestricted funds		Restricted Funds	Endowment Funds	**Total 2020**
	General	Designated			
	£'000	£'000	£'000	£'000	**£'000**
Central administration	364	-	-	-	364
Governance:					
External audit	21	-	-	-	21
Registrar and Chancellor	58	-	-	-	58
Diocesan Synodical costs	4	-	-	-	4
	447	-	-	-	447

10 ANALYSIS OF GRANTS MADE

	Nbr	Individuals £'000	Institutions £'000	**Total 2021 £'000**	Total 2020 £'000
From unrestricted funds for National Church responsibilities					
Contributions to Archbishops' Council	6	-	415	**415**	393
From unrestricted funds:					
PCCs for faculty fees	-	-	13	**13**	21
Clergy for training	40	7	-	**7**	21
Ordinands in training	16	192	-	**192**	127
Regional Training Partnership	-	-	-	**-**	7
	56	199	13	**212**	176

11 STAFF COSTS

	2021	2020
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	2,178	1,960
National Insurance contributions	201	170
Pension costs	195	207
	2,574	2,337

The average number of persons employed during the year:	Number	Number
Administration and financial management	17	17
Property	2	2
Discipleship & Ministry, Stewardship	13	12
Safeguarding and inclusion	4	5
Projects staff funded from reserves	7	9
Projects staff externally funded	39	34
	82	79

The average number of persons employed during the year based on full-time equivalents:	Number	Number
Administration and financial management	14.5	14.3
Discipleship & Ministry, Stewardship	12.3	10.4
Safeguarding and inclusion	3.4	3.6
Projects staff funded from reserves	4.4	6.5
Projects staff externally funded	32.0	27.0
	66.6	61.8

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:	Number	Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-

Pension payments of £14,105 were made for these employees (2020: £6,357).

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 2021 they were:

Diocesan Secretary and Company Secretary	Katie Bell
Director of Finance to 28th February 2021	Chun Tsang
Interim Director of Finance from 19th May 2021 to 18th October 2021	Kendrick Macpherson
Director of Finance from 1st December 2021	Keith Mallon
Director of Formation for Ministry	Dr Christine Gore
Director of Parish Support	Revd M Cockayne
Director of Education	Huw Thomas

Remuneration, pensions and national insurance for these 7 employees amounted to £352,000 (2020: £319,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £7,704 (2020 - £10,838) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Right Revd S Jelley	No	Yes
Venerable J Iqbal	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Revd I Smith	Yes	Yes
Revd E M Robertshaw (resigned 31/12/2021)	Yes	Yes
Revd Fiona Kouble	Yes	Yes
Revd Claire Dawson	Yes	Yes

The SDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop but excluding Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 117 (2020 - 117) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021	2020
	£'000	£'000
Stipend	3,021	3,139
National Insurance contributions	255	267
Pension costs	1,013	843
	4,289	4,249

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £37,680 - £46,180 (2020 range: £36,830 - £46,180). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2021 was in the range £36,830 - £37,198 (2020 range: £35,400 - £36,650) and other clergy who were Trustees were paid in the range £26,600 - £26,860 (2020 range: £26,337 - £26,600). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2020 at £11,057 (2020: £11,057). The value of housing provided to the Bishop is estimated at £15,000 (2020: £15,000).

12 TANGIBLE FIXED ASSETS

	Unrestricted Funds			Parsonages Fund	Stipend Fund	
	Freehold Properties	Leasehold Properties	Office Equipment	Properties	Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2021	2,553	-	46	29,186	2,639	34,424
Additions	-	-	-	1,101	788	1,889
Disposals	(526)	-	-	(480)	-	(1,006)
At 31 December 2021	2,027	-	46	29,807	3,427	35,307
Depreciation						
At 1 January 2021	-	-	36	-	-	36
Disposals	-	-	-	-	-	-
Charge for the year	-	-	10	-	-	10
At 31 December 2021	-	-	46	-	-	46
Net Book Value						
At 31 December 2021	2,027	-	-	29,807	3,427	35,261
At 31 December 2020	2,553	-	10	29,186	2,639	34,388

Freehold properties in the Balance Sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2021 there were 6 (2020: 7) such properties and their value included above amounts to £1,007,647 (2020: £1,240,655).

13 FIXED ASSETS INVESTMENTS

	At 1 Jan 2021	Additions	Disposals	Transfers	Change in Market Value	At 31 Dec 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
Unlisted investments	4,235	-	-	-	609	4,844
Restricted funds						
Unlisted investments	7,894	235	(721)	-	1,113	8,521
Endowment funds						
Investment property	4,342	-	(598)	-	161	3,905
Unlisted investments	7,733	1,151	(1,636)	-	958	8,206
	12,075	1,151	(2,234)	-	1,119	12,111
Total	24,204	1,386	(2,955)	-	2,841	25,476

14 DEBTORS

	2021	2020
	£'000	£'000
Due within one year		
Current year Common Fund	-	2
Loans to parishes	27	27
Loans to schools	12	13
Other debtors and prepayments	387	96
	426	138
Due after more than one year		
Loans to parishes	348	375
Loans to schools	63	75
	411	450
Total debtors	837	588

15 CREDITORS: amounts falling due within one year

	2021	2020
	£'000	£'000
Church Commissioners other loans	21	25
Deferred income	-	15
Other creditors and accruals	449	540
	470	580

16 CREDITORS: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	619	703
Church Commissioners other loans	6	12
Other loans	88	100
	713	815
The maturity of the above loans may be analysed as follows:		
Between one and two years	6	24
Between two and five years	38	38
In five years or more	669	753
	713	815

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £63,000 (2020 - £75,000) relates to the Schools Fund, £6,000 to the General Fund (2020 - £12,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, which is borne by the SDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the SDBF.

Value-Linked Loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis with the Church Commissioners and are repayable on the disposal of the related property.

17 SUMMARY OF FUND MOVEMENTS 2021 YEAR END

	At 1 Jan 2021	Income	Expenditure	Transfers	Gains and Losses	At 31 Dec 2021
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	5,910	5,431	(5,483)	97	687	6,642
Designated Funds:						
Clergy Conference	30	-	(8)	-	-	22
Church House Refurbishment	13	-	-	-	-	13
Allchurches Trust Fund	107	160	(131)	-	-	136
Restructuring Fund	7	-	-	-	-	7
	157	160	(139)	-	-	178
RESTRICTED FUNDS						
Stipend Income	-	2,125	(2,125)	-	-	-
Pastoral	2,796	73	(20)	-	332	3,181
Church in Action	4,615	142	(315)	(97)	670	5,015
Schools	475	106	(108)	-	57	530
Projects	294	2,173	(1,780)	-	-	687
Miscellaneous Trusts	391	9	-	-	54	454
	8,571	4,628	(4,348)	(97)	1,113	9,867
ENDOWMENT FUNDS						
Stipend Fund Capital	11,573	-	(72)	-	437	11,938
Parsonages	31,846	44	-	-	989	32,879
Schools	1,541	-	-	-	221	1,762
	44,960	44	(72)	-	1,647	46,579
TOTAL FUNDS	59,598	10,263	(10,042)	-	3,447	63,266

SDBF match funding to the Strategic Development Fund projects is shown in transfers.

SUMMARY OF FUND MOVEMENTS 2020 YEAR END

	As restated At 1 Jan 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	At 31 Dec 2020 £'000
UNRESTRICTED FUNDS						
General	5,350	5,542	(5,398)	148	268	5,910
Designated Funds:						
Clergy Conference	30	-	-	-	-	30
Church House Refurbishment	13	-	-	-	-	13
Quinquennial Costs	100	-	(23)	(77)	-	-
Interim & Assist. Diocesan Secretary	60	-	(20)	(40)	-	-
Strategy implementation	65	-	-	(65)	-	-
Allchurches Trust Fund	105	154	(149)	(3)	-	107
Restructuring Fund	100	-	(93)	-	-	7
	473	154	(285)	(185)	-	157
RESTRICTED FUNDS						
Stipend Income	-	2,148	(2,148)	-	-	-
Pastoral	2,619	71	(11)	-	117	2,796
Church in Action	4,612	143	(424)	3	281	4,615
Schools	420	100	(104)	34	25	475
Projects	265	1,361	(1,332)	-	-	294
Miscellaneous Trusts	367	-	-	-	24	391
	8,283	3,823	(4,019)	37	447	8,571
ENDOWMENT FUNDS						
Stipend Fund Capital	11,090	-	(3)	-	486	11,573
Parsonages	31,478	40	-	-	328	31,846
Schools	1,488	-	-	-	53	1,541
	44,056	40	(3)	-	867	44,960
TOTAL FUNDS	58,162	9,559	(9,705)	-	1,582	59,598

18 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From Church in Action to General Fund fund	97	-	(97)	-
	97	-	(97)	-

19 SUMMARY OF ASSETS BY FUND 2021 YEAR END

	Fixed Assets	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	2,027	4,844	964	(1,193)	6,642
Designated funds					
Clergy Conference	-	-	22	-	22
Church House Refurbishment	-	-	13	-	13
Allchurches Trust Fund	-	-	136	-	136
Restructuring Fund	-	-	7	-	7
	-	-	178	-	178
RESTRICTED FUNDS					
Pastoral	-	2,657	526	-	3,183
Church in Action	-	4,987	153	(122)	5,018
Schools	-	451	157	(79)	529
Projects	-	-	683	-	683
Miscellaneous Trusts	-	426	28	-	454
	-	8,521	1,547	(201)	9,867
ENDOWMENT FUNDS					
Stipend Fund Capital	3,429	6,850	1,659	-	11,938
Parsonages	29,805	3,498	(425)	-	32,878
Schools	-	1,763	-	-	1,763
	33,234	12,111	1,234	-	46,579
TOTAL FUNDS AS AT 31 DECEMBER 2021	35,261	25,476	3,923	(1,394)	63,266

19 SUMMARY OF ASSETS BY FUND (CONTINUED) 2020 YEAR END

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Restated Net Assets £'000
UNRESTRICTED FUNDS					
General	2,563	4,235	672	(1,560)	5,910
Designated funds					
Clergy Conference	-	-	30	-	30
Church House Refurbishment	-	-	13	-	13
Allchurches Trust Fund	-	-	107	-	107
Restructuring Fund	-	-	7	-	7
	-	-	157	-	157
RESTRICTED FUNDS					
Pastoral	-	2,310	487	-	2,797
Church in Action	-	4,817	(47)	(152)	4,618
Schools	-	394	173	(93)	474
Projects	-	-	290	-	290
Miscellaneous Trusts	-	373	19	-	392
	-	7,894	922	(245)	8,571
ENDOWMENT FUNDS					
Stipend Fund Capital	2,640	8,351	592	(10)	11,573
Parsonages	29,185	2,183	478	-	31,846
Schools	-	1,541	-	-	1,541
	31,825	12,075	1,070	(10)	44,960
TOTAL FUNDS AS AT 31 DECEMBER 2020	34,388	24,204	2,821	(1,815)	59,598

20 DESCRIPTION OF FUNDS

GENERAL FUND The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.

DESIGNATED FUNDS

Clergy conference	The Clergy Conference Fund is funding set aside to support a programme of training events to be arranged by the Bishop of Sheffield.
Church House Refurbishment	This fund relates to legacies received in 2008 and 2009 designated as funds available to SDBF to develop facilities and resources at Church House.
Strategy Implementation	This fund was set up to support implementation of the Diocesan Strategy but as part of the Reserves Policy review and receipt of national grants in 2020, all funds have been released back to the General Fund in 2020.
Allchurches Trust Fund	From grants received from the Allchurches Trust, SDBF has designated this fund to help kick start a growth regeneration programme in the Doncaster area where there are high levels of deprivation.
Restructuring Fund	A fund using nationally allocated resources to support restructuring for the future.

20 DESCRIPTION OF FUNDS (continued)

RESTRICTED FUNDS

Pastoral Fund

The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other dioceses
- to transfer funds to the Diocesan Stipends Fund income or capital accounts.

Church in Action

The Church in Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.

Church Schools Fund

This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

Projects

The projects undertaken by the SDBF are as follows:

1. Mission Partnership Development Worker Project
2. Centenary Project
3. Children's, Youth and Families Worker Project
4. Resourcing Churches Project

Miscellaneous Trusts

There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows:

Queen Victoria Fund
Training of Ordinands - Alice Marple Trust
Training of Ordinands - E J Freeman Bequest
Elizabeth Bramall Trust
Sheffield Scripture Readers General Trusts
Sheffield Scripture Readers Benevolent Trusts
First Lord Grimthorpe Charity Fund

ENDOWMENT FUNDS

Stipend Fund Capital

The Diocesan Stipends Capital Fund has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. The fund may be used for the purchase, capital improvement and maintenance of glebe property and benefice houses. Funds can be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

20 DESCRIPTION OF FUNDS (continued)

Parsonages	This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.
Church Schools Fund	This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

21 PENSIONS

Church of England Funded Pension Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1.013m, 2020: £0.843m), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £0.007m for 2021 (total release 2020: Nil).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S2NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

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

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

21 PENSIONS (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
	£'000	£'000
Balance sheet liability as at 1 January	420	772
Contributions paid	(217)	(359)
Interest costs (recognised in the SoFA)	1	7
Remaining change to the balance sheet liability* (recognised in SoFA)	7	-
Balance sheet liability as at 31 December	211	420

* Comprises change in agreed deficit recovery plan, and change in discount rate
This liability represents the present value of the deficit contributions agreed as at

	December 2021	December 2020	December 2019
Discount rate	0.0% p.a.	0.2% p.a.	1.1% p.a.
Price inflation	n/a	3.1% p.a.	2.8% p.a.
Increase to total pensionable payroll	(1.5)% p.a.	1.6% p.a.	1.3% p.a.

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

Church Workers Pension Fund (CWPF)
The SDBF 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

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

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

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

The scheme is a multi-employer scheme as described in section 28 of FRS102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable 2021: £205,660 (2020: £160,340).

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

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

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

22 FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF 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 SDBF does not control them. The financial assets held in this way may be summarised as follows:

	2021	2020
	£'000	£'000
CBF Church of England Investment Fund Income Shares	5,754	5,065
CBF Church of England Fixed Interest Securities Fund Shares	244	284
COIF Income and Accumulation Shares	268	288
CBF Church of England Deposit Fund	870	949
Other Investments	286	278
Cash at bank	322	277
	7,744	7,141

SHEFFIELD DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 245861

Accounts

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

THE DIOCESE OF SHEFFIELD
Renewed | Released | Rejuvenated

SHEFFIELD DIOCESAN BOARD OF FINANCE

Company number - 196087

Registered charity number - 245861

The Diocese of Sheffield is called to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world.

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SHEFFIELD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2020

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 2020. In signing as Trustees, they also sign the strategic report sections in their capacity as Directors. This combined report satisfies the legal requirements for:

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

FOREWORD

'2020 turned out to be a year none of us could have anticipated. The global pandemic created severe challenges. Some of these were financial, but others were pastoral and missional. Yet our lay and clergy leaders in our parishes and mission areas, our schools and chaplaincies, and our staff at Church House rose magnificently, and swiftly to these challenges, moving much of our activity online with imagination and creativity, courage and persistence. It is a year I hope we will never be called upon to repeat, but as I look back I do so with immense pride in the way we held fast to our ***Diocesan vision, to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world.*** *As I look back on 2020, it is with gratitude to the Lord for sustaining us with grace and tenderness, and to the whole people of God for such sacrificial service and generosity in mission, formed after the example of our Lord Jesus himself'*

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

"2020 has been an unprecedented year in the history of our Diocese. There has been great sorrow and sadness as we have all had to deal with the various trials and tribulations caused by COVID 19. There have also been wonderful examples of growth and generosity as our churches have responded to the needs of the communities we serve.

In the early part of 2020, we faced an uncertain time as we struggled to understand what the outworking of the spread of the pandemic might mean. Costs and events were cut where appropriate.

The Diocese's finances were stretched as open plate giving, hire and fee income at many churches reduced their ability to contribute to the funding of incumbents, through the Common Fund, as originally planned. Bishop's Council recognise with gratitude and thanksgiving how Parishes have risen to the occasion though, often sacrificially digging into their own reserves to stand with us all in support of our mission.

The national church, in the form of the Archbishop's Council, have also stood by us. We have received Sustainability funding of £600k to replace lost Common Fund income and to cover some of the financial need across 2020 and 2021.

SDBF continues to maximise our returns from Glebe land, any temporarily unrequired housing and other investments to fund the Diocese's mission. On top of this Sheffield is the first Diocese to have

been successful in its bid to the Archbishop's Council Strategic Transformation Fund. The award of £4.9m will enable us to develop a range of resources to support Mission Areas in this transition, including several centrally employed but locally deployed posts.

Finally in November 2020 our Diocesan Synod unanimously, and courageously, approved a deficit budget of £1.652m for 2021. The debate recognised the financial stresses we are still experiencing, but also endorsed the Diocesan vision recognising that we had built up sufficient reserves to support moving forward with implementation of our plans. I commend the decision to invest in our strategy, which has also been endorsed, in a practical way, by the church nationally."

Ian Walker, Chair of Sheffield Diocesan Board of Finance

LEGAL OBJECTS

The Sheffield Diocesan Board of Finance's ("SDBF") principal object is to promote, assist and advance the religious and other charitable work of the Church of England in the Diocese of Sheffield by acting as the financial executive of the Sheffield Diocesan Synod. The objects of the Diocese of Sheffield cover most of the County of South Yorkshire with a small part of the East Riding and one parish in North Yorkshire.

The SDBF has the following statutory responsibilities:

i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
iv. the custodian of permanent endowment and property assets relating to trusts held by Incumbents and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

STRATEGIC AIMS AND OBJECTIVES

The SDBF manages the financial aspects of the provision of ministry within the Diocese ensuring appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities.

The Diocese of Sheffield continues:

- to ensure a Christian presence in every parish;
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, including schools, universities, and in local communities; and,
- to manage diocesan resources effectively to meet the legal objects of the Diocese.

In promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that SDBF delivers public benefit. This is achieved through community engagement, resourcing education and supporting

those in need both spiritually and physically.

ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Progress Against our Strategy in 2020

In spite of the challenges of the pandemic we have continued to work throughout 2020 towards the implementation of our 3Rs Strategy: "Renewed, Released and Rejuvenated".

Our prayer community has continued to grow with 920 members against a target of 2,025 by 2025. We have delivered 6 virtual Deanery Prayer events with strong levels of engagement. We marked Thy Kingdom Come between Ascension and Pentecost, with a virtual beacon event which provided new opportunities for engagement. We have also continued to make progress against targets for the Rejuvenated strand of the strategy. The table below shows our progress to date:

Target	Target number 2025	Current number 2020
Resourcing Churches	12	4
New Congregations Sheffield & Rotherham	25	9
New Congregations Doncaster	25	8
New Congregations Schools	25	5

Lights for Christ has continued to have a significant impact with 25,000 page views of the website across 6,800 users, 5,400 of which were external to the Diocese. Over the course of the year 140 groups and 1,400 individuals completed the Shining as Lights course. 207 groups and 2,630 individuals have completed the Light in the Darkness course. A further 7 parishes have signed up for LICC Hubs.

We have completed a review of Church House services in year. This has informed work on development of the Deaneries support model which will be part funded by the Strategic Transformation Fund.

2020 has been a challenging year. We have seen the impacts of the global pandemic across our communities and across all aspects of our ministry and we have had to adapt to continue to support our communities across this period. At the start of the Pandemic in March 2020 a Coronavirus Response Team was created. This team met regularly throughout 2020, and regular communications have been prepared to amplify and to extend the support provided through the National Church Recovery Group. We are thankful for the work that has been done by this group centrally to support us as we have navigated these days.

The Church House team worked remotely for the majority of 2020. This has continued into 2021 and as at April 2021 we are reviewing the use of the building and how we can work flexibly, incorporating the positive learning from this pandemic period and better meeting the needs of those we serve across the Diocese. We have been well supported by the technology we have in place and as a result, most of our operations have continued throughout the period with meetings moving online supported by both Microsoft Teams and the Zoom platform.

Projects supported by the Strategic Development Funding

The impact of the coronavirus on both the Centenary Project and the Resourcing Churches Project has meant that standard models of activity have been significantly restricted in order to comply with

Government guidelines. However, people have risen to the challenge of maintaining the momentum within the projects. Delivery outputs have been met and or exceeded in some areas as we have identified 2 key unintended but positive impacts of the pandemic; firstly it has enhanced people's understanding of and use of modern technology, and social media has enabled us to engage with more people than previously. Secondly it has reached people who would not usually engage with Church or who are on the fringe.

During the first lockdown between April and June of 2020 Centenary Project Workers ran 225 youth, children and families work online sessions across 30 different groups. 350 videos and 100 resources were created and shared on social media reaching 165,000 people. The Centenary project workers have also supported their communities, delivering packages of food, clothing and medicines as well as over 1,000 messy church packs.

- In 2020 we made 241,413 social media contacts
- In Q4 2020, 4,837 children and young people were registered in core groups
- 85 groups have been established since 2018 with between 1,565 and 2,334 regular attendees in each quarter
- 11 new groups established in 2020

The project is currently working in 29 parishes which represents 16% of the Diocese and it continues to grow. We have continued to see excellent progress towards our ministry targets of 15% of engaged children and young people moving to Discipleship by the end of year 6.

As part of the Resourcing Churches project Rotherham has built on its work to support the local community during the first lockdown period developing further support services to offer a holistic approach. A social supermarket was launched in September 2020 and the whole needs of people are met through additional support services around addiction, debt advice and money management. Through this work they aim to address the Tend and Transform marks of the Five Marks of Mission.

Award of Strategic Transformation Funding

The Diocese of Sheffield was the first Diocese in the country to receive a full award of Strategic Transformation Funding (STF). The award of £4.9m for our major transformation programme was made by the Archbishops' Council's Strategic Investment Board in December 2020. This will support the Diocese's plans for significantly increased engagement with young people, growth in deprived areas, new congregations across the Diocese, and sustained growth in the Common Fund.

The Diocese will organise ministry under a new model in which each deanery will be composed of a number of mission areas, each with at least one ordained oversight minister and a number of focal ministry teams. This will represent an expanded role for lay people within the Diocese, with a corresponding substantial investment in training and development.

We will be able to draw down the funding over the next five years as we implement our transformation programme. More details on what is planned in 2021 can be found in the Future Plans section of this report.

Education

Church of England Schools are a vital part of the work and ministry of the Diocese and education for the children and young people of South Yorkshire and East Riding. There are 39 primary schools and 1 secondary school in the Diocese of Sheffield educating about 8,300 students.

The Diocese of Sheffield Board of Education (DBE) is committed to the development of effective collaboration with, and between, our Church Schools; to the celebration of the excellent work that has been, and will be, carried out in our Church Schools; and to the supporting and enrichment of Church Schools' distinctive offering of teaching and learning within a Christian context.

Education has experienced a significant impact from Covid 19. The past year has seen schools cope with a significant change to practice and the need to establish remote learning. This was undertaken swiftly but placed a significant burden on school leaders and staff. None of our schools closed, all remaining open to provide for vulnerable children and families of key workers. This provision, and requirements when returning to full capacity, has required a significant level of risk monitoring and additional provision. The DBE has formally noted the courage and dedication of school staff during this past year.

Centrally organised and provided Diocesan support has been significantly affected by Covid 19. The provision of training switched to online sessions and this has restricted what can be done. The Covid situation has also restricted our roll-out of the new SIAMS framework and inspections have been suspended since March 2020.

Our Diocesan Schools have moved from 70% good or outstanding in January 2016 to 90% good or outstanding, with schools that were previously graded as inadequate in OFSTED inspections of preceding years now evaluated as good.

The Diocese has affectively managed engagement with the national programme enabling schools to become academies. 65% of our schools have now converted. The Diocese of Sheffield Academies Trust (DSAT) was established in October 2013 as an independent charitable company set up by the Sheffield Diocesan Board of Education. The purpose of the Trust is to create a mutually supportive family of Church academies, holding within it both schools that choose to become converter academies and those seeking a sponsored solution. The Diocese of Sheffield Academies Trust is growing. It incorporates 15 schools, 14 church schools and one community primary. There are a number of schools expressing interest in joining, expanding the trust. The Trust is recognised by the DFE as an effective potential partner in supporting schools that need support.

The Diocese began the process of establishing 20 to 25 school-based congregations in our church schools but this work has been suspended due to Covid 19 restrictions. This work will continue when we are able in 2021 and beyond.

The Board of Faith and Justice

As a Diocese we are passionate about issues of social justice. Much of this work is co-ordinated through the Board of Faith and Justice. The Board's work is shaped by the strategy document Salt and Light – A strategy for serving and transforming our society and God's World. In particular, the Board has focussed on developing the Diocesan response across the last 3 Marks of Mission of the Anglican Communion:

(1) To respond to human need by loving service;
(2) To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation.
(3) To strive to safeguard the Integrity of creation and sustain and renew the life of the earth.

The Board carries out much of its active business through working groups, each dedicated to a specific area of Salt and Light concern with terms of reference and membership established by the Board. Throughout 2020 the following working groups were active;

- Mental Health
- Diocesan Resource Group for Seniors (DRGS)
- Black, Asian and Minority Ethnic Anglicans (BAME)
- Dementia
- Poverty & Inequality
- Global Justice
- Climate Change and Environment.

The Board has developed key areas of work in the year which have included registration with The Equality Trust and leading on Network events highlighting the Black Lives Matter movement and the importance of quality for all in the Church. The Board also supported the Bishop of Sheffield's consultation on Diversity and Inclusion.

In year the SDBF has reviewed the ethical investments policy of the Diocese. Investments are held with CCLA and funds have been reviewed to ensure that all areas of investment are in line with the aims and objectives of the SDBF and the wider Diocese. The Finance and Property Committee review the profile of investments with CCLA on a quarterly basis.

In July of 2020 The Diocese of Sheffield at its Diocesan Synod declared a climate emergency. We are currently working towards Eco Diocese status and we have worked to highlight the commitment of the Church of England to meet net zero by 2030. A Net Zero steering group has been established and this work will continue into 2021 and beyond.

The Board will also continue to speak up at all opportunities to address the injustices in the welfare reforms and sanctions policy. A specific area of work post pandemic will be to work with Central and Local Government to consider the impact of COVID-19 on our poorest communities and highlight the work of parishes across the Diocese in responding to this.

Senior Staff Appointments

There have been a number of appointments to the Bishop's Senior Staff Team. The Rt Revd Sophie Jelley was appointed as Bishop of Doncaster in March 2020, Venerable Javaid Iqbal joined as Archdeacon of Doncaster in May and Mrs Katie Bell joined as Diocesan Secretary and CEO to the Sheffield Diocesan Board of Finance in April 2020.

Safeguarding

Safeguarding is a key priority for the Diocese. In 2020 even with the challenges of the Pandemic the training provision was successfully moved on line and training was delivered according to plan throughout the year. There have been changes to the Safeguarding Team in year with the retirement of Mrs Linda Langthorne. Recruitment to key posts has been completed. We continue to work with the National Church around the implementations from the Independent Inquiry into Child Sexual Abuse (IICSA). In year we have progressed our Past Case Review work which is a process which welcomes independent review of past safeguarding activity in the Diocese. This project is due to run to December 2021 in line with the timetable set by the National Safeguarding Team.

Related Parties

The SDBF works closely with a range of partners and parties:

- The Archbishops' Council to which the Diocese pays a donation based on an apportionment

system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

- The Archbishop's Council and National Church Institutions from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF also pays for clergy stipends through the Archbishop's Council .
- The Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

Volunteers

The SDBF is dependent on the huge number of volunteers involved in church activities both locally and at Diocesan level. The SDBF greatly values the considerable time given by all volunteers and particularly, committee members across the Diocese in pursuit of the mission of the SDBF. No attempt has been made to quantify this resource, so generously given.

FUTURE PLANS

Following the successful award of £4.9m Strategic Transformation Funding (STF) by the Archbishops' Council's Strategic Investment Board in December 2020, in 2021 we will commence the implementation of detailed plans.

The resources which will be made available to the Diocese over the next few years, will significantly strengthen our plans to deliver our Diocesan strategy. The funds will be especially helpful in supporting five areas of activity, which we think are key to our future sustainability:

1. **Well supported and newly energised clergy:** we have, for example, recruited four more Associate Archdeacons Transition Enablers to join the two appointed in late 2020, to enable the transition to Mission Areas, by supporting clergy, providing coaching and skills development. They will also work on the ground with PCCs, church officers and deanery teams to help them develop the Mission Areas and maximize the potential of the new model of ministry.

2. **Focal Ministry:** we will develop a small team to support and equip Mission Areas in identifying and training potential focal ministers and focal ministry teams. Some resources have already been developed and they can be accessed here.

3. **Lights for Christ**: you can follow here our recent progress in this area, as we seek to mobilise the whole people of God for the whole mission of God, so that every baptized person is enabled to shine as a light in the world to the glory of God the Father. The extra finance will enable us to build further on this work and to support every congregation, chaplaincy and school in fostering #EverydayFaith.

4. **Deanery support:** aligning our central services team at Church House ever more closely to the Diocesan strategy, we will be able to provide direct help to Mission Areas in relation to finances, giving and generosity, operations, compliance, and buildings. We believe these resources will genuinely help to lift the burden from clergy and lay leaders, releasing energy on the ground for mission.

5. **Common Fund:** we will be seeking to develop the current Common Fund system so that it contributes more effectively to the future sustainability of our Diocese and the ongoing implementation of the strategy.

Work on these five areas began in earnest in January 2021, and the year ahead will be busy! The first six months of 2021 will see the following:

- A recruitment drive to establish project teams to support our Mission Areas.
- More ***Lights for Christ*** resources to deepen discipleship in our Mission Areas.
- The first Focal Ministry teams created and learning plans developed for individual members.
- Details of new the central Deanery Support offer for Mission Areas finalised.
- A Common Fund review group will start work.
- Additional engagement opportunities to ensure that all new work is well tuned to the needs of Mission Areas and truly helps us all to journey together towards the realization of our vision.

The aim of STF is to support major change programmes to make a significant difference to the mission and financial strength of a Diocese. It is expected that the funding will support a relatively small number of Dioceses, targeted on those with the least historic and current resources.

In addition to this strategic development work, we expect 2021 to be a year of recovery as we emerge from the restrictions imposed on so many of our usual activities by the COVID-19 pandemic.

In particular we have planned:

- Establishment of the Generosity Network. Supported by Generosity and Giving Officers which are externally funded posts which whilst centrally employed will be deployed locally to support Parishes to explore generosity in all forms from financial giving to community engagement and the building of volunteer networks.

- In March 2021 at Synod we launched the Diocesan consultation on Living in Love and Faith. We are encouraging active participation in this process. We have appointed a team of advocates and set up a range of opportunities to engage through shared study days and other events.

- We will be reviewing the use of our Church House Building and embedding learning from the Pandemic period into a model of hybrid working. We will also be welcoming key appointments of HR Director and Finance Director in year to support the development of mission and ministry across the Diocese.

FINANCIAL REVIEW

The pandemic has adversely impacted the finances of the Diocese. We are heavily reliant on Common Fund. Contributions to the Common Fund are made by our parishes on a pledge basis and most parishes experienced reduced income from a combination of church family giving, hall hire and other fees, as places of worship and community halls were required to close for many months in 2020 in line with Government guidelines. The SDBF has been able to draw on reserves and £600,000 of Sustainability Funding from the Archbishop's Council in year but the continuing financial impact on SDBF and parishes in the Diocese and the social impact on the communities we serve remains uncertain. However, this uncertainty does not impact our ability to continue as a going concern.

Net expenditure before investment gains was £146,000 against a planned deficit of £339,000. Whilst this appears favourable it is important to note that this position is the net impact of a number of significant issues.

In year the Archbishops' Council made a support package of funding available to Dioceses across England. The aim of the funding was to provide support to mitigate the impact of the COVID-19 pandemic on long term sustainability of Dioceses. We made a successful application and were awarded £600,000. This funding is the key reason why our accounts show a better than planned position. Whilst recognised fully in year it will work to support SDBF into 2021 as it has reduced the adverse impact on reserves in 2020 which are then available to be applied to mitigate ongoing losses into 2021 as the pandemic continues. Common Fund income in 2021 continues to show the impact of the pandemic at a parish level as restrictions have continued.

In 2020 the Common Fund was £3,532,000 which is down £647,000 on prior year and £713,000 against budget, a total reduction against expectation of 17%. We are thankful, however, for the way in which parishes have continued to meet pledge as much as possible to support mission and ministry in all areas of the Diocese, including where this has required the use of local reserves in some instances.

In year we received £2,923,000 from the Archbishops' Council across a number of projects. This includes Lowest Income Communities funding which we have allocated to support mission and ministry in parishes where they have ranked in the lowest 10% of our Diocese in terms of Social Deprivation indices. We received £743,000 of Strategic Development Funding which has supported our work on both Resourcing Churches and the Centenary Project. Both projects support the ongoing strategic development of the Diocese and enable us to reach new and diverse communities. We also received a grant of £75,000 from the Sheffield Church Burgesses Trust which continues to support work across the Sheffield Deaneries. Income from investments and rental income was largely in line with expectation.

Costs in 2020 for Resourcing Mission and Ministry were lower than prior year and lower than budget. This is impacted by lower levels of activity, e.g. training and events due to government restrictions in year. In some instances, these activities have successfully been delivered online, in other instances there will be higher levels of activity in 2021 and 2022. Quinquennial inspections and associated repairs and maintenance have also been reduced in year due to limitations in access to buildings. Support costs are in line with expectation.

The total value of Tangible Fixed Assets increased from £33,979,000 to £34,388,000 primarily as a result of additions in stipend fund properties funded from the sale of fixed asset investments. This is a strategic decision to meet ongoing clergy housing requirements. Depreciation was charged in year in line with policy. There was a gain in year in the value of Fixed Asset Investments, due to favourable changes in market value. The movement on valuation can go up and down.

Pension schemes, Church of England Funded Pension Scheme and the Church Workers Pension Fund are administered by the Church of England pensions Board. Contributions in year are in line with national contribution rates and in line with expectation. The most recent scheme valuation of the Church of England Funded Pension Scheme was completed in 2018 and revealed a deficit on the scheme. In year we continued to make additional contributions of 11.9% as part of a plan to reduce this deficit, this will reduce to 7.9% for 2021 as part of the ongoing recovery plan. The balance sheet liability as at 31/12/2020 was £420,000, a reduction of the deficit in year of £352,000.

Reserves Policy

At its meeting on 22 September 2020 Bishops' Council, as the Trustees of the charity, approved a revised approach to determining the level of reserves we need to hold.

Our Reserves Policy considers the use of all our Funds but primarily focuses on our **Unrestricted Funds,** which fall into three categories:

- **Free Reserves** which we define as the resources held in our General Fund as readily realisable assets. At 31 December 2020 these totalled £4,036,000. (31 December 2019: £3,308,000).

  Our priority is to maintain Free Reserves at a sufficient level to ensure financial resilience and sustainability, including mitigating against key risks identified in our risk register for at least the next financial year. At the 31 December 2020 we have assessed this requirement to be £2,352,000 including a planned deficit for 2021 of £1,652,000 approved by Diocesan Synod in November 2020.

  We are also seeking to achieve a balance between holding reserves to maintain financial resilience and using our funds in support of the mission and strategic priorities as set out in the Diocesan Strategy in October 2018, "Renewed Released Rejuvenated".

  We are blessed that we hold certain Restricted Funds which can also be deployed to support the implementation of the strategy and as a result, these are included in the summary table shown below.

Summary: Potential Use of Reserves

	£'000	£'000
Operational Reserves to mainain Financial Resilience in 2021		
- Planned Deficit for 2021		1,652
- Contingency Reserve for Operational Risks This is a reserve to cover a wide range of risks which could result in lower income due to continuing Covid-19 impact, additional expenditure or adverse movements in the value of investments.		700
		2,352
Strategic Reserves Requirement		
- 5 Year Financial Model - Years 2022 to 2025 (Note 1)	4,245	
- Contingency Reserve for unforseen expenditure	300	
		4,545
Total Required Reserves		**6,897**
Available Reserves & Funds:		
Free Reserves		4,036
Restricted Funds available to support Strategy Implementation		3,397
		7,433
Possible Balance on Reserves at 31 December 2025		**536**

Note 1: The detailed financial model which has been established to support implementation of the Diocesan Strategy can be flexed for a range of assumptions, in terms of income and expenditure. The most important single factor is the level of Common Fund over the next 4 years to 2025. The £4.2m call on reserves reflects prudent assumptions on recovery and growth in Common Fund during this period. A more optimistic scenario will reduce the requirement to use reserves. The model excludes the £4.9m awarded to the Diocese by the Archbishops' Council Strategic Investment Board and the associated planned expenditure.

- **Tangible fixed assets within our General Fund** held to support our charitable activities. Funds are not readily available as they can only be realised through the sale of the properties we hold. Our policy is review whether we need to retain these assets at least once a year and when they become vacant. At 31 December 2020 the total value was £1,874,000 being the net book value of the relevant properties less the value of any related loans which would be repayable if the properties were sold. (31 December 2019: £2,041,000).

- **Designated Funds.** The Trustees may designate an element of Unrestricted Funds for an agreed purpose where this is considered to be appropriate linked to a particular objective. The need for the fund is reviewed at least once a year and funds returned to Free Reserves if no longer required. In our revised reserves policy, we are taking the approach to limit the use of designated funds. As at 31 December 2020 we had 4 Designated Funds totalling £157,000. (31 December 2019: 7 Designated Funds totalling £473,000.)

  Details of all Designated, Restricted and Endowment Funds can be found in notes 18 to 21 of the accounts.

Grant Making Policy

The SDBF's Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects. The Grants Committee meets annually to consider applications made by parishes to support ongoing activities. Grants made in 2020 covered 2 key areas; (1) Contributions towards necessary maintenance works in Church buildings where alternative funding is not available locally, grants for this purpose are typically less than £5,000; (2) A grant of £25,000 was awarded in year to the Parish Support Team to fund training and equipment to enable online and mixed line Church during the pandemic and beyond. The grant was used to fund a number of smaller grants up to the value of £500 per church in parishes across the Diocese. These grant awards were consistent with the aims and objectives of the SDBF.

Investment Policy

The SDBF is empowered by its Memorandum and Articles of Association to invest monies not immediately required for its purposes. In addition, the SDBF acts as Trustee of a number of Trust Funds, and these must be invested in accordance with the related trusts.

The Trustees' investment policy is to hold all restricted and endowed investments in CBF Funds. CCLA Investment Management Ltd have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

Most of the SDBF's other investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited.

The Finance and Property Committee regularly reviews the performance of the funds and makes decisions on investments. In year we will be working with CCLA on a full review of investments held by SDBF.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained. During 2020 the way the register is constructed was enhanced to make it easier for Trustees to review the document. The register is reviewed by the Trustees at each Bishop's Council meeting and also at each of the Finance & Property Committees. The responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary.

The risk register identifies areas where the risk of either failure to act or the impact of the events is considered significant. Risk areas have been reviewed at Heads of Department, Finance and Property Committee and Bishop's Council: Governance/Strategic; Staff; Financial (income/expenditure); Reputational; Statutory/Legal and Operational. These risk areas and the associated mitigation strategies are summarised:

1. Financial – risk of under-collection of and/or reduced Common Fund, fees or rent
   - Collection statistics are produced and circulated on a monthly basis.
   - Parish Finance Team in place and operating effectively
   - Financial Modelling tool developed and used to support strategic decision making

2. Reputational – child protection and vulnerable adults:
   - Communications and PR support engaged;
   - Liaison with National Safeguarding Team;
   - Resources for safeguarding expanded; and
   - Delivered high volume of training to clergy, parish employees and volunteers.

3. Statutory/Legal – risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law:
   - Registrar and Chancellor contract in place;
   - Safeguarding team in place;
   - Policies aligned with National Church guidelines;
   - Safeguarding training provided;
   - Thirty-One Eight contract in place for DBS checks;
   - Thirty-One Eight cover in place for Safeguarding Adviser and listening service provision.

4. Data Protection Legislation – risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently compliant with GDPR:
   - Staff training carried out;
   - Ability for individuals to set their own privacy settings on the Diocesan CMS database;
   - Privacy statement available;
   - Undertook Cyber Essential check.

5. Staffing – risk of prolonged staff absences through long term illness:
   - Temporary staff recruited;
   - Flexible cover between teams.

STRUCTURE GOVERNANCE AND MANAGEMENT

The Sheffield Diocesan Board of Finance (SDBF) is a company limited by guarantee (No. 196087) and a registered charity (No. 245861) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Sheffield. It was established in its present form in 1926.

The SDBF works in consultation with the wider Church of England and receives a range of funding from both The Church Commissioners and the Archbishops' Council. The Bishop of Sheffield is a member of the House of Bishops who are responsible for setting key policy which impacts SDBF operations, a key example would be in the area of Safeguarding.

Governance and policy of the SDBF is the responsibility of the Directors, who are also members of the company and Trustees for the purposes of charity law. The Bishop of Sheffield, together with other ex-officio persons are Trustees together with six people elected from and by the members of Diocesan Synod every three years, re-elections were last held in 2018. The Bishop of Sheffield, the Rt Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years. The Synod elects six of the Trustees of the Diocesan Board of Finance. The SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association. By virtue of the National Institutions Measure 1998 the SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the SDBF in consultation with the Diocesan Board of Education.

The role of Bishops Council is set out in paragraph 75 of the Standing Orders. It includes planning the business of synod and advising the synod on matters placed before it. It also has an advisory role on financial business, as set out in paragraph 109 of the Standing Orders. Under paragraph 111, the finance committee of the Board of Finance has to submit its accounts and draft budget to Bishops Council. Bishops Council then makes to the Synod sitting as the Board of Finance "such recommendations thereon as it thinks fit". Synod (sitting as the DBF) approves the budget as proposed by the finance committee and authorises the DBF to expend a sum not exceeding the amount outlined within the budget as presented.

The Finance and Property Committee appointed on behalf of Bishop's Council is responsible for oversight and scrutiny on decision making around financial resources and property assets. This committee meets most months. A budget is prepared annually and presented to first to Bishop's Council and then Diocesan Synod for approval at its November meeting.

The Committee undertakes the SDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Trustees

Trustees are members of the Bishop's Council and are either elected via Diocesan Synod or via interview. They are given induction as they start their role and at other times as appropriate. 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. Trustees are required to make a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Trustees appointed in year;

Rt Revd Sophie Jelley – Bishop of Doncaster
Venerable Javaid Iqbal – Archdeacon of Doncaster

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a use of a positioning scale for the grading of posts. Salary and stipend uplift decisions are made annually paid in April (Clergy) and July (DBF officers and staff).

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 SDBF and of the surplus or deficit of the SDBF 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 Statement of Recommended Practice 2019 (FRS102)
- 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; and
- 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 SDBF 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 SDBF 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 SDBF'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.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The re-appointment of Hawsons Chartered Accountants and Statutory Auditors as auditors to the SDBF will be proposed at the Annual General Meeting.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2020. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr P J Wilcox
Chair	I G Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	The Very Reverend P E Bradley MA, FRSA – Resigned 31/12/2020
	J A Butcher MA(Cantab), MSc, PhD
	The Venerable M L Chamberlain BA, BTh, MPhil
	The Reverend C Dawson
	I R Downing
	The Rt Revd Sophie Jelley (From 21/09/2020)
	The Reverend F Kouble
	M MacDonald
	I J Newton BA FCA
	Lay Canon P M Rainford MA
	The Reverend E E M Robertshaw BA, PGCE, MTh
	The Reverend I Smith BA
	The Venerable J Iqbal (from 16/05/2020)
Secretary	C Tsang (from 01/01/2020 to 26/04/2020)
	K Bell (from 27/04/2020)
Registered Office:	Diocesan Church House, 95-99 Effingham Street, Rotherham, S65 1BL
Bankers	Yorkshire Bank Plc, 6A High Street, Mexborough, S64 9AP
Auditors	Hawsons, Pegasus House, 463A Glossop Road, Sheffield, S10 2QD
Solicitors	Wake Smith Solicitors, No.1 Velocity, 2 Tenter Street, Sheffield, S1 4BY
Investment advisers	CCLA Investment Management Ltd
	80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ

Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-10 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Ian Geoffrey Walker
Chair
6 July 2021

Katie Bell
Secretary
6 July 2021

Independent Auditor's Report to the Members of Sheffield Diocesan Board of Finance

Opinion

We have audited the financial statements of Sheffield Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including 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 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The charitable company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the charitable company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102 and the Companies Act 2006. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. 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 the posting of inappropriate journal entries to improve the charity's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the charitable company to obtain an understanding of the legal and regulatory framework applicable to the charity and how the charity complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Trustee meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk. 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.



Simon Bladen (Senior Statutory Auditor)

For and on behalf Hawsons Chartered Accountants, Statutory Auditor

Pegasus House

463a Glossop Road

Sheffield

S10 2QD

30 July 2021

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2020

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2020 £'000**	As Restated Total 2019 £'000
Income and endowments from							
Donations	2						
Parish contributions		3,974	-	5	-	**3,979**	4,618
Archbishops' Council		600	-	2,923	-	**3,523**	3,142
Other donations		176	154	335	-	**665**	450
Charitable activities	3	390	-	-	-	**390**	596
Other activities	4	270	-	17	-	**287**	255
Investments	5	132	-	543	40	**715**	727
		5,542	154	3,823	40	**9,559**	9,788
Expenditure on							
Raising funds	6	113	-	-	-	**113**	130
Charitable activities	7	5,285	285	4,019	3	**9,592**	9,781
		5,398	285	4,019	3	**9,705**	9,911
Net income / (expenditure) before investment gains		144	(131)	(196)	37	**(146)**	(123)
Net gains / (losses) on investments		241	-	447	476	**1,164**	2,758
Net income / (expenditure) for year		385	(131)	251	513	**1,018**	2,635
Transfer between funds	19	148	(185)	37	-	-	-
Other recognised gains / (losses)							
Gains on fixed assets		27	-	-	391	**418**	644
Actuarial gain / (loss) on defined benefit scheme	8	-	-	-	-	-	1,468
Net movements in funds		560	(316)	288	904	**1,436**	4,747
Total funds brought forward		5,350	473	8,283	44,056	**58,162**	53,415
Total funds carried forward	18	5,910	157	8,571	44,960	**59,598**	58,162

All activities derive from continuing activities. The notes on pages 27 to 45 form part of the financial statements.

SHEFFIELD DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2020

	Total 2020 £'000	Total 2019 £'000
Total income	9,519	9,748
Resources expended	9,702	9,911
	(183)	(163)
Net gains / (loss) on investments	688	1,652
	505	1,489
Other comprehensive income		
Net gain on fixed assets	27	342
Net assets transferred from endowments	-	-
Actuarial gain / (loss) on defined benefit scheme	-	1,468
	532	3,299

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

Reconciliation of Summary Income and Expenditure to SoFA

	Total 2020 £'000	Total 2019 £'000
Incoming resources per SoFA	9,559	9,788
less total endowment additions	(40)	(40)
	9,519	9,748
Resources expended per SoFA	9,705	9,911
less expenditure charged to endowment capital	(3)	-
Total comprehensive income	9,702	9,911

SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET
As at 31 December 2020

Company Number - 196087

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	**Total 2020 £'000**	As Restated Total 2019 £'000
FIXED ASSETS							
Tangible fixed assets	13	2,563	-	-	31,825	**34,388**	33,979
Investments	14	4,235	-	7,894	12,075	**24,204**	24,095
		6,798	-	7,894	43,900	**58,592**	58,074
CURRENT ASSETS							
Debtors	15	32	-	556	-	**588**	872
Cash at bank and in hand		640	157	366	1,070	**2,233**	1,887
		672	157	922	1,070	**2,821**	2,759
CREDITORS: amount falling due within one year	16	(400)	-	(170)	(10)	**(580)**	(985)
		272	157	752	1,060	**2,241**	1,774
TOTAL ASSETS LESS CURRENT LIABILITIES		7,070	157	8,646	44,960	**60,833**	59,848
CREDITORS: amount falling due after more than one year	17	(740)	-	(75)	-	**(815)**	(914)
Net assets excluding pension liabilities		6,330	157	8,571	44,960	**60,018**	58,934
Defined benefit pension liabilities	23	(420)	-	-	-	**(420)**	(772)
NET ASSETS		5,910	157	8,571	44,960	**59,598**	58,162
FUNDS							
Endowment funds		-	-	-	44,960	**44,960**	44,056
Restricted funds		-	-	8,571	-	**8,571**	8,283
Unrestricted funds		5,910	157	-	-	**6,067**	5,823
		5,910	157	8,571	44,960	**59,598**	58,162

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 06 July 2021 and signed on behalf of the Board by:

Ian Geoffrey Walker (Chairman)

SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
For the year ended 31 December 2020

	2020		As restated 2019	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(1,320)		(1,123)
Cash flow from investing activities				
Dividends, interest and rent from investments	715		727	
Interest paid	(38)		(37)	
Proceeds from the sale of:				
Tangible fixed assets	619		1,877	
Fixed assets investments	1,298		196	
Purchase of:				
Tangible fixed assets for the use of the SDBF	(853)		(51)	
Fixed assets investments	(14)		(1,805)	
Net cash provided by / (used in) investing activities		1,727		907
Cash flow form financing activities				
Loans repaid by the SDBF	(108)		(34)	
Loans repaid to the SDBF	47		102	
		(61)		68
Change in cash and cash equivalents in the reporting period		346		(148)
Cash and cash equivalents at 1 January		1,887		2,035
Cash and cash equivalents at 31 December		2,233		1,887
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income / (expenditure) for the year ended 31 December		1,018		2,635
Adjustments for:				
Depreciation charge		14		13
Dividends, interest and rent from investments		(715)		(727)
Interest paid		38		38
Advancement of loans		-		(5)
(Increase) / Decrease in debtors		237		(136)
(Decrease) in creditors		(396)		(1,332)
(Decrease) in Pension Liability		(352)		(370)
Pension scheme deficit (increase) / decrease		-		1,519
Unrealised (gains) / losses on investments		(1,164)		(2,758)
Net cash (used in) operating activities		(1,320)		(1,123)
Analysis of cash and cash equivalents				
Cash at bank and in hand		2,233		1,887

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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. Despite the current global impact of COVID-19 the trustees believe that the expected income and expenditure is sufficient especially considering the level of reserves held by the charity to enable it to continue as a going concern.

a) Income

All income is included in the Statement of Financial Activities (SoFA) when the SDBF 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) **Common fund** is recognised as income of the year to which it is received.

ii) **Rent** receivable is recognised as income in the period with respect to which it relates.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

v) **Parochial fees** are recognised as income of the year to which they are received.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets for the SDBF'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.

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.

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

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in 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 SDBF, 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.

1. ACCOUNTING POLICIES (continued)

v) **Pension contributions.** The SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors.

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

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 SDBF 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. Annual impairment reviews in accordance with the requirements of FRS102 ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are held at historical cost taken on transition to FRS102 at 1 January 2014. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form.

Parsonage houses

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

Stipend Fund Properties

The SDBF has followed the requirements of FRS102, in its accounting treatment for properties contained in the Stipend Fund Capital Fund. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF 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, whereas Church House legal title remains within the Stipend Fund Capital under SDBF as provision of offices to the SDBF.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Fixture and fittings	15-30% per annum straight line basis

e) Other accounting policies

i) **Fixed asset investments**

These are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.Glebe properties which are held for investment purposes and rented out have been included at their fair value.

ii) **Leases**

The SDBF 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 shorter of the overall lease term or first break clause whichever is shorter in time.

1. ACCOUNTING POLICIES (continued)

f) Fund balances

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

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

- **General funds** which the SDBF intends to use for the general purposes of the SDBF and
- **Designated funds** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees

ii) **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

iii) **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 SDBF (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 as charity branches. Trusts where the SDBF 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.

2. DONATIONS

Parish contributions

Donations are collected from the parishes of the diocese through the Common Fund system from 2015 and through Parish Share before then.

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Current year						
Parish contributions	3,532	-	5	-	3,537	4,179
Receipts for previous years	55	-	-	-	55	49
	3,587	-	5	-	3,592	4,228
Parish assistant staff	387	-	-	-	387	390
	3,974	-	5	-	3,979	4,618

Archbishops' Council

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
LINC and Transition Funding*	-	-	1,798	-	1,798	1,839
Strategic Development Fund	-	-	743	-	743	747
Sustainability Fund**	600	-	-	-	600	-
Capacity Funding	-	-	114	-	114	211
Resourcing Ministerial Education	-	-	268	-	268	224
Restructuring Fund	-	-	-	-	-	121
	600	-	2,923	-	3,523	3,142

* This is annual funding which is allocated to Lowest Income Communities with reference to deprivation indicies and parish population, which may be used either for specific parish mission and development projects or for clergy stipends.
** Sustainability Fund - This funding was made available by the Archbishops' Council to support Dioceses to mitigate the impact of the COVID-19 pandemic where loss of income may adversely impact long term sustainability.

Other donations

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Allchurches Trust grant	-	154	-	-	154	148
Church Burgesses	-	-	75	-	75	75
Donations	176	-	260	-	436	227
	176	154	335	-	665	450

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	244	-	-	-	244	389
Guaranteed annuities	1	-	-	-	1	1
Chaplaincy and other	105	-	-	-	105	135
Education	40	-	-	-	40	71
	390	-	-	-	390	596

4. OTHER ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	270	-	17	-	287	255
	270	-	17	-	287	255

5. INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Dividend receivable	128	-	413	40	581	566
Interest receivable	4	-	2	-	6	18
Rents receivable	-	-	128	-	128	143
	132	-	543	40	715	727

6. FUND RAISING COSTS

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	83	-	-	-	83	100
Parsonage rental costs	30	-	-	-	30	30
	113	-	-	-	113	130

7. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council						
Training for ministry	188	-	-	-	188	188
National church responsibilities	141	-	-	-	141	149
Grants and provisions	16	-	-	-	16	16
Mission agency pension costs	7	-	-	-	7	2
Retired clergy housing costs	67	-	-	-	67	64
Pooling of ordinands maintenance grants	(30)	-	-	-	(30)	(100)
General Synod expenses	4	-	-	-	4	4
	393	-	-	-	393	323
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	982	73	2,088	-	3,143	3,316
Pension contribution	701	20	-	-	721	749
Housing costs	1,083	23	-	-	1,106	959
Removal, resettlement and grants	106	-	-	-	106	31
Other expenses	285	149	480	-	914	1,122
	3,157	265	2,568	-	5,990	6,177
Support for parish ministry	1,510	20	15	3	1,548	1,558
	4,667	285	2,583	3	7,538	7,735
Expenditure						
Support for church schools and parishes	136	-	104	-	240	319
Projects	89	-	1,332	-	1,421	1,404
	225	-	1,436	-	1,661	1,723
	5,285	285	4,019	3	9,592	9,781

8. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Change in pension liabilities	-	-	-	-	-	(1,468)

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2020 £'000
Raising funds	113	-	-	113
Charitable activities:				
Contributions to Archbishops' Council	-	393	-	393
Resourcing parish ministry	5,003	2,088	447	7,538
Schools and Projects	-	1,661	-	1,661
	5,116	4,142	447	9,705

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2019 £'000
Raising funds	130	-	-	130
Charitable activities:				
Contributions to Archbishops' Council	-	323	-	323
Resourcing parish ministry	5,200	2,090	445	7,735
Schools and Projects	-	1,723	-	1,723
	5,330	4,136	445	9,911

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	364	-	-	-	364
Governance:					
External audit	21	-	-	-	21
Registrar and Chancellor	58	-	-	-	58
Diocesan Synodical costs	4	-	-	-	4
	447	-	-	-	447

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2019
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	368	-	-	-	368
Governance:					
External audit	16	-	-	-	16
Registrar and Chancellor	57	-	-	-	57
Diocesan Synodical costs	4	-	-	-	4
	445	-	-	-	445

11. ANALYSIS OF GRANTS MADE

	Nbr	Individuals £'000	Institutions £'000	Total 2020 £'000	Total 2019 £'000
From unrestricted funds for National Church responsibilities					
Contributions to Archbishops' Council	6	-	393	393	323
From unrestricted funds:					
PCCs for faculty fees		-	21	21	29
Clergy for training	41	21	-	21	21
Ordinands in training	15	127	-	127	117
Regional Training Partnership	1	-	7	7	7
	57	148	28	176	174

12. STAFF COSTS

	2020 £'000	2019 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,960	1,801
National Insurance contributions	170	156
Pension costs	207	208
	2,337	2,165

The average number of persons employed during the year:	Number	Number
Administration and financial management	17	20
Property	2	2
Discipleship & Ministry, Stewardship	12	13
Safeguarding and inclusion	5	4
Projects staff funded from reserves	9	10
Projects staff externally funded	34	28
	79	77

The average number of persons employed during the year based on full-time equivalents:	Number	Number
Administration and financial management	14.3	15.5
Property	2.0	2.0
Discipleship & Ministry, Stewardship	10.4	10.6
Safeguarding and inclusion	3.6	3.4
Projects staff funded from reserves	6.5	8.2
Projects staff externally funded	27.0	22.8
	63.8	62.5

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:	Number	Number
£60,001 - £70,000	1	2

Pension payments of £6,357 were made for these employees (2019: £14,000).

12. STAFF COSTS (continued)

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 2020 they were:

Diocesan Secretary and Company Secretary	Katie Bell
Director of Finance	Chun Tsang
Director of Formation for Ministry	Dr Christine Gore
Director of Parish Support	Revd M Cockayne
Director of Education	Huw Thomas

Remuneration, pensions and national insurance for these 5 employees amounted to £319,000 (2019: £344,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £10,838 (2019 - £10,719) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Right Revd S Jelley	No	Yes
Venerable J Iqbal	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Revd I Smith	Yes	Yes
Revd E M Robertshaw	Yes	Yes
Revd Fiona Kouble	Yes	Yes
Revd Claire Dawson	Yes	Yes

The SDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop but excluding Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 117 (2019 - 124) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipend	3,139	3,195
National Insurance contributions	267	272
Pension costs	843	749
	4,249	4,216

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £36,830 - £46,180 (2019 range: £36,830 - £45,650). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2020 was in the range £35,400 - £36,650 (2019 range: £35,400 - £36,100) and other clergy who were Trustees were paid in the range £26,337 - £26,600 (2019 range: £26,076 - £26,337). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2020 at £11,057 (2019: £11,167). The value of housing provided to the Bishop is estimated at £15,000 (2019: £15,000).

13. TANGIBLE FIXED ASSETS

	Unrestricted Funds			Parsonages Fund	Stipend Fund	
	Freehold Properties £'000	Leasehold Properties £'000	Office Equipment £'000	Properties £'000	Properties £'000	Total £'000
Cost of valuation						
At 1 January 2020	2,696	116	46	29,357	1,786	34,001
Additions	-	-	-	-	853	853
Disposals	(143)	(116)	-	(171)	-	(430)
Revaluation	-	-	-	-	-	-
At 31 December 2020	2,553	-	46	29,186	2,639	34,424
Depreciation						
At 1 January 2020	-	-	22	-	-	22
Disposals	-	-	-	-	-	-
Charge for the year	-	-	14	-	-	14
At 31 December 2020	-	-	36	-	-	36
Net Book Value						
At 31 December 2020	2,553	-	10	29,186	2,639	34,388
At 31 December 2019	2,696	116	24	29,357	1,786	33,979

Freehold properties in the Balance Sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2020 there were 7 (2019: 8) such properties and their value included above amounts to £1,240,655 (2019: £1,383,754).

14. FIXED ASSETS INVESTMENTS

	As restated At 1 Jan 2020 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 Dec 2020 £'000
Unrestricted funds						
Unlisted investments	3,994	-	-	-	241	4,235
Restricted funds						
Unlisted investments	7,433	14	-	-	447	7,894
Endowment funds						
Investment property	4,863	-	(592)	-	71	4,342
Unlisted investments	7,805	-	(477)	-	405	7,733
	12,668	-	(1,069)	-	476	12,075
Total	24,095	14	(1,069)	-	1,164	24,204

15. DEBTORS

	2020 £'000	2019 £'000
Due within one year		
Current year Common Fund	2	2
Assigned fees	-	32
Loans to parishes	27	33
Loans to schools	13	15
Other debtors and prepayments	96	300
	138	382
Due after more than one year		
Loans to parishes	375	403
Loans to schools	75	87
	450	490
Total debtors	588	872

16. CREDITORS: amounts falling due within one year

	2020 £'000	2019 £'000
Church Commissioners other loans	25	35
Deferred income	15	105
Other creditors and accruals	540	845
	580	985

17. CREDITORS: amounts falling due after more than one year

	2020 £'000	2019 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	703	753
Church Commissioners other loans	12	47
Other loans	100	114
	815	914
The maturity of the above loans may be analysed as follows:		
Between one and two years	24	20
Between two and five years	38	86
In five years or more	753	808
	815	914

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £75,000 (2019 - £89,000) relates to the Schools Fund, £12,000 to the General Fund (2019 - £47,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, which is borne by the SDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the SDBF.

Value-Linked Loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis with the Church Commissioners and are repayable on the disposal of the related property.

18. SUMMARY OF FUND MOVEMENTS

	As restated At 1 Jan 2020	Income	Expenditure	Transfers	Gains and Losses	At 31 Dec 2020
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	5,350	5,542	(5,398)	148	268	5,910
Designated Funds:						
Clergy Conference	30	-	-	-	-	30
Church House Refurbishment	13	-	-	-	-	13
Quinquennial Costs	100	-	(23)	(77)	-	-
Interim & Assist. Diocesan Secretary match fun	60	-	(20)	(40)	-	-
Strategy implementation	65	-	-	(65)	-	-
Allchurches Trust Fund	105	154	(149)	(3)	-	107
Restructuring Fund	100	-	(93)	-	-	7
	473	154	(285)	(185)	-	157
RESTRICTED FUNDS						
Stipend Income	-	2,148	(2,148)	-	-	-
Pastoral	2,619	71	(11)	-	117	2,796
Church in Action	4,612	143	(424)	3	281	4,615
Schools	420	100	(104)	34	25	475
Projects	265	1,361	(1,332)	-	-	294
Miscellaneous Trusts	367	-	-	-	24	391
	8,283	3,823	(4,019)	37	447	8,571
ENDOWMENT FUNDS						
Stipend Fund Capital	11,090	-	(3)	-	486	11,573
Parsonages	31,478	40	-	-	328	31,846
Schools	1,488	-	-	-	53	1,541
	44,056	40	(3)	-	867	44,960
TOTAL FUNDS	58,162	9,559	(9,705)	-	1,582	59,598

SDBF match funding to the Strategic Development Fund projects is shown in transfers.

18. SUMMARY OF FUND MOVEMENTS (continued)

	Restated At 1 Jan 2019	Income	Expenditure	Transfers	Gains and Losses	As at 31 Dec 2019
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	2,894	5,570	(5,425)	(74)	2,385	5,350
Designated Funds:						
Clergy Conference	30	-	-	-	-	30
Church House Refurbishment	13	-	-	-	-	13
Deanery Mission Initative	25	-	(25)	-	-	-
Centenary Project	6	-	(6)	-	-	-
Quinquennial Costs	-	-	-	100	-	100
Interim & Assist. Diocesan Secretary match fun	-	-	-	60	-	60
Strategy implementation	-	-	-	65	-	65
Allchurches Trust Fund	106	148	(49)	(100)	-	105
Restructuring Fund	95	121	(116)	-	-	100
	275	269	(196)	125	-	473
RESTRICTED FUNDS						
Stipend Income	-	2,190	(2,190)	-	-	-
Pastoral	2,276	71	(20)	-	292	2,619
Church in Action	4,371	148	(128)	(451)	672	4,612
Schools	477	123	(184)	(54)	58	420
Projects	200	1,377	(1,766)	454	-	265
Miscellaneous Trusts	314	-	(2)	-	55	367
	7,638	3,909	(4,290)	(51)	1,077	8,283
ENDOWMENT FUNDS						
Stipend Fund Capital	10,074	-	-	-	1,016	11,090
Parsonages	31,203	40	-	-	235	31,478
Schools	1,331	-	-	-	157	1,488
	42,608	40	-	-	1,408	44,056
TOTAL FUNDS	53,415	9,788	(9,911)	-	4,870	58,162

19. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted Funds	Endowment Funds
	General	Designated		
	£'000	£'000	£'000	£'000
To general from designated fund to for match funding of interim & assistant Diocesan Secretary	40	(40)	-	-
To general from designated fund for strategy	65	(65)	-	-
Quinquennials works, to general fund from designated fund	77	(77)	-	-
To schools fund from general fund for contribution to DBE costs transferred through reserves	(34)	-	34	-
From general fund to Church in Action fund	(3)	-	3	-
From designated fund to general fund for Doncaster Archdeaconry project funded by the Allchurches Trust	3	(3)	-	-
	148	(185)	37	-

20. SUMMARY OF ASSETS BY FUND

	Fixed Assets	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS					
General	2,563	4,235	672	(1,560)	5,910
Designated funds					
Clergy Conference	-	-	30	-	30
Church House Refurbishment	-	-	13	-	13
Allchurches Trust Fund	-	-	107	-	107
Restructuring Fund	-	-	7	-	7
	-	-	157	-	157
RESTRICTED FUNDS					
Pastoral	-	2,310	487	-	2,797
Church in Action	-	4,817	(47)	(152)	4,618
Schools	-	394	173	(93)	474
Projects	-	-	290	-	290
Miscellaneous Trusts	-	373	19	-	392
	-	7,894	922	(245)	8,571
ENDOWMENT FUNDS					
Stipend Fund Capital	2,640	8,351	592	(10)	11,573
Parsonages	29,185	2,183	478	-	31,846
Schools	-	1,541	-	-	1,541
	31,825	12,075	1,070	(10)	44,960
TOTAL FUNDS AS AT 31 DECEMBER 2020	34,388	24,204	2,821	(1,815)	59,598

20. SUMMARY OF ASSETS BY FUND

	As Restated Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	2,836	3,994	479	(1,959)	5,350
Designated funds					
Clergy Conference	-	-	30	-	30
Church House Refurbishment	-	-	13	-	13
Quinquennial Cost	-	-	100	-	100
Interim Assistant DS match funding	-	-	60	-	60
Strategy implementation	-	-	65	-	65
Allchurches Trust Fund	-	-	105	-	105
Restructuring Fund	-	-	100	-	100
	-	-	473	-	473
RESTRICTED FUNDS					
Pastoral	-	2,179	440	-	2,619
Church in Action	-	4,536	217	(141)	4,612
Schools	-	369	602	(551)	420
Projects	-	-	269	(4)	265
Miscellaneous Trusts	-	349	18	-	367
	-	7,433	1,546	(696)	8,283
ENDOWMENT FUNDS					
Stipend Fund Capital	1,787	9,156	163	(16)	11,090
Parsonages	29,356	2,024	98	-	31,478
Schools	-	1,488	-	-	1,488
	31,143	12,668	261	(16)	44,056
TOTAL FUNDS AS AT 31 DECEMBER 2019	33,979	24,095	2,759	(2,671)	58,162

21. DESCRIPTION OF FUNDS

GENERAL FUND	The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.
DESIGNATED FUNDS	
Clergy conference	The Clergy Conference Fund is funding set aside to support a programme of training events to be arranged by the Bishop of Sheffield.
Church House Refursbishment	This fund relates to legacies received in 2008 and 2009 designated as funds available to SDBF to develop facilities and resources at Church House.
Quinquennial Repairs	Funds designated for expected high costs in quinquennial repairs in 2020. Many repairs were delayed due to pandemic restrictions. Fund closed in 2020 following Bishop's Council review of of SDBF Reserves Policy, with balance transferred back to the General Fund.
Interim Diocesan Secretary Match Funding	Match funding set up to work alongside the Capacity Funding from the Church Commissioners. The funds have been utilised or transferred to General Fund in 2020.
Strategy Implementation	This fund was set up to support implementation of the Diocesan Strategy but as part of the Reserves Policy review and receipt of national grants in 2020, all funds have been released back to the General Fund in 2020.
Allchurches Trust Fund	From grants received from the Allchurches Trust, SDBF has designated this fund to help kick start a growth regeneration programme in the Doncaster area where there are high levels of deprivation.
Restructuring Fund	A fund using nationally allocated resources to support restructuring for the future.

21. DESCRIPTION OF FUNDS (continued)

RESTRICTED FUNDS

Pastoral Fund	The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other dioceses • to transfer funds to the Diocesan Stipends Fund income or capital accounts.
Church in Action	The Church in Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.
Church Schools Fund	This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.
Projects	The projects undertaken by the SDBF are as follows: 1. Mission Partnership Development Worker Project 2. Centenary Project 3. Children's, Youth and Families Worker Project 4. Resourcing Churches Project
Miscellaneous Trusts	There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows: Queen Victoria Fund Training of Ordinands - Alice Marple Trust Training of Ordinands - E J Freeman Bequest Elizabeth Bramall Trust Sheffield Scripture Readers General Trusts Sheffield Scripture Readers Benevolent Trusts First Lord Grimthorpe Charity Fund

ENDOWMENT FUNDS

Stipend Fund Capital	The Diocesan Stipends Capital Fund has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. The fund may be used for the purchase, capital improvement and maintenance of glebe property and benefice houses. Funds can be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.
Parsonages	This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.
Church Schools Fund	This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

22. CAPITAL COMMITMENTS

At 31 December 2020 the SDBF had capital expenditure commitments authorised but not contracted for of £Nil (2019 - Nil), and contracted for but not yet due of £Nil (2019 - £Nil).

23. PENSIONS

Church of England Funded Pension Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year (2020: £0.843m, 2019: £0.753m), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £Nil for 2020 (total release 2019: £1.468m).

As at 31 December 2020, the number of members at this Responsible Body was 120 (2019: 124).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S2NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

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

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

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

23. PENSIONS (continued)

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020 £'000	2019 £'000
Balance sheet liability as at 1 January	772	2,610
Contributions paid	(359)	(370)
Interest costs (recognised in the SoFA)	7	51
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(1,519)
Balance sheet liability as at 31 December	420	772

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2% p.a.	1.1% p.a.	2.1% p.a.
Price inflation	3.1% p.a.	2.8% p.a.	3.1% p.a.
Increase to total pensionable payroll	1.6% p.a.	1.3% p.a.	1.6% p.a.

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

Church Workers Pension Fund (CWPF)

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

The SDBF contributes to the Pension Builder 2014 only.

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

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

The scheme is a multi-employer scheme as described in section 28 of FRS102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable 2020: £160,340 (2019: £145,813).

A valuation of the Pension Builder scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 Decmber 2019 was under way as at 31 December 2020.

23. PENSIONS (continued)

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

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

24. RELATED PARTY TRANSACTIONS

The Very Reverend P E Bradley, who is a director of the SDBF, was also a trustee of Sheffield Cathedral Chapter till 31 December 2020. At 31 December 2020 there is a loan debtor outstanding from Sheffield Cathedral Chapter of £359,992 (2019: £380,417). During 2020 the Sheffield Cathedral Chapter contributed £nil (2019: £nil) to the SDBF's support for parish ministry activities.

25. FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF 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 SDBF does not control them. The financial assets held in this way may be summarised as follows:

	2020 £'000	2019 £'000
CBF Church of England Investment Fund Income Shares	5,065	4,769
CBF Church of England Fixed Interest Securities Fund Shares	284	305
COIF Income and Accumulation Shares	288	272
CBF Church of England Deposit Fund	949	943
Other Investments	278	-
Cash at bank	277	519
	7,141	6,808

26 RESTATEMENT OF COMPARATIVES

The comparative figures have been restated to include the revaluation of investment propoerties at 31 December 2019 which were not previously recognised. The effect of the restatement has been to increase the net gains on investments and the total fund balance at 31 December 2019 by £345,000.