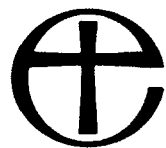


Annual Report & Financial Statements

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.

Annual Report

For the year ended 31st December 2021

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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

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For the year ended 31st December 2021

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 equality 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

SHEFFIELD DIOCESAN BOARD OF FINANCE

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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 within 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.

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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 data, 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.

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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

SHEFFIELD DIOCESAN BOARD OF FINANCE

Annual Report

For the year ended 31st December 2021

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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

Annual Report

For the year ended 31st December 2021

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 jurisdictions.

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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

Annual Report
For the year ended 31st December 2021

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 Aug 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	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	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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

- 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:-

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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 indices 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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

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 £'000
	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

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020 £'000
	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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

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 £'000	2020 £'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).

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (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 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 £'000	2020 £'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).

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

12 TANGIBLE FIXED ASSETS

	Unrestricted Funds			Parsonages	Stipend	
	Freehold	Leasehold	Office	Fund	Fund	Total
	Properties	Properties	Equipment	Properties	Properties	
	£'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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

17 SUMMARY OF FUND MOVEMENTS 2021 YEAR END

	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
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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

18 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted Funds	Endowment Funds
	General £'000	Designated £'000	£'000	£'000
From Church in Action to General Fund fund	97	-	(97)	-
	<u>97</u>	<u>-</u>	<u>(97)</u>	<u>-</u>

19 SUMMARY OF ASSETS BY FUND 2021 YEAR END

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	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
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	<u>35,261</u>	<u>25,476</u>	<u>3,923</u>	<u>(1,394)</u>	<u>63,266</u>

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

20 DESCRIPTION OF FUNDS (continued)

RESTRICTED FUNDS

Pastoral Fund	<p>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:</p> <ul style="list-style-type: none">• 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	<p>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.</p>
Church Schools Fund	<p>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.</p>
Projects	<p>The projects undertaken by the SDBF are as follows:</p> <ol style="list-style-type: none">1. Mission Partnership Development Worker Project2. Centenary Project3. Children's, Youth and Families Worker Project4. Resourcing Churches Project
Miscellaneous Trusts	<p>There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows:</p> <p>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</p>

ENDOWMENT FUNDS

Stipend Fund Capital	<p>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.</p>
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SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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.

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

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 £'000	2020 £'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.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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