

**Annual Report
&
Financial Statements**

For the year ended 31st December 2023



SHEFFIELD DIOCESE BOARD OF FINANCE

Company Number: 196087

Registered Charity Number: 245861

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

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ANNUAL REPORT

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

The Directors' Report of a charitable company

The Strategic Report under the Companies Act 2006, and

The Trustees Annual Report under the Charities Act 2011

FOREWORD

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

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

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

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

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

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

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

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

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

The net result is that our unrestricted general funds stood at £6.7m at 31 December 2023 which is at the same level as last year end.

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

Ian Walker, Chair of Sheffield Diocesan Board of Finance

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LEGAL OBJECTS

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

The SDBF has the following statutory responsibilities:

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

STRATEGIC AIMS AND OBJECTIVES

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

The Diocese of Sheffield continues:

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

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

ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Progress Against our Strategy in 2023

Introduction

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

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

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

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

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

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

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

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

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

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

Work supported by National Church Funding

Strategic Transformation Funding

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

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

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

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

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

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

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

Revitalisation

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

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Resourcing Churches

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

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

Centenary Project

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

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

Education

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

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

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

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

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The Diocese offers good provision in all its schools.

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

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

The Board of Faith and Justice

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

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

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

Throughout 2023 the following working groups were active;

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

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

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

Senior Staff Appointments

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

Safeguarding

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

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

Related Parties

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

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

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

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

Volunteers

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

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FUTURE PLANS

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

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

Transformation programme

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

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

Revitalisation

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

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

Resourcing Churches

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

Strategy Refresh and application for triennium funding

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reserves Policy

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

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

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

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

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

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

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

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

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

Grant Making Policy

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

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

Investment Policy

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

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

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

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

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PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Financial

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

Collection statistics are produced and circulated on a monthly basis

Parish Finance Team in place and operating effectively

Financial Modelling tool developed and used to support strategic decision making

Reputational

Child protection and vulnerable adults:

Communications and PR support engaged

Liaison with National Safeguarding Team

Resources for safeguarding expanded; and

Delivered high volume of training to clergy, parish employees and volunteers

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Statutory/Legal

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

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

Data Protection Legislation

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

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

Staffing

Risk of prolonged staff absences through long term illness

- Temporary staff recruited;
- Flexible cover between teams.

STRUCTURE GOVERNANCE AND MANAGEMENT

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

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

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

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

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

Sheffield Diocesan Board of Finance – financial statements for the year ended 31 December 2023

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

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

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

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

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

Trustees

Trustees are members of the Bishop's Council and are either elected via Diocesan Synod or via interview. They are given induction as they start their role and at other times as appropriate. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. Trustees are required to make a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Trustees appointments – there were no new appointments in 2022

Remuneration of key management personnel

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

Sheffield Diocesan Board of Finance – financial statements for the year ended 31 December 2023

TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP (FRS102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

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

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

Sheffield Diocesan Board of Finance – financial statements for the year ended 31 December 2023

ADMINISTRATIVE DETAILS

Trustees

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

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

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

BY ORDER OF THE TRUSTEES

Ian Walker

Chair

Signed by:

77BB4C96798C4CE...

Date 21 August 2024

Katie Bell

Secretary

DocuSigned by:

A3FEC934A594471...

Date 19 August 2024

Sheffield Diocesan Board of Finance – financial statements for the year ended 31 December 2023

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

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and strategic report.

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the

Sheffield Diocesan Board of Finance – financial statements for the year ended 31 December 2023

trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

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

Audit response to risks identified:

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

Sheffield Diocesan Board of Finance – financial statements for the year ended 31 December 2023

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

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

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

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

Sheffield Diocesan Board of Finance – financial statements for the year ended 31 December 2023

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.

A handwritten signature in black ink that reads "Saffery LLP". The signature is written in a cursive, flowing style.

Sally Appleton (Senior Statutory Auditor)

For and on behalf of Saffery LLP, Statutory Auditor

Mitre House

North Park Road

Harrogate

HG1 5RX

19 September **2024**

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2023

Including movements in Endowment Funds

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

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET

As at 31 December 2023

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

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

and signed on behalf of the Board by:

Signed by:

Ian Walker

21 August 2024

Ian Geoffrey Walker (Chairman)

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SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

For the year ended 31 December 2023

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**1 ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going concern

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

a) Income

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

- i) **Common fund** is recognised as income of the year to which it is received.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received are recognised in the year received unless their entitlement to receipt relates to future accounting periods.
- v) **Parochial fees** are recognised as income of the year to which they are received.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the SDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied.

b) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the SDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors where there is an agreed schedule of contributions.

SHEFFIELD DIOCESAN BOARD OF FINANCE**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2023**c) Tangible fixed assets and depreciation****Freehold properties**

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

Properties subject to value linked loans

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

Parsonage houses

The SDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent.

Stipend Fund Properties

The SDBF has followed the requirements of FRS102, in its accounting treatment for properties contained in the Stipend Fund Capital Fund. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent, whereas Church House legal title remains within the Stipend Fund Capital under SDBF as provision of offices to the SDBF.

d) Other tangible fixed assets

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

e) Other accounting policies**i) Fixed asset investments**

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

ii) Leases

The SDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2023

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

2 DONATIONS

Parish contributions

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

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

Archbishops' Council

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

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

Other donations

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

Other grants

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

3 CHARITABLE ACTIVITIES	Unrestricted funds		Restricted	Endowment	Total	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	2023 £'000	2022 £'000
Statutory fees	303	-	-	-	303	355
Chaplaincy and other	9	35	20	-	64	65
Education	2	-	29	-	31	43
	314	35	49	-	398	463
4 OTHER ACTIVITIES	Unrestricted funds		Restricted	Endowment	Total	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	2023 £'000	2022 £'000
Housing income	211	-	10	-	221	234
Other income	-	-	-	-	-	7
	211	-	10	-	221	241
5 INVESTMENT INCOME	Unrestricted funds		Restricted	Endowment	Total	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	2023 £'000	2022 £'000
Dividend receivable	207	-	217	91	515	296
Interest receivable	63	-	36	-	99	281
Rents receivable	121	-	-	-	121	137
	391	-	253	91	735	714
6 FUND RAISING COSTS	Unrestricted funds		Restricted	Endowment	Total	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	2023 £'000	2022 £'000
Glebe agent's fee	-	-	-	29	29	48
Parsonage rental costs	21	-	-	-	21	23
	21	-	-	29	50	71

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

7 CHARITABLE ACTIVITIES

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

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

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

9 ANALYSIS OF SUPPORT COSTS

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

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

10 ANALYSIS OF GRANTS MADE

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

11 STAFF COSTS

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

The average number of persons employed during the year:

	Number	Number
Administration and financial management	16	18
Property	3	3
Discipleship & Ministry, Stewardship	13	14
Safeguarding and inclusion	6	4
Projects staff funded from reserves	6	6
Projects staff externally funded	49	49
	93	94

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

	Number	Number
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1

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

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 2023 they were:

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

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

Trustees' emoluments

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

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

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

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

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

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

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

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

12 TANGIBLE FIXED ASSETS

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

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

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

13 FIXED ASSETS INVESTMENTS

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023**14 DEBTORS**

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

15 CREDITORS: amounts falling due within one year

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

16 CREDITORS: amounts falling due after more than one year

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

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

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

17 SUMMARY OF FUND MOVEMENTS 2023 YEAR END

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

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

SUMMARY OF FUND MOVEMENTS 2022 YEAR END

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

SHEFFIELD DIOCESAN BOARD OF FINANCE**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2023**18 TRANSFERS BETWEEN FUNDS**

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

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

19 SUMMARY OF ASSETS BY FUND 2023 YEAR END

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

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

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

20 DESCRIPTION OF FUNDS

GENERAL FUND

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

SHEFFIELD DIOCESAN BOARD OF FINANCE**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2023**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</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 · to make loans or grants for the provision, restoration, improvement or repair of churches and · other purposes of the Diocese or any benefice or parish in the Diocese · to make grants or loans to any other dioceses · to transfer funds to the Diocesan Stipends Fund income or capital accounts.
Church in Action	<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. Centenary Project 2. Strategic Transformation Programme (STF) 3. Resourcing Churches Project 4. Revitalisation Programme - Approved 2023
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>
Parsonages	<p>This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.</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>

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

21 PENSIONS

Church of England Funded Pension Scheme

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £0.802m in 2023 (2022: £1.297m), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £nil (2022: £211).

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

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

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

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

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

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

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

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

21 PENSIONS (continued)

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

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

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

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

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

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

Church Workers Pension Fund (CWPF)

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

CWPF has two sections:

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

Defined Benefits Scheme

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

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

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2023: £NIL, 2022: £NIL) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £NIL for 2023 (2022: £NIL).

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

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

SHEFFIELD DIOCESAN BOARD OF FINANCE**NOTES TO THE FINANCIAL STATEMENTS (continued)**
For the year ended 31 December 2023**21 PENSIONS (continued)**

The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £8,700 per year.

No provision for deficit recovery payments is required at either December 2023 or December 2022 under the latest valuation.

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

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

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

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

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

22 FUNDS HELD AS CUSTODIAN TRUSTEE

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

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