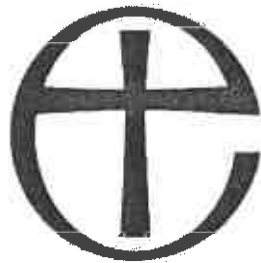


ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017



**THE DIOCESE
OF SHEFFIELD**

SHEFFIELD DIOCESAN BOARD OF FINANCE

Company number - 196087
Registered charity number - 245861

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

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ANNUAL REPORT

For the year ended 31 December 2017

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 2017. 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.

LEGAL OBJECTS

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 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 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.

The strategic priorities are established by the Diocesan Synod in communication with and between Deanery Synods, PCCs, and the Bishop of Sheffield (in respect of his responsibility for the provision of the cure of souls), as well as with the church nationally; including consultations on specific matters relating to the priorities for the forthcoming year, and the Diocesan Budget.

STRATEGIC AIMS

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 Diocesan Synod agreed the following strategic booklets to direct the activities of the Diocese:

- **Forming and Equipping the People of God:** A Strategy for discipleship
- **Re-imagining Ministry for Mission:** A Strategy for Sustainable Ministry
- **Salt and Light:** A Strategy for Serving and Transforming our Society and God's World
- **A Little Letter on Giving:** A strategy for growth into the future

OBJECTIVES FOR THE YEAR

In response to the above strategic priorities determined by the Diocesan Synod specific objectives remain:

- to ensure a Christian presence in every parish
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, including schools, universities, and in local communities
- 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 AND ACHIEVEMENTS IN THE YEAR

The Christian Presence

Clergy form a central part in the life of churches in the Sheffield Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carry out over 700 weddings, 2,700 christenings and, with licensed lay ministers, 3,000 funerals in the year. While the SDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the SDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 106 trained stipendiary clergy and 14 training curates in the diocese is a priority of the SDBF and represents by far its largest financial commitment. The pool of both retired and Self-Supporting Ministers in the Diocese has assisted in providing ministry across the parishes. Although the SDBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund.

Provision of Resources

The SDBF is committed to assisting parishes and individuals in their spiritual journey.

The Parish Support Team enabled parishes in their mission and ministry using a new Mission Action Planning tool, delivering training and developing Mission Partnerships. The Aurora training course in youth and children's ministry had 16 new students in September 2017, with 20 completing the course in May 2017.

The Department of Formation for Ministry was set up in 2015 with the appointment of a Director responsible for training for lay and ordained ministry. In 2017 there were 47 trainees at the school of Ministry courses. Eleven new deacons were ordained in July 2017, including six Self-Supporting Ministers.

Significant grant funding from the Church Commissioners under its Strategic Development Funding initiative enabled the set up the Mission Partnership Development Worker project. This is designed

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For the year ended 31 December 2017

to assist with administrative and related tasks in the Mission Partnership groupings by recruiting 9 staff to deal with these matters and thereby release ordained ministers from mission. Evaluation of its effectiveness continues to inform the Diocese and national Church of its outcomes.

The SDBF Centenary Project continues to recruit and place workers in parishes developing mission and ministry to children, young people and families within parishes and supporting them through central resources and networking.

The Diocesan Board of Education continues to support 40 Church schools in the Diocese and encourage transition for some to our Multi Academy Trust. Over 85% of our schools are rated Good or Outstanding by OFSTED.

Managing Diocesan Resources

The SDBF recognises the importance of a safe, secure and well maintained clergy and curate housing and completing programmed refurbishments, maintenance and improvements on a quinquennial cycle. The SDBF refurbished and carried out quinquennial inspections on 44 properties in 2017.

The SDBF continues to follow the Common Fund pledge system by parishes as the main source of income. The system is designed to give closer alignment of actual and expected receipts and, therefore, assist the planning and budgetary processes. Common Fund at year end was 3.7% behind the 2016 levels.

Related parties

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

- The Archbishop's 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 Church Commissioners 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 Church Commissioners.
- 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.

Transactions with the main categories of related parties are identified in the financial statements. Where materiality of the transactions merit more detailed disclosure this is given in notes 24 and 25 to the financial statements.

Volunteers

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

FUTURE PLANS

We continue to recruit slightly above Deanery plans to work towards a priestly presence in every parish. The training and development of lay members of the church to support the work of the clergy also remain a priority. The SDBF has made good progress, assisted by the Church Commissioners, to bring all the lay and ordained training programmes under one banner. St Peter's College, launched formally in October 2016 continues to grow from strength to strength. St Peter's provides a Virtual Learning Environment which offers online collaborative tools and services to support the learning process, encouraging virtual interaction between and among students and academic staff.

We continue to develop the central diocesan management structure as designed to support the vision and priorities of the Diocese.

FINANCIAL REVIEW

Financial Performance

Common Fund, the money given by parishes to the Diocese to fund mission and ministry, remains the main incoming resource for the Diocese. In 2017 this income is reduced by £170,000 to £4,322,000 (2016: £4,492,000). The anticipated increase in Common Fund contributions was not achieved and this proves a significant challenge to the Diocese. The Trustees are grateful to all parishes which met their pledge payments during the year.

The total income for the year is £9,036,000 (2016: £9,144,000). Total costs have increased by £775,000 to £8,803,000 (2016: £8,028,000) resulting in a net income before investment gains of £233,000 (2016: £1,116,000 surplus).

The Trustees prepared a budget for 2018, anticipating a small deficit.

During the year the SDBF purchased and sold investments to the values of £1,768,000 and £167,000 respectively. The value of investments continued to increase, however, a write down in the value of the glebe portfolio of £1,674,000 resulted in a net reduction of £564,000. The value of investment at the end of the year is £19,411,000 (2016: £18,374,000).

Significant Property Transactions

During the year the SDBF purchased four properties for £1,105,000, sold six properties that are surplus to requirement for £1,935,000 (repaying loans as required). Our policy continues to be:

- to replace unsuitable properties
- to accommodate the changing geographical deployment of clergy within the Diocese; and,
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the church.

Balance Sheet Position

The Trustees consider that the balance sheet, together with details in note 20, shows broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet

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date totalled £53.4m (2016: £53.5m), included in this total are properties, mostly in use for ministry at £35.6m (2016: £36.2m). Much of the remaining assets shown on the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the SDBF.

Clergy Pension Deficit Liability

In previous years the clergy pension deficit liability has been set against the Stipend Fund Capital as the reserves in the general fund were insufficient to carry the amount in its balance sheet. Having reviewed the position at the year end, the Trustees decided that it is more appropriate to transfer the deficit liability into the general fund. The impact of this is to reduce the free reserves by £2.77m.

Reserves Policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the General Fund equivalent to 3 months budgeted unrestricted expenditure for 2017. At 31 December 2017 the amount required under this policy totalled £2.01m (2016: £1.99m). Actual free reserves as at 31 December totalled £0.83m (2016: £2.09m), with £1.85m in tangible fixed assets less related loans as part of a total net asset of £2.68m. The Trustees aim to build up free reserves to the target level for long-term sustainability as resources allow.

Designated funds

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each Fund together with the intended use of the reserve is set out in note 21. At 31 December 2017 total designated reserves were £0.67m (2016: £1.16m)

Restricted and endowment funds

As set out in note 20 SDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2017 restricted funds totalled £7.7m (2016: £7.3m) and endowment funds totalled £42.2m (2016: £41.1m). Neither is available for the general purposes of the SDBF.

Grant Making Policy

The Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects, and the nature of grants made in 2017 is indicated in note 11. Grants of around £5,000 are considered by the Grants Committee from income and investments set aside for specific purposes.

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 SDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of

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each fund, and to identify appropriate investment vehicles. Note 20 provide details of the assets of each fund, together with the related purposes. Note 15 summarises the movements in investments during the year.

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 investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited. Investments returns during the year are set out in the following table.

	Funds at 31 December 2017 £'000	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	12,963	87.3%	3.3%	+13.4%
CBF Property Fund	1,713	11.5%	5.5%	+9.7%
COIF Charity Investment Fund	37	0.3%	3.3%	+13.1%
CBF Deposit	115	0.8%		
Other Funds	19	0.1%		
	<u>14,847</u>	100.0%		

The Finance and Property Committee regularly reviews the performance of the funds and makes decisions on investments.

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. This is subject to review by the Trustees on a regular basis, with the responsibility for delivery of the mitigation strategies identified 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 monthly: Governance/Strategic; Staff; Financial (income/expenditure); Reputational; Statutory/Legal and Operational. These risk areas and the associated mitigation strategies are summarised:

1. Financial – risk of under-collection of Common Fund or rent
 - Collection statistics are produced and circulated on a monthly basis
2. Reputational – child protection and vulnerable adults
 - Communications and PR support engaged
 - Liaison with National Safeguarding Team
3. Statutory/Legal – risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law
 - Registrar and Chancellor contract in place
 - Safeguarding team recruited

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- Policies aligned with National Church guidelines
 - Safeguarding training provided
 - CCPAS contract in place for DBS checks
 - CCPAS cover in place for Safeguarding Adviser and listening service provision
4. Data Protection Legislation – risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently prepared for GDPR
- Staff training carried out
 - Core group and implementation groups in place
 - Ability for individuals to set their own privacy settings on the Diocesan CMS database

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established Church and Her Majesty The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are subdivisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into twelve deaneries, each with its own Synod and within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area. Being part of the Church of England requires and also enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

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.

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, 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, with the most recent elections held in

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October 2015. The details of Trustees who served during the year are set out on page 13. In 2017 the Rt Revd Peter Burrows, Bishop of Doncaster and Suffragan Bishop of the Diocese, was the Acting Bishop of Sheffield until 5 June 2017 when the Rt Revd Dr Pete Wilcox became the eighth Bishop of Sheffield. The Bishop 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 next elections are in 2018. The Synod elects six of the fourteen Trustees of the Diocesan Board of Finance. The SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association. By virtue of the National Institutions Measure 2000 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.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Sheffield are set by the Diocesan Synod, and the SDBF. The responsibility for ensuring that priorities and strategies are delivered is delegated to the Diocesan Secretary. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the SDBF. The Trustees, meeting within the context of the Bishop's Council and Standing Committee, hold up to seven meetings during the year to formulate and coordinate policies on and delivery of mission, ministry and finance.

Delegation of day to day delivery

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

Finance and Property Committee: monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also 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).

Grants Committee: allocates available financial resources to suitable diocesan and parochial initiatives.

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Trustee recruitment, selection, induction and training

Trustees are members of the Bishop's Council and Standing Committee and are selected as set out above. Trustees 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 declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest. Trustee training has been delivered to Bishop's Council in 2017 and planned for Diocesan Synod in 2018.

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).

Funds held as Custodian Trustee

The SDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £6,757,000 at 31 December 2017 (2016: £6,536,000), are available from the SDBF on request, and are summarised in note 25.

Funds held on behalf of schools

The Diocesan Board of Education (which is not separately incorporated but is within the SDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and academies and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2017 is £nil (2016: £nil). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £0.79m and £1.10m respectively in 2017 and 2016.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give

ANNUAL REPORT

For the year ended 31 December 2017

a true and fair view of the state of the affairs of the SDBF and of the surplus or deficit of the SDBF for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities Statement of Recommended Practice 2015 (FRS102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the SDBF and enable them to ensure that the financial statements comply with the Companies Act 2011. They are also responsible for safeguarding the assets of the SDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The appointment of auditors to the SDBF will be discussed at the Annual General Meeting, a re-tendering exercise will be undertaken in 2018.

SHEFFIELD DIOCESAN BOARD OF FINANCE

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2017. The following Trustees were in post at the date of this report:

President	The Right Reverend P Burrows BTh (until 4 June 2017) The Right Reverend Dr P J Wilcox (from 5 June 2017)
Chair	I G Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall (from 22 May 2017)
Other Directors	The Very Reverend P E Bradley MA, FRSA J A Butcher MA(Cantab), MSc, PhD The Venerable M L Chamberlain BA, BTh, MPhil I R Downing C Howarth BA, MCLIP The Reverend A T Isaacson BA, PGCE, MA Lay Canon P M Rainford MA The Reverend E E M Robertshaw BA, PGCE, MTh The Reverend I Smith BA The Venerable S Wilcockson MA
Secretary	H J Adcock BA, MBA, CPFA
Registered Office:	Diocesan Church House, 95-99 Effingham Street, Rotherham, S65 1BL
Bankers	Yorkshire Bank Plc, 6A High Street, Mexborough, S64 9AP
Auditors	Hawsons, Pegasus House, 463A Glossop Road, Sheffield, S10 2QD
Solicitors	Wake Smith Solicitors, No.1 Velocity, 2 Tenter Street, Sheffield, S1 4BY
Investment advisers	CCLA Investment Management Ltd 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

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In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-8 within their capacity as company directors.

BY ORDER OF THE TRUSTEES



Ian Geoffrey Walker
Chairman
5 June 2018



Heidi Jane Adcock
Secretary
5 June 2018

Opinion

We have audited the financial statements of Sheffield Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. 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).

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.

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 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. 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 trustees' report incorporating the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report has / have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

SHEFFIELD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SHEFFIELD DIOCESAN BOARD OF FINANCE

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Richard Frost
Senior Statutory Auditor
For and on behalf of Hawsons
Chartered Accountants and Statutory Auditors
5 June 2018

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2017

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2017	Total 2016
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	2						
Parish contributions		4,608	-	-	-	4,608	4,698
Archbishops' Council		-	283	1,978	-	2,261	2,421
Other donations		168	-	499	-	667	702
Charitable activities	3	529	-	24	-	553	561
Other activities	4	279	-	-	-	279	208
Investments	5	120	-	507	41	668	554
		<u>5,704</u>	<u>283</u>	<u>3,008</u>	<u>41</u>	<u>9,036</u>	<u>9,144</u>
Expenditure on							
Raising funds	6	57	-	-	-	57	44
Charitable activities	7	5,300	209	3,186	15	8,710	8,283
Other	8	36	-	-	-	36	(299)
		<u>5,393</u>	<u>209</u>	<u>3,186</u>	<u>15</u>	<u>8,803</u>	<u>8,028</u>
Net income before investment gains		311	74	(178)	26	233	1,116
Net (loss) /gains on investments		222	-	511	(1,297)	(564)	971
Net Income for year		<u>533</u>	<u>74</u>	<u>333</u>	<u>(1,271)</u>	<u>(331)</u>	<u>2,087</u>
Transfer between funds	13	(1,921)	(557)	52	2,426	-	-
Other recognised gains							
Gains on fixed assets		167	-	48	(23)	192	347
Net movements in funds		<u>(1,221)</u>	<u>(483)</u>	<u>433</u>	<u>1,132</u>	<u>(139)</u>	<u>2,434</u>
Total funds brought forward		<u>3,899</u>	<u>1,155</u>	<u>7,289</u>	<u>41,160</u>	<u>53,503</u>	<u>51,069</u>
Total funds carried forward	19	<u>2,678</u>	<u>672</u>	<u>7,722</u>	<u>42,292</u>	<u>53,364</u>	<u>53,503</u>

All activities derive from continuing activities. The notes on pages 23 to 38 form part of the financial statements.

SHEFFIELD DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2017

	Total 2017 £'000	Total 2016 £'000
Total income	8,995	9,112
Resources expended	8,788	8,307
	<u>207</u>	<u>805</u>
Net gains on investments	733	623
	<u>940</u>	<u>1,428</u>
Other comprehensive income		
Net gain on fixed assets	215	207
Net assets transferred from endowments	(2,426)	(26)
	<u>(1,271)</u>	<u>1,609</u>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

Reconciliation of Summary Income and Expenditure to SoFA

	Total 2017 £'000	Total 2016 £'000
Incoming resources per SoFA	9,036	9,144
less total endowment additions	(41)	(32)
	<u>8,995</u>	<u>9,112</u>
Resources expended per SoFA	8,803	8,028
less expenditure charged to endowment capital	(15)	279
Total comprehensive income	<u>8,788</u>	<u>8,307</u>

SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET

As at 31 December 2017

Company Number - 196087

	Note	Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2017	2016
		£'000	£'000	£'000	£'000	£'000	£'000
FIXED ASSETS							
Tangible fixed assets	14	2,772	-	404	32,451	35,627	36,188
Investments	15	3,152	-	6,534	9,725	19,411	18,374
		<u>5,924</u>	<u>-</u>	<u>6,938</u>	<u>42,176</u>	<u>55,038</u>	<u>54,562</u>
CURRENT ASSETS							
Debtors	16	1,119	-	757	91	1,967	2,060
Cash at bank and in hand		166	672	1,060	25	1,923	2,560
		<u>1,285</u>	<u>672</u>	<u>1,817</u>	<u>116</u>	<u>3,890</u>	<u>4,620</u>
CREDITORS: amount falling due within one year	17	(1,210)	-	(917)	-	(2,127)	(1,704)
		<u>75</u>	<u>672</u>	<u>900</u>	<u>116</u>	<u>1,763</u>	<u>2,916</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,999</u>	<u>672</u>	<u>7,838</u>	<u>42,292</u>	<u>56,801</u>	<u>57,478</u>
CREDITORS: amount falling due after more than one year	18						
Pension scheme liabilities		(2,352)	-	-	-	(2,352)	(2,731)
Other creditors		(969)	-	(116)	-	(1,085)	(1,244)
NET ASSETS		<u>2,678</u>	<u>672</u>	<u>7,722</u>	<u>42,292</u>	<u>53,364</u>	<u>53,503</u>
FUNDS							
Endowment funds		-	-	-	42,292	42,292	41,160
Restricted funds		-	-	7,722	-	7,722	7,289
Unrestricted funds		2,678	672	-	-	3,350	5,054
		<u>2,678</u>	<u>672</u>	<u>7,722</u>	<u>42,292</u>	<u>53,364</u>	<u>53,503</u>

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 05 June 2018 and signed on behalf of the Board by:



Ian Geoffrey Walker (Chairman)

SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

For the year ended 31 December 2017

	2017		2016	
	£'000	£'000	£'000	£'000
Net cash inflow / (outflow) from operating activities		(365)		(250)
Cash flow from investing activities				
Dividends, interest and rent from investments	677		542	
Interest paid	(31)		(46)	
Proceeds from the sale of:				
Tangible fixed assets	1,935		1,730	
Fixed assets investments	71		-	
Purchase of:				
Tangible fixed assets for the use of the SDBF	(1,112)		(501)	
Fixed assets investments	(1,768)		(148)	
Net cash provided by / (used in) investing activities		(228)		1,577
Cash flow from financing activities				
Loans repaid by the SDBF	(143)		(413)	
Loans repaid to the SDBF	99		20	
		(44)		(393)
Change in cash and cash equivalents in the reporting period		(637)		934
Cash and cash equivalents at 1 January		2,560		1,626
Cash and cash equivalents at 31 December		1,923		2,560
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the year ended 31 December		233		1,116
Adjustments for:				
Depreciation charge		2		-
Dividends, interest and rent from investments		(667)		(555)
Repayment of loans advanced		44		48
Advancement of loans		-		(50)
Decrease / (increase) in debtors		266		(208)
Increase in creditors		(243)		(601)
Net cash provided by / (used in) operating activities		(365)		(250)
Analysis of cash and cash equivalents				
Cash in hand		1,923		2,560

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. ACCOUNTING POLICIES

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

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 in respect of which it is receivable.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they are received.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the SDBF's own use** (i.e. non-investment assets) are accounted for as other incoming. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial 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 24). 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 distinguished between contributions falling due within one year and after more than one year.

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

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

Properties subject to value linked loans

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

Investment properties

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

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.

d) Other tangible fixed assets

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

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

e) Other accounting policies

i) Fixed asset investments

These are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

ii) Leases

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

f) Fund balances

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

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

- **General funds** which the SDBF intends to use for the general purposes of the SDBF and
- **Designated funds** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)**f) Fund balances (continued)**

iii) **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the SDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the SDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS**Parish contributions**

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

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2017	Total 2016
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Current year						
Parish contributions	4,324	-	-	-	4,324	4,472
Receipts for previous years	(2)	-	-	-	(2)	20
	4,322	-	-	-	4,322	4,492
Parish assistant staff	286	-	-	-	286	206
	4,608	-	-	-	4,608	4,698

Archbishops' Council

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2017	Total 2016
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Parish Mission*	-	-	1,883	-	1,883	1,912
Mission Development Fund	-	-	-	-	-	184
Strategic Development Fund	-	-	37	-	37	245
Ordination Track	-	-	-	-	-	31
Capacity Funding	-	-	29	-	29	49
Resourcing Ministerial Education	-	-	29	-	29	-
Restructuring Fund	-	283	-	-	283	-
	-	283	1,978	-	2,261	2,421

* This is the annual grant for the parish mission fund, which may be used either for specific parish mission and development projects or for clergy stipends.

Other donations

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2017	Total 2016
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Allchurches Trust grant	142	-	-	-	142	142
Church Burgesses	-	-	172	-	172	188
Donations	26	-	327	-	353	372
	168	-	499	-	667	702

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2017 £'000	Total 2016 £'000
	General £'000	Designated £'000				
Statutory fees	428	-	-	-	428	430
Guaranteed annuities	1	-	-	-	1	1
Chaplaincy and other	100	-	-	-	100	97
Education	-	-	24	-	24	33
	529	-	24	-	553	561

4. OTHER ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2017 £'000	Total 2016 £'000
	General £'000	Designated £'000				
Housing income	279	-	-	-	279	208
	279	-	-	-	279	208

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2017 £'000	Total 2016 £'000
	General £'000	Designated £'000				
Dividend receivable	115	-	373	41	529	414
Interest receivable	5	-	4	-	9	13
Rents receivable	-	-	130	-	130	127
	120	-	507	41	668	554

6. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2017 £'000	Total 2016 £'000
	General £'000	Designated £'000				
Glebe agent's fee	28	-	-	-	28	22
Parsonage rental costs	29	-	-	-	29	22
	57	-	-	-	57	44

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

7. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2017 £'000	Total 2016 £'000
	General £'000	Designated £'000				
Contributions to Archbishops' Council						
Training for ministry	176	-	-	-	176	169
National church responsibilities	140	-	-	-	140	127
Grants and provisions	15	-	-	-	15	16
Mission agency pension costs	2	-	-	-	2	10
Retired clergy housing costs	58	-	-	-	58	55
Pooling of ordinands maintenance grants	(92)	-	-	-	(92)	(10)
General Synod expenses	5	-	-	-	5	6
	304	-	-	-	304	373
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	966	-	2,283	-	3,249	3,198
Pension contribution	669	-	-	-	669	672
Housing costs	1,108	-	-	-	1,108	1,193
Removal, resettlement and grants	94	-	-	-	94	90
Other expenses	295	206	218	-	719	532
	3,132	206	2,501	-	5,839	5,685
Support for parish ministry	1,653	3	5	15	1,676	1,599
	4,785	209	2,506	15	7,515	7,284
Expenditure						
Support for church schools and parishes	142	-	94	-	236	241
Projects	69	-	586	-	655	385
	211	-	680	-	891	626
	5,300	209	3,186	15	8,710	8,283

8. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2017 £'000	Total 2016 £'000
	General £'000	Designated £'000				
Change in pension liabilities	36	-	-	-	36	(299)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2017 £'000
Raising funds	57	-	-	57
Charitable activities:				-
Contributions to Archbishops' Council	-	304	-	304
Resourcing parish ministry	4,683	2,283	549	7,515
Education	-	-	236	236
Projects	-	-	655	655
Other	-	-	-	-
	<u>4,740</u>	<u>2,587</u>	<u>1,440</u>	<u>8,767</u>

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2017 £'000
	General £'000	Designated £'000			
Central administration	512	-	-	-	512
Support for schools	-	-	236	-	236
Projects	-	-	655	-	655
Governance:					
External audit	16	-	-	-	16
Registrar and Chancellor	20	-	-	-	20
Diocesan Synodical costs	1	-	-	-	1
	<u>549</u>	<u>-</u>	<u>891</u>	<u>-</u>	<u>1,440</u>

11. ANALYSIS OF GRANTS MADE

	Nbr	Individuals £'000	Institutions £'000	Total 2017 £'000	Total 2016 £'000
From unrestricted funds for national Church responsibilities					
Contributions to Archbishops' Council	6	-	304	304	373
From unrestricted funds:					
PCCs for faculty fees	110	-	25	25	16
Overseas mission agencies	2	-	9	9	3
Churches Together organisations	4	-	15	15	21
Clergy for training	44	14	-	14	13
Ordinands in training	17	160	-	160	144
Regional Training Partnership	1	-	1	1	1
	<u>178</u>	<u>174</u>	<u>50</u>	<u>224</u>	<u>198</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

12. STAFF COSTS

	2017 £'000	2016 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,345	1,054
National Insurance contributions	123	96
Pension costs	196	159
	<u>1,664</u>	<u>1,309</u>

The average number of persons employed by the group during the year:

	Number	Number
Administration and financial management	21	17
Property	1	1
Discipleship & Ministry, Stewardship	10	9
Safeguarding and inclusion	3	1
Projects staff	20	16
	<u>55</u>	<u>44</u>

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

	Number	Number
Administration and financial management	17.8	16.3
Property	0.4	0.4
Discipleship & Ministry, Stewardship	9.2	7.7
Safeguarding and inclusion	2.6	1.0
Projects staff	13.9	9.1
	<u>43.9</u>	<u>34.5</u>

	2017 Number	2016 Number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,001 - £70,000	<u>1</u>	<u>1</u>

Pension payments of £7,000 were made for this employee (2016: £6,000).

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 2017 they were:

Diocesan Secretary and Company Secretary	Heidi Adcock
Director of Finance	Chun Tsang
Director of Formation for Ministry	Dr Christine Gore
Director of Parish Support	Revd M Cockayne
Director of Education	Huw Thomas

Remuneration, pensions and national insurance for these 5 employees amounted to £334,000 (2016: £316,000).

12. STAFF COSTS (continued)**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £11,081 (2016 - £10,750) 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 P Burrows	No	Yes
Venerable S Wilcockson	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Revd A T Isaacson	Yes	Yes
Revd I Smith	Yes	Yes
Revd E M Robertshaw	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 119 (2016 - 120) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2017 £'000	2016 £'000
Stipend	3,007	2,959
National Insurance contributions	242	238
Pension costs - current year	669	716
- deficit reduction	375	362
	<u>4,293</u>	<u>4,275</u>

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

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £34,980 - £43,510 (2016 range: £34,980 - £42,870). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2017 was in the range £34,176 - £34,700 (2016 range: £33,670 - £34,176) and other clergy who were Trustees were paid in the range £25,187 - £25,628 (2016 range: £24,815 - £25,187). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2017 at £11,128 (2016: £10,108). The value of housing provided to the Bishop is £15,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
From designated fund to general fund being allocation from Mission Development Fund	78	(78)	-	-
From general fund to designated clergy conference fund for future Diocesan conferences	(10)	10	-	-
From designated fund to general fund for the transfer of pension provision in respect of the pension deficit liability	635	(635)	-	-
From general fund to designated fund for match funding SDF application	10	(10)	-	-
From stipend fund capital to general fund for the transfer of the pension deficit liability	(3,153)	-	-	3,153
From parsonages fund to pastoral and general fund for net properties transfer	675	-	52	(727)
From general fund to designated fund for Doncaster Archdeaconry project funded by the Allchurches Trust	(156)	156	-	-
	(1,921)	(557)	52	2,426

14. TANGIBLE FIXED ASSETS

	Unrestricted Funds			Pastoral	Parsonages	Stipend	Total £'000
	Freehold Properties £'000	Leasehold Properties £'000	Office Equipment £'000	Fund Properties £'000	Fund Properties £'000	Fund Properties £'000	
Cost of valuation							
At 1 January 2017	2,329	472	-	452	30,806	2,129	36,188
Additions	-	-	7	-	1,105	-	1,112
Disposals	(541)	-	-	(452)	(678)	-	(1,671)
Reclassified	507	-	-	404	(911)	-	-
At 31 December 2017	2,295	472	7	404	30,322	2,129	35,629
Depreciation							
At 1 January 2017	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Charge for the year	-	-	2	-	-	-	2
At 31 December 2017	-	-	2	-	-	-	2
Net Book Value							
At 31 December 2017	2,295	472	5	404	30,322	2,129	35,627
At 31 December 2016	2,329	472	-	452	30,806	2,129	36,188

Freehold properties in the Balance Sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2017 there were 10 (2016: 11) such properties and their value included above amounts to £1,370,172 (2016: £1,500,381).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

15. FIXED ASSETS INVESTMENTS

	At 1 January 2017 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2017 £'000
Unrestricted funds						
Unlisted investments	1,723	1,036	-	171	222	3,152
Restricted funds						
Unlisted investments	5,466	342	-	215	511	6,534
Endowment funds						
Investment property	6,369	-	(129)	-	(1,674)	4,566
Unlisted investments	4,816	390	(38)	(386)	377	5,159
	11,185	390	(167)	(386)	(1,297)	9,725
Total	18,374	1,768	(167)	-	(564)	19,411

16. DEBTORS

	2017 £'000	2016 £'000
Due within one year		
Current year Common Fund	119	246
Assigned fees	52	38
Loans to parishes	51	82
Loans to schools	15	15
Other debtors and prepayments	155	308
Inter-fund debtor	965	693
	1,357	1,382
Due after more than one year		
Loans to parishes	493	546
Loans to schools	117	132
	610	678
Total debtors	1,967	2,060

17. CREDITORS: amounts falling due within one year

	2017 £'000	2016 £'000
Loan repayment instalments due in one year		
Church Commissioners other loans	43	43
Deferred income	14	12
Other creditors and accruals	687	534
Inter-fund creditors	965	693
Pension scheme liabilities		
Clergy Pension Scheme	418	422
Total creditors: amounts falling due within one year	2,127	1,704

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

18. CREDITORS: amounts falling due after more than one year

	2017 £'000	2016 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	809	925
Church Commissioners other loans	135	164
Other loans	141	155
Pension scheme liabilities		
Clergy Pension Scheme	2,352	2,731
	<u>3,437</u>	<u>3,975</u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	43	43
Between two and five years	129	128
In five years or more	913	1,073
	<u>1,085</u>	<u>1,244</u>

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £116,000 (2016 - £130,000) relates to the Schools Fund, £135,000 to the General Fund (2016 - £164,000). 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.

19. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January				Gains and Losses	Balances at 31 December 2017
	2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	£'000	£'000
UNRESTRICTED FUNDS						
General	3,899	5,704	(5,393)	(1,921)	389	2,678
Designated Funds:						
Mission Development	120	-	(42)	(78)	-	-
Clergy Conference	37	-	(3)	10	-	44
Church House Refurbishment	13	-	-	-	-	13
Pension Deficit Provision	635	-	-	(635)	-	-
Deanery Mission Initiative	250	-	-	-	-	250
Centenary Project	100	-	(3)	(10)	-	87
Allchurches Trust Fund	-	-	-	156	-	156
Restructuring Fund	-	283	(161)	-	-	122
	<u>1,155</u>	<u>283</u>	<u>(209)</u>	<u>(557)</u>	<u>-</u>	<u>672</u>
RESTRICTED FUNDS						
Stipend Income	-	2,283	(2,283)	-	-	-
Pastoral	1,420	63	(32)	52	160	1,663
Church in Action	4,254	147	(189)	-	323	4,535
Schools	796	106	(94)	-	50	858
Projects	528	406	(586)	-	-	348
Miscellaneous Trusts	291	3	(2)	-	26	318
	<u>7,289</u>	<u>3,008</u>	<u>(3,186)</u>	<u>52</u>	<u>559</u>	<u>7,722</u>
ENDOWMENT FUNDS						
Stipend Fund Capital	7,957	-	(15)	3,153	(1,491)	9,604
Parsonages	32,344	41	-	(727)	101	31,759
Schools	859	-	-	-	70	929
	<u>41,160</u>	<u>41</u>	<u>(15)</u>	<u>2,426</u>	<u>(1,320)</u>	<u>42,292</u>
TOTAL FUNDS	<u>53,503</u>	<u>9,036</u>	<u>(8,803)</u>	<u>-</u>	<u>(372)</u>	<u>53,364</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

20. SUMMARY OF ASSETS BY FUND

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	2,772	3,152	1,285	(4,531)	2,678
Designated funds					
Mission Development	-	-	-	-	-
Clergy Conference	-	-	44	-	44
Church House Refurbishment	-	-	13	-	13
Pension Deficit Provision	-	-	-	-	-
Deanery Mission Initiative	-	-	250	-	250
Centenary Project	-	-	87	-	87
Allchurches Trust Fund	-	-	156	-	156
Restructuring Fund	-	-	122	-	122
	-	-	672	-	672
RESTRICTED FUNDS					
Stipend Income	-	-	-	-	-
Pastoral	404	1,603	316	(660)	1,663
Church in Action	-	3,915	718	(98)	4,535
Schools	-	718	307	(167)	858
Projects	-	-	456	(108)	348
Miscellaneous Trusts	-	298	20	-	318
	404	6,534	1,817	(1,033)	7,722
ENDOWMENT FUNDS					
Stipend Fund Capital	2,129	7,382	93	-	9,604
Parsonages	30,322	1,414	23	-	31,759
Schools	-	929	-	-	929
	32,451	9,725	116	-	42,292
TOTAL FUNDS	35,627	19,411	3,890	(5,564)	53,364

21. DESCRIPTION OF FUNDS

General Fund	The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.
Mission Development	The Mission Development Fund is monies received from the Archbishops' Council towards mission work in the Diocese. The scheme ended in 2016.
Clergy Conference	The Clergy Conference Fund is monies towards a programme of training events to be arranged by the Bishop of Sheffield.
Church House Refurbishment	This fund relates to legacies received in 2008 and 2009 designated as funds available to develop facilities and resources at Church House.
Pension Deficit Provision	A designated fund to meet future pension fund deficits.
Pastoral Fund	The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: <ul style="list-style-type: none"> • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other dioceses • to transfer funds to the Diocesan Stipends Fund income or capital accounts.

21. DESCRIPTION OF FUNDS (continued)

Church in Action	The Church in Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.
Projects	There are currently four projects undertaken by the SDBF: <ol style="list-style-type: none"> 1. Strategic Development Project 2. Centenary Fund 3. Ordination Track 4. St Peter's College
Miscellaneous Trusts	There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows: Queen Victoria Fund Training of Ordinands - Alice Marple Trust Training of Ordinands - E J Freeman Bequest Elizabeth Bramall Trust Sheffield Scripture Readers General Trusts Sheffield Scripture Readers Benevolent Trusts First Lord Grimthorpe Charity Fund
Stipend Fund Capital	The Diocesan Stipends Capital Fund has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.
Parsonages	This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.
Church Schools Fund	This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.
Deanery Mission Initiative	A fund to support initiatives for furthering mission in the Deaneries.
Centenary Project	This fund is set up to grow the ministry to children and young people in the Diocese.
Allchurches Trust Fund	From grants received from the Allchurches Trust, SDBF has designated this fund to help kick start a growth regeneration programme in the Doncaster area with a high level of deprivation.
Restructuring Fund	A fund from the Church Commissioners to help the Diocese to restructure for resourcing the future.

22. CAPITAL COMMITMENTS

At 31 December 2017 the SDBF had capital expenditure commitments authorised but not contracted for of £19,000 (2016 - £Nil), and contracted for but not yet due of £Nil (2016 - £Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

23. PENSIONS

Church of England Funded Pension Scheme

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

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year (2017: £0.668m, 2016: £0.672m), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £36,000 for 2017 (2016: -£299,000).

As at 31 December 2017, the number of members at this Responsible Body was 127 (2016: 125).

A valuation of the scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

	January 2016 to December 2017	January 2018 to December 2025
% of pensionable stipends		
Deficit recovery contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2017 £'000	2016 £'000
Balance sheet liability as at 1 January	3,153	3,858
Contributions paid	(418)	(406)
Interest costs (recognised in the SoFA)	44	91
Remaining change to the balance sheet liability* (recognised in SoFA)	(8)	(390)
Balance sheet liability as at 31 December	2,771	3,153

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

23. PENSIONS (continued)

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

	December 2017	December 2016	December 2015
Discount rate	1.4% p.a.	1.5% p.a.	2.5% p.a.
Price inflation	3.0% p.a.	3.1% p.a.	2.4% p.a.
Increase to total pensionable payroll	1.5% p.a.	1.6% p.a.	0.9% 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)

SDBF 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 schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and 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, the 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. They do 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.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are payable towards benefits and expenses accrued in that year (2016: £43,978, 2016: £46,574). There were no deficit contributions paid in the year (2016: £Nil).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfer 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 on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26m. SDBF's share of the deficit was £19,100 (2013: £189,600 surplus).

Following the valuation, the Pensions Board has recommended, as from April 2018, a contribution rate of 46.7% (2016: 34.0%) of pensionable salary with expenses of £7,900 (2016: £7,800) per year and an annual deficit contributions of £4,445 per annum over seven years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

23. PENSIONS (continued)**Pension Builder Scheme**

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be multi-employer scheme as described in section 28 of FRS102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2017: £103,615, 2016: £78,737).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016. This revealed, on the ongoing assumptions used, a deficit of £14.2m. There is no requirement for deficit payment at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 and the first full valuation of that section was carried out as at 31 December 2016.

24. RELATED PARTY TRANSACTIONS

The Very Reverend P E Bradley, who is a director of the SDBF, is also a trustee of Sheffield Cathedral Chapter. At 31 December 2017 there is a loan debtor outstanding from Sheffield Cathedral Chapter of £440,000 (2016: £440,000). During 2017 the Sheffield Cathedral Chapter contributed £30,000 (2016: £30,000) to the SDBF's support for parish ministry activities.

25. FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the SDBF does not control them. The financial assets held in this way may be summarised as follows:

	2017 £'000	2016 £'000
CBF Church of England Investment Fund Income Shares	4,207	3,926
CBF Church of England Fixed Interest Securities Fund Shares	292	289
COIF Income and Accumulation Shares	202	297
CBF Church of England Deposit Fund	1,606	1,661
Other Investments	1	1
Cash at bank	449	362
	<u>6,757</u>	<u>6,536</u>