

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019



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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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 2019. 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 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.

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 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 Diocesan Synod launched a new Diocesan strategy in October 2018, "Renewed Released Rejuvenated". <https://www.sheffield.anglican.org/diocesan-strategy>

The Diocese of Sheffield continues:

- to ensure a Christian presence in every parish;

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

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

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Diocesan Strategy

A Task and Finish group was set up to review ministry plans ahead of a consultation process to consider options to potentially pair Deaneries into mission areas and to re-organise stipendiary clergy to cover these mission areas. To complement the re-organisation would be the recruitment of focal leaders as well as the further development and training of Self-Supporting clergy and lay members of the church. A number of consultations had taken place with some of the Deaneries and the whole process is expected to be completed in 2020. The consultations take into account the exercise at the November Diocesan Synod which asked members to imagine what the Diocese of Sheffield would look like in 2025.

Renewed!

Membership in the prayer community has grown to 548, including 13 new members of the Facebook group in December. Penistone membership is expected to be added in February, bringing it close to 600 members. There are 48 in the Breathe Deep community too; plus any who joined at the January 2020 event. The target remains at 1,000 by the end of 2020. Follow the Star provided a different way to make daily reflections available. A 2025 Church House prayer event took place in December 2019.

Released!

Lights for Christ - Rule of life and Lent study course was produced and launched at the Breathe Deep event. Buildings audit group had been set up. Focal Ministry first pilot started; website populated and taken live with more enquiries coming in. Training and processes are being developed that link to oversight ministers.

Rejuvenated!

Rotherham and Goole strategy day held. Budgets are in place with building works plan in hand. There have been conversations about resourcing churches with two Doncaster churches. Three potential new launches of congregations are being set up, one at Lodge Moor, another at The Vine and a natter group at Thorpe Salvin. The Centenary Project (CP) is reaching out to more young persons with over 3,353 registered in CP groups.

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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, with licensed lay ministers, carry out numerous weddings, baptisms and 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 96 trained stipendiary clergy and 15 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 annual report of Boards, Committees and Departments 2019 can be found on the Diocesan website: <http://www.sheffield.anglican.org/>

Safeguarding

Safeguarding remained a key priority for the Diocese. 1,630 church officers attended safeguarding training in 2019; in line with our training strategy. The Diocese contributed to IICSA (the Independent Inquiry to Child Sexual Abuse), which held its hearing in July. The Church of England is expecting recommendations in July 2020.

Training and St Peter's

We continued to update, digitalise and revitalise the Resource Centre. 664 people have activated their membership of St Peter's College, an increase of 12%. The digital learning platform has 340 active users accessing 11 courses, with 23,000 logins.

There were 30 students at the School of Ministry, of whom 14 started the Foundations course. In January, a new cohort of 12 clergy joined 'Leading Well' training.

At the Celebration of Lay Ministries in September, 8 readers were licenced and 3 Youth Ministers, 2 Children's Ministers and 7 Worship Leaders were authorised. 12 new deacons were ordained in June and 13 curates were ordained priests.

The Parish Support Team (PST)

We continued to support the parishes, deaneries and wider diocese in implementing the Diocesan Vision, and the Diocesan strategy: Renewed, Released and Rejuvenated.

Aurora 2018-19 saw 20 new students complete training in youth and children's ministry. PST co-ordinated and delivered Thy Kingdom Come, 2025 prayer community and Lights for Christ.

The main focus of PST is to move targets forward strategically, implement the work of the Task and Finish group and support the wider vision and growth of the Diocese.

The Centenary Project/Strategic Development Funding (SDF) Projects

The Centenary project, with support from National Church, continues to drive our work to deliver a step change in youth and children's ministry across the Diocese. The team now consisted of 21 workers and 7 interns in the network. In 2019 over 80 groups were held for children, young people and families with over 37,000 additional points of contact. A Funding Development Officer was appointed in September to help parishes achieve financial sustainability.

2019 saw the start of our Resourcing Churches Strategic Development Funding project, with £3.5m funded over 5-6 years, to deliver a £5.5m project. The project aimed to create an additional three Resourcing Churches to complement the four existing successful large, planting churches in the Diocese. Highlights from year 1 of the Resourcing Churches Project include: 14 posts recruited in the parishes and central support functions; 10 new missional activities; 2 new congregations and 23 new disciples.

Nine Mission Partnership Development workers continue to provide support to 33 parishes to increase missional activity and improve financial stability. MPDWs have supported an increase in 'Average Weekly Attendance' (+21%) compared to other Mission Partnerships. Additionally, 65% of parishes with a MPDW increased their income levels compared with 32% in other Mission Partnerships. The funding from National Church had finished at the end of the year. SDBF is considering to support the run-off costs of the project.

Education

Church of England Schools and Academies are a vital part of the work and ministry of the Diocese and education for the children and young people of South Yorkshire and East Riding. There are 39 primary schools and 1 secondary school in the Diocese of Sheffield educating about 8,300 students.

Our Diocesan Schools have moved from 70% good or outstanding in January 2016 to 90% good or outstanding in the autumn of 2019, with schools that were previously graded as inadequate in OFSTED inspections of preceding years now evaluated as good.

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

The Diocese of Sheffield Academies Trust (DSAT) was established in October 2013 as an independent charitable company set up by the Sheffield Diocesan Board of Education. The purpose of the Trust is to create a mutually supportive family of Church academies, holding within it both schools that choose to become converter academies and those seeking a sponsored solution. The Diocese of Sheffield Academies Trust is growing. It incorporates 15 schools, 14 church schools and one community primary, with academy orders in place the Trust is on course to grow to 20/25.

The Diocese has begun the process of establishing 20 to 25 school-based congregations in our church schools and to date we have our first three.

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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 32 properties in 2019.

The SDBF continues to follow the Common Fund pledge system by parishes as the main source of income. Common Fund at year end was 1.4% behind the 2018 levels. Focussed stewardship and fundraising campaigns were progressed. The national Parish Giving Scheme, a scheme that collects donation and claim gift-aid on behalf of the parishes, continues to grow with more than £500,000 donated through the scheme annually from nearly 400 individuals.

Related parties

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

- 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 merits more detailed disclosure this is given in notes 23 and 24 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

The Task and Finish group, with the support of the Senior Staff team, will continue to lead and oversee the Diocesan strategy.

SDBF is to bid for funding from the National Church's Diocesan Transformation Fund to help support financially the Diocesan strategy in transforming mission across the Diocese.

Following the retirements of the Bishop of Doncaster and the Archdeacon of Doncaster and the resignation of the Diocesan Secretary in 2019, these vacant positions have been successfully recruited with starting dates in April and May 2020.

In safeguarding, Past Cases Review 2 (PCR2) is scheduled to take place in 2020 with independent reviewers carrying out further examinations of safeguarding files.

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 2019 this income reduced by £59,000 to £4,228,000 (2018: £4,287,000). The Trustees are grateful to all parishes which met their pledge payments during the year.

The total income for the year is £9,788,000 (2018: £9,255,000). Total costs have increased by £157,000 to £9,911,000 (2018: £9,754,000), primarily due to increase in project activity, resulting in a net loss for the year before investment gains of £123,000 (2018: loss £499,000).

During the year the SDBF purchased £1,805,000 of investments and the value of investments have increased by £2,413,000. The value of investments at the end of the year is £23,750,000 (2018: £19,536,000).

Significant Property Transactions

SDBF sold five properties that are surplus to requirement for a total proceed of £1,878,000 (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 date totalled £57.8m (2018: £53.4m), included in this total are properties, mostly in use for ministry at £34.0m (2018: £35.0m). 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.

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 operational expenditure for 2019. At 31 December 2019 the amount required under this policy totalled £2.00m (2018: £2.01m). Actual free reserves as at 31 December totalled £3.31m (2018: £0.52m), with £2.0m in tangible fixed assets less related loans as part of a total net asset of £5.35m. The substantial increase in reserves is the result of a change in the basis

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of revaluation of the pension deficit liability by the Pensions Board. An Asset-Led Funding approach to valuation is used instead of the previous basis of using gilts values. A note of caution is required when considering the use of this increase in reserves as investment had seen a drop in value since the year end.

Designated funds

The Trustees may 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 2019 total designated reserves were £0.47m (2018: £0.28m)

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 2019 restricted funds totalled £8.3m (2018: £7.6m) and endowment funds totalled £43.7m (2018: £42.6m). 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 2019 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. In 2019, 22 grants were made by the Grants Committee. The Committee will now meet annually to consider grant applications, although emergency applications may be considered, through the Archdeacons.

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 each fund, and to identify appropriate investment vehicles. Note 20 provide details of the assets of each fund, together with the related purposes. Note 14 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.

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Investments returns during the year are set out in the following table.

	Funds at 31 December 2019 £'000	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund Income	16,124	83.8%	3.4%	+21.3%
CBF Property Fund	1,746	9.1%	5.4%	+3.6%
CBF Investment Fund Accumulation	686	3.6%		(0.6%)
COIF Charity Investment Fund	43	0.2%	3.5%	+21.4%
CBF Deposit	615	0.8%		
Other Funds	18	0.1%		
	<u>19,232</u>	100.0%		

Although at the year-end investments had seen a significant increase in value, unfortunately by the end of the first quarter in 2020, they have dropped by around 12%.

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 at Heads of Department, Finance and Property Committee and Bishop's Council: Governance/Strategic; Staff; Financial (income/expenditure); Reputational; Statutory/Legal and Operational. These risk areas and the associated mitigation strategies are summarised:

1. Financial – risk of under-collection of and/or reduced Common Fund, fees or rent
 - Collection statistics are produced and circulated on a monthly basis.
 - Covid-19 financial group set up to address and plan response.
2. Reputational – child protection and vulnerable adults:
 - Communications and PR support engaged;
 - Liaison with National Safeguarding Team;
 - Resources for safeguarding expanded; and
 - Delivered high volume of training to clergy, parish employees and volunteers.
3. Statutory/Legal – risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law:

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- Registrar and Chancellor contract in place;
 - Safeguarding team in place;
 - Policies aligned with National Church guidelines;
 - Safeguarding training provided;
 - Thirty-One Eight contract in place for DBS checks;
 - Thirty-One Eight cover in place for Safeguarding Adviser and listening service provision.
4. Data Protection Legislation – risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently compliant with GDPR:
- Staff training carried out;
 - Ability for individuals to set their own privacy settings on the Diocesan CMS database;
 - Privacy statement available;
 - Undertook Cyber Essential check.
5. Staffing – risk of prolonged staff absences through long term illness:
- Temporary staff recruited;
 - Flexible cover between teams.

POST BALANCE SHEET EVENT: Impact of COVID-19

As part of approving the accounts, the trustees are required to consider if there have been any material events which have happened since the balance sheet date of 31 December 2019 that should be highlighted as part of our report. This is particularly the case if they are likely to have a significant financial impact.

On Monday 23 March 2020 the Prime Minister announced the lockdown restrictions in response to the Covid-19 pandemic. As a result, church buildings had to be closed.

In these uncertain times, the Diocesan Bishop set up a Covid Response Team (CRT) to support the parishes, with advice and answers to any operational questions and also to ensure the health and wellbeing of the clergy, church members and the wider local communities within the Diocese.

As a direct consequence of church closure, parish income has dropped significantly as the majority of our parishes are reliant upon open-plate giving and church hall rental as their main sources of income. As parish finances come under pressure, this has a knock-on effect on SDBF's finances in terms of its receipt of Common Fund. It is difficult at this stage to measure the impact, at best a 10% drop, but a pessimistic opinion could be a fall of 40% (£420k to £1,700k) for 2020. Cash flow forecasts with various scenarios have been prepared to assess the impact on cash requirement and the SBDF reserves. We are thankful that our Free Reserves stood at £3.3m at 31 December 2019 which will help us to manage the likely loss of income in 2020. A parish finance support team has been set up in order to give advice and support to parishes. Online resources have been developed on our website highlighting useful resources to help churches increase income and decrease expenditure.

To support the Dioceses, Central Church is paying its Lowest Income Community Fund (LInC) grant upfront and clergy payroll payments can be deferred for up to three months.

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 41 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, re-elections were held in 2018. The Bishop of Sheffield, the Rt Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

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

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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 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, held five 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.

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 a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Remuneration of key management personnel

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

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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 £6,808,000 at 31 December 2019 (2018: £6,495,000), 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 2019 is £nil (2018: £nil).

TRUSTEES' RESPONSIBILITIES

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

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities Statement of Recommended Practice 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.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The re-appointment of Hawsons Chartered Accountants and Statutory Auditors as auditors to the SDBF will be proposed at the Annual General Meeting.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2019. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr P J Wilcox
Chair	I G Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	The Right Reverend P Burrows BTh (until 30/09/2019) The Very Reverend P E Bradley MA, FRSA J A Butcher MA(Cantab), MSc, PhD The Venerable M L Chamberlain BA, BTh, MPhil The Reverend C Dawson (from 22/01/2019) I R Downing The Reverend F Kouble (from 22/01/2019) M MacDonald (from 22/01/2019) I J Newton (from 24/09/2019) 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 (until 31/12/2019) The Venerable J Iqbal (from 16/05/2020)
Secretary	H J Adcock BA, MBA, CPFA (until 31/12/2019) C Tsang (from 01/01/2020 to 26/04/2020) K Bell (from 27/04/2020)
Registered Office:	Diocesan Church House, 95-99 Effingham Street, Rotherham, S65 1BL
Bankers	Yorkshire Bank Plc, 6A High Street, Mexborough, S64 9AP
Auditors	Hawsons, Pegasus House, 463A Glossop Road, Sheffield, S10 2QD
Solicitors	Wake Smith Solicitors, No.1 Velocity, 2 Tenter Street, Sheffield, S1 4BY
Investment advisers	CCLA Investment Management Ltd 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

SHEFFIELD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2019

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-11 within their capacity as company directors.

BY ORDER OF THE TRUSTEES



Ian Geoffrey Walker
Chairman
30 June 2020



Katie Bell
Secretary
30 June 2020

Opinion

We have audited the financial statements of Sheffield Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2019 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).

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 2019, 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the charity's activities, income, employees, suppliers and the wider economy.

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 14, 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.

- 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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Bladen
Senior Statutory Auditor
For and on behalf of Hawsons
Chartered Accountants and Statutory Auditors

25 August 2020

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2019

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2019	As Restated
		General £'000	Designated £'000				Total 2018
Income and endowments from							
Donations	2						
Parish contributions		4,618	-	-	-	4,618	4,609
Archbishops' Council		-	121	3,021	-	3,142	2,427
Other donations		6	148	296	-	450	534
Charitable activities	3	565	-	31	-	596	468
Other activities	4	245	-	10	-	255	269
Investments	5	136	-	551	40	727	698
		<u>5,570</u>	<u>269</u>	<u>3,909</u>	<u>40</u>	<u>9,788</u>	<u>9,005</u>
Expenditure on							
Raising funds	6	130	-	-	-	130	65
Charitable activities	7	5,295	196	4,290	-	9,781	9,439
		<u>5,425</u>	<u>196</u>	<u>4,290</u>	<u>-</u>	<u>9,911</u>	<u>9,504</u>
Net income / (expenditure) before investment gains		145	73	(381)	40	(123)	(499)
Net gains / (losses) on investments		575	-	1,077	761	2,413	(41)
Net income / (expenditure) for year		<u>720</u>	<u>73</u>	<u>696</u>	<u>801</u>	<u>2,290</u>	<u>(540)</u>
Transfer between funds	19	(74)	125	(51)	-	-	-
Other recognised gains / (losses)							
Gains on fixed assets		342	-	-	302	644	792
Actuarial gain / (loss) on defined benefit scheme	8	1,468	-	-	-	1,468	(201)
Net movements in funds		<u>2,456</u>	<u>198</u>	<u>645</u>	<u>1,103</u>	<u>4,402</u>	<u>51</u>
Total funds brought forward		<u>2,894</u>	<u>275</u>	<u>7,638</u>	<u>42,608</u>	<u>53,415</u>	<u>53,364</u>
Total funds carried forward	18	<u>5,350</u>	<u>473</u>	<u>8,283</u>	<u>43,711</u>	<u>57,817</u>	<u>53,415</u>

All activities derive from continuing activities. The notes on pages 26 to 44 form part of the financial statements.

SHEFFIELD DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2019

	Total 2019 £'000	As Restated Total 2018 £'000
Total income	9,748	8,962
Resources expended	9,911	9,398
	<u>(163)</u>	<u>(436)</u>
Net gains / (loss) on investments	1,652	(131)
	<u>1,489</u>	<u>(567)</u>
Other comprehensive income		
Net gain on fixed assets	342	306
Net assets transferred from endowments	-	197
Actuarial gain / (loss) on defined benefit scheme	1,468	(201)
	<u>3,299</u>	<u>(265)</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 2019 £'000	As Restated Total 2018 £'000
Incoming resources per SoFA	9,788	9,005
less total endowment additions	(40)	(43)
	<u>9,748</u>	<u>8,962</u>
Resources expended per SoFA	9,911	9,504
less expenditure charged to endowment capital	-	(106)
Total comprehensive income	<u>9,911</u>	<u>9,398</u>

SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET

As at 31 December 2019

Company Number - 196087

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2019	As Restated
		General	Designated				Total 2018
		£'000	£'000	£'000	£'000	£'000	£'000
FIXED ASSETS							
Tangible fixed assets	13	2,836	-	-	31,143	33,979	35,047
Investments	14	3,994	-	7,433	12,323	23,750	19,536
		<u>6,830</u>	<u>-</u>	<u>7,433</u>	<u>43,466</u>	<u>57,729</u>	<u>54,583</u>
CURRENT ASSETS							
Debtors	15	184	-	688	-	872	833
Cash at bank and in hand		295	473	858	261	1,887	2,035
		<u>479</u>	<u>473</u>	<u>1,546</u>	<u>261</u>	<u>2,759</u>	<u>2,868</u>
CREDITORS: amount falling due within one year	16	(362)	-	(607)	(16)	(985)	(591)
		<u>117</u>	<u>473</u>	<u>939</u>	<u>245</u>	<u>1,774</u>	<u>2,277</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,947	473	8,372	43,711	59,503	56,860
CREDITORS: amount falling due after more than one year	17	(825)	-	(89)	-	(914)	(835)
Net assets excluding pension liabilities		<u>6,122</u>	<u>473</u>	<u>8,283</u>	<u>43,711</u>	<u>58,589</u>	<u>56,025</u>
Defined benefit pension liabilities	23	(772)	-	-	-	(772)	(2,610)
NET ASSETS		<u>5,350</u>	<u>473</u>	<u>8,283</u>	<u>43,711</u>	<u>57,817</u>	<u>53,415</u>
FUNDS							
Endowment funds		-	-	-	43,711	43,711	42,608
Restricted funds		-	-	8,283	-	8,283	7,638
Unrestricted funds		5,350	473	-	-	5,823	3,169
		<u>5,350</u>	<u>473</u>	<u>8,283</u>	<u>43,711</u>	<u>57,817</u>	<u>53,415</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 30 June 2020 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 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(804)		(1,581)
Cash flow from investing activities				
Dividends, interest and rent from investments	727		698	
Interest paid	(37)		(38)	
Proceeds from the sale of:				
Tangible fixed assets	1,877		1,608	
Fixed assets investments	196		560	
Purchase of:				
Tangible fixed assets for the use of the SDBF	(370)		(311)	
Fixed assets investments	(1,805)		(604)	
Net cash provided by / (used in) investing activities		588		1,913
Cash flow form financing activities				
Loans repaid by the SDBF	(34)		(290)	
Loans repaid to the SDBF	102		70	
		68		(220)
Change in cash and cash equivalents in the reporting period		(148)		112
Cash and cash equivalents at 1 January		2,035		1,923
Cash and cash equivalents at 31 December		1,887		2,035
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income / (expenditure) for the year ended 31 December		2,290		(540)
Adjustments for:				
Depreciation charge		13		7
Dividends, interest and rent from investments		(727)		(698)
Repayment of loans advanced		38		38
Advancement of loans		(5)		(30)
(Increase) / Decrease in debtors		(136)		129
(Decrease) in creditors		(1,332)		(327)
Pension scheme deficit (increase) / decrease		1,468		(201)
Unrealised (gains) / losses on investments		(2,413)		41
Net cash (used in) operating activities		(804)		(1,581)
Analysis of cash and cash equivalents				
Cash in hand		1,887		2,035

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).

Going concern

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

a) Income

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

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

b) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the SDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

1. ACCOUNTING POLICIES (continued)

v) **Pension contributions.** The SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors.

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

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

Properties subject to value linked loans

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

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.

1. ACCOUNTING POLICIES (continued)

f) Fund balances

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

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 £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General £'000	Designated £'000				
Current year						
Parish contributions	4,179	-	-	-	4,179	4,269
Receipts for previous years	49	-	-	-	49	18
	4,228	-	-	-	4,228	4,287
Parish assistant staff	390	-	-	-	390	322
	4,618	-	-	-	4,618	4,609

Archbishops' Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General £'000	Designated £'000				
Parish Mission*	-	-	1,839	-	1,839	1,859
Strategic Development Fund	-	-	747	-	747	267
Capacity Funding	-	-	211	-	211	-
Resourcing Ministerial Education	-	-	224	-	224	128
Restructuring Fund	-	121	-	-	121	173
	-	121	3,021	-	3,142	2,427

* 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 £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General £'000	Designated £'000				
Allchurches Trust grant	-	148	-	-	148	143
Church Burgesses	-	-	75	-	75	172
Donations	6	-	221	-	227	219
	6	148	296	-	450	534

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General £'000	Designated £'000				
Statutory fees	389	-	-	-	389	372
Guaranteed annuities	1	-	-	-	1	1
Chaplaincy and other	135	-	-	-	135	84
Education	40	-	31	-	71	11
	565	-	31	-	596	468

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

4. OTHER ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General	Designated				
	£'000	£'000				
Housing income	245	-	10	-	255	269
	245	-	10	-	255	269

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General	Designated				
	£'000	£'000				
Dividend receivable	127	-	400	39	566	562
Interest receivable	9	-	8	1	18	12
Rents receivable	-	-	143	-	143	124
	136	-	551	40	727	698

6. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General	Designated				
	£'000	£'000				
Glebe agent's fee	100	-	-	-	100	35
Parsonage rental costs	30	-	-	-	30	30
	130	-	-	-	130	65

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

7. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General £'000	Designated £'000				
Contributions to Archbishops' Council						
Training for ministry	188	-	-	-	188	181
National church responsibilities	149	-	-	-	149	144
Grants and provisions	16	-	-	-	16	16
Mission agency pension costs	2	-	-	-	2	2
Retired clergy housing costs	64	-	-	-	64	61
Pooling of ordinands maintenance grants	(100)	-	-	-	(100)	(68)
General Synod expenses	4	-	-	-	4	5
	323	-	-	-	323	341
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	1,226	-	2,090	-	3,316	3,379
Pension contribution	749	-	-	-	749	766
Housing costs	959	-	-	-	959	1,154
Removal, resettlement and grants	31	-	-	-	31	136
Other expenses	250	196	676	-	1,122	833
	3,215	196	2,766	-	6,177	6,268
Support for parish ministry	1,533	-	25	-	1,558	1,817
	4,748	196	2,791	-	7,735	8,085
Expenditure						
Support for church schools and parishes	135	-	184	-	319	248
Projects	89	-	1,315	-	1,404	765
	224	-	1,499	-	1,723	1,013
	5,295	196	4,290	-	9,781	9,439

8. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
	General £'000	Designated £'000				
Change in pension liabilities	(1,468)	-	-	-	(1,468)	201

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2019 £'000
Raising funds	130	-	-	130
Charitable activities:				
Contributions to Archbishops' Council	-	323	-	323
Resourcing parish ministry	5,200	2,090	445	7,735
Schools and Projects	-	1,723	-	1,723
	<u>5,330</u>	<u>4,136</u>	<u>445</u>	<u>9,911</u>

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2018 £'000
Raising funds	65	-	-	65
Charitable activities:				
Contributions to Archbishops' Council	-	341	-	341
Resourcing parish ministry	5,376	2,005	454	7,835
Schools and Projects	-	1,263	-	1,263
	<u>5,441</u>	<u>3,609</u>	<u>454</u>	<u>9,504</u>

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
Central administration	368	-	-	-	368
Governance:					
External audit	16	-	-	-	16
Registrar and Chancellor	57	-	-	-	57
Diocesan Synodical costs	4	-	-	-	4
	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445</u>

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2018
	£'000	£'000	£'000	£'000	£'000
Central administration	417	-	-	-	417
Governance:					
External audit	16	-	-	-	16
Registrar and Chancellor	20	-	-	-	20
Diocesan Synodical costs	1	-	-	-	1
	<u>454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>454</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

11. ANALYSIS OF GRANTS MADE

	Nbr	Individuals £'000	Institutions £'000	Total 2019 £'000	Total 2018 £'000
From unrestricted funds for National Church					
Contributions to Archbishops' Council	6	-	323	323	341
From unrestricted funds:					
PCCs for faculty fees	53	-	29	29	29
Clergy for training	41	21	-	21	10
Ordinands in training	13	117	-	117	141
Regional Training Partnership	1	-	7	7	7
	108	138	36	174	187

12. STAFF COSTS

	2019 £'000	2018 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,801	1,618
National Insurance contributions	156	147
Pension costs	208	285
	2,165	2,050

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

	Number	Number
Administration and financial management	19	19
Property	2	2
Discipleship & Ministry, Stewardship	13	13
Safeguarding and inclusion	5	4
Projects staff funded from reserves	10	12
Projects staff externally funded	37	21
	86	71

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

	Number	Number
Administration and financial management	14.7	14.7
Property	2.0	1.0
Discipleship & Ministry, Stewardship	10.6	12.9
Safeguarding and inclusion	3.4	3.0
Projects staff funded from reserves	6.6	8.2
Projects staff externally funded	23.2	12.9
	60.5	52.7

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	2

Pension payments of £14,000 were made for these employees (2018: £14,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

12. STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2019 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 £344,000 (2018: £339,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £10,719 (2018 - £11,696) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties

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

	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 124 (2018 - 123) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2019 £'000	2018 £'000
Stipend	3,195	3,123
National Insurance contributions	272	255
Pension costs	749	766
	<u>4,216</u>	<u>4,144</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 £36,930 - £45,650 (2018 range: £36,210 - £44,750). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2019 was in the range £35,400 - £36,100 (2018 range: £34,700 - £35,400) and other clergy who were Trustees were paid in the range £26,076 - £26,337 (2018 range: £25,628 - £26,076). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2019 at £11,057 (2018: £10,840). The value of housing provided to the Bishop is estimated at £15,000 (2018: £15,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

13. TANGIBLE FIXED ASSETS

	Unrestricted Funds			Pastoral	Parsonages	Stipend	Total
	Freehold Properties	Leasehold Properties	Office Equipment	Fund Properties	Fund Properties	Fund Properties	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost of valuation							
At 1 January 2019	2,552	472	26	-	30,021	1,985	35,056
Additions	350	-	20	-	-	-	370
Disposals	(206)	(356)	-	-	(548)	(199)	(1,309)
Revaluation	-	-	-	-	(116)	-	(116)
At 31 December 2019	2,696	116	46	-	29,357	1,786	34,001
Depreciation							
At 1 January 2019	-	-	9	-	-	-	9
Disposals	-	-	-	-	-	-	-
Charge for the year	-	-	13	-	-	-	13
At 31 December 2019	-	-	22	-	-	-	22
Net Book Value							
At 31 December 2019	2,696	116	24	-	29,357	1,786	33,979
At 31 December 2018	2,552	472	17	-	30,021	1,985	35,047

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 2019 there were 8 (2018: 7) such properties and their value included above amounts to £1,383,754 (2018: £1,033,754).

14. FIXED ASSETS INVESTMENTS

	At 1 Jan 2019	Additions	Disposals	Transfers	Change in Market Value	At 31 Dec 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
Unlisted investments	3,419	-	-	-	575	3,994
Restricted funds						
Unlisted investments	6,341	15	-	-	1,077	7,433
Endowment funds						
Investment property	4,522	-	(4)	-	-	4,518
Unlisted investments	5,254	1,790	-	-	761	7,805
	9,776	1,790	(4)	-	761	12,323
Total	19,536	1,805	(4)	-	2,413	23,750

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

15. DEBTORS	2019	As Restated 2018
	£'000	£'000
Due within one year		
Current year Common Fund	2	-
Assigned fees	32	38
Loans to parishes	33	28
Loans to schools	15	21
Other debtors and prepayments	300	160
	<u>382</u>	<u>247</u>
Due after more than one year		
Loans to parishes	403	460
Loans to schools	87	126
	<u>490</u>	<u>586</u>
Total debtors	<u>872</u>	<u>833</u>

16. CREDITORS: amounts falling due within one year	2019	As Restated 2018
	£'000	£'000
Church Commissioners other loans	35	34
Deferred income	105	16
Other creditors and accruals	845	541
	<u>985</u>	<u>591</u>

17. CREDITORS: amounts falling due after more than one year	2019	As Restated 2018
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	753	641
Church Commissioners other loans	47	67
Other loans	114	127
	<u>914</u>	<u>835</u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	20	34
Between two and five years	86	89
In five years or more	808	712
	<u>914</u>	<u>835</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 £89,000 (2018 - £103,000) relates to the Schools Fund, £47,000 to the General Fund (2018 - £67,000). 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

18. SUMMARY OF FUND MOVEMENTS

	At 1 Jan 2019	Income	Expenditure	Transfers	Gains and Losses	At 31 Dec 2019
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	2,894	5,570	(5,425)	(74)	2,385	5,350
Designated Funds:						
Clergy Conference	30	-	-	-	-	30
Church House Refurbishment	13	-	-	-	-	13
Deanery Mission Initiative	25	-	(25)	-	-	-
Centenary Project	6	-	(6)	-	-	-
Quinquennial Costs	-	-	-	100	-	100
Interim & Assist. Diocesan Secretary match fu	-	-	-	60	-	60
Strategy implementation	-	-	-	65	-	65
Allchurches Trust Fund	106	148	(49)	(100)	-	105
Restructuring Fund	95	121	(116)	-	-	100
	275	269	(196)	125	-	473
RESTRICTED FUNDS						
Stipend Income	-	2,190	(2,190)	-	-	-
Pastoral	2,276	71	(20)	-	292	2,619
Church in Action	4,371	148	(128)	(451)	672	4,612
Schools	477	123	(184)	(54)	58	420
Projects	200	1,377	(1,766)	454	-	265
Miscellaneous Trusts	314	-	(2)	-	55	367
	7,638	3,909	(4,290)	(51)	1,077	8,283
ENDOWMENT FUNDS						
Stipend Fund Capital	10,074	-	-	-	671	10,745
Parsonages	31,203	40	-	-	235	31,478
Schools	1,331	-	-	-	157	1,488
	42,608	40	-	-	1,063	43,711
TOTAL FUNDS	53,415	9,788	(9,911)	-	4,525	57,817

SDBF match funding to the Strategic Development Fund projects is shown in transfers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

18. SUMMARY OF FUND MOVEMENTS (continued)

	At 1 Jan 2018	Income	Expenditure	Transfers	Gains and Losses	As Restated at 31 Dec 2018
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	2,678	5,533	(5,764)	676	(229)	2,894
Designated Funds:						
Clergy Conference	44	19	(33)	-	-	30
Church House Refurbishment	13	-	-	-	-	13
Deanery Mission Initiative	250	-	-	(225)	-	25
Centenary Project	87	-	(56)	(25)	-	6
Allchurches Trust Fund	156	142	(22)	(170)	-	106
Restructuring Fund	122	173	(200)	-	-	95
	672	334	(311)	(420)	-	275
RESTRICTED FUNDS						
Stipend Income	-	2,254	(2,254)	-	-	-
Pastoral	1,663	68	(13)	297	261	2,276
Church in Action	4,535	151	(13)	(250)	(52)	4,371
Schools	858	91	(114)	(356)	(2)	477
Projects	348	526	(924)	250	-	200
Miscellaneous Trusts	318	5	(5)	-	(4)	314
	7,722	3,095	(3,323)	(59)	203	7,638
ENDOWMENT FUNDS						
Stipend Fund Capital	9,604	-	(106)	-	576	10,074
Parsonages	31,759	43	-	(599)	-	31,203
Schools	929	-	-	402	-	1,331
	42,292	43	(106)	(197)	576	42,608
TOTAL FUNDS	53,364	9,005	(9,504)	-	550	53,415

19. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted Funds	Endowment Funds
	General	Designated		
	£'000	£'000	£'000	£'000
From general to designated fund to for match funding of interim & assistant Diocesan Secretary	(60)	60	-	-
From general to designated fund for strategy	(65)	65	-	-
Quinquennials works general fund to designated fund	(100)	100	-	-
From schools fund to general fund for contribution to DBE costs transferred through reserves	54	-	(54)	-
From General Fund to Church in Action fund	(3)	-	3	-
From designated fund to general fund for Doncaster Archdeaconry project funded by the Allchurches Trust	100	(100)	-	-
	(74)	125	(51)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

20. SUMMARY OF ASSETS BY FUND

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	2,836	3,994	479	(1,959)	5,350
Designated funds					
Clergy Conference	-	-	30	-	30
Church House Refurbishment	-	-	13	-	13
Quinquennial Cost	-	-	100	-	100
Interim Assistant DS match funding	-	-	60	-	60
Strategy implementation	-	-	65	-	65
Allchurches Trust Fund	-	-	105	-	105
Restructuring Fund	-	-	100	-	100
	-	-	473	-	473
RESTRICTED FUNDS					
Pastoral	-	2,179	440	-	2,619
Church in Action	-	4,536	217	(141)	4,612
Schools	-	369	602	(551)	420
Projects	-	-	269	(4)	265
Miscellaneous Trusts	-	349	18	-	367
	-	7,433	1,546	(696)	8,283
ENDOWMENT FUNDS					
Stipend Fund Capital	1,787	8,811	163	(16)	10,745
Parsonages	29,356	2,024	98	-	31,478
Schools	-	1,488	-	-	1,488
	31,143	12,323	261	(16)	43,711
TOTAL FUNDS AS AT 31 DECEMBER 2019	33,979	23,750	2,759	(2,671)	57,817

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

20. SUMMARY OF ASSETS BY FUND

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	3,041	3,418	182	(3,747)	2,894
Designated funds					
Clergy Conference	-	-	30	-	30
Church House Refurbishment	-	-	13	-	13
Deanery Mission Initiative	-	-	25	-	25
Centenary Project	-	-	6	-	6
Allchurches Trust Fund	-	-	106	-	106
Restructuring Fund	-	-	95	-	95
	-	-	275	-	275
RESTRICTED FUNDS					
Pastoral	-	1,872	420	(16)	2,276
Church in Action	-	3,865	507	(1)	4,371
Schools	-	311	377	(211)	477
Projects	-	-	210	(10)	200
Miscellaneous Trusts	-	293	21	-	314
	-	6,341	1,535	(238)	7,638
ENDOWMENT FUNDS					
Stipend Fund Capital	1,985	7,321	819	(51)	10,074
Parsonages	30,021	1,125	57	-	31,203
Schools	-	1,331	-	-	1,331
	32,006	9,777	876	(51)	42,608
TOTAL FUNDS AS AT 31 DECEMBER 2018	35,047	19,536	2,868	(4,036)	53,415

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.
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.
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.
Parsonages	This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

21. DESCRIPTION OF FUNDS (continued)

Projects	The projects undertaken by the SDBF are as follows: <ol style="list-style-type: none"> 1. Mission Partnership Development Worker Project 2. Centenary Project 3. Children's, Youth and Families Worker Project 4. Resourcing Churches Project
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.
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: <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>
Stipend Fund Capital	The Diocesan Stipends Capital Fund has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. The fund may be used for the purchase, capital improvement and maintenance of glebe property and benefice houses. Funds can be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.
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.
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	Fund from the Church Commissioners to help the Diocese to restructure for resourcing the
Strategy implementation	A designated fund to provide funding for the implementation of the Diocesan Strategy.
Interim & Assistant Diocesan Secretary Match Funding	Match funding set up to work alongside the Capacity Funding from the Church Commissioners.
Quinquennial Repairs	Funds designated for the high costs in quinquennial repairs anticipated in 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

22. CAPITAL COMMITMENTS

At 31 December 2019 the SDBF had capital expenditure commitments authorised but not contracted for of £Nil (2018 - Nil), and contracted for but not yet due of £Nil (2018 - £Nil).

23. PENSIONS**Church of England Funded Pension Scheme**

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year (2019: £0.753m, 2018: £0.766m), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total release of £1.468m for 2019 (total

As at 31 December 2019, the number of members at this Responsible Body was 124 (2018: 135).

A valuation of the scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S2NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

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

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

23. PENSIONS (continued)

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

	2019 £'000	2018 £'000
Balance sheet liability as at 1 January	2,610	2,771
Contributions paid	(370)	(362)
Interest costs (recognised in the SoFA)	51	36
Remaining change to the balance sheet liability* (recognised in SoFA)	(1,519)	165
Balance sheet liability as at 31 December	772	2,610

* 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 set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1% p.a.	2.1% p.a.	1.4% p.a.
Price inflation	2.8% p.a.	3.1% p.a.	3.0% p.a.
Increase to total pensionable payroll	1.3% p.a.	1.6% p.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)

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

The SDBF contributes to the Pension Builder 2014 only.

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

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

The scheme is a multi-employer scheme as described in section 28 of FRS102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable 2019: £145,813 (2018: £167,421).

A valuation of the Pension Builder scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

23. PENSIONS (continued)

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

24. RELATED PARTY TRANSACTIONS

The Very Reverend P E Bradley, who is a director of the SDBF, is also a trustee of Sheffield Cathedral Chapter. At 31 December 2019 there is a loan debtor outstanding from Sheffield Cathedral Chapter of £380,417 (2018: £408,000). During 2019 the Sheffield Cathedral Chapter contributed £nil (2018: £nil) to the SDBF's support for parish ministry activities.

25. FUNDS HELD AS CUSTODIAN TRUSTEE

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

	2019 £'000	2018 £'000
CBF Church of England Investment Fund Income Shares	4,769	4,069
CBF Church of England Fixed Interest Securities Fund Shares	305	294
COIF Income and Accumulation Shares	272	202
CBF Church of England Deposit Fund	943	1,410
Other Investments	-	1
Cash at bank	519	519
	<u>6,808</u>	<u>6,495</u>

26. RESTATEMENT OF COMPARATIVES

The comparative figures are restated after presentational changes of the following:

- elimination of the interfund debtors and creditors; and
- the reclassification of the change in the pension deficit liability as gains/losses in the SOFA.