

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020



**THE DIOCESE
OF SHEFFIELD**
Renewed | Released | Rejuvenated

SHEFFIELD DIOCESAN BOARD OF FINANCE

Company number - 196087

Registered charity number - 245861

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

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SHEFFIELD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2020

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020. In signing as Trustees, they also sign the strategic report sections in their capacity as Directors. This combined report satisfies the legal requirements for:

- The Directors Report of a charitable company
- The Strategic Report under the Companies Act 2006, and
- The Trustees Annual Report under the Charities Act 2011.

FOREWORD

*'2020 turned out to be a year none of us could have anticipated. The global pandemic created severe challenges. Some of these were financial, but others were pastoral and missional. Yet our lay and clergy leaders in our parishes and mission areas, our schools and chaplaincies, and our staff at Church House rose magnificently, and swiftly to these challenges, moving much of our activity online with imagination and creativity, courage and persistence. It is a year I hope we will never be called upon to repeat, but as I look back I do so with immense pride in the way we held fast to our **Diocesan vision, to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world.** As I look back on 2020, it is with gratitude to the Lord for sustaining us with grace and tenderness, and to the whole people of God for such sacrificial service and generosity in mission, formed after the example of our Lord Jesus himself'*

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

"2020 has been an unprecedented year in the history of our Diocese. There has been great sorrow and sadness as we have all had to deal with the various trials and tribulations caused by COVID 19. There have also been wonderful examples of growth and generosity as our churches have responded to the needs of the communities we serve.

In the early part of 2020, we faced an uncertain time as we struggled to understand what the outworking of the spread of the pandemic might mean. Costs and events were cut where appropriate.

The Diocese's finances were stretched as open plate giving, hire and fee income at many churches reduced their ability to contribute to the funding of incumbents, through the Common Fund, as originally planned. Bishop's Council recognise with gratitude and thanksgiving how Parishes have risen to the occasion though, often sacrificially digging into their own reserves to stand with us all in support of our mission.

The national church, in the form of the Archbishop's Council, have also stood by us. We have received Sustainability funding of £600k to replace lost Common Fund income and to cover some of the financial need across 2020 and 2021.

SDBF continues to maximise our returns from Glebe land, any temporarily unrequired housing and other investments to fund the Diocese's mission. On top of this Sheffield is the first Diocese to have

been successful in its bid to the Archbishop's Council Strategic Transformation Fund. The award of £4.9m will enable us to develop a range of resources to support Mission Areas in this transition, including several centrally employed but locally deployed posts.

Finally in November 2020 our Diocesan Synod unanimously, and courageously, approved a deficit budget of £1.652m for 2021. The debate recognised the financial stresses we are still experiencing, but also endorsed the Diocesan vision recognising that we had built up sufficient reserves to support moving forward with implementation of our plans. I commend the decision to invest in our strategy, which has also been endorsed, in a practical way, by the church nationally."

Ian Walker, Chair of Sheffield Diocesan Board of Finance

LEGAL OBJECTS

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

The SDBF has the following statutory responsibilities:

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

STRATEGIC AIMS AND OBJECTIVES

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

The Diocese of Sheffield continues:

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

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

those in need both spiritually and physically.

ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Progress Against our Strategy in 2020

In spite of the challenges of the pandemic we have continued to work throughout 2020 towards the implementation of our 3Rs Strategy: “Renewed, Released and Rejuvenated”.

Our prayer community has continued to grow with 920 members against a target of 2,025 by 2025. We have delivered 6 virtual Deanery Prayer events with strong levels of engagement. We marked Thy Kingdom Come between Ascension and Pentecost, with a virtual beacon event which provided new opportunities for engagement. We have also continued to make progress against targets for the Rejuvenated strand of the strategy. The table below shows our progress to date:

Target	Target number 2025	Current number 2020
Resourcing Churches	12	4
New Congregations Sheffield & Rotherham	25	9
New Congregations Doncaster	25	8
New Congregations Schools	25	5

Lights for Christ has continued to have a significant impact with 25,000 page views of the website across 6,800 users, 5,400 of which were external to the Diocese. Over the course of the year 140 groups and 1,400 individuals completed the Shining as Lights course. 207 groups and 2,630 individuals have completed the Light in the Darkness course. A further 7 parishes have signed up for LICC Hubs.

We have completed a review of Church House services in year. This has informed work on development of the Deaneries support model which will be part funded by the Strategic Transformation Fund.

2020 has been a challenging year. We have seen the impacts of the global pandemic across our communities and across all aspects of our ministry and we have had to adapt to continue to support our communities across this period. At the start of the Pandemic in March 2020 a Coronavirus Response Team was created. This team met regularly throughout 2020, and regular communications have been prepared to amplify and to extend the support provided through the National Church Recovery Group. We are thankful for the work that has been done by this group centrally to support us as we have navigated these days.

The Church House team worked remotely for the majority of 2020. This has continued into 2021 and as at April 2021 we are reviewing the use of the building and how we can work flexibly, incorporating the positive learning from this pandemic period and better meeting the needs of those we serve across the Diocese. We have been well supported by the technology we have in place and as a result, most of our operations have continued throughout the period with meetings moving online supported by both Microsoft Teams and the Zoom platform.

Projects supported by the Strategic Development Funding

The impact of the coronavirus on both the Centenary Project and the Resourcing Churches Project has meant that standard models of activity have been significantly restricted in order to comply with

Government guidelines. However, people have risen to the challenge of maintaining the momentum within the projects. Delivery outputs have been met and or exceeded in some areas as we have identified 2 key unintended but positive impacts of the pandemic; firstly it has enhanced people's understanding of and use of modern technology, and social media has enabled us to engage with more people than previously. Secondly it has reached people who would not usually engage with Church or who are on the fringe.

During the first lockdown between April and June of 2020 Centenary Project Workers ran 225 youth, children and families work online sessions across 30 different groups. 350 videos and 100 resources were created and shared on social media reaching 165,000 people. The Centenary project workers have also supported their communities, delivering packages of food, clothing and medicines as well as over 1,000 messy church packs.

- In 2020 we made 241,413 social media contacts
- In Q4 2020, 4,837 children and young people were registered in core groups
- 85 groups have been established since 2018 with between 1,565 and 2,334 regular attendees in each quarter
- 11 new groups established in 2020

The project is currently working in 29 parishes which represents 16% of the Diocese and it continues to grow. We have continued to see excellent progress towards our ministry targets of 15% of engaged children and young people moving to Discipleship by the end of year 6.

As part of the Resourcing Churches project Rotherham has built on its work to support the local community during the first lockdown period developing further support services to offer a holistic approach. A social supermarket was launched in September 2020 and the whole needs of people are met through additional support services around addiction, debt advice and money management. Through this work they aim to address the Tend and Transform marks of the Five Marks of Mission.

Award of Strategic Transformation Funding

The Diocese of Sheffield was the first Diocese in the country to receive a full award of Strategic Transformation Funding (STF). The award of £4.9m for our major transformation programme was made by the Archbishops' Council's Strategic Investment Board in December 2020. This will support the Diocese's plans for significantly increased engagement with young people, growth in deprived areas, new congregations across the Diocese, and sustained growth in the Common Fund.

The Diocese will organise ministry under a new model in which each deanery will be composed of a number of mission areas, each with at least one ordained oversight minister and a number of focal ministry teams. This will represent an expanded role for lay people within the Diocese, with a corresponding substantial investment in training and development.

We will be able to draw down the funding over the next five years as we implement our transformation programme. More details on what is planned in 2021 can be found in the Future Plans section of this report.

Education

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

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

Education has experienced a significant impact from Covid 19. The past year has seen schools cope with a significant change to practice and the need to establish remote learning. This was undertaken swiftly but placed a significant burden on school leaders and staff. None of our schools closed, all remaining open to provide for vulnerable children and families of key workers. This provision, and requirements when returning to full capacity, has required a significant level of risk monitoring and additional provision. The DBE has formally noted the courage and dedication of school staff during this past year.

Centrally organised and provided Diocesan support has been significantly affected by Covid 19. The provision of training switched to online sessions and this has restricted what can be done. The Covid situation has also restricted our roll-out of the new SIAMS framework and inspections have been suspended since March 2020.

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

The Diocese has affectively managed engagement with the national programme enabling schools to become academies. 65% of our schools have now converted. The Diocese of Sheffield Academies Trust (DSAT) was established in October 2013 as an independent charitable company set up by the Sheffield Diocesan Board of Education. The purpose of the Trust is to create a mutually supportive family of Church academies, holding within it both schools that choose to become converter academies and those seeking a sponsored solution. The Diocese of Sheffield Academies Trust is growing. It incorporates 15 schools, 14 church schools and one community primary. There are a number of schools expressing interest in joining, expanding the trust. The Trust is recognised by the DFE as an effective potential partner in supporting schools that need support.

The Diocese began the process of establishing 20 to 25 school-based congregations in our church schools but this work has been suspended due to Covid 19 restrictions. This work will continue when we are able in 2021 and beyond.

The Board of Faith and Justice

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

- (1) To respond to human need by loving service;
- (2) To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation.
- (3) To strive to safeguard the Integrity of creation and sustain and renew the life of the earth.

The Board carries out much of its active business through working groups, each dedicated to a specific area of Salt and Light concern with terms of reference and membership established by the Board. Throughout 2020 the following working groups were active;

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

The Board has developed key areas of work in the year which have included registration with The Equality Trust and leading on Network events highlighting the Black Lives Matter movement and the importance of quality for all in the Church. The Board also supported the Bishop of Sheffield's consultation on Diversity and Inclusion.

In year the SDBF has reviewed the ethical investments policy of the Diocese. Investments are held with CCLA and funds have been reviewed to ensure that all areas of investment are in line with the aims and objectives of the SDBF and the wider Diocese. The Finance and Property Committee review the profile of investments with CCLA on a quarterly basis.

In July of 2020 The Diocese of Sheffield at its Diocesan Synod declared a climate emergency. We are currently working towards Eco Diocese status and we have worked to highlight the commitment of the Church of England to meet net zero by 2030. A Net Zero steering group has been established and this work will continue into 2021 and beyond.

The Board will also continue to speak up at all opportunities to address the injustices in the welfare reforms and sanctions policy. A specific area of work post pandemic will be to work with Central and Local Government to consider the impact of COVID-19 on our poorest communities and highlight the work of parishes across the Diocese in responding to this.

Senior Staff Appointments

There have been a number of appointments to the Bishop's Senior Staff Team. The Rt Revd Sophie Jelley was appointed as Bishop of Doncaster in March 2020, Venerable Javid Iqbal joined as Archdeacon of Doncaster in May and Mrs Katie Bell joined as Diocesan Secretary and CEO to the Sheffield Diocesan Board of Finance in April 2020.

Safeguarding

Safeguarding is a key priority for the Diocese. In 2020 even with the challenges of the Pandemic the training provision was successfully moved on line and training was delivered according to plan throughout the year. There have been changes to the Safeguarding Team in year with the retirement of Mrs Linda Langthorne. Recruitment to key posts has been completed. We continue to work with the National Church around the implementations from the Independent Inquiry into Child Sexual Abuse (IICSA). In year we have progressed our Past Case Review work which is a process which welcomes independent review of past safeguarding activity in the Diocese. This project is due to run to December 2021 in line with the timetable set by the National Safeguarding Team.

Related Parties

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

- The Archbishops' Council to which the Diocese pays a donation based on an apportionment

system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

- The Archbishop's Council and National Church Institutions from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF also pays for clergy stipends through the Archbishop's Council.
- The Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

Volunteers

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

FUTURE PLANS

Following the successful award of £4.9m Strategic Transformation Funding (STF) by the Archbishops' Council's Strategic Investment Board in December 2020, in 2021 we will commence the implementation of detailed plans.

The resources which will be made available to the Diocese over the next few years, will significantly strengthen our plans to deliver our Diocesan strategy. The funds will be especially helpful in supporting five areas of activity, which we think are key to our future sustainability:

1. **Well supported and newly energised clergy:** we have, for example, recruited four more Associate Archdeacons Transition Enablers to join the two appointed in late 2020, to enable the transition to Mission Areas, by supporting clergy, providing coaching and skills development. They will also work on the ground with PCCs, church officers and deanery teams to help them develop the Mission Areas and maximize the potential of the new model of ministry.
2. **Focal Ministry:** we will develop a small team to support and equip Mission Areas in identifying and training potential focal ministers and focal ministry teams. Some resources have already been developed and they can be accessed [here](#).
3. **Lights for Christ:** you can follow [here](#) our recent progress in this area, as we seek to mobilise the whole people of God for the whole mission of God, so that every baptized person is enabled to shine as a light in the world to the glory of God the Father. The extra finance will enable us to build further on this work and to support every congregation, chaplaincy and school in fostering #EverydayFaith.
4. **Deanery support:** aligning our central services team at Church House ever more closely to the Diocesan strategy, we will be able to provide direct help to Mission Areas in relation to finances, giving and generosity, operations, compliance, and buildings. We believe these resources will genuinely help to lift the burden from clergy and lay leaders, releasing energy on the ground for mission.

5. **Common Fund:** we will be seeking to develop the current Common Fund system so that it contributes more effectively to the future sustainability of our Diocese and the ongoing implementation of the strategy.

Work on these five areas began in earnest in January 2021, and the year ahead will be busy! The first six months of 2021 will see the following:

- A recruitment drive to establish project teams to support our Mission Areas.
- More **Lights for Christ** resources to deepen discipleship in our Mission Areas.
- The first Focal Ministry teams created and learning plans developed for individual members.
- Details of new the central Deanery Support offer for Mission Areas finalised.
- A Common Fund review group will start work.
- Additional engagement opportunities to ensure that all new work is well tuned to the needs of Mission Areas and truly helps us all to journey together towards the realization of our vision.

The aim of STF is to support major change programmes to make a significant difference to the mission and financial strength of a Diocese. It is expected that the funding will support a relatively small number of Dioceses, targeted on those with the least historic and current resources.

In addition to this strategic development work, we expect 2021 to be a year of recovery as we emerge from the restrictions imposed on so many of our usual activities by the COVID-19 pandemic.

In particular we have planned:

- Establishment of the Generosity Network. Supported by Generosity and Giving Officers which are externally funded posts which whilst centrally employed will be deployed locally to support Parishes to explore generosity in all forms from financial giving to community engagement and the building of volunteer networks.
- In March 2021 at Synod we launched the Diocesan consultation on Living in Love and Faith. We are encouraging active participation in this process. We have appointed a team of advocates and set up a range of opportunities to engage through shared study days and other events.
- We will be reviewing the use of our Church House Building and embedding learning from the Pandemic period into a model of hybrid working. We will also be welcoming key appointments of HR Director and Finance Director in year to support the development of mission and ministry across the Diocese.

FINANCIAL REVIEW

The pandemic has adversely impacted the finances of the Diocese. We are heavily reliant on Common Fund. Contributions to the Common Fund are made by our parishes on a pledge basis and most parishes experienced reduced income from a combination of church family giving, hall hire and other fees, as places of worship and community halls were required to close for many months in 2020 in line with Government guidelines. The SDBF has been able to draw on reserves and £600,000 of Sustainability Funding from the Archbishop's Council in year but the continuing financial impact on SDBF and parishes in the Diocese and the social impact on the communities we serve remains uncertain. However, this uncertainty does not impact our ability to continue as a going concern.

Net expenditure before investment gains was £146,000 against a planned deficit of £339,000. Whilst this appears favourable it is important to note that this position is the net impact of a number of significant issues.

In year the Archbishops' Council made a support package of funding available to Dioceses across England. The aim of the funding was to provide support to mitigate the impact of the COVID-19 pandemic on long term sustainability of Dioceses. We made a successful application and were awarded £600,000. This funding is the key reason why our accounts show a better than planned position. Whilst recognised fully in year it will work to support SDBF into 2021 as it has reduced the adverse impact on reserves in 2020 which are then available to be applied to mitigate ongoing losses into 2021 as the pandemic continues. Common Fund income in 2021 continues to show the impact of the pandemic at a parish level as restrictions have continued.

In 2020 the Common Fund was £3,532,000 which is down £647,000 on prior year and £713,000 against budget, a total reduction against expectation of 17%. We are thankful, however, for the way in which parishes have continued to meet pledge as much as possible to support mission and ministry in all areas of the Diocese, including where this has required the use of local reserves in some instances.

In year we received £2,923,000 from the Archbishops' Council across a number of projects. This includes Lowest Income Communities funding which we have allocated to support mission and ministry in parishes where they have ranked in the lowest 10% of our Diocese in terms of Social Deprivation indices. We received £743,000 of Strategic Development Funding which has supported our work on both Resourcing Churches and the Centenary Project. Both projects support the ongoing strategic development of the Diocese and enable us to reach new and diverse communities. We also received a grant of £75,000 from the Sheffield Church Burgesses Trust which continues to support work across the Sheffield Deaneries. Income from investments and rental income was largely in line with expectation.

Costs in 2020 for Resourcing Mission and Ministry were lower than prior year and lower than budget. This is impacted by lower levels of activity, e.g. training and events due to government restrictions in year. In some instances, these activities have successfully been delivered online, in other instances there will be higher levels of activity in 2021 and 2022. Quinquennial inspections and associated repairs and maintenance have also been reduced in year due to limitations in access to buildings. Support costs are in line with expectation.

The total value of Tangible Fixed Assets increased from £33,979,000 to £34,388,000 primarily as a result of additions in stipend fund properties funded from the sale of fixed asset investments. This is a strategic decision to meet ongoing clergy housing requirements. Depreciation was charged in year in line with policy. There was a gain in year in the value of Fixed Asset Investments, due to favourable changes in market value. The movement on valuation can go up and down.

Pension schemes, Church of England Funded Pension Scheme and the Church Workers Pension Fund are administered by the Church of England pensions Board. Contributions in year are in line with national contribution rates and in line with expectation. The most recent scheme valuation of the Church of England Funded Pension Scheme was completed in 2018 and revealed a deficit on the scheme. In year we continued to make additional contributions of 11.9% as part of a plan to reduce this deficit, this will reduce to 7.9% for 2021 as part of the ongoing recovery plan. The balance sheet liability as at 31/12/2020 was £420,000, a reduction of the deficit in year of £352,000.

Reserves Policy

At its meeting on 22 September 2020 Bishops' Council, as the Trustees of the charity, approved a revised approach to determining the level of reserves we need to hold.

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

- **Free Reserves** which we define as the resources held in our General Fund as readily realisable assets. At 31 December 2020 these totalled £4,036,000. (31 December 2019: £3,308,000).

Our priority is to maintain Free Reserves at a sufficient level to ensure financial resilience and sustainability, including mitigating against key risks identified in our risk register for at least the next financial year. At the 31 December 2020 we have assessed this requirement to be £2,352,000 including a planned deficit for 2021 of £1,652,000 approved by Diocesan Synod in November 2020.

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

We are blessed that we hold certain Restricted Funds which can also be deployed to support the implementation of the strategy and as a result, these are included in the summary table shown below.

Summary: Potential Use of Reserves		
	£'000	£'000
Operational Reserves to maintain Financial Resilience in 2021		
- Planned Deficit for 2021		1,652
- Contingency Reserve for Operational Risks		700
This is a reserve to cover a wide range of risks which could result in lower income due to continuing Covid-19 impact, additional expenditure or adverse movements in the value of investments.		
		2,352
Strategic Reserves Requirement		
- 5 Year Financial Model - Years 2022 to 2025 (Note 1)	4,245	
- Contingency Reserve for unforeseen expenditure	300	
		4,545
Total Required Reserves		6,897
Available Reserves & Funds:		
Free Reserves		4,036
Restricted Funds available to support Strategy Implementation		3,397
		7,433
Possible Balance on Reserves at 31 December 2025		536

Note 1: The detailed financial model which has been established to support implementation of the Diocesan Strategy can be flexed for a range of assumptions, in terms of income and expenditure. The most important single factor is the level of Common Fund over the next 4 years to 2025. The £4.2m call on reserves reflects prudent assumptions on recovery and growth in Common Fund during this period. A more optimistic scenario will reduce the requirement to use reserves. The model excludes the £4.9m awarded to the Diocese by the Archbishops' Council Strategic Investment Board and the associated planned expenditure.

- **Tangible fixed assets within our General Fund** held to support our charitable activities. Funds are not readily available as they can only be realised through the sale of the properties we hold. Our policy is review whether we need to retain these assets at least once a year and when they become vacant. At 31 December 2020 the total value was £1,874,000 being the net book value of the relevant properties less the value of any related loans which would be repayable if the properties were sold. (31 December 2019: £2,041,000).
- **Designated Funds.** The Trustees may designate an element of Unrestricted Funds for an agreed purpose where this is considered to be appropriate linked to a particular objective. The need for the fund is reviewed at least once a year and funds returned to Free Reserves if no longer required. In our revised reserves policy, we are taking the approach to limit the use of designated funds. As at 31 December 2020 we had 4 Designated Funds totalling £157,000. (31 December 2019: 7 Designated Funds totalling £473,000.)

Details of all Designated, Restricted and Endowment Funds can be found in notes 18 to 21 of the accounts.

Grant Making Policy

The SDBF's Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects. The Grants Committee meets annually to consider applications made by parishes to support ongoing activities. Grants made in 2020 covered 2 key areas; (1) Contributions towards necessary maintenance works in Church buildings where alternative funding is not available locally, grants for this purpose are typically less than £5,000; (2) A grant of £25,000 was awarded in year to the Parish Support Team to fund training and equipment to enable online and mixed line Church during the pandemic and beyond. The grant was used to fund a number of smaller grants up to the value of £500 per church in parishes across the Diocese. These grant awards were consistent with the aims and objectives of the SDBF.

Investment Policy

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained. During 2020 the way the register is constructed was enhanced to make it easier for Trustees to review the document. The register is reviewed by the Trustees at each Bishop's Council meeting and also at each of the Finance & Property Committees. The responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary.

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

1. Financial – risk of under-collection of and/or reduced Common Fund, fees or rent
 - Collection statistics are produced and circulated on a monthly basis.
 - Parish Finance Team in place and operating effectively
 - Financial Modelling tool developed and used to support strategic decision making

2. Reputational – child protection and vulnerable adults:
 - Communications and PR support engaged;
 - Liaison with National Safeguarding Team;
 - Resources for safeguarding expanded; and
 - Delivered high volume of training to clergy, parish employees and volunteers.

3. Statutory/Legal – risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law:
 - Registrar and Chancellor contract in place;
 - Safeguarding team in place;
 - Policies aligned with National Church guidelines;
 - Safeguarding training provided;
 - Thirty-One Eight contract in place for DBS checks;
 - Thirty-One Eight cover in place for Safeguarding Adviser and listening service provision.

4. Data Protection Legislation – risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently compliant with GDPR:
 - Staff training carried out;
 - Ability for individuals to set their own privacy settings on the Diocesan CMS database;
 - Privacy statement available;
 - Undertook Cyber Essential check.

5. Staffing – risk of prolonged staff absences through long term illness:
 - Temporary staff recruited;
 - Flexible cover between teams.

STRUCTURE GOVERNANCE AND MANAGEMENT

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

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

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

Governance and policy of the SDBF is the responsibility of the Directors, who are also members of the company and Trustees for the purposes of charity law. The Bishop of Sheffield, together with other ex-officio persons are Trustees together with six people elected from and by the members of Diocesan Synod every three years, re-elections were last held in 2018. The Bishop of Sheffield, the Rt Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

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

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

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

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

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

Trustees

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

Trustees appointed in year;

Rt Revd Sophie Jelley – Bishop of Doncaster
Venerable Javaid Iqbal – Archdeacon of Doncaster

Remuneration of key management personnel

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

TRUSTEES' RESPONSIBILITIES

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

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities Statement of Recommended Practice 2019 (FRS102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

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

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2020. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr P J Wilcox
Chair	I G Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	The Very Reverend P E Bradley MA, FRSA – Resigned 31/12/2020 J A Butcher MA(Cantab), MSc, PhD The Venerable M L Chamberlain BA, BTh, MPhil The Reverend C Dawson I R Downing The Rt Revd Sophie Jelley (From 21/09/2020) The Reverend F Kouble M MacDonald I J Newton BA FCA Lay Canon P M Rainford MA The Reverend E E M Robertshaw BA, PGCE, MTh The Reverend I Smith BA The Venerable J Iqbal (from 16/05/2020)
Secretary	C Tsang (from 01/01/2020 to 26/04/2020) K Bell (from 27/04/2020)
Registered Office:	Diocesan Church House, 95-99 Effingham Street, Rotherham, S65 1BL
Bankers	Yorkshire Bank Plc, 6A High Street, Mexborough, S64 9AP
Auditors	Hawsons, Pegasus House, 463A Glossop Road, Sheffield, S10 2QD
Solicitors	Wake Smith Solicitors, No.1 Velocity, 2 Tenter Street, Sheffield, S1 4BY
Investment advisers	CCLA Investment Management Ltd 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ

SHEFFIELD DIOCESAN BOARD OF FINANCE
Annual Report for the Year Ended 31 December 2020

Insurers

EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

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

BY ORDER OF THE TRUSTEES



Ian Geoffrey Walker
Chair
6 July 2021



Katie Bell
Secretary
6 July 2021

Independent Auditor's Report to the Members of Sheffield Diocesan Board of Finance

Opinion

We have audited the financial statements of Sheffield Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

The charitable company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the charitable company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102 and the Companies Act 2006. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the charity's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the charitable company to obtain an understanding of the legal and regulatory framework applicable to the charity and how the charity complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Trustee meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk. This description forms part of our auditor's report.

Use of our report

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



Simon Bladen (Senior Statutory Auditor)

For and on behalf Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

30 July 2021

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2020

	Note	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	As Restated
		General £'000	Designated £'000				Total 2019 £'000
Income and endowments from							
Donations	2						
Parish contributions		3,974	-	5	-	3,979	4,618
Archbishops' Council		600	-	2,923	-	3,523	3,142
Other donations		176	154	335	-	665	450
Charitable activities	3	390	-	-	-	390	596
Other activities	4	270	-	17	-	287	255
Investments	5	132	-	543	40	715	727
		<u>5,542</u>	<u>154</u>	<u>3,823</u>	<u>40</u>	<u>9,559</u>	<u>9,788</u>
Expenditure on							
Raising funds	6	113	-	-	-	113	130
Charitable activities	7	5,285	285	4,019	3	9,592	9,781
		<u>5,398</u>	<u>285</u>	<u>4,019</u>	<u>3</u>	<u>9,705</u>	<u>9,911</u>
Net income / (expenditure) before investment gains		144	(131)	(196)	37	(146)	(123)
Net gains / (losses) on investments		241	-	447	476	1,164	2,758
Net income / (expenditure) for year		<u>385</u>	<u>(131)</u>	<u>251</u>	<u>513</u>	<u>1,018</u>	<u>2,635</u>
Transfer between funds	19	148	(185)	37	-	-	-
Other recognised gains / (losses)							
Gains on fixed assets		27	-	-	391	418	644
Actuarial gain / (loss) on defined benefit scheme	8	-	-	-	-	-	1,468
Net movements in funds		<u>560</u>	<u>(316)</u>	<u>288</u>	<u>904</u>	<u>1,436</u>	<u>4,747</u>
Total funds brought forward		<u>5,350</u>	<u>473</u>	<u>8,283</u>	<u>44,056</u>	<u>58,162</u>	<u>53,415</u>
Total funds carried forward	18	<u>5,910</u>	<u>157</u>	<u>8,571</u>	<u>44,960</u>	<u>59,598</u>	<u>58,162</u>

All activities derive from continuing activities. The notes on pages 27 to 45 form part of the financial statements.

SHEFFIELD DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2020

	Total 2020 £'000	Total 2019 £'000
Total income	9,519	9,748
Resources expended	9,702	9,911
	<u>(183)</u>	<u>(163)</u>
Net gains / (loss) on investments	688	1,652
	<u>505</u>	<u>1,489</u>
Other comprehensive income		
Net gain on fixed assets	27	342
Net assets transferred from endowments	-	-
Actuarial gain / (loss) on defined benefit scheme	-	1,468
	<u>532</u>	<u>3,299</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 2020 £'000	Total 2019 £'000
Incoming resources per SoFA	9,559	9,788
less total endowment additions	(40)	(40)
	<u>9,519</u>	<u>9,748</u>
Resources expended per SoFA	9,705	9,911
less expenditure charged to endowment capital	(3)	-
Total comprehensive income	<u>9,702</u>	<u>9,911</u>

SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET
As at 31 December 2020

Company Number - 196087

	Note	Unrestricted funds				Restricted Funds	Endowment Funds	Total 2020	As Restated
		General £'000	Designated £'000	£'000	£'000				Total 2019
FIXED ASSETS									
Tangible fixed assets	13	2,563	-	-	31,825	34,388	33,979		
Investments	14	4,235	-	7,894	12,075	24,204	24,095		
		6,798	-	7,894	43,900	58,592	58,074		
CURRENT ASSETS									
Debtors	15	32	-	556	-	588	872		
Cash at bank and in hand		640	157	366	1,070	2,233	1,887		
		672	157	922	1,070	2,821	2,759		
CREDITORS: amount falling due within one year									
	16	(400)	-	(170)	(10)	(580)	(985)		
		272	157	752	1,060	2,241	1,774		
TOTAL ASSETS LESS CURRENT LIABILITIES		7,070	157	8,646	44,960	60,833	59,848		
CREDITORS: amount falling due after more than one year									
Net assets excluding pension liabilities	17	(740)	-	(75)	-	(815)	(914)		
Defined benefit pension liabilities	23	(420)	-	-	-	(420)	(772)		
NET ASSETS		5,910	157	8,571	44,960	59,598	58,162		
FUNDS									
Endowment funds		-	-	-	44,960	44,960	44,056		
Restricted funds		-	-	8,571	-	8,571	8,283		
Unrestricted funds		5,910	157	-	-	6,067	5,823		
		5,910	157	8,571	44,960	59,598	58,162		

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 06 July 2021 and signed on behalf of the Board by:



Ian Geoffrey Walker (Chairman)

SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

For the year ended 31 December 2020

	2020		As restated 2019	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities		(1,320)		(1,123)
Cash flow from investing activities				
Dividends, interest and rent from investments	715		727	
Interest paid	(38)		(37)	
Proceeds from the sale of:				
Tangible fixed assets	619		1,877	
Fixed assets investments	1,298		196	
Purchase of:				
Tangible fixed assets for the use of the SDBF	(853)		(51)	
Fixed assets investments	(14)		(1,805)	
Net cash provided by / (used in) investing activities		1,727		907
Cash flow form financing activities				
Loans repaid by the SDBF	(108)		(34)	
Loans repaid to the SDBF	47		102	
		(61)		68
Change in cash and cash equivalents in the reporting period		346		(148)
Cash and cash equivalents at 1 January		1,887		2,035
Cash and cash equivalents at 31 December		2,233		1,887
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income / (expenditure) for the year ended 31 December		1,018		2,635
Adjustments for:				
Depreciation charge		14		13
Dividends, interest and rent from investments		(715)		(727)
Interest paid		38		38
Advancement of loans		-		(5)
(Increase) / Decrease in debtors		237		(136)
(Decrease) in creditors		(396)		(1,332)
(Decrease) in Pension Liability		(352)		(370)
Pension scheme deficit (increase) / decrease		-		1,519
Unrealised (gains) / losses on investments		(1,164)		(2,758)
Net cash (used in) operating activities		(1,320)		(1,123)
Analysis of cash and cash equivalents				
Cash at bank and in hand		2,233		1,887

1. ACCOUNTING POLICIES

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

Going concern

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

a) Income

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

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

b) Expenditure

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

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

1. ACCOUNTING POLICIES (continued)

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

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

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

Properties subject to value linked loans

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

Parsonage houses

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

Stipend Fund Properties

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

d) Other tangible fixed assets

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

Fixture and fittings	15-30% per annum straight line basis
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e) Other accounting policies

i) Fixed asset investments

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

ii) Leases

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

1. ACCOUNTING POLICIES (continued)

f) Fund balances

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. DONATIONS**Parish contributions**

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

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020	Total 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Current year						
Parish contributions	3,532	-	5	-	3,537	4,179
Receipts for previous years	55	-	-	-	55	49
	3,587	-	5	-	3,592	4,228
Parish assistant staff	387	-	-	-	387	390
	3,974	-	5	-	3,979	4,618

Archbishops' Council

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020	Total 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
LINC and Transition Funding*	-	-	1,798	-	1,798	1,839
Strategic Development Fund	-	-	743	-	743	747
Sustainability Fund**	600	-	-	-	600	-
Capacity Funding	-	-	114	-	114	211
Resourcing Ministerial Education	-	-	268	-	268	224
Restructuring Fund	-	-	-	-	-	121
	600	-	2,923	-	3,523	3,142

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

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

Other donations

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020	Total 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Allchurches Trust grant	-	154	-	-	154	148
Church Burgesses	-	-	75	-	75	75
Donations	176	-	260	-	436	227
	176	154	335	-	665	450

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020	Total 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	244	-	-	-	244	389
Guaranteed annuities	1	-	-	-	1	1
Chaplaincy and other	105	-	-	-	105	135
Education	40	-	-	-	40	71
	390	-	-	-	390	596

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

4. OTHER ACTIVITIES	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
	General	Designated				
	£'000	£'000				
Housing income	270	-	17	-	287	255
	<u>270</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>287</u>	<u>255</u>

5. INVESTMENT INCOME	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
	General	Designated				
	£'000	£'000				
Dividend receivable	128	-	413	40	581	566
Interest receivable	4	-	2	-	6	18
Rents receivable	-	-	128	-	128	143
	<u>132</u>	<u>-</u>	<u>543</u>	<u>40</u>	<u>715</u>	<u>727</u>

6. FUND RAISING COSTS	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
	General	Designated				
	£'000	£'000				
Glebe agent's fee	83	-	-	-	83	100
Parsonage rental costs	30	-	-	-	30	30
	<u>113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>130</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

7. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
	General £'000	Designated £'000				
Contributions to Archbishops' Council						
Training for ministry	188	-	-	-	188	188
National church responsibilities	141	-	-	-	141	149
Grants and provisions	16	-	-	-	16	16
Mission agency pension costs	7	-	-	-	7	2
Retired clergy housing costs	67	-	-	-	67	64
Pooling of ordinands maintenance grants	(30)	-	-	-	(30)	(100)
General Synod expenses	4	-	-	-	4	4
	393	-	-	-	393	323
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	982	73	2,088	-	3,143	3,316
Pension contribution	701	20	-	-	721	749
Housing costs	1,083	23	-	-	1,106	959
Removal, resettlement and grants	106	-	-	-	106	31
Other expenses	285	149	480	-	914	1,122
	3,157	265	2,568	-	5,990	6,177
Support for parish ministry	1,510	20	15	3	1,548	1,558
	4,667	285	2,583	3	7,538	7,735
Expenditure						
Support for church schools and parishes	136	-	104	-	240	319
Projects	89	-	1,332	-	1,421	1,404
	225	-	1,436	-	1,661	1,723
	5,285	285	4,019	3	9,592	9,781

8. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
	General £'000	Designated £'000				
Change in pension liabilities	-	-	-	-	-	(1,468)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs 2020 £'000
Raising funds	113	-	-	113
Charitable activities:				
Contributions to Archbishops' Council	-	393	-	393
Resourcing parish ministry	5,003	2,088	447	7,538
Schools and Projects	-	1,661	-	1,661
	<u>5,116</u>	<u>4,142</u>	<u>447</u>	<u>9,705</u>

	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>

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Central administration	364	-	-	-	364
Governance:					
External audit	21	-	-	-	21
Registrar and Chancellor	58	-	-	-	58
Diocesan Synodical costs	4	-	-	-	4
	<u>447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447</u>

	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>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

11. ANALYSIS OF GRANTS MADE

	Nbr	Individuals £'000	Institutions £'000	Total 2020 £'000	Total 2019 £'000
From unrestricted funds for National Church responsibilities					
Contributions to Archbishops' Council	6	-	393	393	323
From unrestricted funds:					
PCCs for faculty fees		-	21	21	29
Clergy for training	41	21	-	21	21
Ordinands in training	15	127	-	127	117
Regional Training Partnership	1	-	7	7	7
	57	148	28	176	174

12. STAFF COSTS

	2020 £'000	2019 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,960	1,801
National Insurance contributions	170	156
Pension costs	207	208
	2,337	2,165

The average number of persons employed during the year:

	Number	Number
Administration and financial management	17	20
Property	2	2
Discipleship & Ministry, Stewardship	12	13
Safeguarding and inclusion	5	4
Projects staff funded from reserves	9	10
Projects staff externally funded	34	28
	79	77

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

	Number	Number
Administration and financial management	14.3	15.5
Property	2.0	2.0
Discipleship & Ministry, Stewardship	10.4	10.6
Safeguarding and inclusion	3.6	3.4
Projects staff funded from reserves	6.5	8.2
Projects staff externally funded	27.0	22.8
	63.8	62.5

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

	Number	Number
£60,001 - £70,000	1	2

Pension payments of £6,357 were made for these employees (2019: £14,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

12. STAFF COSTS (continued)**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were:

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

Remuneration, pensions and national insurance for these 5 employees amounted to £319,000 (2019: £344,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £10,838 (2019 - £10,719) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Right Revd S Jelley	No	Yes
Venerable J Iqbal	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Revd I Smith	Yes	Yes
Revd E M Robertshaw	Yes	Yes
Revd Fiona Kouble	Yes	Yes
Revd Claire Dawson	Yes	Yes

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

The SDBF paid an average of 117 (2019 - 124) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipend	3,139	3,195
National Insurance contributions	267	272
Pension costs	843	749
	<u>4,249</u>	<u>4,216</u>

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

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £36,830 - £46,180 (2019 range: £36,830 - £45,650). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2020 was in the range £35,400 - £36,650 (2019 range: £35,400 - £36,100) and other clergy who were Trustees were paid in the range £26,337 - £26,600 (2019 range: £26,076 - £26,337). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2020 at £11,057 (2019: £11,167). The value of housing provided to the Bishop is estimated at £15,000 (2019: £15,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

13. TANGIBLE FIXED ASSETS

	Unrestricted Funds			Parsonages	Stipend	Total £'000
	Freehold Properties £'000	Leasehold Properties £'000	Office Equipment £'000	Fund Properties £'000	Fund Properties £'000	
Cost of valuation						
At 1 January 2020	2,696	116	46	29,357	1,786	34,001
Additions	-	-	-	-	853	853
Disposals	(143)	(116)	-	(171)	-	(430)
Revaluation	-	-	-	-	-	-
At 31 December 2020	2,553	-	46	29,186	2,639	34,424
Depreciation						
At 1 January 2020	-	-	22	-	-	22
Disposals	-	-	-	-	-	-
Charge for the year	-	-	14	-	-	14
At 31 December 2020	-	-	36	-	-	36
Net Book Value						
At 31 December 2020	2,553	-	10	29,186	2,639	34,388
At 31 December 2019	2,696	116	24	29,357	1,786	33,979

Freehold properties in the Balance Sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2020 there were 7 (2019: 8) such properties and their value included above amounts to £1,240,655 (2019: £1,383,754).

14. FIXED ASSETS INVESTMENTS

	As restated				Change in	At 31 Dec 2020 £'000
	At 1 Jan 2020 £'000	Additions £'000	Disposals £'000	Transfers £'000	Market Value £'000	
Unrestricted funds						
Unlisted investments	3,994	-	-	-	241	4,235
Restricted funds						
Unlisted investments	7,433	14	-	-	447	7,894
Endowment funds						
Investment property	4,863	-	(592)	-	71	4,342
Unlisted investments	7,805	-	(477)	-	405	7,733
	12,668	-	(1,069)	-	476	12,075
Total	24,095	14	(1,069)	-	1,164	24,204

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

15. DEBTORS

	2020 £'000	2019 £'000
Due within one year		
Current year Common Fund	2	2
Assigned fees	-	32
Loans to parishes	27	33
Loans to schools	13	15
Other debtors and prepayments	96	300
	<u>138</u>	<u>382</u>
Due after more than one year		
Loans to parishes	375	403
Loans to schools	75	87
	<u>450</u>	<u>490</u>
Total debtors	<u>588</u>	<u>872</u>

16. CREDITORS: amounts falling due within one year

	2020 £'000	2019 £'000
Church Commissioners other loans	25	35
Deferred income	15	105
Other creditors and accruals	540	845
	<u>580</u>	<u>985</u>

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

	2020 £'000	2019 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	703	753
Church Commissioners other loans	12	47
Other loans	100	114
	<u>815</u>	<u>914</u>

The maturity of the above loans may be analysed as follows:

	2020 £'000	2019 £'000
Between one and two years	24	20
Between two and five years	38	86
In five years or more	753	808
	<u>815</u>	<u>914</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 £75,000 (2019 - £89,000) relates to the Schools Fund, £12,000 to the General Fund (2019 - £47,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, which is borne by the SDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the SDBF.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

18. SUMMARY OF FUND MOVEMENTS

	As restated At 1 Jan 2020	Income	Expenditure	Transfers	Gains and Losses	At 31 Dec 2020
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	5,350	5,542	(5,398)	148	268	5,910
Designated Funds:						
Clergy Conference	30	-	-	-	-	30
Church House Refurbishment	13	-	-	-	-	13
Quinquennial Costs	100	-	(23)	(77)	-	-
Interim & Assist. Diocesan Secretary match fun	60	-	(20)	(40)	-	-
Strategy implementation	65	-	-	(65)	-	-
Allchurches Trust Fund	105	154	(149)	(3)	-	107
Restructuring Fund	100	-	(93)	-	-	7
	473	154	(285)	(185)	-	157
RESTRICTED FUNDS						
Stipend Income	-	2,148	(2,148)	-	-	-
Pastoral	2,619	71	(11)	-	117	2,796
Church in Action	4,612	143	(424)	3	281	4,615
Schools	420	100	(104)	34	25	475
Projects	265	1,361	(1,332)	-	-	294
Miscellaneous Trusts	367	-	-	-	24	391
	8,283	3,823	(4,019)	37	447	8,571
ENDOWMENT FUNDS						
Stipend Fund Capital	11,090	-	(3)	-	486	11,573
Parsonages	31,478	40	-	-	328	31,846
Schools	1,488	-	-	-	53	1,541
	44,056	40	(3)	-	867	44,960
TOTAL FUNDS	58,162	9,559	(9,705)	-	1,582	59,598

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

18. SUMMARY OF FUND MOVEMENTS (continued)

	Restated At 1 Jan 2019	Income	Expenditure	Transfers	Gains and Losses	As at 31 Dec 2019
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	2,894	5,570	(5,425)	(74)	2,385	5,350
Designated Funds:						
Clergy Conference	30	-	-	-	-	30
Church House Refurbishment	13	-	-	-	-	13
Deanery Mission Initiative	25	-	(25)	-	-	-
Centenary Project	6	-	(6)	-	-	-
Quinquennial Costs	-	-	-	100	-	100
Interim & Assist. Diocesan Secretary match fun	-	-	-	60	-	60
Strategy implementation	-	-	-	65	-	65
Allchurches Trust Fund	106	148	(49)	(100)	-	105
Restructuring Fund	95	121	(116)	-	-	100
	275	269	(196)	125	-	473
RESTRICTED FUNDS						
Stipend Income	-	2,190	(2,190)	-	-	-
Pastoral	2,276	71	(20)	-	292	2,619
Church in Action	4,371	148	(128)	(451)	672	4,612
Schools	477	123	(184)	(54)	58	420
Projects	200	1,377	(1,766)	454	-	265
Miscellaneous Trusts	314	-	(2)	-	55	367
	7,638	3,909	(4,290)	(51)	1,077	8,283
ENDOWMENT FUNDS						
Stipend Fund Capital	10,074	-	-	-	1,016	11,090
Parsonages	31,203	40	-	-	235	31,478
Schools	1,331	-	-	-	157	1,488
	42,608	40	-	-	1,408	44,056
TOTAL FUNDS	53,415	9,788	(9,911)	-	4,870	58,162

19. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
To general from designated fund to for match funding of interim & assistant Diocesan Secretary	40	(40)	-	-
To general from designated fund for strategy	65	(65)	-	-
Quinquennials works, to general fund from designated fund	77	(77)	-	-
To schools fund from general fund for contribution to DBE costs transferred through reserves	(34)	-	34	-
From general fund to Church in Action fund	(3)	-	3	-
From designated fund to general fund for Doncaster Archdeaconry project funded by the Allchurches Trust	3	(3)	-	-
	148	(185)	37	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

20. SUMMARY OF ASSETS BY FUND

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	2,563	4,235	672	(1,560)	5,910
Designated funds					
Clergy Conference	-	-	30	-	30
Church House Refurbishment	-	-	13	-	13
Allchurches Trust Fund	-	-	107	-	107
Restructuring Fund	-	-	7	-	7
	-	-	157	-	157
RESTRICTED FUNDS					
Pastoral	-	2,310	487	-	2,797
Church in Action	-	4,817	(47)	(152)	4,618
Schools	-	394	173	(93)	474
Projects	-	-	290	-	290
Miscellaneous Trusts	-	373	19	-	392
	-	7,894	922	(245)	8,571
ENDOWMENT FUNDS					
Stipend Fund Capital	2,640	8,351	592	(10)	11,573
Parsonages	29,185	2,183	478	-	31,846
Schools	-	1,541	-	-	1,541
	31,825	12,075	1,070	(10)	44,960
TOTAL FUNDS AS AT 31 DECEMBER 2020	34,388	24,204	2,821	(1,815)	59,598

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

20. SUMMARY OF ASSETS BY FUND

	As Restated		Current		Net Assets £'000
	Fixed Assets £'000	Investments £'000	Assets £'000	Creditors £'000	
UNRESTRICTED FUNDS					
General	2,836	3,994	479	(1,959)	5,350
Designated funds					
Clergy Conference	-	-	30	-	30
Church House Refurbishment	-	-	13	-	13
Quinquennial Cost	-	-	100	-	100
Interim Assistant DS match funding	-	-	60	-	60
Strategy implementation	-	-	65	-	65
Allchurches Trust Fund	-	-	105	-	105
Restructuring Fund	-	-	100	-	100
	-	-	473	-	473
RESTRICTED FUNDS					
Pastoral	-	2,179	440	-	2,619
Church in Action	-	4,536	217	(141)	4,612
Schools	-	369	602	(551)	420
Projects	-	-	269	(4)	265
Miscellaneous Trusts	-	349	18	-	367
	-	7,433	1,546	(696)	8,283
ENDOWMENT FUNDS					
Stipend Fund Capital	1,787	9,156	163	(16)	11,090
Parsonages	29,356	2,024	98	-	31,478
Schools	-	1,488	-	-	1,488
	31,143	12,668	261	(16)	44,056
TOTAL FUNDS AS AT 31 DECEMBER 2019	33,979	24,095	2,759	(2,671)	58,162

21. DESCRIPTION OF FUNDS

GENERAL FUND	The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.
DESIGNATED FUNDS	
Clergy conference	The Clergy Conference Fund is funding set aside to support a programme of training events to be arranged by the Bishop of Sheffield.
Church House Refurbishment	This fund relates to legacies received in 2008 and 2009 designated as funds available to SDBF to develop facilities and resources at Church House.
Quinquennial Repairs	Funds designated for expected high costs in quinquennial repairs in 2020. Many repairs were delayed due to pandemic restrictions. Fund closed in 2020 following Bishop's Council review of SDBF Reserves Policy, with balance transferred back to the General Fund.
Interim Diocesan Secretary Match Funding	Match funding set up to work alongside the Capacity Funding from the Church Commissioners. The funds have been utilised or transferred to General Fund in 2020.
Strategy Implementation	This fund was set up to support implementation of the Diocesan Strategy but as part of the Reserves Policy review and receipt of national grants in 2020, all funds have been released back to the General Fund in 2020.
Allchurches Trust Fund	From grants received from the Allchurches Trust, SDBF has designated this fund to help kick start a growth regeneration programme in the Doncaster area where there are high levels of deprivation.
Restructuring Fund	A fund using nationally allocated resources to support restructuring for the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

21. DESCRIPTION OF FUNDS (continued)

RESTRICTED FUNDS

Pastoral Fund	<p>The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:</p> <ul style="list-style-type: none"> • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other dioceses • to transfer funds to the Diocesan Stipends Fund income or capital accounts.
Church in Action	<p>The Church in Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.</p>
Church Schools Fund	<p>This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.</p>
Projects	<p>The projects undertaken by the SDBF are as follows:</p> <ol style="list-style-type: none"> 1. Mission Partnership Development Worker Project 2. Centenary Project 3. Children's, Youth and Families Worker Project 4. Resourcing Churches Project
Miscellaneous Trusts	<p>There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows:</p> <p>Queen Victoria Fund Training of Ordinands - Alice Marple Trust Training of Ordinands - E J Freeman Bequest Elizabeth Bramall Trust Sheffield Scripture Readers General Trusts Sheffield Scripture Readers Benevolent Trusts First Lord Grimthorpe Charity Fund</p>

ENDOWMENT FUNDS

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

22. CAPITAL COMMITMENTS

At 31 December 2020 the SDBF had capital expenditure commitments authorised but not contracted for of £Nil (2019 - Nil), and contracted for but not yet due of £Nil (2019 - £Nil).

23. PENSIONS

Church of England Funded Pension Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year (2020: £0.843m, 2019: £0.753m), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £Nil for 2020 (total release 2019: £1.468m).

As at 31 December 2020, the number of members at this Responsible Body was 120 (2019: 124).

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

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

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

	January 2018 to December 2020	January 2021 to December 2022
% 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

23. PENSIONS (continued)

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020 £'000	2019 £'000
Balance sheet liability as at 1 January	772	2,610
Contributions paid	(359)	(370)
Interest costs (recognised in the SoFA)	7	51
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(1,519)
Balance sheet liability as at 31 December	<u>420</u>	<u>772</u>

* 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 2020	December 2019	December 2018
Discount rate	0.2% p.a.	1.1% p.a.	2.1% p.a.
Price inflation	3.1% p.a.	2.8% p.a.	3.1% p.a.
Increase to total pensionable payroll	1.6% p.a.	1.3% p.a.	1.6% p.a.

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

Church Workers Pension Fund (CWPF)

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

The SDBF contributes to the Pension Builder 2014 only.

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

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

The scheme is a multi-employer scheme as described in section 28 of FRS102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable 2020: £160,340 (2019: £145,813).

A valuation of the Pension Builder scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

23. PENSIONS (continued)

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

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

24. RELATED PARTY TRANSACTIONS

The Very Reverend P E Bradley, who is a director of the SDBF, was also a trustee of Sheffield Cathedral Chapter till 31 December 2020. At 31 December 2020 there is a loan debtor outstanding from Sheffield Cathedral Chapter of £359,992 (2019: £380,417). During 2020 the Sheffield Cathedral Chapter contributed £nil (2019: £nil) to the SDBF's support for parish ministry activities.

25. FUNDS HELD AS CUSTODIAN TRUSTEE

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

	2020 £'000	2019 £'000
CBF Church of England Investment Fund Income Shares	5,065	4,769
CBF Church of England Fixed Interest Securities Fund Shares	284	305
COIF Income and Accumulation Shares	288	272
CBF Church of England Deposit Fund	949	943
Other Investments	278	-
Cash at bank	277	519
	<u>7,141</u>	<u>6,808</u>

26 RESTATEMENT OF COMPARATIVES

The comparative figures have been restated to include the revaluation of investment properties at 31 December 2019 which were not previously recognised. The effect of the restatement has been to increase the net gains on investments and the total fund balance at 31 December 2019 by £345,000.