

## **Paper 5.1 - Finance Report – July 2025**

The main Finance focus for the meeting is the presentation of the 2024 Financial Statements following the audit with Saffery presented under paper 7.2. There are some additional Finance areas to cover:

- DBF General Fund Management Accounts for Quarter 1 2025
- DBF Cash balances at 31 May 2025
- Common Fund Planning for 2026

### **Overview of SDBF Financial Position as at 31 December 2024**

At the April meeting, the operating position going into the audit was set out and there has been no significant movement from that position, with the final summary set out below:

Overall DBF Position – Statement of Financial Activities:

Overall Revenue is £10.07m compared to £10.13m in 2023 with a reduction in the income recognised from the Archbishop's Council (£4.17m versus £4.64m) being offset by slightly higher parish contributions and income from sale of certain property assets.

Total Expenditure is identical year on year at £11.65m.

This gives an overall net deficit (before investment revaluation gains) at the DBF level of £1.54m (compared to a net deficit of £1.22m in 2023).

In 2023 unrealised gains from investments amounted to £1.94m, with the position in 2024 significantly less at £0.54m due to the reduced gains on the value of CCLA investments.

The overall net reduction in funds for 2024 is £1.04m compared to a net increase of £0.42m in 2023.

Overall DBF Position – Net Assets:

The £1.04m net deficit flows through from the Statement of Financial Activities to give a reduction in Net Assets from £60.84m to £59.80m with the reduction coming from fixed assets and investment. The other balance sheet items, Cash + Debtors + Creditors are broadly consistent year on year.

The net deficit on the Unrestricted General Funds has led to a reduction of net assets from £6.73m to £5.50m. Of the £5.50m noted, Free Reserves which are defined as

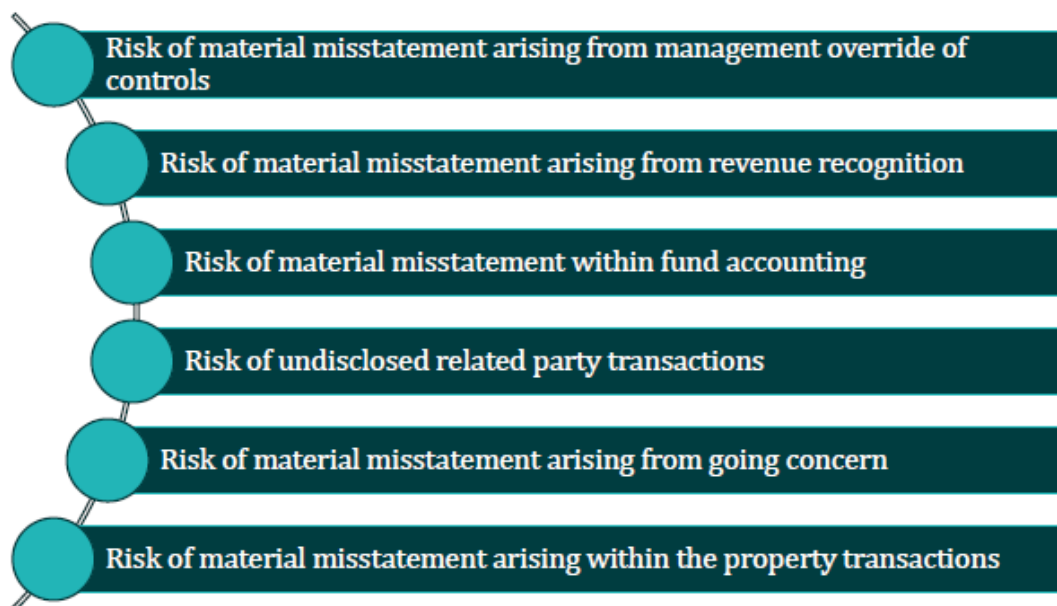
readily realisable assets (exclude tangible fixed assets, i.e. properties and any associated loans) amount to £3.9m.

FaPC review the level of reserves and there is modelling in place which looks to use Restricted Reserves where possible to minimise the reduction in General Fund reserves. The agreed budget deficit on the General Fund for 2025 was £1.99m (approved by Diocesan Synod in November 2024), which will have support of £1.0m from the recent SMMIB award. There will be additional funding support, in the form of Time Limited Support, coming from the latest Triennium Funding Review, with details being released in the last week or so and in the process of being modelled through ahead of the 2026 budget process.

### **2024 Audit Process**

The audit process with Saffery has run smoothly this year with the accounts approved by Bishop's Council on 24 June 2025. Representatives from Saffery LLP attended the meeting to present their audit findings. The final audit report to 31 December 2024 has not identified any significant areas of control weaknesses or additional risk not captured in the current SDBF risk register.

The key audit risks which were review and tested are noted below:



A full copy of the Annual Report and Financial Statements are circulated along with this paper for information (paper 7.2).

Cannon Ian Walker, will move two items:

“THAT the Accounts of the Diocesan Board of Finance for the twelve months ended 31 December 2023 be taken note of and the Reports of the Directors and Auditors thereon be received.”

“THAT Saffrey Champness Chartered Accountants and Registered Auditors be appointed Auditors to the Diocesan Board of Finance for the year ending 31 December 2025 and that the Trustees be authorised to fix their remuneration for the Audit of the 2025 accounts.”

### **General Fund Management Accounts Quarter 1 2025**

The initial management accounts for the Unrestricted General Fund are provided at the end of the report for Q1 compared to the budget approved by Diocesan Synod in Appendix 1 below.

#### **Income**

Income for the first quarter amounted to £1.48m compared to budget of £1.69m. Common Fund is circa £100k behind budget at this stage. There is still a bit more work to do on the “Cost recovery from projects” area as we work through the different projects and our Q1 grant claims which will increase our Q1 income a little more. Investment income is also behind budget, but this is due to phasing of income compared to an evenly spread budget.

#### **Expenditure**

Total Expenditure was £1.95m compared to budget of £2.13m. Salary and stipend costs are largely in line with budget. The main variance to budget at this stage is lower housing costs on repairs.

#### **General Fund Deficit**

The deficit on the General Fund is £467k compared to budget of £445k, so broadly in line given the variances to income and expenditure noted above.

#### **Cash Position**

The cash position across the three main bank accounts as at 31 May 2025 was as follows:

General Account = £724,000

Church In Action = £344,000

Schools Account = £613,000

More work will be conducted during 2025 to provide better cashflow modelling and factor in some of the property/investment related aspects.

### **Common Fund Planning for 2026**

The 2025 Common Fund Budget was set at £3.5m and current pledges/giving levels are around the £3.4m level at this stage.

FaPC has discussed the outline plans for the 2026 Pledge Requests, with the initial plans looking at asking parishes to aim for 5% increase in pledges, with a minimum 3% target. Those churches with capacity funding targets will obviously have different targets. Based on achieving the 2025 £3.5m level then the 3% increase level would grow total Common Fund to circa £3.6m, whilst the 5% increase and higher growth from capacity funded churches would give a level of circa £3.7m.

Further documentation relating to the Pledge Ask to parishes will be circulated in the coming weeks.

Prepared by:

**Tony Gardiner**  
**Finance Director**

## Appendix 1

### General Fund Management Accounts Q1 2025

Sheffield Diocesan Board Of Finance			
01 - General Funds Dept - SDBF Departmental View of General Fund Spend	Total		
	Amount	Budget	Variance
Common Fund General Fund	677,207	750,727	-73,520
Common Fund Ephesians Fund	34,290	33,429	861
Common Fund Diocesan Restricted PLF Fund	44,419	76,969	-32,550
Church Commissioners Grants received	475,183	458,750	16,433
Grants and Donations	2,326	31,000	-28,674
Fees and other income from Parishes	101,830	77,750	24,080
Rental income	67,570	53,800	13,770
Investment income	34,568	92,000	-57,432
Other Income	2,162	11,000	-8,838
Cost recovery from projects etc	40,832	100,750	-59,918
<b>Income</b>	<b>1,480,386</b>	<b>1,686,174</b>	<b>-205,788</b>
Grants Payable	54,964	63,669	-8,705
<b>Grants Payable Total</b>	<b>54,964</b>	<b>63,669</b>	<b>-8,705</b>
Parish Ministry - Incumbents Stipends	607,445	638,239	-30,794
Parish Ministry - Curates Stipends	146,660	122,846	23,814
<b>Parish Ministry - Total Stipend costs</b>	<b>754,106</b>	<b>761,085</b>	<b>-6,979</b>
Parish Ministry - Housing	468,745	549,814	-81,069
Parish Ministry - Recruitment	29,466	62,053	-32,587
Parish Ministry - Other costs	8,731		8,731
<b>Parish Ministry - Total non-stipendary costs</b>	<b>506,942</b>	<b>611,867</b>	<b>-104,925</b>
<b>Parish Ministry - Total Parish Ministry Costs</b>	<b>1,261,047</b>	<b>1,372,952</b>	<b>-111,905</b>
<b>Parish Ministry - Total Ministry Support Costs</b>	<b>432,972</b>	<b>528,759</b>	<b>-95,787</b>
Church House - Admin, Premises & IT shared costs (net after allocations)	46,965		46,965
<b>Church House allocated cost (over or under)</b>	<b>46,965</b>		<b>46,965</b>
Management and Administration - Dio Sec and Admin	60,262	50,139	10,123
Management and Administration - Finance Department	65,096	85,430	-20,334
Management and Administration - HR Department	26,511	30,672	-4,161
<b>Management and Administration Total</b>	<b>151,869</b>	<b>166,241</b>	<b>-14,372</b>
<b>Total Expenditure</b>	<b>1,947,817</b>	<b>2,131,621</b>	<b>-183,804</b>
<b>Net Surplus/(Deficit)</b>	<b>-467,430</b>	<b>-445,447</b>	<b>-21,983</b>