DIOCESE OF HEXHAM AND NEWCASTLE

England & Wales · Charity number 1143450

Details

Status	Registered
Legal form	Charitable company
Company number	07732977
Registered	2011-08-18
Register	View on the Charity Commission register

Contact

Address	St Cuthbert's House West Road Newcastle Upon Tyne NE15 7PY
Phone	01912433300
Email	chiefoperatingofficer@diocesehn.org.uk
Website	www.diocesehn.org.uk

Activities

Objects: 5.1. THE ADVANCEMENT OF THE ROMAN CATHOLIC RELIGION IN THE DIOCESE OR ELSEWHERE BY SUCH MEANS AS THE BISHOP AND THE DIRECTORS THINK FIT, AND THE PROVISION OF CHARITABLE SUPPORT OR SERVICES (WHETHER IN THE DIOCESE OR ELSEWHERE) IN FURTHERANCE OF THAT OBJECT.5.2 THE ADVANCEMENT OF THE EDUCATION OF THE PUBLIC IN ACCORDANCE WITH THE PRINCIPLES AND DOCTRINES OF THE ROMAN CATHOLIC RELIGION PARTICULARLY BY THE PROVISION AND SUPPORT OF SCHOOLS AND OTHER EDUCATIONAL ESTABLISHMENTS (WHETHER IN THE DIOCESE OR ELSEWHERE) AND THE PROVISION OF FACILITIES FOR THE EDUCATION OF THE PUBLIC AS THE BISHOP AND THE DIRECTORS SHALL FROM TIME TO TIME THINK FIT.5.3 SUCH OTHER INCIDENTAL, ANCILLARY OR ASSOCIATED CHARITABLE PURPOSES FOR THE BENEFIT OF THE PUBLIC AS THE BISHOP AND THE DIRECTORS FROM TIME TO TIME DECIDE.THIS IS THE INCORPORATED SUCCESSOR CHARITY TO THE FOLLOWING CHARITIES: CHARITY NUMBER 234071 - CHARITY FOR ROMAN CATHOLIC PURPOSES IN THE DIOCESE OF HEXHAM AND NEWCASTLE AND CHARITY NUMBER 235686 - HEXHAM AND NEWCASTLE DIOCESAN TRUST (1947)

Activities: THIS IS THE INCORPORATED SUCCESSOR CHARITY TO THE FOLLOWING: CHARITY NUMBER 234071 - CHARITY FOR ROMAN CATHOLIC PURPOSES IN THE DIOCESE OF HEXHAM AND NEWCASTLE AND CHARITY NUMBER 235686 - HEXHAM AND NEWCASTLE DIOCESAN TRUST

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(1947).PROMOTION OF THE ROMAN CATHOLIC FAITH BY SUPPORTING CLERGY, PROVIDING PASTORAL WORK IN PARISHES AND IN COMMUNITIES, PROVIDING LIFE-LONG CHRISTIAN EDUCATION.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Religious Activities, Human Rights/religious Or Racial Harmony/equality Or Diversity
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- Darlington
- Durham
- Gateshead
- Hartlepool
- Newcastle Upon Tyne City
- North Tyneside
- Northumberland
- South Tyneside
- Stockton-on-tees
- Sunderland

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£12,925,000	£16,000,000	£103,265,000	183
2024-03-31	£12,636,000	£14,004,000	£103,313,000	184
2023-03-31	£10,268,203	£12,438,263	£97,896,934	170
2022-03-31	£9,835,000	£10,342,000	£101,579,000	155
2021-03-31	£7,293,168	£9,514,574	£98,226,483	147

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Trustees

Name	Role	Appointed
CATHERINE PATRICIA DYER		2021-03-25
Canon Martin Stempczyk		2023-05-31
Father Jeffrey John Dodds		2025-01-10
Father Mark Millward		2023-05-31
James O'Keefe		2023-05-31
Lyn Murray		2023-05-25
Michael Shorten		2024-10-17
Professor Kathleen McCourt		2024-09-10
Right Rev Stephen Wright LLB, STL		2023-07-19

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DIOCESE OF HEXHAM AND NEWCASTLE

England & Wales - Charity number 1143450

Accounts

Diocese of Hexham and Newcastle

A Company Limited by Guarantee: Registered No. 7732977

Group Report and Financial Statements

31 March 2025

Trustees' Report

Diocese of Hexham and Newcastle

Trustees' Report for the year ended 31 March 2025

Trustees
Bishop Stephen Wright
Reverend Peter Leighton (resigned January 2025)
Catherine Patricia Dyer
Sister Helen Bernadette Costigane (appointed November 2022. Resigned October 2025)
Lyn Murray
Reverend Mark Millward
Reverend Martin Stempczyk
Reverend James O'Keefe
Eamonn Michael Donnelly
Kathleen McCourt (appointed September 2024)
Michael Shorten (appointed October 2024)
Reverend Jeffrey John Dodds (resigned May 2023. Re-appointed January 2025)

Chief Operating Officer
Fiona Standfield

Registered Office
St Cuthbert's House
West Road
Newcastle upon Tyne
NE15 7PY

Solicitors
Collingwood Legal
Muckle LLP
Winkworth Sherwood
Womble Bond Dickinson

Bankers
HSBC plc
Newcastle upon Tyne

Investment Managers
CCLA Investment Management

Land Agents
Avison Young
Savills UK Ltd
BNP Paribas
GF White

Auditors
HaysMac LLP
10 Queen Street Place
London
EC4R 1AG

Trustees' Report

1. Trustees' Report.

1.1 Introduction.

This report provides an update on areas of responsibility of the Trustees, together with brief comments on some of the main activities and achievements across the Diocese in the year from 1 April 2024 until 31 March 2025. Where relevant for a fuller view, some information from the Financial Year 2025/26 is referred to.

The Trustees, who are also Directors for the purposes of Company Law, present their report and the financial statements of the Group for the year ended 31 March 2025 which comprises the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The consolidated financial statements of the Diocese of Hexham and Newcastle include the results of the Diocese of Hexham and Newcastle (charity registration number 1143450 and company registration number 07732977) and the Youth Ministry Trust (charity registration number 1146158 and company registration number 07937704). The registered and principal office of the Youth Ministry Trust is Emmaus Village, Pemberton Road, Allensford, Consett, County Durham, England, DH8 9BA.

1.2 Governance, Structure and Decision Making

The Diocese of Hexham and Newcastle is both a canonical and civil entity. As a canonical entity, it is a Roman Catholic Diocese, governed by Canon Law and accountable to the Holy See. As a civil entity, it is a registered charity and company limited by guarantee, accountable to both the Charity Commission and Companies House and subject to the Acts of Parliament and case law that apply in England and Wales.

On 1 April 2012 the assets and operations of the Diocese transferred to this Charitable Company Limited by Guarantee, called Diocese of Hexham and Newcastle. The Company number is 7732977 and the Charity Number is 1143450. The Directors of the Charitable Company are the Trustees. This Charitable Company delivers the activities of the Diocese.

In collaboration with the Diocesan Bishop who, as Chair, exercises the leadership function within the Diocese as a canonical entity, the Board agrees the strategic direction for the Diocese, including how to deliver the Diocesan Vision while ensuring the most efficient and effective stewardship of the organisation's financial and Human Resources; to provide the continuing care, oversight and development of its clergy, laity and staff.

The Board is responsible for ensuring that the Diocese fulfils its Charitable Objects as stated in the Articles of Association:

Trustees' Report

I. The Advancement of the Roman Catholic Religion in the Diocese or elsewhere by such means as the Bishop and the Directors think fit, and the provision of charitable support or services (whether in the Diocese or elsewhere) in furtherance of that object.

II. The Advancement of the education of the public in accordance with the principles and doctrines of the Roman Catholic Religion particularly by the provision and support of schools and other educational establishments (whether in the Diocese or elsewhere) and the provision of facilities for the education of the public as the Bishop and the Directors shall from time to time think fit.

III. Such other incidental, ancillary or associated charitable purposes for the benefit of the public as the Bishop and the Directors from time to time decide.

The Diocese of Hexham and Newcastle is the sixth largest Diocese in England and Wales and is situated in the North-East of England. With an area of 3,195 square miles, the boundaries are the border with Scotland in the north and the River Tees in the south. The total population of the area is 2,368,000, with an estimated Catholic population of 214,257.

The Diocese is under the leadership of Bishop Stephen who was installed as the fifteenth Bishop of Hexham and Newcastle on 19 July 2023.

The Diocese consists of 135 Parishes, grouped into 18 Partnerships, within five geographical Deanery areas.

62 Diocesan Priests are in active ministry throughout the 135 Parishes of the Diocese. They are supported by a number of Priests who have retired from office as well as 35 visiting Priests, 8 of whom are from an overseas Diocese and 27 of whom are from a Religious Order, some of whom are from overseas. There are four Diocesan Priests in ministry outside of the Diocese.

There were three Seminarians in formation in the year ended 31 March 2025 with one at St Mary's College, Oscott, and one at the Allen Hall, London. There was one Priest ordained in the Diocese in July 2024 and one Deacon ordained in July 2025.

All matters concerning the care and development of the clergy and the pastoral care of the people of the Diocese are led by the Bishop in consultation with his Bishop's Council. The Bishop's Council consists of the two Vicars General, one for the north and one for the south of the Diocese, and the Bishop. They meet very frequently through the year and also meet regularly with the five Deans.

The Vicars General are:
Reverend Jeff Dodds, Vicar General North
Reverend Mark Millward, Vicar General South
The Deans are:
Reverend Shaun O'Neill, Northumberland
Reverend Christopher Hughes, Newcastle and North Tyneside
Reverend Canon Martin Stempczyk, South Tyneside and Gateshead
Reverend Andrew Downie, Sunderland and Durham
Reverend Anthony Currer, Cleveland

Trustees' Report

The Episcopal Vicars are:
Reverend Adrian Tuckwell, Episcopal Vicar for Caritas
Reverend Canon Simon Lerche, Episcopal Vicar for Education
Father Ian Jackson, Episcopal Vicar for Religious

Each Parish provides for the religious needs of its people through Church services and education in the Roman Catholic faith, and is responsible for the spiritual growth of people of all ages, with particular emphasis on meeting the needs of the sick and the poor and encouraging charitable work. Active participation with the Catholic faith helps to engender understanding of the need to care for others in our parish communities, with local development projects existing throughout the Diocese.

The Diocese works in harmony with other Christian denominations, people of other faiths and none, with myriad charities and support organisations across all of our local communities. The most significant outreach work is undertaken by the many thousands of volunteers based in our Parishes. Our volunteers and Parish Priests run a variety of successful local activities including those for children and young people, mothers and toddlers, and dementia friendly groups, as well as delivering services such as homelessness support, assistance for those who are victims of domestic abuse, bereavement care and support for refugees. Priests and volunteers visit people who are housebound or isolated, including those in Care Homes, and those in Prison.

There are further specific examples of some of our outreach work set out in the paragraph on Caritas at 1.7 below.

Extraordinary Ministers of the Eucharist assist Priests in taking Holy Communion to those members of a Parish who are too infirm to attend Mass. Parish volunteers are often also involved with other local charities. The ethos engendered in our Parishes encourages people to give so much of themselves freely to others in their communities.

Parishes are not only aware of the needs of others in their local communities but are also very conscious of the needs of those who are suffering elsewhere around the world as a result of poverty, poor health care, discrimination, persecution and violence; and many have particular projects that they support. Parishes also continue to directly support Mission work worldwide, including contributing to CAFOD's development work and disaster relief.

Governance: The Board of Trustees governs the Charitable Company, and in carrying out this responsibility supports and reviews the clergy and pastoral initiatives of the Bishop which affect the operational wellbeing and sustainability of the Charitable Company. The Articles of Association were amended by written resolution in July 2024 and further amended by written resolution in May 2025.

As at October 2025, the Board comprises the Bishop as Chair, with four Priests and five Lay Faithful, who give of their time on a voluntary basis. All are selected by the Bishop for their relevant skills and expertise. The Board Committee and sub-Committee structure was reviewed in spring 2025 and is in the process of being updated whilst various time limited working parties, established to look at specific matters, are in place. Each of the Board Committees has a Director/Trustee as Chair and members appointed by the Bishop. They may be assisted by professional experts who are co-opted if particular additional specialist skills are needed.

Trustees' Report

While the Board is responsible for all of the assets of the Charitable Company, in practice the Parish Priest acts as the local representative of the Diocese in many Parish matters. Parish Priests are obliged by Canon law to be assisted in their duties by a Parish Finance Committee and many also have Pastoral Councils. Given the impact on Diocesan assets and resources, and the need to ensure that all current employment and health and safety legislation, as well as safeguarding requirements, are complied with, the permission of the Board is required for all significant Parish projects.

The Parishes pay an annual levy towards the running of the Diocese, including for services such as Safeguarding, Health & Safety, Property, HR and Finance. The calculation of the levy is based equitably on income earned in the year. The levy was discounted for the years 2021 – 2023 reflecting the impact of the pandemic on attendance and income levels within Parishes. The year to 31st March 2024 saw the levy revert back to the level pre-pandemic.

To assist the Board in providing what is required for the Diocese to continue to flourish and for delivery of the Diocesan Vision, the operations of the Diocesan Curia are organised into formal Departments and Vicariates that report through the Chief Operating Officer and Episcopal Vicars to the Board.

The Chief Operating Officer and senior managers form a Senior Leadership Team that supervises execution of the central operational functions for the Charitable Company, providing professional expertise, administrative support, dissemination of information, leadership and guidance on everything that is required to contribute to the safety and success of the mission throughout the entire Charitable Company.

Diocesan employees carry out the Board's directions and refer matters arising for the Board's attention. The titles of the Departments reflect the work carried out: Care for Clergy; Communications; Data Protection; Education; Finance; Formation & Mission; Fundraising; Health & Safety; Human Resources; Property; Safeguarding; Technology Services.

1.3 Trustees' Recruitment and Appointment

Under the Articles of Association, the power of appointing new or additional Trustees rests solely with the Bishop. Trustees are recruited based upon the skills mix identified by the Bishop and existing Trustees as being required for Diocesan Governance. The recruitment process for Lay Trustees includes the completion of application paperwork, the submission of three references and the completion of declaration of interests and non-disqualification forms. The recruitment process for Priest Trustees is based both upon role (the Vicars General are the Vice Chairs of the Board) and skills and includes the completion of declaration of interests and non-disqualification forms. Trustees complete a DBS check through the Diocesan Safeguarding Department.

The induction process for any newly appointed Trustee involves an initial meeting with the Bishop, access to relevant paperwork such as a copy of the Charitable Company's Memorandum and Articles, a copy of the most recent statutory accounts and Board papers as well as meetings with key members of the Curia, all to better understand the work, roles and responsibilities involved. All Trustees are provided with opportunities to attend relevant training and receive regular circulars from the Charity Commission, as well as receiving updates at Board meetings and Committees from the Catholic Safeguarding Standards Agency (CSSA).

Trustees' Report

1.4 Going concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and assessment of current strength of position and its exposures to credit risk are set out below. For the year to 31st March 2025 Group and Company accounts have been prepared. Although a separate legal entity, the Youth Ministry Trust has been included in the consolidated Group Accounts because of the relationship between the Youth Ministry Trust and the Diocese in that the Diocesan Bishop appoints its Trustees, and the Diocese is its sole Member.

The Group meets its day to day working financial commitments from both cash and investment reserves. At 31 March 2025 the Group held total reserves of £105.4 million, consisting of Restricted Funds of £17.1 million and Unrestricted Funds of £88.3 million. The Group, as at 31 March 2025, had cash at bank and in hand of £13.9m and has maintained similar cash levels up to the date of authorisation of the financial statement.

The going concern assessment period that needs to be addressed by Trustees is the period to 31 December 2026. In performing this assessment, the Charitable Company's income and expenditure has been forecasted and projections show that it will be able to operate within the level of its current arrangements.

Using the Diocesan Risk Register, Trustees have reviewed significant risks, including the potential for any strategic changes forthcoming from Rome, failure to comply with safeguarding arrangements, employment and health & safety legislation, meeting continually rising costs such as the increase in employer national insurance contributions, insurance of buildings and support for sick and retired Priests. Trustees have considered the possible mitigating actions and consequent costs, and are of the view that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company could still meet its liabilities over the coming year as they fall due.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.5 Trustees' insurance

The Charitable Company maintains insurance for Trustees in respect of their duties as Trustees of the Charitable Company and to meet any claim against the Diocese including at Parish level. The Insurance Broker for 1 April 2024 to 31 March 2025 has been the Catholic Insurance Service (CIS).

1.6 Trustees' responsibilities for audit information

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Trustees' Report

Strategic Report

Chief Operating Officer's Report on behalf of Trustees

During the period under review, the Charitable Company has experienced a period of stability and continued positive change. Following Bishop Stephen's installation as the Bishop of Hexham and Newcastle in July 2023, his leadership continues to enable the Diocese to develop both pastorally and operationally.

The CSSA undertook an Audit of the Diocese in November 2024, with the report being published in early 2025 on both the CSSA and Diocesan websites. The overall outcome of this Audit was a grading, against the eight CSSA Standards, of "Results Being Achieved", with "Comprehensive Assurance" in Standards One (Effective safeguarding is embedded in the Church body's leadership, governance, ministry, and culture) and Three (Engage with and care for those who report having been harmed). Achievement of these gradings demonstrates the on-going Diocesan commitment to safeguarding and the associated work undertaken in response to the Safeguarding Action Plan, prepared during the summer of 2023, reviewed quarterly by the Safeguarding Committee and the Diocesan Board, and published on the Diocesan website. The Safeguarding Action Plan is now being developed into a Safeguarding Improvement Plan.

The Listening Exercises for Clergy, Staff and Laity commissioned by Archbishop McMahon have continued under the leadership of Bishop Stephen. The response to the Lay Listening Exercises continues at Parish level. The response to the Clergy Listening Exercises has been supported by Priests, Deacons and the Department for Formation and Mission, whilst the response to the Staff feedback has now become important work on continued culture development supported by the Senior Leadership Team.

The Diocese continues to work in partnership with the Centre for Catholic Studies at Durham University. The Bede Chair of Catholic Theology has provided ongoing active support to parishes and the wider Diocese.

Work to identify the optimum governance approach was chaired by the Bishop and has identified the appropriate structure and resource to deliver the Bishop's Diocesan Vision. This structure is in the process of being implemented.

The Board continues with its focus on developing an Equity, Diversity and Inclusion Strategy with involvement from Clergy, the Lay Faithful and employees.

With delegated authority from the Board, Trustee members of the Diocesan HR Committee work with the Chief Operating Officer, Head of Finance and Head of HR to prepare a paper for the March meeting of the Bishop and Trustees which sets out a proposal for the pay and remuneration of all employees. This proposal takes into account local and national benchmarks and ensures that the Living Wage is paid. If approved, the recommendations take effect on 1 April and are also applied to the remuneration of Priests.

The Care for Clergy Team continues to support Deacons and Priests in various aspects of Diocesan life, from vocation enquiries to caring for sick and retired Priests. The Team focuses on encouraging Deacons and Priests to reflect on how they can better support one another and collaborate more closely, as well as on strengthening relationships with Curia Staff. An example of this is the development of a Care for Priests Policy to enhance support for retired Diocesan Priests and which is funded by the Diocese. Additionally, equipping clergy, through an ongoing formation programme to help them

Trustees' Report

maintain good mental health and well-being, along with creating a support team accessible to clergy, remain priorities. Currently, a full-time Social Worker is dedicated to clergy support.

The Vicariate for Caritas encompasses a wide range of outreach, inclusion and developmental projects and continues to ensure they all provide the desired positive impact on the wider community within the Diocesan area. Key amongst the work of the Vicariate are the:

- Justice and Peace Co-ordinating Council, including the Diocesan Refugee Project - the latter continues to support 500 individuals each month providing essentials such as food, toiletries and clothing for those whose claims for asylum are not yet decided and who are not therefore entitled to work or claim benefits
- Anti-Racism Working Group - championing Equity, Diversity and Inclusion and helping to challenge and prevent discrimination on grounds of race
- Proud Catholics - championing Equity, Diversity and Inclusion and helping to challenge and prevent discrimination experienced by members of the LGBT+ community
- Mary's Place – which continues to grow in the number of people attending St Mary's Cathedral for support and continues to provide food to those on the streets
- Joe's Place - which is a drop-in centre for those seeking food and homelessness support
- Tyne and Wear Citizens – the Diocese of Hexham and Newcastle is a Founding Member of Tyne and Wear Citizens (TWC). TWC is a local alliance of civic organisations in the fields of education, faith and community, and part of the national charity Citizens UK which trains and develops leaders for public life to work together for the common good. Community organising at its heart, TWC seeks to transform unjust structures of society, rooted in the participation of communities and civic institutions, acting in solidarity for the dignity of all and the common good.
- Green Pastures and Outreach Housing - residents are provided with access to initial accommodation leased by the Diocese and supported by a Diocesan team of volunteers with the aim of moving them into more permanent accommodation
- Co-Ordination with national agencies such as the Catholic Agency for Overseas Development (CAFOD), the St Vincent de Paul Society (SVP) and the Caritas Social Action Network (CSAN).

The Caritas Fund, launched in 2022, continues to award grants to projects delivering charitable support to those in need in communities across the Diocese.

The Education Department oversees provision for our children and young people through 156 schools of which there are 130 primary, 2 infant, 2 junior, 1 first, 1 middle and 20 secondary schools. 151 of these schools are academies within four large Catholic Education Trusts (CETs) and five are voluntary aided primary schools.

Trustees' Report

Work is ongoing to develop strong working relationships with the Directors from the Boards of the four CETs. A yearly meeting has been established to enable Directors of each Trust to inform the Bishop and other Members (the Vicars General, Episcopal Vicar for Education, the Chief Operating Officer, Lay Trustee Chair of the Diocesan Education Committee and the Diocesan Director of Education) how they hold their CET Executive Teams to account. Half termly meetings and 1:1s held by the Diocesan Director of Education with the Chief Executive Officers of the CETs, as well as half termly meetings with members of the CET Executive Teams, have facilitated good working relationships. Key documentation, policies and procedures are known and understood by all. This shared expertise ensures the very best education is provided for all children attending Catholic schools within our Diocese.

The Diocesan Department for Education also facilitates life-long learning throughout the Diocese by running CCRS (Catholic Certificate in Religious Studies) and the National Catholic Leadership Programmes. There are currently 89 members of school staff undertaking the CCRS. Last year 13 completed the programme and were presented with their certificates at a Mass celebrated by the Priest lead on Liturgy. The certificate provides the opportunity for school staff to increase their subject knowledge in relation to the Catholic faith and therefore enhance teaching and learning opportunities for our pupils. In addition, there are 24 delegates on the National Catholic Leadership Programme and 25 delegates on the Aspiring Deputy Headteacher programme which will help with the future succession planning of school leadership.

At the time of writing there are 52,071 pupils in our Diocesan schools. Census data 2024 shows there are 51.60% of pupils that are Catholic. Within the schools there are 3,234 teachers of whom 49.2% are Catholic (the national average is 55.2%). It is clear that academisation is having an overall positive impact on our schools with 96.15% of schools achieving good or better Ofsted grades (the most recent national outcomes are 84% of secondary and 92% of primary achieving good or better). 98.72% of all schools achieve good or better in Catholic Schools Inspections.

The Department for Formation & Mission continues to provide formation and ministry development opportunities for parishioners across the Diocese. Over the past year, its work has focused on shaping the emerging Diocesan Vision and supporting the journey towards becoming a more synodal Church, rooted in listening, participation, and mission.

Collaboration across diocesan teams and with the Department for Caritas has strengthened parish outreach, with new initiatives such as foodbanks, warm hubs, and support for asylum seekers complementing traditional ecumenical partnerships.

The Department is also leading the development of a new Diocesan Pastoral Strategy and Plan, ensuring that all have access to high-quality formation and that volunteers receive appropriate training and support. These efforts continue to nurture leadership, deepen faith, and build confident communities committed to living the Gospel through service and growth.

The Finance Department: including Financial Review, Reserves Policy and Expenditure during the year.

The Charitable Company's accounting policies delivering Financial Review are described in Note 1 to the Financial Statements.

Trustees' Report

Income and Expenditure during the year

The principal funding sources are as described in the Statement of Financial Activities (SOFA, seen on page 18). Charitable activities are funded primarily through donations such as collections at Mass in Parishes and including unrestricted donations and those given for a specific purpose. In 2025 total donations stand at £6,628k (2024: £6,511k). Donation income represents 51% of total income (2024: 52%). Investment income generated in the year formed a significant part of the Diocese's incoming resources, at £2,357k in the year (2024: £2,197k). Any annual deficits of income and expenditure incurred reduce cash and investments, which impairs the Diocese's ability to earn income. Income is earned from funds invested through CCLA, the Diocese's investment managers, of £978k (2024: £1,040k), investment property of £903k (2024: £860k) and cash in high interest earning deposit accounts of £476k (2024: £297k). Other income is earned from, for example, contributions from voluntary aided schools and the Catholic Education Service's (CET) as a contribution towards the work of the Department for Education. Fundraising, including Legacy Income, continues as a key focus, given the increasing cost challenges.

A detailed analysis of expenditure is given in note 3. Outlined below is how the expenditure of £16,000k in the year needed to deliver the key activities has been sourced.

Charitable Activity	**Funded by general income**	**Funded from specific income**	**Total Expenditure 2025**	**Total Expenditure 2024**
	£000	**£000**	**£000**	**£000**
Clergy Support	2,292	91	2,383	2,382
Pastoral Work	5,909	843	6,752	6,266
Education	1,665	439	2,104	1,055
Youth Ministry Trust	-	1,093	1,093	1,077
Property	3,147	82	3,229	2,818
Cost of Generating Funds	389	50	439	406
Cost of charitable activities	**13,402**	**2,598**	**16,000**	**14,004**

Net Assets for the Group stand at £105.4m at 31st March 2025 (2024: £103.3m). The Diocese incurred unrealised losses returns on investment in the year of £72k (2024: unrealised gains of £4,579k). Net assets comprise property, buildings and other fixed assets of £32,914k (2024: £32,948k) and investments of £51,744k (2024: £50,551k). Fixed assets, such as churches and presbyteries, are not easily realised into cash, and are excluded from any calculations on funds available to deliver day-to-day charitable expenditure. Cash held by the Diocese, including all Parish current accounts, stood at £14,102k in the year (2024: £17,482k). Simply, the amount of cash held would support 11 months of expenditure as incurred in the year (2024: 1.3 years).

Trustees' Report

Reserves Policy

At 31 March 2025 the Group held total reserves of £105.4m (2024: £103.3m), consisting of Restricted Funds of £17.1m (2024: £15.0m) and Unrestricted Funds of £88.3m (2024: 88.4m). Trustees decide the level of free reserves to be held by the Charitable Company. Free reserves are those available to spend on any or all of the Charitable Company's purposes, being unrestricted reserves excluding those invested in fixed assets such as our church buildings, investment properties, or through our investment managers, those otherwise committed such as funds for the use of specific projects and reserves related to the Youth Ministry Trust which are restricted by way of their charitable objects. Fixed assets are excluded because these assets cannot be realised without undermining the fundamental work of the Charitable Company.

In calculating the level of reserves to be retained by the Charitable Company, the Trustees give due regard to the need for the Charitable Company to fulfil all of its obligations and commitments and to finance the activities that it currently undertakes, as well as the rising costs of future requirements including clergy retirement, and maintenance of Parish properties including special projects such as the Lourdes Pilgrimage and development of the Emmaus Youth Village at Consett.

At 31st March 2025 free reserves stood at £14.4m (2024: £16.2m). The aim is to have retained free reserves sufficient to cover twelve months of unrestricted charitable expenditure: at 31 March 2025 thirty months' cover was held. The Diocese considers the reserves position on a regular basis. The thirty months' cover includes reserves held in cash and investments on which an income is earned. The additional reserves and income are deemed necessary to fund operational decisions in the next few years, including the Care for Priests Policy, implemented on 1st January 2025, which fulfils the Diocesan obligation to meet the financial needs of Priests. Further to this, the Diocese considers the reserves necessary to meet the current deficit position of the Central Budget, and to guard against the large fluctuations in investment gains and losses upon which the reserves are predominantly built.

Investment Policy and performance

The Articles of Association authorise the Trustees to make and hold investments using the funds of the Charitable Company without any restrictions. The Trustees recognise that the investment portfolio is held to provide for the future needs of the Charitable Company whilst supporting the ongoing costs. Therefore, the investment objective for the Diocese is to produce the optimum total return using income or capital, whichever is the most effective in the prevailing conditions. In setting an optimal total returns policy we identify, through a budgeting procedure, a level of cash return required from the main investment portfolio, whilst paying due regard to the need to protect the real value of the capital to ensure sustainability of Diocesan and Parish work over future generations. In the current conditions the aim is to withdraw not more than 3.5% of portfolio valuation per annum: the amount actually withdrawn during the year equated to 2.5% of the portfolio valuation.

The investment strategy is set on an annual basis with performance monitored by the Diocesan Investment Committee and reviewed quarterly with both the Fund Managers CCLA (appointed following a tender process in 2021) and a charity investment specialist

advisor, Stanhope Consulting. Members of the Diocesan Investment Committee, chaired by a Trustee and comprising Clergy, Staff and Lay Experts, provide advice and support to the full Board on investment matters. The Fund Managers are required to adhere to a strict ethical policy which is published on the Diocesan website. During the year the market value of the portfolios moved in line with the general market conditions. At 31 March 2025 the valuation of the main portfolio was 92% of the March 2024 valuation, reflecting instability in world markets as a result of economic and social challenges.

As at 31 March 2025 the accumulated unrealised losses, incurred from the decrease in value of our investments in the combined portfolio amounted to £1.4m (2024: gains of £3.7m). The Trustees recognise the challenging economic markets and believe the investment performance, including the losses incurred, to be reasonable.

Risk Management, including financial risk management and grants policy

The Charitable Company has a formal risk review process in place under which a Risk Register is maintained. The Risk Register is supported by Objectives and Key Performance Indicators, and all are reviewed by the relevant Board Committees and at every quarterly meeting of the Board. Changes to the scores of identified risks are monitored by the Chief Operating Officer with the relevant members of the Senior Leadership Team, and they implement further processes to mitigate risk whenever possible. The top risks identified where:

1. Declining numbers of active Clergy leading to increased Parish responsibilities impacting on Canon, Criminal and Civil Law requirements and impacting on sacramental life and mission
2. Inability to care for Sick and Retired Priests because of insufficient funds

Financial risk management objectives

As described above, the Charitable Company has established a risk and financial management framework, the primary objectives of which are to protect the Charitable Company from events that hinder the achievement of the Charitable Company's objectives. The Charitable Company has no operations outside the UK and is not exposed to movements in exchange rates, and therefore does not enter into transactions with derivative instruments. Cash flow and liquidity risk is covered by forecasting and management of cash. The Charitable Company has no significant individual debtors and therefore limited credit risk. Investments are diversified between those with guaranteed income but no capital growth, and those with potential capital growth but also the risk of capital losses. All investments are under the care of an external professional Fund Manager and with additional oversight provided to the Diocese by Stanhope Consulting which is a separate organisation.

Fundrasising

The Diocese of Hexham and Newcastle follows the Institute of Fundraising's Code of Fundraising Practice and is registered with the Fundraising Regulator.

Trustees' Report

No complaints about fundraising activities were received by the Diocese over the reporting period and therefore there was no requirement for escalation to the Regulator. The Diocese has its own procedures in place for dealing with complaints and concerning vulnerable persons.

Grants Policy

Each year the Bishop, assisted by guidance from the Catholic Bishops' Conference of England and Wales, decides which organisations will benefit from special collections to be taken in the Parishes. At a local level, Parish Priests and their Finance Committees decide which additional causes they will support to further the work of the Church, by means of special appeals. The amounts raised from such appeals and paid over to charities are sometimes supplemented from general offertory income, where this is approved by the Parish Priest and the Parish Finance Committee.

Property

An ongoing focus of the Property Department is bringing up to date the Parish Quinquennial Inspections which also incorporates investigations to determine the presence of any Reinforced Autoclaved Aerated Concrete (RAAC). The Department supported the retendering of the various Diocesan insurance policies and the subsequent transition to the CIS. The Department has managed several property disposals and the relocation of the Bishop's Office and residence. In addition, the Department has supported the Education Department in property related matters involving Diocesan property and land including the statutory transfer of Local Authority land, where necessary, as a result of the move to Academisation.

During the year the majority of building work has been of essential works of maintenance.

A total of £1.6million (2023/24 £1.7m) was spent in Parishes on building work ranging from repairs and minor projects totalling £666k (2023/24 £1.1m), to major works £936k (2023/24 £572k).

The remaining Voluntary Aided School projects continue to be handled by Curia colleagues, including approval, negotiation with the Education and Skills Funding Agency, administration of the grant, payments to contractors, and collection of the Governors' contributions.

School buildings expenditure amounted to £363k (2023/24 £149k), with the Government contributing 90% funding towards Voluntary Aided School work. The Diocese acts as an agent for School Governors in these matters, so the building expenditure is not recorded in Diocesan fixed assets.

Safeguarding

In the year under review safeguarding across the Diocese, which operates a policy of zero tolerance to abuse, has benefited from the proactive leadership of Bishop Stephen. The Safeguarding Committee welcomed a new Chair, Professor Kath McCourt CBE, who is the Diocesan Safeguarding Lead Trustee. Committee membership is constituted by senior members of the Clergy, individuals with professional expertise in safeguarding work, as well as an experienced Parish Safeguarding Representative (PSR).

Trustees' Report

An annual report, offering an overview of work undertaken by the Safeguarding Department over the previous and upcoming twelve months, is prepared by the Chair of the Safeguarding Committee and presented to the June meeting of the Diocesan Board.

The Bishop regularly attends the quarterly meetings of the Safeguarding Committee to observe the work it undertakes. A meeting is held between the Bishop and the Diocesan Head of Safeguarding after each Safeguarding Committee meeting so that the Bishop is updated on matters discussed and receives any recommendations from the Committee.

Departmental activity is independently inspected by the CSSA. The CSSA has created eight Standards against which Dioceses are measured. The Safeguarding Committee oversees the work of the Safeguarding Department with the aim of achieving continuous improved performance against the eight Standards. At Parish level, the PSRs support the work of the Safeguarding Department.

The Safeguarding Department continues to embed safeguarding in churches and parishes throughout the Diocese and is supported in this work through the use of Parish Safeguarding Dashboards which continue to be rolled out. With the full support of the Bishop, use of the Parish Safeguarding Dashboards will be mandatory from 2026.

Safeguarding training continues to be delivered to all Clergy, Curia employees and Trustees. For those who require a Disclosure and Barring Service (DBS) check, a wider rollout of national safeguarding training will commence in early 2026.

The Safeguarding Department responds to support victims and survivors of abuse who approach the Diocese, as well as appropriately supporting those who are subject to allegations and complaints. Where necessary, signposting is undertaken to ensure appropriate professional support is provided.

The Safeguarding Department continues to be involved in the planning of and preparation for Diocesan Pilgrimages as well as for other Diocese-wide group activities and projects.

Challenges and how they are being addressed

Although vocations to religious life are reducing, the Diocese continues to have some vocations for the Priesthood and Diaconate and to be assisted by Priests joining from overseas and Religious Orders.

The Care for Priests Policy, which has been developed to support Diocesan Priests in retirement and ill health, is in its first year of implementation. Trustees continue to develop an associated fundraising strategy.

Church attendance remains reduced, and this is impacting upon the number of volunteers assisting in Parishes. The rollout of Diocesan-wide technical solutions, coupled with ongoing support from Diocesan Departments such as Property, Safeguarding, Health & Safety, HR and Finance, these are assisting Parishes with many functions.

As in many areas of daily life, there are increasing demands upon a reducing income, with the impact of inflation affecting all essential goods and services purchased. These financial pressures are being addressed by a focus on income generation, including through fund raising, as well as a continued focus on making sure expenditure is designed to be as impactful as possible with the funds available.

Trustees' Report

In approving this Trustees Annual Report, the Trustees are also approving the Strategic Report included here in their capacity as Company Directors.

Approved by the Board of Trustees and signed on its behalf by:

† S. Wright

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 18/12/25

Trustees' Report

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Diocese of Hexham and Newcastle for the purpose of company law) are responsible for preparing the Trustees' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 affairs of the Charitable Company, the Group and of the income and expenditure of the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company 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 Charitable Company 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 on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

+ S. Wright

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 18/12/25

Consolidated Statement of Financial Activities

at 31 March 2025

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2025 Total £000	2024 Total £000
Income						
Income from donations		5,656	144	828	6,628	6,511
Legacies		182	43	44	269	1,057
Income from charitable activities		328	-	95	423	379
Grant Income		128	23	317	468	90
Investment income	2	806	1,225	327	2,358	2,197
Other income		973	242	515	1,730	1,579
Youth Ministry Trust trading income		-	-	1,049	1,049	823
Total income		8,073	1,677	3,175	12,925	12,636
Expenditure						
Expenditure on charitable activities:						
Clergy support	3	1,091	1,201	91	2,383	2,382
Pastoral	3	4,584	1,325	843	6,752	6,266
Education	3	-	1,665	439	2,104	1,055
Property	3	2,327	820	82	3,229	2,818
Youth Ministry Trust expenditure	3	-	-	1,093	1,093	1,077
Total expenditure on charitable activities		8,002	5,011	2,548	15,561	13,598
Expenditure on raising funds	6(b)	99	290	50	439	406
Total expenditure		8,101	5,301	2,598	16,000	14,004
Net Income/(expenditure)		(28)	(3,624)	577	(3,075)	(1,368)
Gains/(losses) on investment assets:						
Realised		(11)	(432)	-	(443)	(349)
Unrealised		-	(566)	(603)	(1,169)	4,579
Gains on revaluation of investment properties		3,542	898	-	4,440	76
Revaluation of fixed assets held for disposal		199	-	-	199	732
Net movement in funds		3,702	(3,724)	(26)	(48)	3,666
Fund balances at 1 April	21	64,760	23,594	14,959	103,313	99,647
Fund balances at 31 March	21	68,462	19,870	14,933	103,265	103,313

The notes on pages 21 to 48 form part of these financial statements.
All of the charity's activities derived from continuing operations during the above two financial periods.
The entity has taken the exemption available under s408 of the Companies Act 2006 and no separate Statement of Financial Activities is prepared for the Diocese of Hexham and Newcastle. The charity made a surplus for the year of £3.7 million (2024: a surplus of £4 million).

These financial statements were approved and authorised for issue by the Board of Trustees, and signed on its behalf by:

+S. Wright

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 18/12/25

Group and Charity Balance Sheet

at 31 March 2025

	Notes	2025 Group £000	2025 Charity £000	2024 Group £000	2024 Charity £000
Fixed assets					
Tangible assets	8	32,914	32,871	32,948	32,881
Investments	9	43,950	43,950	46,983	46,983
Investment properties	10	7,794	7,794	3,568	3,568
		84,658	84,615	83,499	83,432
Current assets					
Debtors	16	4,854	3,412	4,216	2,793
Debtors – Schools projects	16	220	220	154	154
Short term deposits	17	2,385	2,385	1,262	1,262
Short term deposits – Schools projects		-	-	-	-
Unsecured short term loans	18	74	74	121	121
Cash at bank and in hand		13,940	13,710	17,482	17,215
Cash at bank – Schools projects		744	744	1,493	1,493
		22,217	20,545	24,728	23,038
Creditors: amounts falling due within one year	19	3,610	3,329	4,914	4,614
Net current assets		18,607	17,216	19,814	18,424
Total assets less current liabilities		103,265	101,831	103,313	101,856
Net assets		103,265	101,831	103,313	101,856
Represented by:					
Restricted fund		13,499	13,499	13,481	13,481
Restricted fund – Youth Ministry Trust		1,434	-	1,478	-
Unrestricted parish funds		68,462	68,462	64,760	64,760
Unrestricted central funds		19,870	19,870	23,594	23,615
Total funds	21	103,265	101,831	103,313	101,856

The notes on pages 21 to 48 form part of these financial statements.

The entity has taken the exemption available under s408 of the Companies Act 2006 and no separate Statement of Financial Activities is prepared for the Diocese of Hexham and Newcastle. The charity made a surplus for the year of £2.2 million (2024: a surplus of £4 million)

These financial statements were approved and authorised for issue by the Board of Trustees, and signed on its behalf by:

Bishop Stephen Wright + S. Wright

Bishop of Hexham and Newcastle

Trustee

Date: 18/12/25

Consolidated Statement of Cash Flows

for the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Net cash (outflow) from operating activities	20	(4,645)	(2,747)
Investing activities			
Income from investments		1,454	1,337
Payments to acquire tangible fixed assets		(1,598)	(721)
Receipts from the sales of tangible fixed assets		-	-
Payments to acquire investments		(9,663)	(9,019)
Receipts from sales of investments		11,160	8,280
Receipts from direct lending investments		78	202
Payments to acquire investment properties		-	-
Unsecured short term loans repaid		46	30
		1,477	109
(Decrease)/Increase in cash and cash equivalents	20	(3,168)	(2,638)
Cash and cash equivalents at 1 April	20	20,237	22,875
Cash and cash equivalents at 31 March	20	17,069	20,237

The notes on pages 21 to 48 form part of these financial statements.

Notes to the financial statements

at 31 March 2025

1. Accounting policies

General Information

The Diocese of Hexham and Newcastle is a company limited by guarantee (registration number 07732977 and a registered charity (registration number 1143450) incorporated in England and Wales. The registered office is St Cuthbert's House, West Road, Newcastle Upon Tyne, NE15 7PY.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006 and the Statement of Recommended Practice for Charities (SORP) (Second Edition, effective 1 January 2019).

The accounts have been prepared in GBP on the grounds that this is the functional currency of the Group. The accounts are rounded to the nearest thousand.

The Diocese of Hexham and Newcastle meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements incorporate the following funds:

- Diocesan Central Fund
- Parishes' Fund
- Clergy Training Fund
- Managed Fund

Consolidation

The financial statements consolidate the results, assets and liabilities of The Diocese of Hexham and Newcastle and its subsidiary, Youth Ministry Trust (charity registration number: 1146158 and company registration number 07937704) on a line-by-line basis. Intergroup transactions and balances are eliminated on consolidation.

The financial statements do not consolidate the results of Sursum Corda Limited (company registration number 03986521) as not material to group.

Going Concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. At 31 March 2025 the Charitable Company held total reserves of £105.4 million, consisting of Restricted Funds of £17.1 million and Unrestricted Funds of £88.3 million. The Charitable Company, as at 31 March 2025, had cash at bank and in hand of £14.1m and has maintained similar cash levels up to the date of authorisation of the financial statements.

The going concern assessment period considered by the Trustees is the period to 31 December 2026. In performing this assessment the Charitable Company's income and expenditure has been forecasted and projections show that it should be able to operate within the level of its current arrangements.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements

at 31 March 2025

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the determination of judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure. Specific consideration is given to matters including the recoverability of debtors, the carrying value of fixed assets and the carrying value of investments, including investment properties. However, the nature of estimation means that actual outcomes could differ from those estimates.

Income and expenditure

Offertories, donations and legacies

Offertories are accounted for on a cash received basis. Donations and legacies are recognised when the Diocese becomes legally entitled to them and they can reasonably be measured in financial terms. Tax credits relating to Gift Aid are accounted for on an accruals basis linked to the income received.

Investment income

This is recognised on an accruals basis when dividends and interest from stocks and shares have been declared.

Ancillary income earned from granting short term use of functional assets to other parties is recognised on an accruals basis and presented within investment income.

Grant income (other than for schools' building work)

Grant income is included, in full, in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Income resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Grants for schools' building work

The Charitable Company acts as an agent for the School Governors in the recovery of grants and the payment of contractors for voluntary aided schools. Those grants and payments are not included in the financial statements, other than the amounts held by the Diocese on behalf of schools as grants received but not yet expended are included in the balance sheets as cash at bank and as creditors.

During the year the cost of schools' building works undertaken was £363k, being financed primarily by Government grants of 90% and by School Governors' contributions.

Income from charitable activities

This is accounted for on a cash receivable basis.

Expenditure

Expenditure is charged to the income and expenditure account on an accruals basis. Irrecoverable VAT is charged to the category of expenditure for which it was incurred.

Charitable Activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objectives of the Charitable Company, including direct staff costs, other direct costs, and apportioned support costs.

Governance Costs relate to the general running of the Charitable Company, and include such items as external audit, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Costs of Generating Funds include the costs incurred in generating voluntary income, fundraising trading costs, and investment management costs.

Grants paid/payable

Grants payable are recognised when payment is authorised.

Notes to the financial statements

at 31 March 2025

1. Accounting policies (continued)

Fixed asset investments

Quoted investments are shown in the financial statements at their market value at the balance sheet date. The resulting unrealised surplus or deficit is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Direct lending investments are initially recognised at cost. They are reviewed with the assistance of external investment managers, and provision is made against the value if recoverability of the full loan is in doubt. The movement in any such provision is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Current assets

Cash at bank in hand in the balance sheet consists of cash balances and short term deposits with an original maturity date of three months or less. Short term deposits with a maturity of over three months are separately disclosed within fixed asset investments.

All current assets are stated at the lower of cost and net realisable value.

Liabilities

Liabilities are recognised at the point where a legal or constructive obligation exists as a result of a past event. Provisions are liabilities where the timing and quantum of the economic outflows are significantly uncertain. The Charitable Company recognises provisions on an undiscounted basis.

Interest free loans

Occasionally the Charitable Company makes small interest free loans to priests. These are repayable over three to five years.

Deposits and loans

The Charitable Company operates a mutual system. Where parishes have money surplus to their immediate needs it is deposited centrally with the Diocese and interest may be paid. Where parishes are in need, interest free loans may be made at the discretion of the Trustees.

Notes to the financial statements

at 31 March 2025

1. Accounting policies (continued)

Fund accounting

- ***Unrestricted funds***

  These are expendable at the discretion of the Trustees in furtherance of the objectives of the Charitable Company. For management purposes these funds have been accounted for as:

  - Diocesan Central Fund
  - Parish Fund (designated for use as such by the Trustees).

- ***Restricted funds***

  Included under this heading are funds which have been formed as a result of donor implied intentions for the money. These include:

  - Parishes Special Collection Fund to gather and distribute special donations collected for specific charities.
  - Clergy Training Fund to support training of priests, deacons, and seminarians.
  - Diocesan Special Reserve Fund to benefit a sick and retired clergy project.
  - The Managed Fund – this comprises a large series of mass funds and special deposits, subject to specific trusts under Canon Law that have been donated in the past with the intention of supporting a specific purpose within the Charitable Company. These are not considered permanent endowments. Administratively this is managed and accounted for as one fund but it comprises several separate funds that can be further classified as:
    - Historical Masses Fund – Legacies and donations given to the Charitable Company, where the income must be used to meet Mass obligations.
    - Diocesan Designated – Income is to be used for Diocesan purpose.
    - Parishes Designated – Income is to be used for a Parish purpose.
    - Other Restricted – Income to be applied for a named purpose.
    - Clergy Training Fund – Income is to be applied for the purpose of training clergy and related costs, so that the underlying capital of the fund remains intact.

  Monies collected and accumulated in the parishes are shown as designated as a whole but they are specific to each individual parish. Parishes are encouraged to participate fully in the local and universal church and contribute to the running of the Diocesan wide activities through the annual levy.

Notes to the financial statements

at 31 March 2025

1. Accounting policies (continued)

Pensions

The Charitable Company contributes to three defined contribution pension schemes. Contributions are charged in the SOFA as they become payable in accordance with the rules of the schemes.

Accounting policy for tangible fixed assets and depreciation

i. Land and buildings

A Functional land and buildings

1. Churches, presbyteries, halls and other buildings

i. Freehold land

Functional land (i.e. land used for the prime purpose of the Charitable Company) which is still in use by the Charitable Company is included in the financial statements at original cost or where this is not available at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life.

ii. Freehold Buildings

Functional buildings (i.e. buildings used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). All new functional buildings, improvements and major renovations are capitalised at the cost of construction.

Buildings are depreciated at rates calculated to write off their estimated historic cost (less the estimated residual value) evenly over the whole of their useful life.

The estimate of the useful life of a building varies depending on the condition and future use of the building, however, in general it is expected that a building in a reasonable state of repair will continue in use without major renovations or improvements for the following period:

a)	Unlisted churches	100 years
b)	Cathedral and listed churches	200 years
c)	Presbyteries	50 years
d)	Other buildings including care homes	50 years

Depreciation rates are calculated using the age of the building and its expected useful life.

iii. Leasehold land and buildings

Leasehold land and buildings (if held) are depreciated over the life of the lease on a straight-line basis.

Fixed assets are reviewed for impairment if events of changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared against its carrying amount. Where the estimated recoverable amount is lower, an impairment loss is recognised immediately in the Statement of Financial Activities.

Notes to the financial statements

at 31 March 2025

1. Accounting policies (continued)

Accounting policy for tangible fixed assets *(continued)*

i. Freehold and lease land and buildings (continued)

A Functional land and buildings (continued)

Details and addresses of the Diocesan churches and other buildings (both freehold and leasehold) can be found in the Northern Catholic Calendar and on the Diocesan website.

2. Voluntary aided schools

i. Land

The Charitable Company owns the land on which its voluntary schools are built. The nature of the occupation of the land by these exempt charities means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements the land is not capitalised. The cost of any land acquired for the purposes of a voluntary aided school is charged to the statement of financial activities in the year of acquisition.

Land agreed as surplus to a school's requirements by the Local Education Authority may be disposed of by the Trustees who own the land.

ii. Buildings

The school buildings are occupied, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt charities means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements any cost of new building is written off to the statement of financial activities in the year it is incurred.

The Diocese, as agent for School Governors, pays school improvement and repair costs and reclaims the related grants. Parishes and/or Governors are billed for their contributions.

Details of the Diocesan Voluntary Aided Schools (both freehold and leasehold) are given in the Northern Catholic Calendar.

B Investment properties

1. Investment property

Investment properties are shown at the Trustees' best and prudent estimate of market value. Any material changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The historical cost of these assets is disclosed in note 10. As these assets are recorded at current market value no charge for depreciation is made in the financial statements.

Notes to the financial statements

at 31 March 2025

1. Accounting policies (continued)

Accounting policy for tangible fixed assets (continued)

B Investment property and former functional land and buildings (continued)

2. Former functional land and buildings

Properties which were previously occupied for Charitable Company use but are now no longer in use fall into two categories:

i. Those which can now be sold or are awaiting sale.

Properties awaiting sale are shown at the Trustees' best estimate of their ultimate net sale proceeds. If it is expected to realise the asset within 12 months then it is shown under current assets. All changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The estimated historical cost of these assets is disclosed in note 10. As these assets are no longer used by the Charitable Company, no charge for depreciation is made in the financial statements.

ii. Those which have restrictions on them which make sale difficult or detrimental to the Charitable Company.

Land

Former functional land is included in the financial statements at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life. Leasehold land and buildings are depreciated over the life of the lease on a straight-line basis.

Buildings

Former functional buildings are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). However as the buildings no longer have any use they are fully depreciated and have no net book value.

ii. Fixtures, fittings and equipment

Fixtures, fittings and equipment which have a current replacement cost exceeding £5,000 are capitalised and included in the financial statements at an estimate of their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition). They are depreciated at rates calculated to write off the cost of valuation, less the estimated residual value, of each asset evenly over its expected useful life as follows:

Church furniture	50 years
Presbytery and hall contents, and equipment	5 to 10 years
Sound systems and special lighting	5 to 10 years
Other fixtures and equipment	5 to 10 years

Notes to the financial statements

at 31 March 2025

1. Accounting policies (continued)

***Accounting policy for tangible fixed assets** (continued)*

iii. Motor vehicles

Motor vehicles have been capitalised and included in the financial statements at their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition) and are depreciated at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset evenly over expected useful life as follows:

Motor cars	5 years
Mini buses	5 years

Accounting policy for tangible fixed assets – heritage assets

Works of art and historic treasures

The Charitable Company owns several works of art and historic treasures. The items have extraordinary long lives and are worth preserving perpetually. The collection is not recognised in the Balance Sheet because details of the costs of these items are not available and the cost to the Charitable Company of obtaining valuations would exceed the benefit arising from doing so. The vast majority of the collection was acquired over 100 years ago.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement costs and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distributing.

Taxation

As a charity, the company is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

Debtors and Creditors

Trade debtors are recognised at the settlement amount due after any trade discount is offered. Prepayments are values at the amount prepaid after taking account of any trade discounts due. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Basis of allocation and apportionment of Central Support Costs

As shown in Note 4(a) to the financial statements, the costs of the Episcopal office and of the central Diocesan departments have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

Notes to the financial statements

at 31 March 2025

2. Investment income

2025	*Unrestricted funds Parish*	*Central*	*Restricted Funds*	*2025 Total*
	£000	*£000*	*£000*	*£000*
Income arising from:				
Investment properties	809	95	-	904
Listed investments	(3)	654	327	978
Cash deposits held as investments	-	476	-	476
	806	1,225	327	2,358

2024	*Unrestricted funds Parish*	*Central*	*Restricted Funds*	*2024 Total*
	£000	*£000*	*£000*	*£000*
Income arising from:				
Investment properties	796	63	1	860
Listed investments	1	695	344	1,040
Cash deposits held as investments	-	297	-	297
	797	1,055	345	2,197

Notes to the financial statements

at 31 March 2025

3. Expenditure on charitable activities

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2025 Total £000
Clergy support					
Clergy costs		1,091	3	7	1,101
Support of retired clergy		-	784	-	784
Clergy Training Fund		-	-	88	88
Grants and donations	5	-	-	(4)	(4)
Share of central support costs	4(a)	-	414	-	414
		1,091	1,201	91	2,383
Church running costs		4,472	-	103	4,575
Other parish costs		85	136	627	848
Grants and donations	5	27	-	6	33
Vicariate for Faith and Mission		-	189	-	189
Youth Service		-	177	-	177
Vocations commission		-	64	-	64
Safeguarding commission		-	323	-	323
University Chaplaincy work		-	-	-	-
Vicariate for Caritas		-	8	-	8
Diocesan Tribunal		-	14	-	14
Marriage care		-	-	-	-
Diocesan events		-	-	-	-
Northern Catholic Calendar		-	-	-	-
Newcastle City Centre Ministry		-	-	-	-
Lourdes Pilgrimage		-	-	21	21
Family Life		-	-	71	71
Other Costs		-	-	15	15
Share of central support costs	4(a)	-	414	-	414
		4,584	1,325	843	6,752
Education					
Education service		-	340	422	762
Schools chaplaincy		-	118	-	118
Grants		-	10	-	10
School Fund		-	783	-	783
CES grant	5	-	-	17	17
Share of central support costs	4(a)	-	414	-	414
		-	1,665	439	2,104
Property					
Repair of parish property		1,520	-	82	1,602
Diocesan property office		-	314	-	314
Diocesan resource centre		-	-	-	-
School building costs		3	-	-	3
Depreciation charges		804	92	-	896
Share of central support costs	4(a)	-	414	-	414
		2,327	820	82	3,229
Youth Ministry Trust					
Youth Services		-	-	1,093	1,093
Total cost of charitable activities	4(b)	8,002	5,011	2,548	15,561

Notes to the financial statements

at 31 March 2025

3. Expenditure on charitable activities (cont'd)

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2024 Total £000
Clergy support					
Clergy costs		1,105	3	8	1,116
Support of retired clergy		-	693	-	693
Clergy Training Fund		-	-	134	134
Grants and donations	5	1	-	43	44
Share of central support costs	4(a)	-	395	-	395
		1,106	1,091	185	2,382
Church running costs		4,339	-	66	4,405
Other parish costs		(10)	-	10	-
Grants and donations	5	48	110	560	718
Vicariate for Faith and Mission		-	170	-	170
Youth Service		-	-	-	-
Vocations commission		-	145	-	145
Safeguarding commission		-	297	-	297
University Chaplaincy work		-	-	-	-
Vicariate for Caritas		-	15	-	15
Diocesan Tribunal		-	12	-	12
Marriage care		-	-	-	-
Diocesan events		-	-	-	-
Northern Catholic Calendar		-	-	-	-
Newcastle City Centre Ministry		-	-	-	-
Lourdes Pilgrimage		-	-	25	25
Family Life		-	-	84	84
Share of central support costs	4(a)	-	395	-	395
		4,377	1,144	745	6,266
Education					
Education service		-	161	371	532
Schools chaplaincy		-	110	-	110
CES grant	5	-	-	18	18
Share of central support costs	4(a)	-	395	-	395
		-	666	389	1,055
Property					
Repair of parish property		1,370	-	100	1,470
Diocesan property office		-	228	-	228
Diocesan resource centre		-	-	-	-
School building costs		35	-	-	35
Depreciation charges		578	112	-	690
Share of central support costs	4(a)	-	395	-	395
		1,983	735	100	2,818
Youth Ministry Trust					
Youth Services		-	-	1,077	1,077
Total cost of charitable activities	4(b)	7,466	3,636	2,496	13,598

Notes to the financial statements

at 31 March 2025

4(a).Central support costs in Unrestricted funds

2025		*Staff costs £000*	*Other costs £000*	*2025 Total £000*
Episcopal office		165	22	187
Finance, HR, Data Protection, Communications		578	354	932
Governance costs, note 6(a)		4	393	397
Diocesan office overheads		23	116	139
		770	885	1,655
Apportioned to charitable activities:				
Clergy support	(25%)	193	221	414
Pastoral	(25%)	193	221	414
Education	(25%)	193	221	414
Property	(25%)	193	221	414
		770	885	1,655

2024		*Staff costs £000*	*Other costs £000*	*2024 Total £000*
Episcopal office		158	27	185
Finance, HR, Data Protection, Communications		457	338	795
Governance costs, note 6(a)		4	405	409
Diocesan office overheads		21	170	191
		640	940	1,580
Apportioned to charitable activities:				
Clergy support	(25%)	160	235	395
Pastoral	(25%)	160	235	395
Education	(25%)	160	235	395
Property	(25%)	160	235	395
		640	940	1,580

Basis of allocation and apportionment

The costs of the Episcopal office and of the central Diocesan departments have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

Notes to the financial statements

at 31 March 2025

4(b).Charitable activities expenditure

2025	*Staff costs £000*	*Other costs £000*	*2025 Total £000*
Clergy support	238	2,145	2,383
Pastoral	1,534	5,220	6,754
Education	582	1,523	2,105
Property	522	2,707	3,229
	2,876	11,595	14,471

2024	*Staff costs £000*	*Other costs £000*	*2024 Total £000*
Clergy support	198	2,184	2,382
Pastoral	1,430	4,836	6,266
Education	543	512	1,055
Property	430	2,388	2,818
	2,601	9,920	12,521

Notes to the financial statements

at 31 March 2025

5. Grants and donations

During the year the Charitable Company made a large number of donations, as described below:

	2025	*2024*
	£000	*£000*
Bishop's charities	-	-
Clergy Training Fund	-4	4
Little Sisters of the Poor	33	28
National Catholic Fund	77	77
Domestic grants	10	1
Lay Training Fund	10	8
Caritas Vicariate	23	8
Catholic Education	27	18
Marriage Care	-	10
Apostleship of the Sea	23	24
Holy Places	15	66
Peter's Pence	36	25
Racial Justice	8	9
Sick and Retired Priests NBF	30	40
World Communications	24	19
Day for Life	23	20
Home Mission	82	22
World Mission	-	21
Other Mission Charities	8	46
CAFOD Development and emergency aid	88	87
Other smaller grants	359	248
Total group charitable grants and donations	872	781

These are included in charitable activities (note 3) as follows:

Clergy support	-4	44
Pastoral	849	719
Education	27	18
	872	781

Parishes occasionally allow fundraisers from other charities to collect outside of Mass or through collection boxes in parishioners' homes. These funds are usually counted and recorded by the receiving Charitable Company and do not pass through parish funds.

Notes to the financial statements

at 31 March 2025

6(a).Governance costs included in Central Support costs

2025	*Unrestricted funds*			*Restricted funds*			
	Parish	*Central*	*Total*	*Clergy Training Fund*	*Managed Fund*	*Total*	*2025 Total*
Audit fees	-	87	87	-	-	-	87*
Provision for bad debts	-	-	-	-	-	-	-
Other governance costs	-	310	310	-	-	-	310
	-	397	397	-	-	-	397

2024	*Unrestricted funds*			*Restricted funds*			
	Parish	*Central*	*Total*	*Clergy Training Fund*	*Managed Fund*	*Total*	*2024 Total*
Audit fees	-	77	77	-	-	-	77*
Provision for bad debts	-	-	-	-	-	-	-
Other governance costs	-	332	332	-	-	-	332
	-	409	409	-	-	-	409

*Included in audit fees is £2,880 (2024: £3,420) related to other assurance services provided. Not included above, but included in Youth Ministry Trust restricted costs on the SOFA and Note 3 are audit and accountancy fees of £24,739 (2024 £19,900)

Notes to the financial statements

at 31 March 2025

6(b).Expenditure on raising funds

2025

	Unrestricted funds			*Restricted funds*			
	Parish £000	*Central* £000	*Total* £000	*Parish* £000	*Managed Fund* £000	*Total* £000	*2025 Total* £000
Fundraising and publicity costs	99	89	188	50	-	50	238
Stockbroker fees	-	201	201	-	-	-	201
Gift Aid office costs	-	-	-	-	-	-	-
	99	290	389	50	-	50	439

2024

	Unrestricted funds			*Restricted funds*			
	Parish £000	*Central* £000	*Total* £000	*Parish* £000	*Managed Fund* £000	*Total* £000	*2024 Total* £000
Fundraising and publicity costs	68	40	108	28	-	28	136
Stockbroker fees	-	221	221	-	20	20	241
Gift Aid office costs	-	29	29	-	-	-	29
	68	290	358	28	20	48	406

Notes to the financial statements

at 31 March 2025

7. Wages and Staff costs

Included in expenditure are the following staff costs:

	2025	*2024*
	£000	*£000*
Wages and salaries	2,823	2,521
Social security costs	217	184
Other pension costs	185	172
Total remuneration	3,225	2,877

All pension costs are paid out of unrestricted funds.

	2025		*2024*	
	Number of employees	*£000*	*Number of employees*	*£000*
Central Diocesan services	54	2,125	52	1,861
Parishes	113	751	116	743
Youth Ministry Trust	16	349	16	273
	183	3,225	184	2,877

No trustee received any remuneration during the year or previous year. Certain trustees received allowances as serving Clergy but not in their capacity as trustee. Pension contributions paid for Trustees as members of the Clergy scheme amounted to £7k (2024: £5.7k).

Seven trustees received expenses to the value of £4.4 (2024: £3.6k) in respect of travel and subsistence costs.

Higher paid employees received remuneration of:

between £80k and £90k	2 employees	(2024: 1)
between £70k and £80k	1 employee	(2024: 0)
between £60k and £70k	1 employee	(2024: 3)

No other employee received more than £60k.

Total remuneration of key management personnel (Chief Operating Officer and 6 Heads of Departments) was £568k (2024: £576k).

Clergy are not included in the above staff details as they are Office Holders and not employees of the Charitable Company. Payments to clergy during the year amounted to £766k (2024: £862k).

The Charitable Company is very grateful for the help of the army of volunteers who support the work of every member of the group. It is estimated that some 8,000 people support the parishes, and without their help the parishes could not function. It is however not possible to value the service provided by volunteers.

Notes to the financial statements

at 31 March 2025

8(a).Tangible fixed assets

Group	*Freehold property £000*	*Motor vehicles £000*	*Fixtures, fittings and equipment £000*	*Total £000*
Cost:				
At 1 April 2024	47,981	27	3,966	51,974
Additions	1,562	-	36	1,598
Disposals	-	-	-	-
Transfer to Investment Property	(789)	-	-	(789)
At 31 March 2025	48,754	27	4,002	52,783
Accumulated depreciation:				
At 1 April 2024	15,544	24	3,458	19,026
Charge for the year	821	1	126	948
Disposals	(100)	-	-	(100)
Transfer to Investment Property	(5)	-	-	(5)
At 31 March 2025	16,260	25	3,584	19,869
Net book value:				
At 31 March 2025	32,494	2	418	32,914
At 31 March 2024	32,437	3	508	32,948

Notes to the financial statements

at 31 March 2025

Company	*Freehold property £000*	*Motor vehicles £000*	*Fixtures, fittings and equipment £000*	*Total £000*
Cost:				
At 1 April 2024	47,981	27	3,812	51,820
Additions	1,561	-	29	1,590
Disposals	-	-	-	-
Transfer to Investment Property	(789)	-	-	(789)
At 31 March 2025	48,753	27	3,841	52,621
Accumulated depreciation:				
At 1 April 2024	15,544	24	3,371	18,939
Charge for the year	820	1	95	916
Disposals	(100)	-	-	(100)
Transfer to Investment Property	(5)	-	-	(5)
At 31 March 2025	16,259	25	3,466	19,750
Net book value:				
At 31 March 2025	32,494	2	375	32,871
At 31 March 2024	32,437	3	441	32,881

8(b). Tangible fixed assets – Heritage assets

There have been no transactions in works of art and historic treasures during the past five years. Where acquisitions were made, these were by donation. In the Trustees' view the value of these donations is not material and obtaining a current valuation would involve disproportionate cost.

Management policy

The works of art and historic treasures owned by the Charitable Company comprise several hundred items, acquired throughout many years. The items were acquired mostly through direct donation and occasionally by purchase.

Notes to the financial statements

at 31 March 2025

9. Fixed asset investments

The Diocese is the sole member of the Youth Ministry Trust, a company registered in England and Wales (07937704), and as such have been consolidated into the group financial statements for the year ending 31st March 2024.

For the year ended 31st March 2025, the Youth Ministry Trust had income of £1,049k (2024: £823k), expenditure of £1,073k (2024: £1,077k) and made a deficit of £44k (2024: deficit of £254k). At the Balance Sheet date the Youth Ministry Trust had net assets of £1,440k (2024: £1,478k)

	Notes	*£000* *2025*	*£000* *2024*
Quoted investments:			
Investment fund	12	29,340	31,825
Managed fund	13	10,677	11,281
Total quoted investments		40,017	43,106
Investment in Sursum Corda Limited	14	250	250
Fixed investment deposits		3,675	3,619
Direct lending investments		8	8
		43,950	46,983

	2025 *£000*	*2024* *£000*
Investment categories (quoted investments):		
Main Fund:		
Conventional gilts	0	264
UK fixed interest	3,164	3,082
UK equities	5,466	4,870
Overseas equities	20,388	23,148
Property	322	462
Managed Fund:		
Catholic Investment Fund	10,677	11,280
	40,017	43,106

Notes to the financial statements

at 31 March 2025

10. Investment properties

Group and Company	*Diocesan Central fund £000*	*Parishes unrestricted fund £000*	*2025 Total £000*	*2024 Total £000*
Market value:				
At 1 April 2024	499	3,069	3,568	3,316
Assets Transferred from Fixed Assets	-	(214)	(214)	24
Assets Transferred to Assets Held for Sale	-	-	-	-
Unrealised gains on revaluation	898	3,542	4,440	228
At 31 March 2025	1,397	6,397	7,794	3,568
Book cost of investment property:				
At 31 March 2025	243	1,910	2,153	2,117

11. Valuation of investment properties

Properties have been included at Trustees' valuation.

Investment properties have been valued at fair value in accordance with the Charities SORP (FRS 102), paragraph 10.47–10.48. Valuations were derived from publicly available market data and verified using local knowledge.

Occasionally a peppercorn rent agreement has been arranged if the church will benefit from the occupation of the property. For example:

- safeguarding a nearby church where there is no resident priest
- tenant has agreed to substantially renovate the premises
- used by similar charities such as convents or religious orders and seen as furthering the outreach work of the church.

Notes to the financial statements

at 31 March 2025

12. Investment fund

	2025	2024
	£000	£000
At 1 April 2024	31,825	27,308
Additions	9,663	9,019
Disposals	(11,337)	(7,906)
Net unrealised investment (losses)/gains	(811)	3,404
Market value of quoted investments at 31 March 2025	29,340	31,825
Book cost of quoted investments as at 31 March 2024	26,464	27,364

Comprising at 31 March:

	Cost	Unrealised	2025 Total	2024 Total
	£000	£000	£000	£000
CCLA	26,464	2,876	29,340	31,825

13. Managed fund

	2025	2024
	£000	£000
At 1 April 2024	11,281	10,260
Additions	-	-
Disposals	-	-
Net unrealised investment /gains	(604)	1,021
Market value of quoted investments as at 31 March 2025	10,677	11,281
Book cost of quoted investments as at 31 March 2025	11,178	10,251

Comprising at 31 March:

	Cost	Unrealised	2025 Total	2024 Total
	£000	£000	£000	£000
CCLA	10,251	(501)	10,677	11,281

See note 15 for further details of the Managed Fund.

Notes to the financial statements

at 31 March 2025

14. Other investments

The Diocese holds 100% of the ordinary share capital of Sursum Corda Limited.

Financial information relating to these companies is as follows:

	Net movement in funds	Reserves
	£000	£000
Sursum Corda Limited		
31 March 2025	(15)	(249)
31 March 2024	(15)	(249)

15. The Managed Fund

The Managed Investment Fund was derived initially from legacies and bequests and money held on trust under the protection of Charitable Company Trustees. Each donation is redefined as a number of units, determined by a rate based on the market value of the fund at the date of subscription.

The capital is then invested in the Managed Fund. Its many individual subscriptions can be broadly categorised into:

- church funds deposited for investment
- special donations deposited for investment

The Managed Fund comprises quoted investments and cash awaiting investment held by CCLA Investment Management at HSBC.

At 31 March 2025 the fund comprised:

	Note	*Initial cost plus reinvested gains £000*	*Market value £000*
Quoted investments	13	11,178	10,677
Value of investment at 31 March 2025		11,178	10,677

Notes to the financial statements

at 31 March 2025

15. The Managed Fund (continued)

This fund is apportioned as follows:

	Initial cost 31/3/25 £000	*Market value 31/3/25 £000*	*Number of Units 31/3/25*
Special donation balances:			
Historical Mass Fund	208	890	91,074
Diocesan Designated Fund	103	415	42,476
Parishes Designated Fund	572	4,022	411,601
Restricted Fund	120	756	77,340
Clergy Training Fund	1,810	4,197	429,486
Lay Training Fund	138	240	24,595
	2,951	10,520	1,076,572
Church funds balances:			
Historical Mass Fund	61	140	14,346
Diocesan Designated Fund	35	104	10,639
Parishes Designated Fund	26	44	4,539
Restricted Fund	130	370	37,842
	252	658	67,366
Total Managed Fund	3,203	11,178	1,143,938

16. Debtors

	2025 Group £000	*2025 Company £000*	*2024 Group £000*	*2024 Company £000*
Trade debtors	226	154	345	280
Gift Aid Debtor	862	862	1,052	1,052
Accrued investment income	24	24	139	139
Accrued income	79	-	-	-
Accrued grant from Significance	1,164	-	1,164	-
Other debtors	321	321	216	135
Prepayments	616	593	709	692
Assets held for disposal	1,458	1,458	495	495
Assets held for construction	104	-	96	-
Schools Devolved Formula Capital	220	220	154	154
Total debtors at 31 March	5,074	3,632	4,370	2,947

Amounts falling due after more than one year included in the above are £250k (2024: £225k).

Notes to the financial statements

at 31 March 2025

17. Short term deposits

This includes cash held awaiting investment.

Group and Company	*2025*	*2024*
	£000	*£000*
Diocesan Central Fund:		
HSBC, managed by CCLA	2,385	1,262
Total short term deposits at 31 March	2,385	1,262

18. Short term loans

Group and Company	*2024*	*2024*
	£000	*£000*
Loans to Priests	14	17
Other loans	60	104
Total short term loans at 31 March	74	121

Amounts falling due after more than one year included in the above are £40k (2024: £71k).

19. Creditors: amounts falling due within one year

	2025	*2025*	*2024*	*2024*
	Group	*Company*	*Group*	*Company*
	£000	*£000*	*£000*	*£000*
Trade Creditors	534	316	104	89
Sundry Creditors	109	104	106	80
Accruals	760	702	922	663
Schools Devolved Formula Capital	1,676	1,676	2,358	2,358
Schools Capital Allowance	488	488	1,325	1,325
Deposits repayable on demand	43	43	99	99
	3,610	3,329	4,914	4,614

Notes to the financial statements

at 31 March 2025

20. Note to statement of cash flows

a) Reconciliation of net (expenditure) to net cash (outflow) from operating activities

	2025	*2024*
	£000	*£000*
Net (expenditure)	(3,078)	(1,368)
Depreciation and assets written off	947	712
(Decrease) infixed asset impairment		250
Decrease/(Increase) in debtors	258	(473)
(Decrease) in creditors	(1,318)	(531)
Investment income	(1,454)	(1,337)
Net cash (outflow) from operating activities	(4,645)	(2,747)

b) Movement in net debt

	1 April		*31 March*
	2024	*Cash flows*	*2025*
	£000	*£000*	*£000*
Cash at bank and in hand	18,975	(4,291)	14,684
Short term deposits	1,262	1,123	2,385
Cash and cash equivalents	20,237	(3,168)	17,069

Notes to the financial statements

at 31 March 2025

21. Reserves summary 2025

	Note	At April 2024 £000	Statement of financial activities: Income £000	Expenditure £000	Investment Property £000	Transfers between funds (c) £000	Balance at 31 March 2025 £000	
Restricted reserves								
Clergy Training Fund	(a)	(225)	-	88	-	-	(313)	To meet the costs of training clergy (a)
Managed Capital Funds	(b)	12,460	327	15	(603)	-	12,169	Income used for various specified purposes (b)
Parishes Special Collections and Grants	(c)	113	649	573	-	-	189	Donated to missions, special appeals, etc. (c)
Parishes Restricted Fundraising	(d)	651	589	248	-	-	992	Fundraising for specified projects (d)
Main Fund Restricted Funds	(e)	139	560	583	-	-	116	Various specified purposes (e)
National Schools Singing Programme		25	-	-	-	-	25	To support and promote music in the Diocese
Main Fund Special Reserve		300	-	-	-	-	300	For a project to benefit sick and retired clergy
Other (Grants and Legacies)		16	3	-	-	-	19	To meet the costs of specified purposes
YMT – Significance Fund	(f)	1,215	1,049	1,093	-	-	1,171	Grant income for capital building works (f)
YMT – Other		265	-	-	-	-	265	Various specified purposes
Total restricted reserves		14,959	3,177	2,600	(603)	-	14,933	
Unrestricted reserves								
Diocesan Central Funds		23,594	1,677	5,301	(100)		19,870	
Unrestricted designated reserves								
Parishes' Funds		64,760	8,074	8,102	3,730	-	68,462	
Total unrestricted reserves		88,354	9,751	13,403	3,630	-	88,332	
Total charity reserves		103,313	12,928	16,003	3,027	-	103,265	

Notes

(a) The consolidated figures for Clergy Training Fund , above, do not show the aggregated income received into the fund from the Managed Investments Including these brings the reserves up to £236k

(b) Income invested on behalf of Parishes, where income is primarily used for Mass Intentions. Where income to the Managed Fund is subsequently distributed to other funds that income is shown in the financial statements only as income of the ultimate recipient fund. The 'Incoming resources' to the Managed Fund shown above represents income of that fund re-invested into that same fund.

(c) Special Collections are collected in Parishes in addition to Offetory Income, for specific purposes, where the income is paid over to the relevant causes such as missions, Education and Care for Priests

(d) Parishes fundraise for a variety of projects, from charitable causes to capital building works.

(e) The Main Fund Restricted Funds received during the year included Schools' Contributions to the Department which was fully expended during the year.

(f) Grant from the Significance Trust for the purposes of capital building works.

Notes to the financial statements

at 31 March 2025

21. Reserves summary (cont'd)

2024

	Note	At April 2023 £000	Statement of financial activities: Income £000	Expenditure £000	Fixed asset gains £000	Transfers between funds (c) £000	Balance at 31 March 2024 £000	
Restricted reserves								
Clergy Training Fund	(a)	(140)	49	134	-	-	(225)	To meet the costs of training clergy (a)
Managed Capital Funds	(b)	11,116	344	20	1,020	-	12,460	Income used for various specified purposes (b)
Parishes Special Collections and Grants	(c)	53	606	546	-	-	113	Donated to missions, special appeals, etc. (c)
Parishes Restricted Fundraising	(d)	566	298	213	-	-	651	Fundraising for specified projects (d)
Main Fund Restricted Funds	(e)	125	570	556	-	-	139	Various specified purposes (e)
National Schools Singing Programme		25	-	-	-	-	25	To support and promote music in the Diocese
Main Fund Special Reserve		300	-	-	-	-	300	For a project to benefit sick and retired clergy
Other (Grants and Legacies)		16	-	-	-	-	16	To meet the costs of specified purposes
YMT – Significance Fund	(f)	1,475	-	260	-	-	1,215	Grant income for capital building works (f)
YMT – Other		255	823	815	-	-	265	Various specified purposes
Total restricted reserves		13,791	2,690	2,544	1,020	-	14,959	
Unrestricted reserves								
Diocesan Central Funds		22,788	1,539	3,926	3,193		23,594	
Unrestricted designated reserves								
Parishes' Funds		63,068	8,405	7,534	821	-	64,760	
Total unrestricted reserves		85,856	9,944	11,460	4,014	-	88,354	
Total charity reserves		99,647	12,636	14,004	5,034	-	103,313	

Notes to the financial statements

at 31 March 2025

22. Analysis of Net Assets by Fund

2025	*Note*	*Designated £000*	*Unrestricted £000*	*Diocesan Restricted £000*	*Diocese Total £000*	*YMT Restricted £000*	*2025 £000*
Tangible Assets	8	30,163	2,708	-	32,871	43	32,914
Current Assets		38,299	17,162	13,499	68,960	1,391	70,351
		68,462	19,870	13,499	101,831	1,434	103,265

2024	*Note*	*Designated £000*	*Unrestricted £000*	*Diocesan Restricted £000*	*Diocese Total £000*	*YMT Restricted £000*	*2024 £000*
Tangible Assets	8	29,164	3,717	-	32,881	67	32,948
Current Assets		35,596	19,877	13,481	68,954	1,411	70,365
		64,760	23,594	13,481	101,835	1,478	103,313

Notes to the financial statements

at 31 March 2025

23. Capital commitments

Amounts contracted for at the year end but not provided in the financial statements amounted to £460k (2024: £50k) for parish building work.

23. Contingent liability

In the opinion of the Trustees there were no contingent liabilities in existence other than in the normal course of the activities of the Charitable Company as at 31 March 2025.

24. Pension commitments

A Group Personal Pension Scheme administered by Standard Life is operated for Diocesan Clergy. There is a Stakeholder Pension Scheme administered by Standard Life available for all employees. One member of staff is a member of a defined contribution pension scheme administered by Prudential (no new members are admitted to this scheme). The Charitable Company is also a member of the Teachers' Pension Scheme, continuing the contributions (on a defined contribution basis) of senior staff who are qualified teachers. The assets of all of these pension schemes are held separately from those of the Charitable Company in independently administered funds.

25. Liability

The Charitable Company is a private company limited by guarantee. The liability of the members is limited and every member undertakes to contribute to the assets of the company, in the event of the Charitable Company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound.

DIOCESE OF HEXHAM AND NEWCASTLE

England & Wales - Charity number 1143450

Accounts

Diocese of Hexham and Newcastle

A Company Limited by Guarantee: Registered No. 7732977

Group Report and Financial Statements

31 March 2024

Diocese of Hexham and Newcastle

Trustees' Report for the year ended 31 March 2024

Trustees

Archbishop Malcolm McMahon (appointed January 2023, resigned July 2023)
Bishop Stephen Wright (appointed July 2023)
Reverend Peter Leighton
Catherine Patricia Dyer
Sister Helen Bernadette Costigane (appointed November 2022)
Lyn Murray (appointed May 2023)
Reverend Mark Millward (appointed May 2023)
Reverend Martin Stempczyk (appointed May 2023)
Reverend James O'Keefe (appointed May 2023)
Eamonn Michael Donnelly (appointed June 2023)
Kathleen McCourt (appointed September 2024)
Michael Shorten (appointed October 2024)
Reverend Jeffrey John Dodds (resigned May 2023)
Monsignor Andrew James Faley (resigned May 2023)
Reverend Colm Martin Hayden (resigned May 2023)
Reverend Simon Lerche (resigned May 2023)
Reverend Adrian Tuckwell (resigned May 2023)

Chief Operating Officer

Fiona Standfield

Registered Office

St Cuthbert's House
West Road
Newcastle upon Tyne
NE15 7PY

Solicitors

Collingwood Legal
Muckle LLP
Winkworth Sherwood

Bankers

HSBC plc
Newcastle upon Tyne

Investment Managers

CCLA Investment Management

Land Agents

Avison Young
Savills UK Ltd
BNP Paribas
GF White

Auditors

HaysMac LLP
10 Queen Street Pl
London
EC4R 1AG

1. Trustees' Report incorporating the Strategic Report

1.1 Introduction.

This report provides an update on areas of responsibility that sit with Trustees and brief comment on some of the main activities and achievements across the Diocese in the year from 1 April 2023 until 31 March 2024. Where relevant for a fuller view, some information from the Financial Year 2024/25 is referred to.

The Diocese of Hexham and Newcastle is a company limited by guarantee (registration number 07732977 and a registered charity (registration number 1143450) incorporated in England and Wales. The registered office is St Cuthbert's House, West Road, Newcastle Upon Tyne, NE15 7PY. The accounts have been prepared in GBP on the grounds that this is the functional currency of the Group. The accounts are rounded to the nearest thousand.

The Trustees, who are also Directors for the purposes of Company Law, present their report (incorporating the strategic report) and audited accounts for the year ended 31 March 2024 and confirm they comply with the requirements of the Charity Act 2011, the Companies Act 2006 and the Statement of Recommended Practice for Charities (SORP) (Second Edition, effective 1 January 2019) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102).

The Trustees, officers and principal addresses of the company are listed on page 2, as are particulars of the company's professional advisors in the year.

The Diocese of Hexham and Newcastle's consolidated financial statements include the results of the Diocese of Hexham and Newcastle (charity registration number 1143450 and company registration number 07732977) and the Youth Ministry Trust (charity registration number: 1146158 and company registration number 07937704. The Youth Ministry Trust's registered and principal office is Emmaus Village Pemberton Road, Allensford, Consett, County Durham, England, DH8 9BA.

1.2 Governance, Structure and Decision Making

The Diocese of Hexham and Newcastle is both a canonical and civil entity. As a canonical entity, it is a Roman Catholic Diocese, governed by Canon Law and accountable to the Holy See. As a civil entity, it is a registered charity and company limited by guarantee, accountable to both the Charity Commission and Companies House and subject to the Acts of Parliament and case law that applies in England and Wales.

Until 31 March 2012 the Roman Catholic Diocese of Hexham and Newcastle was constituted as a Charity for Roman Catholic Purposes by a Declaration of Trust dated 4 November 1867 no. 234071 and Hexham & Newcastle Diocesan Trust dated 16

September 1947 no. 235686. Previous reporting during that time was made under the charity reference 235686.

On 1 April 2012 the assets and operations of the Diocese transferred to this Charitable Company Limited by Guarantee, called Diocese of Hexham and Newcastle. The Company number is 7732977 and the Charity Number is 1143450. The Directors of the Charitable Company are the Trustees. This Charitable Company delivers the activities of the Diocese.

In collaboration with the Diocesan Bishop who, as Chair, exercises the leadership function within the Diocese as a canonical entity, the Board agrees the strategic direction for the Diocese, including how to deliver the Diocesan Vision while ensuring the most efficient and effective stewardship of the organisation's financial and Human Resources; to provide the continuing care, oversight and development of its clergy, laity and staff.

The Board is responsible for ensuring that the Diocese fulfils its Charitable Objects as stated in the Articles of Association:

I. The Advancement of the Roman Catholic Religion in the Diocese or elsewhere by such means as the Bishop and the Directors think fit, and the provision of charitable support or services (whether in the Diocese or elsewhere) in furtherance of that object.
II. The Advancement of the education of the public in accordance with the principles and doctrines of the Roman Catholic Religion particularly by the provision and support of schools and other educational establishments (whether in the Diocese or elsewhere) and the provision of facilities for the education of the public as the Bishop and the Directors shall from time to time think fit.
III. Such other incidental, ancillary or associated charitable purposes for the benefit of the public as the Bishop and the Directors from time to time decide.

The Diocese of Hexham and Newcastle is the sixth largest Diocese in England and Wales and is situated in the North-East of England. With an area of 3,195 square miles, the boundaries are the border with Scotland in the north and the River Tees in the south. The total population of the area is 2,368,000, with an estimated Catholic population of 214,257.

The Diocese is under the leadership of Bishop Stephen who was installed as the fifteenth Bishop of Hexham and Newcastle on 19 July 2023.

The Diocese consists of 140 Parishes, grouped into 18 Partnerships, within five geographical Episcopal areas. There are 156 Catholic Schools (more information on the schools and the work of the Education Department is at 1.8 below).

66 Diocesan Priests are in active ministry throughout the 140 Parishes of the Diocese. They are supported by a number of Priests who have retired from office as well as 40 visiting Priests from overseas and some from time to time from other Religious Orders. Four Priests are involved in ministry outside of the Diocese.

There were three Seminarians in formation in the year ended 31 March 2024 with one at St Mary's College, Oscott, one at the Venerable English College in Rome and one at the Allen Hall, London. There were two Priests and two Deacons Ordained in the Diocese in July 2023 and one Priest in July 2024.

All matters concerning the care and development of the clergy and the pastoral care of the people of the Diocese are led by the Bishop in consultation with his Bishop's Council. The Bishop's Council consists of the Vicar General and the Episcopal Vicars, who each have responsibility for a geographical area and/or an area of work within the Diocese. They meet frequently through the year.
The Episcopal Vicars are:
Father Jeff Dodds: Episcopal Vicar for Northumberland and Care of the Clergy
Canon Simon Lerche: Episcopal Vicar for Newcastle & North Tyneside and Education & Young People
Father Adrian Tuckwell: Episcopal vicar for South Tyneside, Gateshead & West Durham and Caritas
Father Colm Hayden: Episcopal Vicar for Sunderland & East Durham
Father Mark Millward: Episcopal Vicar for Cleveland and South Durham
Monsignor Andrew Faley: Episcopal Vicar for Faith & Mission
Canon John Cooper: Episcopal Vicar for Religious

Each Parish provides for the religious needs of its people through Church services and education in the Roman Catholic faith, responsible for the spiritual growth of people of all ages, with particular emphasis on meeting the needs of the sick and the poor and encouraging charitable work. Active participation with the Catholic faith helps to engender understanding of the need to care for others in our parish communities, with local development projects existing throughout the Diocese.

We work in harmony with other Christian denominations, people of other faiths and none, with myriad charities and support organisations across all of our local communities. The most significant outreach work is undertaken by the many thousands of volunteers based in our Parishes. Our volunteers and Parish Priests run a variety of successful local activities including those for children and young people, mothers and toddlers and dementia friendly groups as well as delivering services such as homelessness support, assistance for those who are victims of domestic abuse, bereavement care and support for refugees. Priests and volunteers visit people who are housebound or isolated, including those in Care Homes, and those in Prison.

There are further specific examples of some of our outreach work set out in the paragraph on Caritas at 1.7 below.

Extraordinary Ministers of the Eucharist assist Priests in taking Holy Communion to those members of a Parish who are too infirm to attend Mass. Parish volunteers are often also involved with other local charities The ethos engendered in our parishes encourages people to give so much of themselves freely to others in their communities.

Parishes are not only aware of the needs of others in their local communities but are also very conscious of the needs of those who are suffering elsewhere around the world as a result of poverty, poor health care, discrimination, persecution and violence; and many have particular projects that they support. Parishes also continue to directly support Mission work worldwide, including contributing to CAFOD's development work and disaster relief.

Governance: The Board of Trustees governs the Charitable Company, and in carrying out this responsibility supports and reviews the clergy and pastoral initiatives of the Bishop which affect the operational wellbeing and sustainability of the Charitable Company. The Articles of Association were amended by written resolution in February 2023. They were further amended by written resolution in July 2024.

As at November 2024, the Board comprises the Bishop as Chair, with four Priests and six Lay Faithful, who give of their time on a voluntary basis. All are selected by the Bishop for their relevant skills and expertise. There are a number of Board Committees and various time limited working parties, established to look at specific matters. Each of the Committees and working parties has a Director Chair and members. They may be assisted by professional experts who are co-opted if particular additional specialist skills are needed.

While the Board is responsible for all of the assets of the Charitable Company, in practice the Parish Priest acts as the local representative of the Diocese in many Parish matters. Parish Priests are obliged by Canon law to be assisted in their duties by a Parish Finance Committee and many also have Parish Councils. Given the impact on Diocesan assets and resources, and the need to ensure that all current employment and health and safety legislation, as well as safeguarding requirements, are complied with, the permission of the Board is required for all significant Parish projects whilst the Bishop and Trustees give delegated authority for the employment of Parish staff.

The Parishes pay an annual levy towards the running of the Diocese, including services such as Safeguarding, Health & Safety, Property and financial advice. The calculation of the levy is calculated equitably on income earned in the year. The levy was discounted for the years 2021 – 2023 reflecting the impact of the pandemic on attendance and income levels within Parishes. The year to 31st March 2024 has seen the levy revert back to the level pre-pandemic.

To assist the Board in providing what is required for the Diocese to continue to flourish and the delivery of the Diocesan Vision, the operations of the Diocesan Curia have been organised into formal Departments and Vicariates that report through the Episcopal Vicars and Chief Operating Officer to the Board.

The Chief Operating Officer and senior managers form a Senior Leadership Team that supervises execution of the central operational functions for the Charitable Company, providing professional expertise, administrative support, dissemination of information, leadership and guidance on everything that is required to contribute to the success of the mission throughout the entire Charitable Company.

Our Diocesan employees carry out the Board's directions and refer matters arising for the Board's attention. The titles of the Vicariates and Departments reflect the work carried out: Faith & Mission; Caritas; Care of the Clergy; Education; Finance; Human Resources; Property; Health & Safety; Safeguarding; Technology Services; Data Protection, Fundraising; Communications.

1.3 Trustees' Recruitment and Appointment

Under the Articles of Association the power of appointing new or additional Trustees rests solely with the Bishop. Trustees are recruited based upon the skills mix identified by the Bishop and existing Trustees as being required for Diocesan Governance. The

recruitment process for Lay Trustees includes the completion of application paperwork, the submission of three references and the completion of declaration of interests and non-disqualification forms. The recruitment process for Priest Trustees is based both upon role (Vicar General is the Vice Chair of the Board) and skills and includes the completion of declaration of interests and non-disqualification forms. In addition, Trustees complete a DBS check through the Diocesan Safeguarding Department in advance of appointment.

The induction process for any newly appointed Trustee involves an initial meeting with the Bishop, access to relevant paperwork such as a copy of the Charitable Company's Memorandum and Articles, a copy of the most recent statutory accounts and Board papers and meetings with key members of the Curia all to better understand the work, roles and responsibilities involved. All Trustees are provided with opportunities to attend relevant training and receive regular circulars from the Charity Commission and updates at Board meetings and Committees from the CSSA.

1.4 Going Concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and assessment of current strength of position and its exposures to credit risk are set out below. For the year to 31st March 2024 Group and Company accounts have been prepared. The Youth Ministry Trust has been included in the consolidated Group Accounts because the Diocesan Bishop appoints its Trustees and the Diocese is its sole Member.

The Group meets its day to day working financial commitments from both cash and investment reserves. At 31 March 2024 the Group held total reserves of £103.3 million, consisting of Restricted Funds of £15.0 million and Unrestricted Funds of £88.4 million. The Group, as at 31 March 2024, had cash at bank and in hand of £17.5m and has maintained similar cash levels up to the date of authorisation of the financial statements.

The going concern assessment period that needs to be addressed by the Trustees is the period to 31 December 2025. In performing this assessment the Charitable Company's income and expenditure has been forecasted and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have reviewed significant risks, including the potential for any strategic changes forthcoming from Rome, failure to comply with safeguarding arrangements, employment and health & safety legislation and meeting continually rising costs such as the rise in employer national insurance contributions, insurance of buildings and support for sick and retired priests. They have considered the possible mitigating actions and consequent costs, and are of the view that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company could still meet its liabilities over the coming year as they fall due.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.5 Trustees' insurance

The Charitable Company maintains insurance for Trustees in respect of their duties as Trustees of the Charitable Company and to meet any claim against the Diocese including at Parish level The Insurance Broker for 1 April 2023 to 31 March 2024 was PIB, however on 29 September 2024 this provision passed to the Catholic Insurance Service.

1.6 Trustees' responsibilities for audit information

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

1.7 Chief Operating Officer's Report on behalf of Trustees

During the period under review, the Charitable Company experienced significant and positive change. Archbishop Malcolm McMahon continued as Apostolic Administrator until July 2023 when Bishop Stephen was installed as the Bishop of Hexham and Newcastle. Under Bishop Stephen's leadership the Diocese continues to develop both pastorally and operationally.

In last year's Report, reference was made to the publication in full in June 2023 of the Catholic Standards Safeguarding Agency's (CSSA) Report following their Review of the Diocese. This Report looked in depth at the culture, governance, process and practice of safeguarding in the Diocese of Hexham and Newcastle. It confirmed that the delivery of current Diocesan Safeguarding Services met all eight of the new safeguarding standards and practice guidance which had been published by the CSSA in 2021/2022. In response to the recommendations in that Report, the Diocese prepared a Safeguarding Action Plan which, in autumn 2023, was agreed by Diocesan Trustees and the CSSA. This too was published in full on the Diocesan website and has since been updated quarterly. Progress against its actions continues to be good with many already met in full. The Compliance Case which had been opened by the Charity Commission in late 2022 was closed in 2024 with no further action taken by the Commission.

The Listening Exercises for Clergy, Staff and Laity commissioned by Archbishop McMahon have continued under the leadership of Bishop Stephen. The response to the Lay Listening Exercises continues at Parish level. The response to the Clergy Listening Exercises has been supported by the Vicariate for Care of the Clergy, whilst the response to the Staff feedback is being delivered through a series of working groups, with support from the Senior Leadership Team.

The Diocese continues to work in partnership with the Centre for Catholic Studies at Durham University and the Bede Chair of Catholic Theology has provided ongoing active support to the Lay Listening Exercises.

Work considering the optimum governance structure is chaired by the Bishop and is currently looking at the responsibilities of the Board and Board Committees to ensure appropriate resource is in place to deliver the Bishop's Diocesan Vision. The Board is currently reviewing consultations undertaken on Equity, Diversity and Inclusion with a

view to implementing recommendations prepared in response to the research undertaken in 2022 and 2023 and other local reviews.
With delegated authority from the Board, Trustee members of the Diocesan Staffing and Remuneration Committee work with the COO, Head of Finance and Head of HR to prepare a paper for the March meeting of the Bishop and Trustees which sets out a proposal for the pay and remuneration of all employees. This proposal takes into account local and national benchmarks and ensures that the Living Wage is paid. If approved, the recommendations take effect on 1 April and are applied to clergy remuneration as well.

The Vicariate for Care of the Clergy continues to support Deacons and Priests in many areas of Diocesan life, from vocation enquirers to the care of sick and retired Priests. The Vicariate has played a key role in those areas of the Listening Exercise that relate to Clergy and with prioritised outcomes being a focus on supporting Deacons and Priests to reflect upon how they might better support each other and work closer together, as well as strengthening relationships with Curia Staff. An example of the latter has been the development of a Care for Priests Policy aimed at improving the provision of support to retired Diocesan Priests funded by the Diocese. Also, equipping clergy through an ongoing formation programme that will help them maintain good mental health and well-being and creating a support team available for clergy to access is a priority. There is currently a full time Social Worker dedicated to Clergy support.

The Vicariate for Caritas encompasses a wide range of outreach, inclusion and developmental projects and continues to ensure they all provide the desired positive impact on the wider community within the Diocesan area. Key amongst the work of the Vicariate are the:

- Justice and Peace Co-ordinating Council, including the Diocesan Refugee Project - the latter continues to support 500 individuals each month
- Anti-Racism Working Group - championing Equity, Diversity and Inclusion and helping to challenge and prevent discrimination on grounds of race
- Diocesan Environmental Group – caring for our common home
- Proud Catholics - championing Equity, Diversity and Inclusion and helping to challenge and prevent discrimination experienced by members of the LGBT+ community
- Mary's Place – which continues to grow in the number of people attending St Mary's Cathedral for support and continues to provide food to those on the streets
- Joe's Place - which is a drop-in centre for those seeking food and homelessness support
- Tyne and Wear Citizens – the Diocese of Hexham and Newcastle is a Founding Member of Tyne and Wear Citizens (TWC). TWC is a local alliance of civic organisations in the field of education, faith and community, and part of the national charity Citizens UK which trains and develops leaders for public life to work together for the common good. Community organising at its heart, TWC seeks to transform unjust structures of society, rooted in the participation of

communities and civic institutions, acting in solidarity for the dignity of all and the common good.

- Green Pastures and Outreach Housing - residents are provided with access to initial accommodation leased by the Diocese and supported by a Diocesan team of volunteers with the aim of moving them into more permanent accommodation
- Refugee and Asylum Seeker Projects providing essentials such as food, toiletries and clothing for those who's claims for asylum are not yet decided and who are not therefore entitled to work or claim benefits
- Co-Ordination with national agencies such as CAFOD/SVP/CSAN

The Caritas Fund which was launched in 2022 continued to award grants to projects delivering charitable support to those in need in communities across the Diocese.

The Education Department oversees provision for our children and young people through 156 schools of which there are 130 primary, 2 infant, 2 junior, 1 first, 1 middle and 20 secondary schools. 151 of these schools are academies within four large Catholic Education Trusts (CETs) and five are voluntary aided primary schools. The Diocesan Memorandum of Understanding 2020 has the status of a Bishop's directive and confirms the guiding principles and expectations which our schools adhere to within a Diocesan family of schools, whether they are voluntary aided schools or academies.

Work is ongoing to develop strong working relationships with the Directors from the Boards of the four CETs. A yearly meeting has been established to enable Directors of each Trust to inform the Bishop and other Members (the Vicar General, Episcopal Vicar for Education & Young People, the Chief Operating Officer and the Diocesan Director of Education) how they hold their CET Executive Teams to account. Monthly meetings held by the Diocesan Director of Education with the Chief Executive Officers of the CETs, as well as half termly meetings with members of the CET Executive Teams, have facilitated good working relationships. Key documentation, policies and procedures are known and understood by all. This shared expertise ensures the very best education is provided for all children attending Catholic schools within our Diocese.

The Diocesan Department for Education also facilitates life-long learning throughout the Diocese by running CCRS (Catholic Certificate in Religious Studies) and the National Catholic Leadership Programme. There are currently 162 members of school staff undertaking the CCRS. Last year 32 completed the programme and were presented with their certificates at a Mass celebrated by the Priest lead on Liturgy. The Certificate provides the opportunity for school staff to increase their subject knowledge in relation to the Catholic faith and therefore enhance teaching and learning opportunities for our pupils.

There are 54,161 pupils in our Diocesan schools of whom 56.9% are Catholic. Within the schools there are 3,257 teachers of whom 51.2% are Catholic (the national average is 46.5%). It is clear that academisation is having an overall positive impact on our schools with 90% of secondary schools and 95% of primary schools achieving good or better Ofsted grades (the national outcomes are 84% of secondary and 92% of primary achieving good or better). 99.4% of all schools achieve good or better in Catholic Schools Inspections.

The Vicariate for Faith & Mission continues to offer formation and ministry development opportunities for all our clergy and parishioners. The most recent work has involved

collaborating with different groups to draft the Diocesan Vision and to explore how to become a more synodal Church focussed on Mission and Growth. The strength of the Diocesan relationships continues to bear fruit. For example collaboration with the Vicariate for Caritas has seen growth of newer forms of ecumenical social outreach in many Parishes such as providing foodbanks, warm spaces and assistance to asylum seekers. Involvement in the more traditional ecumenical activities continues to foster a deep appreciation of the gifts and graces to be received from our ecumenical partners.

The Finance Department: including Financial Review, Reserves Policy and Expenditure during the year

The Charitable Company's accounting policies delivering Financial Review are described in Note 1 to the financial statements.

Income and Expenditure during the year

The principal funding sources are as described in the Statement of Financial Activities (SOFA, seen on page 20). Charitable activities are funded primarily through donations such as collections at Mass in Parishes, including unrestricted donations and those given for a specific purpose. In 2024 total donations stand at £6,511k (2023: £6,350k). Donation income fell significantly during the pandemic, and recovered post-pandemic, although not to the same extent as before. It has since levelled out. Donation income represents 52% of total income (2023: 57%). Investment income incurred in the year formed a significant part of the Diocese's incoming resources, at £2,197k in the year (2023: £1,793k). Any annual deficits of income and expenditure incurred reduce cash and investments, which impairs the Diocese's ability to earn income. Income is earned from funds invested through CCLA, the Diocese's investment managers (£1,041k, 2023: £891k) investment property (£859k, 2023: £673k) and cash in high interest earning deposit accounts (£297k, 2023: £234k). Other income is earned from, for example, contributions from voluntary aided schools and Catholic Education Trusts as a contribution towards the work of the Department for Education. Fundraising, including Legacy Income, is becoming a key focus, given the increasing cost challenges.

A detailed analysis of expenditure is given in note 3. Outlined below is how the expenditure of £14,004k in the year needed to deliver the key activities has been sourced.

Charitable Activity	Funded by general income	Funded from specific income	Total Expenditure
	£000	£000	£000
Clergy Support	2,197	185	2,382
Pastoral Work	5,521	745	6,266
Education	666	389	1,055
Youth Ministry Trust	-	1,077	1,077
Property	2,718	100	2,818

Cost of Generating Funds	358	48	406
Cost of charitable activities	**11,460**	**2,544**	**14,004**

Net Assets for the Group stand at £103,313k at 31st March 2024 (2023: £99,647k). The Diocese has benefitted from positive unrealised returns on investment in the year of £4,579k (2023: unrealised losses of £1,585k). Net assets comprise property, buildings and other fixed assets of £32,948k (2023: £33,199k) and investments of £50,551k (2023: £44,971k). Fixed assets, such as churches and presbyteries, are not easily realised into cash, and are excluded from any calculations on funds available to deliver day-to-day charitable expenditure. Cash held by the Diocese, including all Parish current accounts, stood at £17,482k in the year (2023: £18,176k). Simply, the amount of cash held would support 1.3 years of expenditure as incurred in the year (2023: 1.4 years).

Reserves Policy

At 31 March 2024 the Group held total reserves of £103.3 million, consisting of Restricted Funds of £15.0 million and Unrestricted Funds of £88.4 million. Trustees decide the level of free reserves to be held by the Charitable Company. Free reserves are those available to spend on any or all of the Charitable Company's purposes, being unrestricted reserves excluding those invested in fixed assets such as our church buildings, investment properties, or through our investment managers, those otherwise committed such as funds for the use of specific projects and reserves related to the Youth Ministry Trust which are restricted by way of their charitable objects. Fixed assets are excluded because these assets cannot be realised without undermining the fundamental work of the Charitable Company.

In calculating the level of reserves to be retained by the Charitable Company, the Trustees give due regard to the need to fulfil all of its obligations and commitments and to finance the activities that it currently undertakes as well as the rising costs of future requirements including clergy retirement, and maintenance of Parish properties including special projects such as the Lourdes Pilgrimage and development of the Youth Village at Consett.

At 31st March 2024 free reserves stood at £16.2m (2023: £18.2m). The aim is to have retained free reserves sufficient to cover twelve months of unrestricted charitable expenditure: at 31 March 2024 forty four months' cover was held.

Investment Policy and performance

The Articles of Association authorise the Trustees to make and hold investments using the funds of the Charitable Company without any restrictions. The Trustees recognise that the investment portfolio is held to provide for the future needs of the Charitable Company whilst supporting the ongoing costs. Therefore the investment objective for the Diocese is to produce the optimum total return using income or capital, whichever is the most effective in the prevailing conditions. In setting an optimal total returns policy we identify, through a budgeting procedure, a level of cash return required from the main investment portfolio, whilst paying due regard to the need to protect the real value of the capital to ensure sustainability of Diocesan and Parish work over future generations. In the current conditions the aim is to withdraw not more than 3.5% of portfolio valuation

per annum: the amount actually withdrawn during the year equated to 2.4% of the portfolio valuation.
The investment strategy is set on an annual basis with performance monitored by the Diocesan Investment Committee and reviewed quarterly with both the Fund Managers CCLA (appointed following a tender process in 2021) and a charity investment specialist advisor, Stanhope Consulting. Members of the Diocesan Investment Committee, chaired by a Trustee and comprising Clergy, Staff and Lay Experts, provide advice and support to the full Board on investment matters. The Fund Managers are required to adhere to a strict ethical policy which is published on the Diocesan website. During the year the market value of the portfolios moved in line with the general market conditions. At 31 March 2024 the valuation of the main portfolio was 117% of the March 2023 valuation, reflecting some recovery from the post pandemic economic situation but also the economic and financial impact of the war in Ukraine and other world events.
As at 31 March 2024 the accumulated unrealised gains, incurred from the increase in value of our investments, in the combined portfolio amounted to £3.7m.
As at 31 October 2024 the portfolio valuation stood at 105% of the March 2024 valuation.

Risk Management, including financial risk management and grants policy

The Charitable Company has a formal risk review process in place under which a Risk Register is maintained. The Risk Register is supported by Objectives and Key Performance Indicators, and all are reviewed by the relevant Board Committees and at every quarterly meeting of the Board. Changes to the scores of identified risks are monitored by the COO with the relevant members of the Senior Leadership Team, and they implement further processes to mitigate risk whenever possible.

Financial risk management objectives

As described above, the Charitable Company has established a risk and financial management framework whose primary objectives are to protect the Charitable Company from events that hinder the achievement of the Charitable Company's objectives. The Charitable Company has no operations outside the UK and is not exposed to movements in exchange rates, and therefore does not enter into transactions with derivative instruments. Cash flow and liquidity risk is covered by forecasting and management of cash. The Charitable Company has no significant individual debtors and therefore limited credit risk. Investments are diversified between those with guaranteed income but no capital growth, and those with potential capital growth but also the risk of capital losses. All investments are under the care of an external professional Fund Manager and with additional oversight provided to the Diocese by Stanhope Consulting which is a separate organisation.

Grants Policy

Each year the Bishop, assisted by guidance from the Catholic Bishops' Conference of England and Wales, decides which organisations will benefit from special collections to be taken in the Parishes. At a local level, Parish Priests and their Finance Committees decide which additional causes they will support to further the work of the Church, by means of special appeals. The amounts raised from such appeals and paid over to charities are sometimes supplemented from general offertory income, where this is approved by the Parish Priest and the Parish Finance Committee.

The Property Department

The Property Department continued to respond to the impact of the various storm events over the year on Parish and Diocesan buildings, and to investigate the presence of Reinforced Autoclaved Aerated Concrete (RAAC). In addition the Department has supported the Education Department in property related matters involving Diocesan property and land as well as Local Authority property and land used by schools or transferred to them as a result of the move to Academisation.
During the year the majority of building work has been of essential works of maintenance.
A total of £1.7million (2022/23 £1.2m) was spent in Parishes on building work ranging from repairs and minor projects totalling £1.1m, to major works £572k (2022/23 £268k).
The remaining Voluntary Aided school projects continue to be handled by the Diocesan offices, including approval, negotiation with Education Funding Authority, administration of the grant, payments to contractors, and collection of the Governors' contributions.
School buildings expenditure amounted to £149k (2023 £1.2million), with the Government contributing 90% funding towards Voluntary Aided School work. The Diocese acts as an agent for School Governors in these matters, so the building expenditure is not recorded in Diocesan fixed assets.

Safeguarding
In the year under review safeguarding across the Diocese, which operates a policy of zero tolerance to abuse, has benefited from the proactive leadership of Bishop Stephen. The Bishop attended one of the Safeguarding Committee's quarterly meetings to observe, and comment on, the work it does. A meeting is held between Bishop Stephen and the Diocesan Safeguarding Co-Ordinator after each Safeguarding Committee meeting so that he is updated on matters discussed. The Committee is chaired by a Trustee and in addition to other Trustee members and the Chancellor of the Diocese, includes members with professional expertise in safeguarding work and who work with statutory authorities, including a Forensic Psychologist. It welcomed 6 new members, including a Parish Safeguarding Representative and a representative from the Youth Ministry Trust. Safeguarding training has been completed by all Clergy, Curia employees and Trustees.
Along with 169 Parish Safeguarding Representatives (PSRs), the Committee supports the Safeguarding Department which works to ensure our parishes and institutions are safe places for all comers, especially those who are vulnerable. The Safeguarding Department also responds to, and supports, victims and survivors of abuse who approach the Diocese for assistance regardless of where that has taken place.
Progress against the Safeguarding Action Plan objectives continued at pace throughout the year resulting in all either now being fully achieved (green) with the remainder ongoing (amber). This progress was regularly captured in updates to the Plan, which can be accessed on the Diocesan website.
As well as the Bishop's annual Mass for Survivors of Abuse, a Mass was held for all those who volunteer as PSRs. In addition, following their high-profile contribution at the Bishop's installation, work continued with Loudfence, an international movement with presence which supports, and demonstrates solidarity with, victims and survivors of abuse, ensuring their voices are respected and heard. A joint project with Loudfence took place over a week in March 2024, in collaboration with our colleagues in the Anglican Cathedral in Newcastle, and saw events hosted in both Cathedrals.

The Safeguarding Department also played a major part in enabling the first Lourdes Pilgrimage since the pandemic to go ahead, carrying out the checks on volunteers and providing other vital safeguarding advice to the organising group. The Bishop attended throughout the joyful and moving return of our annual Pilgrimage.

Challenges and how they are being addressed

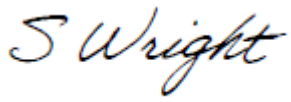
While vocations to religious life are reducing, the Diocese continues to have vocations for the priesthood and diaconate and to be assisted by Priests joining from overseas and religious orders.

The Care for Priests Policy has been developed to support Diocesan Priests in ill health and retirement along with an associated fundraising strategy.

Post pandemic, church attendance remains reduced, impacting upon the number of volunteers assisting in Parishes. The rollout of Diocesan-wide technical solutions, coupled with ongoing and increased support from Diocesan Departments such as safeguarding, health & safety, HR and finance, as well as with areas of work transferring to employees, these are assisting Parishes with many functions.

As in many areas of daily life, there are increased demands upon a reduced income, with the impact of inflation affecting all essential goods and services purchased. These financial pressures are being addressed by a focus on income generation, including fund raising, with the appointment of a Fundraising Manager in 2023 as well as a continued focus on making sure expenditure is designed to be as impactful as possible with the funds available.

The Trustees Report (incorporating the Strategic Report) was approved by the Board of Trustees and signed on its behalf by:



Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 18 December 2024

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Diocese of Hexham and Newcastle for the purpose of company law) are responsible for preparing the Trustees' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 affairs of the Charitable Company, the Group and of the income and expenditure of the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company 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 Charitable Company 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 on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

S Wright

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 18 December 2024

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Opinion

We have audited the financial statements of the Diocese of Hexham and Newcastle for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2024 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

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' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) 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 included within the Trustees' Annual 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates 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
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 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 parent 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 parent 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:

Based on our understanding of the and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Cannon Law, GDPR and Health and Safety regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the

preparation of the financial statements such as include the Companies Act 2006 and the Charities Act 2011, and consider other factors such as payroll tax.

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 estimation uncertainty and manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



Adam Halsey (Senior Statutory Auditor)

For and on behalf of HaysMac LLP, Statutory Auditor

Date: 20 December 2024

10 Queen Street Place

London

EC4R 1AG

Consolidated Statement of Financial Activities

at 31 March 2024

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2024 Total £000	2023 Total £000
Income						
Income from donations		5,558	64	889	6,511	6,350
Legacies		827	149	81	1,057	284
Income from charitable activities		278	-	101	379	260
Grant Income		42	28	20	90	143
Investment income	2	797	1,055	345	2,197	1,793
Other income		903	243	433	1,579	1,398
Youth Ministry Trust		-	-	823	823	828
Total income		8,405	1,539	2,692	12,636	11,056
Expenditure						
Expenditure on charitable activities:						
Clergy support	3	1,106	1,091	185	2,382	2,116
Pastoral	3	4,377	1,144	745	6,266	5,896
Education	3	-	666	389	1,055	1,541
Property	3	1,983	735	100	2,818	2,481
Youth Ministry Trust	3	-	-	1,077	1,077	719
Total expenditure on charitable activities		7,466	3,636	2,496	13,598	12,753
Expenditure on raising funds	6(b)	68	290	48	406	315
Total expenditure		7,534	3,926	2,544	14,004	13,068
Net Income/(expenditure)		871	(2,387)	148	(1,368)	(2,012)
Transfers between funds		-	-	-	-	-
Gains/(losses) on investment assets:						
Realised		-	(349)	-	(349)	(881)
Unrealised		-	3,559	1,020	4,579	(1,585)
Gains on revaluation of investment properties		89	(17)	-	76	662
Revaluation of fixed assets held for disposal		732	-	-	732	312
Net (loss)/gain on disposal of fixed assets		-	-	-	-	-
Net movement in funds		1,692	806	1,168	3,666	(3,504)
Fund balances at 1 April	21	63,068	22,788	13,791	99,647	103,151
Fund balances at 31 March	21	64,760	23,594	14,959	103,313	99,647

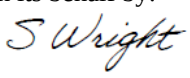
Group and Charity Balance Sheet

at 31 March 2024

	Notes	*2024 Group £000*	*2024 Charity £000*	*2023 Group £000*	*2023 Charity £000*
Fixed assets					
Tangible assets	8	32,948	32,881	33,199	32,945
Investments	9	46,983	46,983	41,655	41,655
Investment properties	10	3,568	3,568	3,316	3,316
		83,499	83,432	78,170	77,916
Current assets					
Debtors	16	4,216	2,793	3,819	2,504
Debtors – Schools projects	16	154	154	76	76
Short term deposits	17	1,262	1,262	2,704	2,704
Short term deposits – Schools projects		-	-	1,000	1,000
Unsecured short term loans	18	121	121	151	151
Cash at bank and in hand		17,482	17,215	18,176	17,906
Cash at bank – Schools projects		1,493	1,493	995	995
		24,728	23,038	26,921	25,336
Creditors**:** amounts falling due within one year	19	4,914	4,614	5,444	5,335
Net current assets		19,814	18,424	21,477	20,001
Total assets less current liabilities		103,313	101,856	99,647	97,917
Net assets		103,313	101,856	99,647	97,917
Represented by:					
Restricted fund		13,481	13,481	12,061	12,061
Restricted fund – Youth Ministry Trust		1,478	-	1,730	-
Unrestricted parish funds		64,760	64,760	63,068	63,068
Unrestricted central funds		23,594	23,615	22,788	22,788
Total funds	21	103,313	101,856	99,647	97,917

The entity has taken the exemption available under s408 of the Companies Act 2006 and no separate Statement of Financial Activities is prepared for the Diocese of Hexham and Newcastle. The charity made a surplus for the year of £4.0 million (2003: a deficit of £3.7 million)

These financial statements were approved and authorised for issue by the Board of Trustees, and signed on its behalf by:



Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee
Date: 18 December 2024

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	Notes	*2024* *£000*	*2023* *£000*
Net cash (outflow) from operating activities	20	(2,7546)	(2,663)
Investing activities			
Income from investments		1,337	1,164
Payments to acquire tangible fixed assets		(721)	(874)
Receipts from the sales of tangible fixed assets		-	-
Payments to acquire investments		(9,019)	(18,580)
Receipts from sales of investments		8,280	18,916
Receipts from direct lending investments		202	167
Payments to acquire investment properties		-	-
Unsecured short term loans repaid		30	57
		109	849
(Decrease)/Increase in cash and cash equivalents	20	(2,638)	(1,814)
Cash and cash equivalents at 1 April	20	22,875	24,689
Cash and cash equivalents at 31 March	20	20,237	22,875

Notes to the financial statements

at 31 March 2023

1. Accounting policies

General Information

The Diocese of Hexham and Newcastle is a company limited by guarantee (registration number 07732977 and a registered charity (registration number 1143450) incorporated in England and Wales. The registered office is St Cuthbert's House, West Road, Newcastle Upon Tyne, NE15 7PY.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006 and the Statement of Recommended Practice for Charities (SORP) (Second Edition, effective 1 January 2019).

The accounts have been prepared in GBP on the grounds that this is the functional currency of the Group. The accounts are rounded to the nearest thousand.

The Diocese of Hexham and Newcastle meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements incorporate the following funds:

- Diocesan Central Fund
- Parishes' Fund
- Clergy Training Fund
- Managed Fund

Consolidation

The financial statements consolidate the results, assets and liabilities of The Diocese of Hexham and Newcastle and its subsidiary, Youth Ministry Trust (charity registration number: 1146158 and company registration number 07937704) on a line-by-line basis. Intergroup transactions and balances are eliminated on consolidation.

The financial statements do not consolidate the results of Sursum Corda Limited (company registration number 03986521) as not material to group.

Going Concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. At 31 March 2024 the Charitable Company held total reserves of £103.3 million, consisting of Restricted Funds of £15.0 million and Unrestricted Funds of £88.4 million. The Charitable Company, as at 31 March 2024, had cash at bank and in hand of £17.5m and has maintained similar cash levels up to the date of authorisation of the financial statements.

The going concern assessment period considered by the Trustees is the period to 31 December 2025. In performing this assessment the Charitable Company's income and expenditure has been forecasted and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have performed stress testing, including considering the impact of churches not being open for worship and this leading to a reduction in donations received. They have considered the possible mitigating actions and consequent cost savings, and consider that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company can still meet its liabilities as they fall due.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the determination of judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure. Specific consideration is given to matters including the recoverability of debtors, the carrying value of fixed assets and the carrying value of investments, including investment properties. However, the nature of estimation means that actual outcomes could differ from those estimates.

Income and expenditure

Offertories, donations and legacies

Offertories are accounted for on a cash received basis. Donations and legacies are recognised when the Diocese becomes legally entitled to them and they can reasonably be measured in financial terms. Tax credits relating to Gift Aid are accounted for on an accruals basis linked to the income received.

Investment income

This is recognised on an accruals basis when dividends and interest from stocks and shares have been declared.

Ancillary income earned from granting short term use of functional assets to other parties is recognised on an accruals basis and presented within investment income.

Grant income (other than for schools' building work)

Grant income is included, in full, in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Income resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Grants for schools' building work

The Charitable Company acts as an agent for the School Governors in the recovery of grants and the payment of contractors for voluntary aided schools. Those grants and payments are not included in the financial statements, other than the amounts held by the Diocese on behalf of schools as grants received but not yet expended are included in the balance sheets as cash at bank and as creditors.

During the year the cost of schools' building works undertaken was £149k, being financed primarily by Government grants of 90% and by School Governors' contributions.

Income from charitable activities

This is accounted for on a cash received basis.

Expenditure

Expenditure is charged to the income and expenditure account on an accruals basis. Irrecoverable VAT is charged to the category of expenditure for which it was incurred.

Charitable Activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objectives of the Charitable Company, including direct staff costs, other direct costs, and apportioned support costs.

Governance Costs relate to the general running of the Charitable Company, and include such items as external audit, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Costs of Generating Funds include the costs incurred in generating voluntary income, fundraising trading costs, and investment management costs.

Grants paid/payable

Grants payable are recognised when payment is authorised.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Fixed asset investments

Quoted investments are shown in the financial statements at their market value at the balance sheet date. The resulting unrealised surplus or deficit is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Direct lending investments are initially recognised at cost. They are reviewed with the assistance of external investment managers, and provision is made against the value if recoverability of the full loan is in doubt. The movement in any such provision is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Current assets

Cash at bank in hand in the balance sheet consists of cash balances and short term deposits with an original maturity date of three months or less. Short term deposits with a maturity of over three months are separately disclosed within fixed asset investments.

All current assets are stated at the lower of cost and net realisable value.

Liabilities

Liabilities are recognised at the point where a legal or constructive obligation exists as a result of a past event. Provisions are liabilities where the timing and quantum of the economic outflows are significantly uncertain. The Charitable Company recognises provisions on an undiscounted basis.

Interest free loans

Occasionally the Charitable Company makes small interest free loans to priests. These are repayable over three to five years.

Deposits and loans

The Charitable Company operates a mutual system. Where parishes have money surplus to their immediate needs it is deposited centrally with the Diocese and interest may be paid. Where parishes are in need, interest free loans may be made at the discretion of the Trustees.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Fund accounting

- ***Unrestricted funds***

  These are expendable at the discretion of the Trustees in furtherance of the objectives of the Charitable Company. For management purposes these funds have been accounted for as:

  - Diocesan Central Fund
  - Parish Fund (designated for use as such by the Trustees).

- ***Restricted funds***

  Included under this heading are funds which have been formed as a result of donor implied intentions for the money. These include:

  - Parishes Special Collection Fund to gather and distribute special donations collected for specific charities.
  - Clergy Training Fund to support training of priests, deacons, and seminarians.
  - Diocesan Special Reserve Fund to benefit a sick and retired clergy project.
  - The Managed Fund – this comprises a large series of mass funds and special deposits, subject to specific trusts under Canon Law that have been donated in the past with the intention of supporting a specific purpose within the Charitable Company. These are not considered permanent endowments. Administratively this is managed and accounted for as one fund but it comprises several separate funds that can be further classified as:
    - Historical Masses Fund – Legacies and donations given to the Charitable Company, where the income must be used to meet Mass obligations.
    - Diocesan Designated – Income is to be used for Diocesan purpose.
    - Parishes Designated – Income is to be used for a Parish purpose.
    - Other Restricted – Income to be applied for a named purpose.
    - Clergy Training Fund – Income is to be applied for the purpose of training clergy and related costs, so that the underlying capital of the fund remains intact.

  Monies collected and accumulated in the parishes are shown as designated as a whole but they are specific to each individual parish. Parishes are encouraged to participate fully in the local and universal church and contribute to the running of the Diocesan wide activities through the annual levy.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Pensions

The Charitable Company contributes to three defined contribution pension schemes. Contributions are charged in the SOFA as they become payable in accordance with the rules of the schemes.

Accounting policy for tangible fixed assets and depreciation

i. Land and buildings

A Functional land and buildings

1. Churches, presbyteries, halls and other buildings

i. Freehold land

Functional land (i.e. land used for the prime purpose of the Charitable Company) which is still in use by the Charitable Company is included in the financial statements at original cost or where this is not available at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life.

ii. Freehold Buildings

Functional buildings (i.e. buildings used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). All new functional buildings, improvements and major renovations are capitalised at the cost of construction.

Buildings are depreciated at rates calculated to write off their estimated historic cost (less the estimated residual value) evenly over the whole of their useful life.

The estimate of the useful life of a building varies depending on the condition and future use of the building, however, in general it is expected that a building in a reasonable state of repair will continue in use without major renovations or improvements for the following period:

a)	Unlisted churches	100 years
b)	Cathedral and listed churches	200 years
c)	Presbyteries	50 years
d)	Other buildings including care homes	50 years

Depreciation rates are calculated using the age of the building and its expected useful life.

iii. Leasehold land and buildings

Leasehold land and buildings (if held) are depreciated over the life of the lease on a straight-line basis.

Fixed assets are reviewed for impairment if events of changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared against its carrying amount. Where the estimated recoverable amount is lower, an impairment loss is recognised immediately in the Statement of Financial Activities.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Accounting policy for tangible fixed assets *(continued)*

i. Freehold and lease land and buildings (continued)

A Functional land and buildings (continued)

Details and addresses of the Diocesan churches and other buildings (both freehold and leasehold) can be found in the Northern Catholic Calendar and on the Diocesan website.

2. Voluntary aided schools

i. Land

The Charitable Company owns the land on which its voluntary schools are built. The nature of the occupation of the land by these exempt charities means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements the land is not capitalised. The cost of any land acquired for the purposes of a voluntary aided school is charged to the statement of financial activities in the year of acquisition.

Land agreed as surplus to a school's requirements by the Local Education Authority may be disposed of by the Trustees who own the land.

ii. Buildings

The school buildings are occupied, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt charities means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements any cost of new building is written off to the statement of financial activities in the year it is incurred.

The Diocese, as agent for School Governors, pays school improvement and repair costs and reclaims the related grants. Parishes and/or Governors are billed for their contributions.

Details of the Diocesan Voluntary Aided Schools (both freehold and leasehold) are given in the Northern Catholic Calendar.

B Investment properties

1. Investment property

Investment properties are shown at the Trustees' best and prudent estimate of market value. Any material changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The historical cost of these assets is disclosed in note 10. As these assets are recorded at current market value no charge for depreciation is made in the financial statements.

Notes to the financial statements

at 31 March 2024

1. Accounting policies (continued)

Accounting policy for tangible fixed assets (continued)

B Investment property and former functional land and buildings (continued)

2. Former functional land and buildings

Properties which were previously occupied for Charitable Company use but are now no longer in use fall into two categories:

i. Those which can now be sold or are awaiting sale.

Properties awaiting sale are shown at the Trustees' best estimate of their ultimate net sale proceeds. If it is expected to realise the asset within 12 months then it is shown under current assets. All changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The estimated historical cost of these assets is disclosed in note 10. As these assets are no longer used by the Charitable Company, no charge for depreciation is made in the financial statements.

ii. Those which have restrictions on them which make sale difficult or detrimental to the Charitable Company.

Land

Former functional land is included in the financial statements at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life. Leasehold land and buildings are depreciated over the life of the lease on a straight-line basis.

Buildings

Former functional buildings are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). However as the buildings no longer have any use they are fully depreciated and have no net book value.

ii. Fixtures, fittings and equipment

Fixtures, fittings and equipment which have a current replacement cost exceeding £5,000 are capitalised and included in the financial statements at an estimate of their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition). They are depreciated at rates calculated to write off the cost of valuation, less the estimated residual value, of each asset evenly over its expected useful life as follows:

Church furniture	50 years
Presbytery and hall contents, and equipment	5 to 10 years
Sound systems and special lighting	5 to 10 years
Other fixtures and equipment	5 to 10 years

Notes to the financial statements

at 31 March 2024

1. Accounting policies (continued)

***Accounting policy for tangible fixed assets** (continued)*

iii. Motor vehicles

Motor vehicles have been capitalised and included in the financial statements at their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition) and are depreciated at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset evenly over expected useful life as follows:

Motor cars	5 years
Mini buses	5 years

Accounting policy for tangible fixed assets – heritage assets

Works of art and historic treasures

The Charitable Company owns several works of art and historic treasures. The items have extraordinary long lives and are worth preserving perpetually. The collection is not recognised in the Balance Sheet because details of the costs of these items are not available and the cost to the Charitable Company of obtaining valuations would exceed the benefit arising from doing so. The vast majority of the collection was acquired over 100 years ago.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement costs and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distributing.

Taxation

As a charity, the company is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

Debtors and Creditors

Trade debtors are recognised at the settlement amount due after any trade discount is offered. Prepayments are values at the amount prepaid after taking account of any trade discounts due. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Basis of allocation and apportionment of Central Support Costs

As shown in Note 4(a) to the financial statements, the costs of the Episcopal office and of the central Diocesan departments have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

Notes to the financial statements

at 31 March 2024

2. Investment income

	Unrestricted funds		*Restricted*	*2024*
2024	*Parish*	*Central*	*Funds*	*Total*
	£000	*£000*	*£000*	*£000*
Income arising from:				
Investment properties	796	63	1	860
Listed investments	1	695	344	1,040
Direct lending investments	-	-	-	-
Cash deposits held as investments	-	297	-	297
	797	1,055	345	2,197

	Unrestricted funds		*Restricted*	*2023*
2023	*Parish*	*Central*	*Funds*	*Total*
	£000	*£000*	*£000*	*£000*
Income arising from:				
Investment properties	571	98	-	669
Listed investments	-	540	350	890
Direct lending investments	-	4	-	4
Cash deposits held as investments	-	230	-	230
	571	872	350	1,793

Notes to the financial statements

at 31 March 2024

3. Expenditure on charitable activities

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2024 Total £000
Clergy support					
Clergy costs		1,105	3	8	1,116
Support of retired clergy		-	693	-	693
Clergy Training Fund		-	-	134	134
Grants and donations	5	1	-	43	44
Share of central support costs	4(a)	-	395	-	395
		1,106	1,091	185	2,382
Church running costs		4,339	-	66	4,405
Other parish costs		(10)	-	10	-
Grants and donations	5	48	110	560	718
Vicariate for Faith and Mission		-	170	-	170
Youth Service		-	-	-	-
Vocations commission		-	145	-	145
Safeguarding commission		-	297	-	297
University Chaplaincy work		-	-	-	-
Vicariate for Caritas		-	15	-	15
Diocesan Tribunal		-	12	-	12
Marriage care		-	-	-	-
Diocesan events		-	-	-	-
Northern Catholic Calendar		-	-	-	-
Newcastle City Centre Ministry		-	-	-	-
Lourdes Pilgrimage		-	-	25	25
Family Life		-	-	84	84
Share of central support costs	4(a) -		395	-	395
		4,377	1,144	745	6,266
Education					
Education service		-	161	371	532
Schools chaplaincy		-	110	-	110
CES grant	5	-	-	18	18
Share of central support costs	4(a)	-	395	-	395
		-	666	389	1,055
Property					
Repair of parish property		1,370	-	100	1,470
Diocesan property office		-	228	-	228
Diocesan resource centre		-	-	-	-
School building costs		35	-	-	35
Depreciation charges		578	112	-	690
Share of central support costs	4(a)	-	395	-	395
		1,983	735	100	2,818
Youth Ministry Trust					
Youth Services		-	-	1,077	1,077
Total cost of charitable activities	4(b)	7,466	3,636	2,496	13,598

Notes to the financial statements

at 31 March 2024

3. Expenditure on charitable activities (cont'd)

	Notes		Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2023 Total £000
Clergy support						
Clergy costs			1,037	3	8	1,048
Support of retired clergy			-	445	-	445
Clergy Training Fund			-	-	218	218
Grants and donations	5		2	-	26	28
Share of central support costs	4(a)		-	377	-	377
			1,039	825	252	2,116
Pastoral						
Church running costs			3,698	-	46	3,744
Other parish costs			67	-	-	67
Grants and donations	5		86	170	710	966
Vicariate for Faith and Mission			-	160	-	160
Youth Service			-	137	-	137
Vocations commission			-	108	-	108
Safeguarding commission			-	247	-	247
University Chaplaincy work			-	-	-	-
Vicariate for Caritas			-	7	-	7
Diocesan Tribunal			-	10	-	10
Marriage care			-	-	-	-
Diocesan events			-	-	-	-
Northern Catholic Calendar			-	-	-	-
Newcastle City Centre Ministry			-	-	-	-
Lourdes Pilgrimage			-	-	1	1
Family Life			-	-	72	72
Share of central support costs	4(a)	-		377	-	377
			3,851	1,216	829	5,896
Education						
Education service			-	635	374	1,009
Schools chaplaincy			-	117	-	117
CES grant	5		4	-	34	38
Share of central support costs	4(a)		-	377	-	377
			4	1,129	408	1,541
Property						
Repair of parish property			1,074	-	107	1,181
Diocesan property office			-	232	-	232
Diocesan resource centre			-	-	-	-
School building costs			6	-	-	6
Depreciation charges			576	109	-	685
Share of central support costs	4(a)		-	377	-	377
			1,656	718	107	2,481
Youth Ministry Trust						
Youth Services			-	-	719	719
Total cost of charitable activities	4(b)		6,550	3,888	2,315	12,753

Notes to the financial statements

at 31 March 2024

4(a).Central support costs in Unrestricted funds

2024		*Staff costs £000*	*Other costs £000*	*2024 Total £000*
Episcopal office		158	27	185
Finance, HR, Data Protection, Communications		457	338	795
Governance costs, note 6(a)		4	405	409
Diocesan office overheads		21	170	191
		640	940	1,580
Apportioned to charitable activities:				
Clergy support	(25%)	160	235	395
Pastoral	(25%)	160	235	395
Education	(25%)	160	235	395
Property	(25%)	160	235	395
		640	940	1,580

2023		*Staff costs £000*	*Other costs £000*	*2023 Total £000*
Episcopal office		154	30	184
Finance, HR, Data Protection, Communications		411	401	812
Governance costs, note 6(a)		3	307	310
Diocesan office overheads		20	182	202
		588	920	1,508
Apportioned to charitable activities:				
Clergy support	(25%)	147	230	377
Pastoral	(25%)	147	230	377
Education	(25%)	147	230	377
Property	(25%)	147	230	377
		588	920	1,508

Basis of allocation and apportionment

The costs of the Episcopal office and of the central Diocesan departments have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

Notes to the financial statements

at 31 March 2024

4(b).Charitable activities expenditure

2024	*Staff costs £000*	*Other costs £000*	*2024 Total £000*
Clergy support	198	2,184	2,382
Pastoral	1,430	4,836	6,266
Education	543	512	1,055
Property	430	2,388	2,818
	2,601	9,920	12,521

2023	*Staff costs £000*	*Other costs £000*	*2023 Total £000*
Clergy support	190	1,926	2,116
Pastoral	1,228	4,668	5,896
Education	573	968	1,541
Property	391	2,090	2,481
	2,382	9,652	12,034

Notes to the financial statements

at 31 March 2024

5. Grants and donations

During the year the Charitable Company made a large number of donations, as described below:

	2024	*2023*
	£000	*£000*
Bishop's charities	-	-
Clergy Training Fund	4	1
Little Sisters of the Poor	28	31
National Catholic Fund	77	75
Domestic grants	1	1
Lay Training Fund	8	15
Caritas Vicariate	8	17
Catholic Education	18	37
Marriage Care	10	10
Apostleship of the Sea	24	24
Holy Places	66	40
Peter's Pence	25	35
Racial Justice	9	13
Sick and Retired Priests NBF	40	27
World Communications	19	26
Day for Life	20	26
Home Mission	22	33
World Mission	21	2
Other Mission Charities	46	108
CAFOD Development and emergency aid	87	169
Other smaller grants	248	344
Total group charitable grants and donations	781	1,034

These are included in charitable activities (note 3) as follows:

Clergy support	44	28
Pastoral	719	968
Education	18	38
	781	1,034

Parishes occasionally allow fundraisers from other charities to collect outside of Mass or through collection boxes in parishioners' homes. These funds are usually counted and recorded by the receiving Charitable Company and do not pass through parish funds.

Notes to the financial statements

at 31 March 2024

6(a).Governance costs included in Central Support costs

2024	*Unrestricted funds*			*Restricted funds*			
	Parish	*Central*	*Total*	*Clergy Training Fund*	*Managed Fund*	*Total*	*2024 Total*
Audit fees	-	77	77	-	-	-	77*
Provision for bad debts	-	-	-	-	-	-	-
Other governance costs	-	332	332	-	-	-	332
	-	409	409	-	-	-	409

*Included in audit fees is £3,420 (2023: £3,420) related to other assurance services provided. Not included above, but included in Youth Ministry Trust restricted costs on the SOFA and Note 3 are audit and accountancy fees of £19,900 (2023 £14,837)

2023	*Unrestricted funds*			*Restricted funds*			
	Parish	*Central*	*Total*	*Clergy Training Fund*	*Managed Fund*	*Total*	*2023 Total*
Audit fees	-	106	106	-	-	-	106
Provision for bad debts	-	-	-	-	-	-	-
Other governance costs	-	204	204	-	-	-	204
	-	310	310	-	-	-	310

Notes to the financial statements

at 31 March 2024

6(b).Expenditure on raising funds

2024

	Unrestricted funds			*Restricted funds*			
	Parish £000	*Central* £000	*Total* £000	*Parish* £000	*Managed Fund* £000	*Total* £000	*2024 Total* £000
Fundraising and publicity costs	68	40	108	28	-	28	136
Stockbroker fees	-	221	221	-	20	20	241
Gift Aid office costs	-	29	29	-	-	-	29
	68	290	358	28	20	48	406

2023

	Unrestricted funds			*Restricted funds*			
	Parish £000	*Central* £000	*Total* £000	*Parish* £000	*Managed Fund* £000	*Total* £000	*2023 Total* £000
Fundraising and publicity costs	23	1	24	22	-	22	46
Stockbroker fees	-	207	207	-	32	32	239
Gift Aid office costs	-	30	30	-	-	-	30
	23	238	261	22	32	54	315

Notes to the financial statements

at 31 March 2024

7. Wages and Staff costs

Included in expenditure are the following staff costs:

	2024	*2023*
	£000	*£000*
Wages and salaries	2,521	2,249
Social security costs	184	180
Other pension costs	172	160
Total remuneration	2,877	2,589

All pension costs are paid out of unrestricted funds.

	2024		*2023*	
	Number of employees	*£000*	*Number of employees*	*£000*
Central Diocesan services	52	1,861	53	1,727
Parishes	116	743	117	655
Youth Ministry Trust	16	273	13	207
	184	2,877	183	2,589

No trustee received any remuneration during the year or previous year. Certain trustees received allowances as serving Clergy but not in their capacity as trustee. Pension contributions paid for Trustees as members of the Clergy scheme amounted to £5.7k (2023: £5.1k).

Five trustees received expenses to the value of £3,567 (2023: £100) in respect of travel and subsistence costs.

Higher paid employees received remuneration (including pension contributions) of:

Between £110k and £120k	no employees	(2023: 1)
between £100k and £110k	no employees	(2023: None)
between £90k and £100k	2 employees	(2023: 1)
between £80k and £90k	1 employee	(2023: 1)
between £70k and £80k	1 employee	(2023: 1)
between £60k and £70k	1 employees	(2023: 1)

No other employee received more than £60k.

Total remuneration of key management personnel (Chief Operating Officer and 7 Heads of Departments) was £616k (2022: £548k).

Clergy are not included in the above staff details as they are Office Holders and not employees of the Charitable Company. Payments to clergy during the year amounted to £862k (2023: £795k).

The Charitable Company is very grateful for the help of the army of volunteers who support the work of every member of the group. It is estimated that some 8,000 people support the parishes, and without their help the parishes could not function. It is however not possible to value the service provided by volunteers.

Notes to the financial statements

at 31 March 2024

8(a).Tangible fixed assets

Group	*Freehold property*	*Motor vehicles*	*Fixtures, fittings and equipment*	*Total*
	£000	*£000*	*£000*	*£000*
Cost:				
At 1 April 2023	47,819	27	3,826	51,672
Additions	582	-	139	721
Disposals	(287)	-	-	(287)
Transfer to Investment Property	(132)	-	-	(132)
At 31 March 2024	47,982	27	3,965	51,974
Accumulated depreciation:				
At 1 April 2023	15,080	19	3,277	18,376
Youth Ministry Trust	38	-	61	99
Charge for the year	585	5	122	712
Disposals	(38)	-	-	(38)
Transfer to Investment Property	(123)	-	-	(123)
At 31 March 2024	15,542	24	3,460	19,026
Net book value:				
At 31 March 2024	32,440	3	505	32,948
At 31 March 2023	32,701	8	490	33,199

Notes to the financial statements

at 31 March 2024

Company	*Freehold property £000*	*Motor vehicles £000*	*Fixtures, fittings and equipment £000*	*Total £000*
Cost:				
At 1 April 2023	47,541	27	3,750	51,318
Additions	572	-	62	634
Disposals	-	-	-	-
Transfer to Investment Property	(132)	-	-	(132)
At 31 March 2024	47,981	27	3,812	51,820
Accumulated depreciation:				
At 1 April 2023	15,080	19	3,274	18,373
Charge for the year	588	5	96	689
Disposals	-	-	-	-
Transfer to Investment Property	(123)	-	-	(123)
At 31 March 2024	15,545	24	3,370	18,939
Net book value:				
At 31 March 2024	32,436	3	442	32,881
At 31 March 2023	32,461	8	476	32,945

8(b).Tangible fixed assets – Heritage assets

There have been no transactions in works of art and historic treasures during the past five years. Where acquisitions were made, these were by donation. In the Trustees' view the value of these donations is not material and obtaining a current valuation would involve disproportionate cost.

Management policy

The works of art and historic treasures owned by the Charitable Company comprise several hundred items, acquired throughout many years. The items were acquired mostly through direct donation and occasionally by purchase.

Notes to the financial statements

at 31 March 2024

9. Fixed asset investments

The Diocese is the sole member of the Youth Ministry Trust, a company registered in England and Wales (07937704), and as such have been consolidated into the group financial statements for the year ending 31st March 2024.

For the year ended 31st March 2024, the Youth Ministry Trust had income of £823k (2023: £828k), expenditure of £1,077k (2023: £719k) and made a deficit of £254k (including the write down of capital assets of £240k against the Capital Asset Fund) (2023: surplus of £109k). At the Balance Sheet date the Youth Ministry Trust had net assets of £1,478k (2023: £1,730k)

	Notes	*£000*	*£000*
		2024	*2023*
Quoted investments:			
Investment fund	12	31,825	27,308
Managed fund	13	11,281	10,260
Total quoted investments		43,106	37,568
Investment in Sursum Corda Limited	14	250	250
Fixed investment deposits		3,619	3,600
Direct lending investments		8	237
		46,983	41,655

	2024	*2023*
	£000	*£000*
Investment categories (quoted investments):		
Main Fund:		
Conventional gilts	264	297
UK fixed interest	3,082	2,263
UK equities	4,870	4,334
Overseas equities	23,148	19,915
Property	462	499
Managed Fund:		
Catholic Investment Fund	11,280	10,260
	43,106	37,568

Notes to the financial statements

at 31 March 2024

10. Investment properties

Group and Company	*Diocesan Central fund £000*	*Parishes unrestricted fund £000*	*2024 Total £000*	*2023 Total £000*
Market value:				
At 1 April 2023	493	2,823	3,316	2,059
Assets Transferred from Fixed Assets	-	24	24	613
Assets Transferred to Assets Held for Sale	-	-	-	(18)
Unrealised gains on revaluation	6	222	228	662
At 31 March 2024	499	3,069	3,568	3,316
Book cost of investment property:				
At 31 March 2024	243	1,874	2,117	2,232

11. Valuation of investment properties

Properties have been included at Trustees' valuation.

If a commercial rent was paid, the valuation of properties is calculated as 7 times the annual rent.

Occasionally a peppercorn rent agreement has been arranged if the church will benefit from the occupation of the property. For example:

- safeguarding a nearby church where there is no resident priest
- tenant has agreed to substantially renovate the premises
- used by similar charities such as convents or religious orders and seen as furthering the outreach work of the church.

For properties rented out at below commercial rate, their valuation is based on 40% of the reinsurance value.

Notes to the financial statements

at 31 March 2024

12. Investment fund

	2024	*2023*
	£000	*£000*
At 1 April 2023	27,308	29,058
Additions	9,019	8,325
Disposals	(7,906)	(8,619)
Net unrealised investment (losses)/gains	3,404	(1,456)
Market value of quoted investments at 31 March 2024	31,825	27,308
Book cost of quoted investments as at 31 March 2024	27,364	25,740

Comprising at 31 March:

	Cost	*Unrealised*	*2024 Total*	*2023 Total*
	£000	*£000*	*£000*	*£000*
CCLA	27,364	4,461	31,825	27,308

13. Managed fund

	2024	*2023*
	£000	*£000*
At 1 April 2023	10,260	11,046
Additions	-	10,251
Disposals	-	(11,046)
Net unrealised investment /gains	1,021	9
Market value of quoted investments as at 31 March 2024	11,281	10,260
Book cost of quoted investments as at 31 March 2024	10,251	10,251

Comprising at 31 March:

	Cost	*Unrealised*	*2024 Total*	*2023 Total*
	£000	*£000*	*£000*	*£000*
CCLA	10,251	1,030	11,281	10,260

See note 15 for further details of the Managed Fund.

Notes to the financial statements

at 31 March 2024

14. Other investments

The Diocese holds 100% of the ordinary share capital of Sursum Corda Limited.

Financial information relating to these companies is as follows:

	Net movement in funds	Reserves
	£000	£000
Sursum Corda Limited		
31 March 2024	(15)	(249)
31 March 2023	(21)	264

15. The Managed Fund

The Managed Investment Fund was derived initially from legacies and bequests and money held on trust under the protection of Charitable Company Trustees. Each donation is redefined as a number of units, determined by a rate based on the market value of the fund at the date of subscription.

The capital is then invested in the Managed Fund. Its many individual subscriptions can be broadly categorised into:

- church funds deposited for investment
- special donations deposited for investment

The Managed Fund comprises quoted investments and cash awaiting investment held by CCLA Investment Management at HSBC.

At 31 March 2024 the fund comprised:

	Note	*Initial cost plus reinvested gains £000*	*Market value £000*
Quoted investments	13	10,251	11,281
Value of investment at 31 March 2024		10,251	11,281

Notes to the financial statements

at 31 March 2024

15. The Managed Fund (continued)

This fund is apportioned as follows:

	Initial cost 31/3/24 £000	*Market value 31/3/24 £000*	*Number of Units 31/3/24*
Special donation balances:			
Historical Mass Fund	208	856	91,074
Diocesan Designated Fund	103	399	42,476
Parishes Designated Fund	568	3,867	411,177
Restricted Fund	116	723	76,898
Clergy Training Fund	1,810	4,039	429,486
Lay Training Fund	138	231	24,596
	2,943	10,115	1,075,707
Church funds balances:			
Historical Mass Fund	60	133	14,130
Diocesan Designated Fund	35	100	10,639
Parishes Designated Fund	24	41	4,407
Restricted Fund	130	356	37,842
	249	630	67,018
Total Managed Fund	3,192	10,745	1,142,725

16. Debtors

	2024 Group £000	*2024 Company £000*	*2023 Group £000*	*2023 Company £000*
Trade debtors	345	280	389	325
Gift Aid Debtor	1,052	1,052	820	820
Accrued investment income	139	139	79	79
Accrued grant from Significance	1,164	-	1,264	-
Other debtors	216	135	145	179
Prepayments	709	692	600	588
Assets held for disposal	495	495	522	513
Assets held for construction	96	-	-	-
Schools Devolved Formula Capital	154	154	76	76
Total debtors at 31 March	4,370	2,947	3,895	2,580

Amounts falling due after more than one year included in the above are £225k (2023: £250k).

Debtors for the Youth Ministry Trust are included in 2024 at £1,423k. £1,243k relates to accrued grant income from Significance for capital building works.

Notes to the financial statements

at 31 March 2024

17. Short term deposits

This includes cash held awaiting investment.

Group and Company	*2024*	*2023*
	£000	*£000*
Diocesan Central Fund:		
HSBC, managed by CCLA	1,262	2,704
Total short term deposits at 31 March	1,262	2,704

18. Short term loans

Group and Company	*2024*	*2023*
	£000	*£000*
Loans to Priests	17	31
Other loans	104	120
Total short term loans at 31 March	121	151

Amounts falling due after more than one year included in the above are £125k (2022: £150k).

19. Creditors: amounts falling due within one year

	2024	*2024*	*2023*	*2023*
	Group	*Company*	*Group*	*Company*
	£000	*£000*	*£000*	*£000*
Trade Creditors	104	89	279	154
Sundry Creditors	106	80	195	141
Accruals	922	663	469	539
Schools Devolved Formula Capital	2,358	2,358	2,781	2,781
Schools Capital Allowance	1,325	1,325	1,352	1,352
Deposits repayable on demand	99	99	368	368
	4,914	4,614	5,444	5,335

Notes to the financial statements

at 31 March 2024

20. Note to statement of cash flows

a) Reconciliation of net (expenditure) to net cash (outflow) from operating activities

	2024	*2023*
	£000	*£000*
Net (expenditure)	(1,368)	(2,011)
Depreciation and assets written off	712	699
(Decrease) in fixed asset impairment	250	-
Decrease/(Increase) in debtors	(473)	90
(Decrease) in creditors	(531)	(277)
Investment income	(1,337)	(1,164)
Net cash (outflow) from operating activities	(2,746)	(2,992)

b) Movement in net debt

	1 April		*31 March*
	2023	*Cash flows*	*2024*
	£000	*£000*	*£000*
Cash at bank and in hand	19,171	(196)	18,975
Short term deposits	3,704	(2,442)	1,262
Cash and cash equivalents	22,875	(2,638)	20,237

Notes to the financial statements

at 31 March 2024

21. Reserves summary 2024

	Note	At April 2023 £000	Statement of financial activities: Income £000	Expenditure £000	Fixed asset gains £000	Transfers between funds (c) £000	Balance at 31 March 2024 £000	
Restricted reserves								
Clergy Training Fund	(a)	(140)	49	134	-	-	(225)	To meet the costs of training clergy (a)
Managed Capital Funds	(b)	11,116	344	20	1,020	-	12,460	Income used for various specified purposes (b)
Parishes Special Collections and Grants	(c)	53	606	546	-	-	113	Donated to missions, special appeals, etc. (c)
Parishes Restricted Fundraising	(d)	566	298	213	-	-	651	Fundraising for specified projects (d)
Main Fund Restricted Funds	(e)	125	572	556	-	-	141	Various specified purposes (e)
National Schools Singing Programme		25	-	-	-	-	25	To support and promote music in the Diocese
Main Fund Special Reserve		300	-	-	-	-	300	For a project to benefit sick and retired clergy
Other (Grants and Legacies)		16	-	-	-	-	16	To meet the costs of specified purposes
YMT – Significance Fund	(f)	1,475	-	260	-	-	1,215	Grant income for capital building works (f)
YMT – Other		255	823	815	-	-	265	Various specified purposes
Total restricted reserves		13,791	2,692	2,544	1,020	-	14,959	
Unrestricted reserves								
Diocesan Central Funds		22,788	1,539	3,926	3,193		23,594	
Unrestricted designated reserves								
Parishes' Funds		63,068	8,405	7,534	821	-	64,760	
Total unrestricted reserves		85,856	9,944	11,460	4,014	-	88,354	
Total charity reserves		99,647	12,636	14,004	5,034	-	103,313	

Notes

(a) The consolidated figures for Clergy Training Fund , above, do not show the aggregated income received into the fund from the Managed Investments Including these brings the reserves up to £165k

(b) Income invested on behalf of Parishes, where income is primarily used for Mass Intentions. Where income to the Managed Fund is subsequently distributed to other funds that income is shown in the financial statements only as income of the ultimate recipient fund. The 'Incoming resources' to the Managed Fund shown above represents income of that fund re-invested into that same fund.

(c) Special Collections are collected in Parishes in addition to Offetory Income, for specific purposes, where the income is paid over to the relevant causes such as missions, Education and Care for Priests

(d) Parishes fundraise for a variety of projects, from charitable causes to capital building works.

(e) The Main Fund Restricted Funds received during the year included Schools' Contributions to the Department which was fully expended during the year.

(f) Grant from the Significance Trust for the purposes of capital building works.

Notes to the financial statements

at 31 March 2024

21. Reserves summary (cont'd)

2023

	Note	At April 2022 £000	Statement of financial activities: Income £000	Expenditure £000	Fixed asset gains/(losses) £000	Transfers between funds (c) £000	Balance at 31 March 2023 £000	
Restricted reserves								
Clergy Training Fund	(a)	74	4	218	-	-	(140)	Clergy Training
Managed Capital Funds	(c)	11,584	350	32	(786)	-	11,116	Various specified purposes
Parishes Special Collections and Grants		24	716	687	-	-	53	Donated to missions etc.
Parishes Restricted Fundraising		440	226	183	-	83	566	Fundraising for projects
Main Fund Restricted Funds	(b)	96	559	531	-	-	125	Various specified purposes
National Schools Singing Programme		25	-	-	-	-	25	Supporting Diocesan music
Main Fund Special Reserve		300	-	-	-	-	300	Supporting retired clergy
Other (Grants and Legacies)		15	1	-	-	-	16	Other specified purposes
YMT – Significance Fund		1,475	-	-	-	-	1,475	Grant income for capital
YMT – Other		233	828	804	-	-	255	Various specified purposes
Total restricted reserves		14,266	2,684	2,455	(787)	83	13,791	
Unrestricted reserves								
Diocesan Central Funds		26,996	1,307	3,952	(1,563)		22,788	
Unrestricted designated reserves								
Parishes' Funds		61,889	7,065	6,661	858	(83)	63,068	
Total unrestricted reserves		88,885	8,372	10,613	(705)	(83)	85,856	
Total charity reserves		103,151	11,056	13,068	(1,492)	-	99,647	

Notes to the financial statements

at 31 March 2024

22. Analysis of Net Assets by Fund

2024	*Note*	*Designated £000*	*Unrestricted £000*	*Diocesan Restricted £000*	*Diocese Total £000*	*YMT Restricted £000*	*2024 £000*
Tangible Assets	8	29,164	3,717	-	32,881	67	32,948
Current Assets		35,596	19,877	13,481	68,954	1,411	70,365
		64,760	23,594	13,481	101,835	1,478	103,313

2023	*Note*	*Designated £000*	*Unrestricted £000*	*Diocesan Restricted £000*	*Diocese Total £000*	*YMT Restricted £000*	*2023 £000*
Tangible Assets	8	29,124	3,821	-	32,945	254	33,199
Current Assets		33,944	18,967	12,061	64,972	1,476	66,448
		63,068	22,788	12,061	97,917	1,730	99,647

Notes to the financial statements

at 31 March 2024

23. Capital commitments

Amounts contracted for at the year end but not provided in the financial statements amounted to £50k (2023: £145k) for parish building work.

23. Contingent liability

In the opinion of the Trustees there were no contingent liabilities in existence other than in the normal course of the activities of the Charitable Company as at 31 March 2023.

24. Pension commitments

A Group Personal Pension Scheme administered by Standard Life is operated for Diocesan Clergy. There is a Stakeholder Pension Scheme administered by Standard Life available for all employees. One member of staff is a member of a defined contribution pension scheme administered by Prudential (no new members are admitted to this scheme). The Charitable Company is also a member of the Teachers' Pension Scheme, continuing the contributions (on a defined contribution basis) of senior staff who are qualified teachers. The assets of all of these pension schemes are held separately from those of the Charitable Company in independently administered funds.

25. Liability

The Charitable Company is a private company limited by guarantee. The liability of the members is limited and every member undertakes to contribute to the assets of the company, in the event of the Charitable Company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound.

DIOCESE OF HEXHAM AND NEWCASTLE

England & Wales - Charity number 1143450

Accounts

Charity No 1143450

Diocese of Hexham and Newcastle

A Company Limited by Guarantee: Registered No. 7732977

Report and Financial Statements

31 March 2023

Trustees' Report

Diocese of Hexham and Newcastle

Diocese of Hexham and Newcastle

Trustees' Report for the year ended 31 March 2023

Trustees

Archbishop Malcolm McMahon (appointed January 2023, resigned July 2023)
Bishop Robert John Byrne CO, Bishop of Hexham and Newcastle (resigned December 2022)
Bishop Stephen Wright (appointed July 2023)
Reverend Peter Leighton
Catherine Patricia Dyer
Sister Helen Bernadette Costigane (appointed November 2022)
Lyn Murray (appointed May 2023)
Reverend Mark Millward (appointed May 2023)
Reverend Martin Stempczyk (appointed May 2023)
Reverend James O'Keefe (appointed June 2023)
Eamonn Michael Donnelly (appointed June 2023)
Matthew Boyle (resigned December 2022)
Reverend Jeffrey John Dodds (resigned May 2023)
Monsignor Andrew James Faley (resigned May 2023)
Reverend Colm Martin Hayden (resigned May 2023)
Reverend Simon Lerche (resigned May 2023)
Anne O'Brien (resigned October 2022)
Reverend Adrian Tuckwell (resigned May 2023)

Chief Operating Officer

Fiona Standfield

Registered Office

St Cuthbert's House
West Road
Newcastle upon Tyne
NE15 7PY

Solicitors

Collingwood Legal
Muckle LLP
Winkworth Sherwood

Bankers

HSBC plc
Newcastle upon Tyne

Investment Managers

CCLA Investment Management

Land Agents

Avison Young
Savills UK Ltd
BNP Paribas
GF White

Trustees' Report

Auditors

Ernst & Young LLP
Citygate, St James' Boulevard
Newcastle upon Tyne, NE1 4JD

The Trustees present their report and audited financial statements for the year ended 31 March 2023. The Trustees have adopted the charities SORP (FRS102) "Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standards applicable in the UK & Republic of Ireland".

Structure, Governance and Management

Constitution

Until 31 March 2012 the Roman Catholic Diocese of Hexham and Newcastle was constituted as a Charity for Roman Catholic Purposes by a Declaration of Trust dated 4 November 1867 no. 234071 and Hexham & Newcastle Diocesan Trust dated 16 September 1947 no. 235686. All reporting was made under the charity reference 235686.

On 1 April 2012 the assets and operations of the Diocese transferred to this Charitable Company Limited by Guarantee, called Diocese of Hexham and Newcastle. The Company number is 7732977 and the charity number is 1143450. The Directors of the Charitable Company are the Trustees. This Charitable Company delivers the activities of the Diocese.

Organisational Structure and Decision Making

Matters concerning the care and development of the clergy and the pastoral care of the people of the Diocese are referred to the Bishop in consultation with his Bishop's Council. The Bishop and his Council meet frequently during the year. The Bishop's Council consists of the Vicar General and the Episcopal Vicars, who each have responsibility for a geographical area and/or an area of work within the Diocese.

The Diocese is divided into five Episcopal Areas, consisting of 140 separate parish communities, which have been grouped into 19 Partnerships. There are 66 Diocesan Priests working within the Diocese and a number of Priests from Religious Orders who are in active ministry throughout the Parishes of the Diocese. They are supported by a number of Priests who have retired from office and 40 visiting Priests from overseas or other Religious Order. Two Priests are involved in ministry outside of the Diocese.

Each Parish aims to provide for the religious needs of its people through Church services and education in the Roman Catholic faith and to encourage charitable work. They also provide for the spiritual growth of people of all ages with particular emphasis on the needs of the sick and the poor. The Diocese also works in harmony with other Christian denominations, with people of other faiths and with local communities.

The Trustees govern the Charitable Company, and in carrying out this responsibility are mindful of clergy and pastoral initiatives of the Bishop which have an impact upon the operational wellbeing of the Charitable Company. The Articles of Association were updated in Spring 2023. The Board comprises the Bishop as Chair, four Priests and four Lay Faithful, selected for their relevant skills and expertise. There are a number of Board Committees, currently under review, and occasional working parties looking at specific matters which comprise Directors and experts especially co-opted.

The Board is responsible for all of the assets of the Charitable Company although in practice the Parish Priest acts as the representative in many Parish matters. Parish Priests are obliged by Canon law to be assisted in their duties by a Parish Finance Committee and many also have Parish Councils. The permission of the Board is required for all significant Parish projects.

To assist the Board, the operations of the Diocesan Curia have been organised into formal Departments and Vicariates that report through the Chief Operating Officer to the Board. The Chief Operating Officer and senior managers form a Senior Leadership Team that executes the central administrative functions for the Charitable Company through support, dissemination of information, leadership and guidance on matters common throughout the whole Charitable Company. Officers carry out the Board's directions and refer matters arising for the Board's attention. The Departments and Vicariates reflect the work carried out, and are: Faith and Mission; Caritas; Care of the Clergy; Education; Finance; Human Resources; Property Management; Safeguarding; as well as the Diocesan Chancery and Tribunal.

Trustees' Report

Organisational Structure and Decision Making (continued)

Education is provided for children through 156 schools (130 primary, 2 infant, 2 junior, 2 first, 1 middle and 20 secondary schools). 151 schools are academies within 4 large Catholic Education Trusts and 5 are voluntary aided primary schools. In total there are 129 primary schools (some with nursery provision), 2 infant schools, 2 junior schools, 2 first schools, 1 middle school and 20 secondary schools. There are 54,161 pupils in our Diocesan Schools of which 56.9% are Catholic. Within the schools there are 3,257 teachers of which 51.2% are Catholic (the national average is 46.5%). The Diocesan Department for Education offers support to schools whilst at the same time facilitating life-long learning throughout the Diocese through CCRS (Catholic Certificate in Religious Studies).

Trustees' Recruitment and Appointment

Under the Articles of Association the power of appointing new or additional Trustees rests with the Bishop. The induction process for any newly appointed Trustee involves an initial meeting with the Bishop, access to relevant paperwork such as a copy of the Charitable Company's Memorandum and Articles and a copy of the most recent statutory accounts. The Trustees are provided with opportunities to attend training and receive regular circulars from the Charity Commission.

Risk Management

The Charitable Company has a formal risk review process in place, under which a risk register is maintained and reviewed at every quarterly meeting of the Board. Changes to the RAG scores of identified risks are monitored by each Head of Department, and they are required to implement processes to mitigate risk whenever possible. The most strategic risks identified by the Senior Leadership Team are monitored by the Board. These cover:

- Operational Risk: Having insufficient active clergy to meet requirements, having an over-reliance on key personnel, or having to close properties because of health and safety issues.
  Line managers meet with staff on a monthly basis, physically or by virtual meeting, to monitor their wellbeing. Parish properties are subjected to quinquennial surveys to ensure that there is a safe operating environment.
- Financial Risk: A reduction in voluntary income impacting on the ability to fund necessary activities, or an inability to afford to care for sick and/or elderly clergy.
  An updated Finance Strategy has been developed, including a focus on fundraising. The moratorium on non-essential capital spending continues, so as to maintain a base level of financial reserves.
- Reputational Risk: Arising from inadequate safeguarding procedures, or a communications/data protection failure.
  Safeguarding training is mandatory for all clergy and employees, and staffing levels in the Safeguarding Department have been increased. A data protection support manager has been appointed and is delivering training across Parishes and Departments.

Some risks increased because of the change in working practices to a more hybrid model, as a result of the impact of Covid-19 restrictions. The increase in employees working from home has increased data security risks. Senior managers discuss these, and all other risks, in regular review meetings.

Following the resignation of Bishop Robert Byrne in December 2023, which resulted in an increased risk to the Diocese of reduced leadership, decision-making and guidance, Archbishop Malcolm McMahon was appointed Administrator, with significant authority to make decisions in Canon Law. In July 2023 Bishop Stephen Wright was installed as Bishop of Hexham and Newcastle and the Diocese is moving forward under his leadership.

Objects

The purpose of the Charitable Company is to promote the Roman Catholic religion in the counties of Northumberland, Tyne & Wear, Durham and the Northern part of Cleveland, which are covered by the Diocese of Hexham and Newcastle, and other charitable works promoted by the Church outside the Diocese. All of the Diocese's work is underpinned by and reflects the ethos of the Roman Catholic tradition through prayer, worship, a commitment to community and a sense of mission.

Trustees' Report

Objects (continued)

The Charitable Company aims to satisfy its objects and demonstrates its public benefit through four main areas of charitable activity, namely:

- To provide support to the Clergy in their ministries
- To provide and support pastoral work in Parishes and local communities
- To provide support and direct life-long Christian education in Parishes and schools
- To preserve and invest in the property infrastructure of the Diocese and parishes, facilitating worship and enabling the charitable work of the church to take place.

The Trustees have given due consideration to Charity Commission published guidance on Public Benefit, and it is their opinion that the delivery of the above-noted charitable activities meets the requirement for the Charitable Company to exist for such Public Benefit.

The work noted above is underpinned by the Diocesan Objectives, which are to ensure the:

- Dynamic growth and renewal of the Church through our Partnerships
- Building of God's Kingdom in community and public life
- Sustainability and resourcing of the Diocesan mission and ministry

Employee involvement

The Charitable Company is committed to regular engagement, communication and discussions with employees on those matters relating to their work and the Charitable Company's activities.

The Charitable Company also seeks to delegate and involve staff in discussions and decision-making particularly in those areas to which they can contribute effectively, so that all may participate in the efficient running of the Charitable Company.

A Staffing and Remuneration Committee chaired by the Vicar General considers matters affecting employees, including recruitment strategies, remuneration levels, and general terms and conditions of employment, and makes recommendations to the Trustees.

Going concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. At 31 March 2023 the Charitable Company held total reserves of £97.9 million, consisting of Restricted Funds of £12.1 million and Unrestricted Funds of £85.8 million. The Charitable Company, as at 31 March 2023, had cash at bank and in hand of £17.9m and has maintained similar cash levels up to the date of authorisation of the financial statements.

The going concern assessment period considered by the Trustees is the period to 31 December 2024. In performing this assessment the Charitable Company's income and expenditure has been forecasted and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have performed stress testing, including considering the impact of churches not being open for worship and this leading to a reduction in donations received. They have considered the possible mitigating actions and consequent cost savings, and consider that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company can still meet its liabilities as they fall due.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Trustees' Report

Trustees' insurance

The Charitable Company maintains insurance for Trustees in respect of their duties as Trustees of the Charitable Company.

Auditor

At the time of preparation of this report, the auditor for the Charitable Company is Ernst & Young LLP. Giving due consideration to stewardship of charitable funds, the Trustees ensured that a review of audit provision was undertaken. This resulted in the Trustees determining that Haysmacintyre be appointed from 1 January 2024 as auditors for the Charitable Company.

Trustees' responsibilities for audit information

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

+ Stephen Wright

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 13/12/23

Strategic Report

Activities during the year and achievements

The Charitable Company has seen a continued upturn in activity in Parishes and throughout the Diocese, building upon the recovery from the effects of the COVID-19 lockdowns.

The past year has seen leadership change in the Diocese following the Pope's acceptance of the resignation of Bishop Robert Byrne in December 2022. This was followed by the appointment of Archbishop Malcolm McMahon as Apostolic Administrator. In January 2023 Archbishop McMahon and Trustees met with the Charity Commission, in response to the opening of a Compliance Case in respect of the Diocese, and continues to work on this with the Charity Commission. Also in January 2023 Archbishop McMahon invited the Catholic Standards Safeguarding Agency (CSSA) into the Diocese to undertake a Review of Safeguarding in light of Bishop Byrne's departure. In June 2023 the CSSA published in full their Report which identified that the delivery of Diocesan safeguarding services was at the anticipated level when assessed against the new safeguarding standards. Separately Archbishop McMahon commissioned an investigation into Bishop Byrne's leadership on behalf of the Dicastery for Bishops' in Rome. A two page Executive Summary of the report followed by an Addendum have been published on the Diocesan website.

Under the leadership of Archbishop McMahon, the Diocese prepared Listening Exercises for Clergy, Staff and Laity with the aims of capturing the impact of Bishop Byrne's tenure on these key stakeholders and of identifying any support they would wish to be provided. These continue under the leadership of Bishop Stephen Wright.

The Vicariate for Faith & Mission continues to co-ordinate formation training events for liturgical ministries and marriage preparation. The Vicariate has worked to safeguard the ministry of Healing with the recruitment and ongoing formation of a diocesan Healing team of which there are now twenty-five members. It has prepared daily reflections for Advent from people around the Diocese, clergy and lay. It has facilitated a workshop on synodality at Ushaw and continues to take a synodal approach to listening and development in the diocese. The Listening exercises in the diocese are coming to a close of phase one, with plans for phase two underway. The Vicariate team have supported an exhibition on Carlo Acutis with the Association of the Eucharist and have supported the Diocesan Church Music Association to work with The Bishop Chadwick Catholic Education Trust to offer formation on the New Diocesan Mass setting-Gaudate.

Pay rises reflected the UK's slow economic recovery. The Diocese continued to ensure the lowest grade staff were paid at least the Living Wage. No further use was made of the Government's Coronavirus Job Retention Scheme ("Furlough Grants") compared to prior year (2022: £34k). The year saw continued return to normal activity, with increased pastoral work. However, there is still some distance to travel before a return to activity and income levels seen before the pandemic. As a result there continued to be conservative spending. To conserve resources capital building work has continued to be curtailed and only those parish projects which involved essential repair or projects that are of a health and safety or safeguarding nature, or of pastoral necessity, have been approved.

Clergy Support

There were six seminarians in formation in the year ended 31 March 2023, being three at St Mary's College, Oscott, two at the Venerable English College in Rome and one at the English College of Valladolid. There were no ordinations to the Priesthood in the year to 2023, although there were two Priest and two Deacon ordinations in July 2023.

Pastoral Work

There are a number of commissions and central departments that facilitate and encourage work in local communities. Our most significant work is undertaken locally by many thousands of volunteers in our parishes.

Much of the income of our parishes goes to support the running activities of the parish although parishes use their facilities and people to reach out into the local community. The year saw a return to activities that had been restricted during the COVID-19 pandemic. Parishes run successful parish youth groups or mother and toddler groups. Parish volunteers frequently visit people in Care Homes, and Extraordinary Ministers of the Eucharist assist the priests in taking Holy Communion to those members of a Parish who are too infirm to attend Mass with the rest of the community. The Diocese and Parishes continue to ensure the safety of employees and volunteers. Parish volunteers are often also closely associated with other local charities such as homelessness support, elderly and bereavement care, cancer care. There is a case to say that it is the ethos

Strategic Report

engendered in our parishes which encourages people to give so much of themselves so freely to their communities. Active participation with the Catholic faith helps to engender care for others in their community, with examples of local development projects existing throughout the Diocese.

Parishes are not only aware of the needs of their local communities but are also very conscious of the needs of poor people around the world and many have particular projects that they support. Parishes have continued to directly support Mission work around the world, including CAFOD's development work and disaster relief. The Diocese and Parishes have increased the support for the work of the Caritas Vicariate in supporting both local and national relief efforts.

The Vicariate for Faith and Mission has continued to strengthen networks and links across the Diocese, while streamlining work practices. The strength of such relationships in the Diocese continues to bear fruit, in the growth of newer forms of ecumenical social outreach in many areas such as foodbanks, and assistance to asylum seekers. Involvement in the more usual ecumenical activities continues to foster a deep appreciation of the gifts and graces to be received from our ecumenical partners, and this Vicariate is taking a leading role in the Diocesan approach to the global Synod.

Apart from attending Bishop's Council meetings every two weeks, and serving a Parish as Parish Priest, each clergy Director supports the Bishop in pastoral work throughout the Diocese.

Education

The Diocesan Memorandum of Understanding 2020 has the status of a Bishop's directive and states the guiding principles and expectations which our schools adhere to within a Diocesan family of schools, whether they are voluntary aided schools or academies. 151 schools are academies within four Catholic Education Trusts (MATs). 5 primary schools are voluntary aided. The Diocesan Academy Policy of December 2019 remains as the policy of the diocese whereby all schools will convert to academy status within their geographical family of schools Catholic Education Trust.

Our link with Durham University via the Centre for Catholic Studies continues to flourish. Meetings and discussions took place to consider staffing, content delivery, and financing, all with satisfactory outcomes.

Property

During the year the majority of building work that has taken place within the Diocese has been of essential works of maintenance. At this time of continued economic uncertainty, parishes have been asked to delay refurbishment and alteration work. The Diocese continues to work to develop a strategy to monitor the needs of the estate and take any necessary action.

During the year a total of £1.2million was spent in parishes on building work ranging from repairs and minor projects £913k, to major works £268k.

Capital investment agreed with the Education Funding Agency (EFA) reduced significantly compared to the previous year, as more schools convert to academy status and deal with their funding directly. All of the Voluntary Aided school projects are handled by the Diocesan offices, from approval, negotiation with EFA, administration of the grant, payments to contractors, to collection of the Governors' contributions. School buildings expenditure amounted to £1.2million, with the Government contributing 90% funding towards Voluntary Aided School work. The Diocese acts as an agent for School Governors in these matters, so the building expenditure is not recognised in Diocesan fixed assets.

Financial Review

The Charitable Company's accounting policies are described in Note 1 to the financial statements.

Investment Policy and performance

The Trust deed authorises the Trustees to make and hold investments using the funds of the Charitable Company without any restrictions. The Trustees recognise that the investment portfolio is held to provide for the future needs of the Charitable Company whilst supporting the ongoing costs. Therefore the investment objective for the Diocese is to produce the optimum total return using income or capital, whichever is the most effective in the prevailing conditions. In setting an optimal total returns policy we identify, through a budgeting procedure, a level of cash return required from the main investment portfolio,

Strategic Report

whilst paying due regard to the need to protect the real value of the capital. In the current conditions the aim is to withdraw not more than 3.5% of portfolio valuation per annum: the amount actually withdrawn during the year equated to 2.5% of the portfolio valuation.

The investment strategy is set on an annual basis. Fund managers are required to adhere to a strict ethical policy. An Investment Committee of experts chaired by a Trustee provides advice and support. Although fund managers have discretionary investment powers they provide quarterly information. In 2021 the Diocese moved to CCLA Investment Management, while a charity investment specialist adviser (Stanhope Consulting) continues to assist in reviewing performance and advising the Board. During the year the market value of the portfolios moved in line with the general market conditions. At 31 March 2023 the valuation of the main portfolio was 94% of the March 2022 valuation, reflecting the economic recovery from the Covid-19 situation but also the economic and financial impact of the war in Ukraine. At 31 October 2023 the portfolio valuation stood at 105% of the March 2023 valuation.

As at 31 March 2023 the accumulated unrealised gains in the combined portfolio amounted to £1.5m.

Reserves Policy

The Trustees decide the level of free reserves to be held by the Charitable Company. Free reserves are those available to spend on any or all of the Charitable Company's purposes, being unrestricted reserves excluding those invested in fixed assets, those designated for a specific purpose, and those otherwise committed. Fixed assets are excluded because these assets cannot be realised without undermining the fundamental work of the Charitable Company.

In calculating the level of reserves to be retained by the Charitable Company, the Trustees give due regard to the need to fulfil all of its obligations and commitments and to finance the activities that it currently undertakes, and to fund future requirements including clergy retirement, schools provision, and maintenance of Parish properties including special projects such as governance arrangements and development of the Youth Village. The aim is to have retained free reserves sufficient to cover twelve months of unrestricted charitable expenditure: at 31 March 2023 sixty-three months' cover was held.

Strategic Report

Grants Policy

Each year the Bishop, assisted by guidance from the Catholic Bishops' Conference of England and Wales, decides which organisations will benefit from special collections to be taken in the Parishes. At a local level, Parish Priests and their finance committees decide which additional causes they will support to further the work of the Church, by means of special appeals. The amounts raised from such appeals and paid over to charities are sometimes supplemented from general offertory income, where this is approved by the Parish Priest and the Parish Finance Committee.

Financial risk management objectives

As described above the Charitable Company has established a risk and financial management framework whose primary objectives are to protect the Charitable Company from events that hinder the achievement of the Charitable Company's objectives. The Charitable Company has no operations outside the UK and is not exposed to movements in exchange rates, and therefore does not enter into transactions with derivative instruments. Cash flow and liquidity risk is covered by forecasting and management of cash. The Charitable Company has no significant individual debtors and therefore limited credit risk. Investments are diversified between those with guaranteed income but no capital growth, and those with potential capital growth but also the risk of capital losses. All investments are under the care of a professional Fund Manager and with additional oversight provided to the Diocese by a separate organisation.

Expenditure During the Year

The principal funding sources are as described in the SOFA. A detailed analysis of expenditure is given in note 3. Outlined below is how the expenditure in the year supporting the key activities has been sourced.

Charitable Activity	Funded by general income	Funded from specific income	Total Expenditure
	£000	£000	£000
Clergy Support	1,864	252	2,116
Pastoral Work	5,157	829	5,986
Education	1,133	408	1,541
Property	2,375	107	2,482
Cost of Generating Funds	261	54	315
Cost of charitable activities	**10,790**	**1,650**	**12,440**

In the context of the Charitable Company's activities, the key performance indicators are:

- Attendance at events and services
- Support to local communities via outreach and ecumenical links
- Development of the religious well-being of communities,

all of which are discussed above. From a financial perspective the key performance indicators are discussed above and are:

- Investment performance
- Income generated
- Expenditure incurred

Strategic Report

Plans for Future Periods

During the pandemic, Churches experienced various restrictions, from full closure, to being able to operate with social distancing and other mitigating controls in place. Caution exercised by many people continues to see church attendance at reduced levels. A reluctance to gather in number, although to a lesser extent than during the pandemic, continues to have a negative impact on Parish income. Weekly plate collections and rental income increased in year, complimenting the use of Standing Orders and electronic giving, with the income recovering to an extent from the challenges of the pandemic. However, income levels remain c12% below levels of the 5 years prior to the pandemic. Combined with increasing costs and the challenge of the cost of living crisis, the Diocese continues to monitor the resultant challenge. The Diocese continues to assess the impact of the pandemic on income levels and activity in order to be as impactful as possible.

The work of the Vicariates for Faith & Mission, Caritas, and Care of the Clergy continues to be formulated. The Vicariate for Education continues to support the academisation policy and the provision of Chaplains in local Universities. The upgrade and enhancement of the IT infrastructure continues.

+ Stephen Wr.

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 13/12/23

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 affairs of the Charitable Company and of the profit or loss of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK 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 presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company 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 Charitable Company 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 on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

+ Stephen W.

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 13/12/23

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Opinion

We have audited the financial statements of Diocese of Hexham and Newcastle for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its net expenditure 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 below. 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 the period to 31 December 2024.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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, which includes the trustees' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- The strategic report and the trustees' report included within the trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the trustees report included within the trustees' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that 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 management either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charitable Company and determined that the most significant are those that relate to the reporting framework FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities Act 2011 and the Companies Act 2006. In addition, the Charitable Company has to comply with laws and regulations relating to its operations, including the General Data Protection regulation (GDPR).
- We understood how the Diocese of Hexham and Newcastle is complying with those frameworks by making enquiries of management and those responsible for legal, compliance and safeguarding procedures to understand how the Charitable Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board meeting minutes
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur through making enquiries of management and those charged with governance. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation and judgement. We performed analytical review procedures over each source of income to identify unusual movements falling outside of our expectation and tested them to supporting evidence. We also designed audit procedures to test the classification of income between restricted activities and unrestricted activities.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry of management and those charged with governance and review of board meeting minutes and of correspondence with relevant parties and authorities. Our procedures also included journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

Date: 13 December 2023

Statement of Financial Activities

at 31 March 2023

Company no: 7732977

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2023 Total £000	2022 Total £000
Income						
Income from donations		5,367	50	933	6,350	6,273
Legacies		277	-	6	283	599
Income from charitable activities		190	-	70	260	303
Grant Income		16	49	78	143	-
Investment income	2	576	911	350	1,837	1,454
Other income		639	340	419	1,398	1,206
Total income		7,065	1,350	1,856	10,271	9,835
Expenditure						
Expenditure on charitable activities:	3					
Clergy support		1,039	825	252	2,116	1,470
Pastoral		3,939	1,218	829	5,986	5,536
Education		4	1,129	408	1,541	869
Property		1,657	718	107	2,482	2,206
Total expenditure on charitable activities		6,639	3,890	1,596	12,125	10,081
Expenditure on raising funds	6(b)	23	238	54	315	261
Total expenditure		6,662	4,128	1,650	12,440	10,342
Net Income/(expenditure)		403	(2,778)	206	(2,169)	(507)
Transfers between funds		(83)	-	83	-	-
Gains/(losses) on investment assets:						
Realised		-	(86)	(795)	(881)	454
Unrealised		-	(1,594)	9	(1,585)	3,025
Gains on revaluation of investment properties		546	116	-	662	321
Revaluation of fixed assets held for disposal		312	-	-	312	183
Net (loss)/gain on disposal of fixed assets		-	-	-	-	(123)
Net movement in funds		1,178	(4,342)	(497)	(3,661)	3,353
Fund balances at 1 April	21	61,890	27,131	12,558	101,579	98,226
Fund balances at 31 March	21	63,068	22,789	12,061	97,918	101,579

Balance Sheet

at 31 March 2023

Company no: 7732977

	Notes	2023 £000	2022 £000
Fixed assets			
Tangible assets	8	32,945	33,608
Investments	9	41,656	44,630
Investment properties	10	3,316	2,058
		77,917	80,296
Current assets			
Debtors	16	2,504	2,200
Debtors – Schools projects	16	76	90
Short term deposits	17	2,704	2,594
Short term deposits – Schools projects		1,000	1,000
Unsecured short term loans	18	151	207
Cash at bank and in hand		17,908	19,407
Cash at bank – Schools projects		995	1,506
		25,338	27,004
Creditors: amounts falling due within one year	19	5,337	5,721
Net current assets		20,001	21,283
Total assets less current liabilities		97,918	101,579
Net assets		97,918	101,579
Represented by:			
Restricted fund		12,061	12,558
Unrestricted parish funds		63,068	61,890
Unrestricted central funds		22,789	27,131
Total funds	21	97,918	101,579

These financial statements were approved and authorised for issue by the Board of Trustees, and signed on its behalf by:

+ Stephen Wright

Bishop Stephen Wright

Bishop of Hexham and Newcastle

Trustee

Date: 13/12/23

Statement of cash flows

for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Net cash (outflow) from operating activities	20	(2,992)	(4,625)
Investing activities			
Income from investments		1,164	1,454
Payments to acquire tangible fixed assets		(635)	(1,277)
Receipts from the sales of tangible fixed assets		-	532
Payments to acquire investments		(18,576)	(19,518)
Receipts from sales of investments		18,916	18,366
Receipts from direct lending investments		167	1,871
Payments to acquire investment properties		-	-
Unsecured short term loans repaid		56	35
		1,092	1,463
(Decrease)/Increase in cash and cash equivalents	20	(1,900)	(3,161)
Cash and cash equivalents at 1 April	20	24,507	27,668
Cash and cash equivalents at 31 March	20	22,607	24,507

Notes to the financial statements

at 31 March 2023

1. Accounting policies

Statement of Compliance

The Diocese of Hexham and Newcastle is a company limited by guarantee incorporated in England. The registered office is St Cuthbert's House, West Road, Newcastle Upon Tyne, NE15 7PY.

The company's financial statements have been prepared in compliance with Charities SORP (FRS102) "Accounting & reporting by Charities: Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting standards applicable in the UK and the Republic of Ireland (FRS102)".

Basis of preparation

The financial statements have been prepared under the historic cost convention, modified by revaluation of quoted investments, investment properties, and certain freehold property. The financial statements have been prepared in accordance with the applicable accounting standards.

The financial statements incorporate the following funds:

- Diocesan Central Fund
- Parishes' Fund
- Clergy Training Fund
- Managed Fund

The company has not prepared group financial statements on the grounds that its subsidiaries are immaterial to the group, see note 14, and accordingly the financial statements present information about the company as an individual undertaking and not about its group.

Going Concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. At 31 March 2023 the Charitable Company held total reserves of £97.9 million, consisting of Restricted Funds of £12.1 million and Unrestricted Funds of £85.8 million. The Charitable Company, as at 31 March 2023, had cash at bank and in hand of £17.9m and has maintained similar cash levels up to the date of authorisation of the financial statements.

The going concern assessment period considered by the Trustees is the period to 31 December 2024. In performing this assessment the Charitable Company's income and expenditure has been forecasted and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have performed stress testing, including considering the impact of churches not being open for worship and this leading to a reduction in donations received. They have considered the possible mitigating actions and consequent cost savings, and consider that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company can still meet its liabilities as they fall due.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the determination of judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure. Specific consideration is given to matters including the recoverability of debtors, the carrying value of fixed assets and the carrying value of investments, including investment properties. However, the nature of estimation means that actual outcomes could differ from those estimates.

Income and expenditure

Offertories, donations and legacies

Offertories are accounted for on a cash received basis. Donations and legacies are recognised when the Diocese becomes legally entitled to them and they can reasonably be measured in financial terms. Tax credits relating to Gift Aid are accounted for on an accruals basis linked to the income received.

Investment income

This is recognised on an accruals basis when dividends and interest from stocks and shares have been declared.

Ancillary income earned from granting short term use of functional assets to other parties is recognised on an accruals basis and presented within investment income.

Grant income (other than for schools' building work)

Revenue and capital grants are accounted for on a received basis.

Grants for schools' building work

The Charitable Company acts as an agent for the School Governors in the recovery of grants and the payment of contractors. Those grants and payments are not included in the financial statements, other than that amounts held by the Diocese on behalf of schools as grants received but not yet expended are included in the balance sheets as cash at bank and as creditors.

During the year the cost of schools' building works undertaken was £1,227k, being financed primarily by Government grants of 90% and by School Governors' contributions.

Income from charitable activities

This is accounted for on a cash received basis.

Coronavirus Job Retention Scheme grants

Income received under the Coronavirus Job Retention Scheme is recognised on an accruals basis aligned with the periods for which income is claimed.

Expenditure

Expenditure is charged to the income and expenditure account on an accruals basis. Irrecoverable VAT is charged to the category of expenditure for which it was incurred.

Charitable Activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objectives of the Charitable Company, including direct staff costs, other direct costs, and apportioned support costs.

Governance Costs relate to the general running of the Charitable Company, and include such items as external audit, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Costs of Generating Funds include the costs incurred in generating voluntary income, fundraising trading costs, and investment management costs.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Grants paid/payable

Grants payable are recognised when payment is authorised.

Fixed asset investments

Quoted investments are shown in the financial statements at their market value at the balance sheet date. The resulting unrealised surplus or deficit is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Direct lending investments are initially recognised at cost. They are reviewed with the assistance of external investment managers, and provision is made against the value if recoverability of the full loan is in doubt. The movement in any such provision is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Current assets

Cash at bank in hand in the balance sheet consists of cash balances and short term deposits with an original maturity date of three months or less. Short term deposits with a maturity of over three months are separately disclosed within fixed asset investments.

All current assets are stated at the lower of cost and net realisable value.

Liabilities

Liabilities are recognised at the point where a legal or constructive obligation exists as a result of a past event. Provisions are liabilities where the timing and quantum of the economic outflows are significantly uncertain. The Charitable Company recognises provisions on an undiscounted basis.

Interest free loans

Occasionally the Charitable Company makes small interest free loans to priests. These are repayable over three to five years.

Deposits and loans

The Charitable Company operates a mutual system. Where parishes have money surplus to their immediate needs it is deposited centrally with the Diocese and interest may be paid. Where parishes are in need, interest free loans may be made at the discretion of the Trustees.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Fund accounting

- ***Unrestricted funds***

  These are expendable at the discretion of the Trustees in furtherance of the objectives of the Charitable Company. For management purposes these funds have been accounted for as:

  - Diocesan Central Fund
  - Parish Fund (designated for use as such by the Trustees).

- ***Restricted funds***

  Included under this heading are funds which have been formed as a result of donor implied intentions for the money. These include:

  - Parishes Special Collection Fund to gather and distribute special donations collected for specific charities.
  - Clergy Training Fund to support training of priests, deacons, and seminarians.
  - Diocesan Special Reserve Fund to benefit a sick and retired clergy project.
  - The Managed Fund – this comprises a large series of mass funds and special deposits, subject to specific trusts under Canon Law that have been donated in the past with the intention of supporting a specific purpose within the Charitable Company. These are not considered permanent endowments. Administratively this is managed and accounted for as one fund but it comprises several separate funds that can be further classified as:
    - Historical Masses Fund – Legacies and donations given to the Charitable Company, where the income must be used to meet Mass obligations.
    - Diocesan Designated – Income is to be used for Diocesan purpose.
    - Parishes Designated – Income is to be used for a Parish purpose.
    - Other Restricted – Income to be applied for a named purpose.
    - Clergy Training Fund – Income is to be applied for the purpose of training clergy and related costs, so that the underlying capital of the fund remains intact.

  Monies collected and accumulated in the parishes are shown as designated as a whole but they are specific to each individual parish. Parishes are encouraged to participate fully in the local and universal church and contribute to the running of the Diocesan wide activities through the annual levy.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Pensions

The Charitable Company contributes to three defined contribution pension schemes. Contributions are charged in the SOFA as they become payable in accordance with the rules of the schemes.

Accounting policy for tangible fixed assets

i. Freehold and lease land and buildings

A Functional land and buildings

1. Churches, presbyteries, halls and other buildings

i. Freehold land

Functional land (i.e. land used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life.

ii. Freehold Buildings

Functional buildings (i.e. buildings used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). All new functional buildings, improvements and major renovations are capitalised at the cost of construction.

Buildings are depreciated at rates calculated to write off their estimated historic cost (less the estimated residual value) evenly over the whole of their useful life.

The estimate of the useful life of a building varies depending on the condition and future use of the building, however, in general it is expected that a building in a reasonable state of repair will continue in use without major renovations or improvements for the following period:

a)	Unlisted churches	100 years
b)	Cathedral and listed churches	200 years
c)	Presbyteries	50 years
d)	Other buildings including care homes	50 years

Depreciation rates are calculated using the age of the building and its expected useful life.

iii. Leasehold land and buildings

Leasehold land and buildings (if held) are depreciated over the life of the lease on a straight-line basis.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Accounting policy for tangible fixed assets *(continued)*

i. Freehold and lease land and buildings (continued)

A Functional land and buildings (continued)

Details and addresses of the Diocesan churches and other buildings (both freehold and leasehold) can be found in the Northern Catholic Calendar and on the Diocesan website.

2. Voluntary aided schools

i. Land

The Charitable Company owns the land on which its voluntary schools are built. The nature of the occupation of the land by these exempt charities means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements the land is not capitalised. The cost of any land acquired for the purposes of a voluntary aided school is charged to the statement of financial activities in the year of acquisition.

Land agreed as surplus to a school's requirements by the Local Education Authority may be disposed of by the Trustees who own the land.

ii. Buildings

The school buildings are occupied, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt charities means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements any cost of new building is written off to the statement of financial activities in the year it is incurred.

The Diocese, as agent for School Governors, pays school improvement and repair costs and reclaims the related grants. Parishes and/or Governors are billed for their contributions.

Details of the Diocesan Voluntary Aided Schools (both freehold and leasehold) are given in the Northern Catholic Calendar.

B Investment property and former functional land and buildings

1. Investment property

Investment properties are shown at the Trustees' best and prudent estimate of market value. Any material changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The historical cost of these assets is disclosed in note 10. As these assets are recorded at current market value no charge for depreciation is made in the financial statements.

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

Accounting policy for tangible fixed assets (continued)

B Investment property and former functional land and buildings (continued)

2. Former functional land and buildings

Properties which were previously occupied for Charitable Company use but are now no longer in use fall into two categories:

i. Those which can now be sold or are awaiting sale.

Properties awaiting sale are shown at the Trustees' best estimate of their ultimate net sale proceeds. If it is expected to realise the asset within 12 months then it is shown under current assets. All changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The estimated historical cost of these assets is disclosed in note 10. As these assets are no longer used by the Charitable Company, no charge for depreciation is made in the financial statements.

ii. Those which have restrictions on them which make sale difficult or detrimental to the Charitable Company.

Land

Former functional land is included in the financial statements at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life. Leasehold land and buildings are depreciated over the life of the lease on a straight-line basis.

Buildings

Former functional buildings are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). However as the buildings no longer have any use they are fully depreciated and have no net book value.

ii. Fixtures, fittings and equipment

Fixtures, fittings and equipment which have a current replacement cost exceeding £5,000 are capitalised and included in the financial statements at an estimate of their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition). They are depreciated at rates calculated to write off the cost of valuation, less the estimated residual value, of each asset evenly over its expected useful life as follows:

Church furniture	50 years
Presbytery and hall contents, and equipment	5 to 10 years
Sound systems and special lighting	5 to 10 years
Other fixtures and equipment	5 to 10 years

Notes to the financial statements

at 31 March 2023

1. Accounting policies (continued)

***Accounting policy for tangible fixed assets** (continued)*

iii. Motor vehicles

Motor vehicles have been capitalised and included in the financial statements at their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition) and are depreciated at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset evenly over expected useful life as follows:

Motor cars	5 years
Mini buses	5 years

Accounting policy for tangible fixed assets – heritage assets

Works of art and historic treasures

The Charitable Company owns several works of art and historic treasures. The items have extraordinary long lives and are worth preserving perpetually. The collection is not recognised in the Balance Sheet because details of the costs of these items are not available and the cost to the Charitable Company of obtaining valuations would exceed the benefit arising from doing so. The vast majority of the collection was acquired over 100 years ago.

Basis of allocation and apportionment of Central Support Costs

As shown in Note 4(a) to the financial statements, the costs of the Episcopal office and of the central Diocesan departments (including the finance and human resources departments) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

2. Investment income

	Unrestricted funds		*Restricted*	*2023*	*2022*
	Parish	*Central*	*Funds*	*Total*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Income arising from:					
Investment properties	576	97	-	673	467
Listed investments	-	580	350	930	786
Direct lending investments	-	4	-	4	5
Cash deposits held as investments	-	230	-	230	196
	576	911	350	1,837	1,454

Notes to the financial statements

at 31 March 2023

3. Expenditure on charitable activities

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2023 Total £000	2022 Total £000
Clergy support						
Clergy costs		1,037	3	8	1,048	871
Support of retired clergy		-	446	-	446	104
Clergy Training Fund		-	-	218	218	233
Grants and donations	5	2	-	26	28	-
Share of central support costs	4(a)	-	376	-	376	262
		1,039	825	252	2,116	1,470
Pastoral						
Church running costs		3,786	-	46	3,832	3,652
Other parish costs		67	-	-	67	118
Grants and donations	5	86	172	710	968	565
Vicariate for Faith and Mission		-	161	-	161	133
Faith & Mission: Youth Service		-	137	-	137	265
Vocations commission		-	108	-	108	3
Safeguarding commission		-	247	-	247	175
University Chaplaincy work		-	-	-	-	95
Vicariate for Caritas		-	7	-	7	202
Diocesan Tribunal		-	10	-	10	8
Marriage care		-	-	-	-	10
Diocesan events		-	-	-	-	8
Northern Catholic Calendar		-	-	-	-	23
Newcastle City Centre Ministry		-	-	-	-	15
Lourdes Pilgrimage		-	-	1	1	2
Family Life		-	-	72	72	-
Share of central support costs	4(a)	-	376	-	376	262
		3,939	1,218	829	5,986	5,536
Education						
Education service		-	636	374	1,010	601
Schools chaplaincy		-	117	-	117	6
CES grant	5	4	-	34	38	-
Share of central support costs	4(a)	-	376	-	376	262
		4	1,129	408	1,541	869
Property						
Repair of parish property		1,074	-	107	1,181	983
Diocesan property office		-	233	-	233	210
Diocesan resource centre		-	-	-	-	44
School building costs		6	-	-	6	5
Depreciation charges		577	109	-	686	702
Share of central support costs	4(a)	-	376	-	376	262
		1,657	718	107	2,482	2,206
Total cost of charitable activities	4(b)	6,639	3,890	1,596	12,125	10,081

Notes to the financial statements

at 31 March 2023

4(a).Central support costs in Unrestricted funds

		Staff costs £000	*Other costs £000*	*2023 Total £000*	*2022 Total £000*
Episcopal office		154	30	184	128
Finance, HR, Data Protection, Communications		410	398	808	402
Governance costs, note 6(a)		4	306	310	381
Diocesan office overheads		20	182	202	137
		588	916	1,504	1,048
Apportioned to charitable activities:					
Clergy support	(25%)	147	229	376	262
Pastoral	(25%)	147	229	376	262
Education	(25%)	147	229	376	262
Property	(25%)	147	229	376	262
		588	916	1,504	1,048

Basis of allocation and apportionment

The costs of the Episcopal office and of the central Diocesan departments (including the finance, human resources, data protection and communications departments) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

4(b).Charitable activities expenditure

	Staff costs £000	*Other costs £000*	*2023 Total £000*	*2022 Total £000*
Clergy support	190	1,926	2,116	1,470
Pastoral	1,228	4,758	5,986	5,536
Education	573	968	1,541	869
Property	391	2,091	2,482	2,206
	2,382	9,743	12,125	10,081

Notes to the financial statements

at 31 March 2023

5. Grants and donations

During the year the Charitable Company made a large number of donations, as described below:

	2023	*2022*
	£000	*£000*
Bishop's charities	-	7
Clergy Training Fund	1	-
Little Sisters of the Poor	31	-
Catholic Agency for Social Concerns	-	3
National Catholic Fund	75	75
National Catholic Fund re IICSA	-	31
Domestic grants	1	1
Citizens UK	-	10
Catholic Youth	-	1
Marriage Care	10	-
Sursum Corda	-	-
Lay Training Fund	15	7
Caritas Vicariate	17	-
Apostleship of the Sea	24	1
Catholic Education	37	-
Holy Places	40	9
Peter's Pence	35	17
Racial Justice	13	4
Sick and Retired Priests NBF	27	-
World Communications	26	7
Day for Life	26	9
Home Mission	33	9
World Mission	2	1
Other Mission Charities	108	2
CAFOD Development and emergency aid	169	4
Other smaller grants	344	367
Total group charitable grants and donations	1,034	565

These are included in charitable activities (note 3) as follows:

Clergy support	28	-
Pastoral	968	565
Education	38	-
	1,034	565

Parishes occasionally allow fundraisers from other charities to collect outside of Mass or through collection boxes in parishioners' homes. These funds are usually counted and recorded by the receiving Charitable Company and do not pass through parish funds.

Notes to the financial statements

at 31 March 2023

6(a).Governance costs included in Central Support costs

	Unrestricted funds			*Restricted funds*				
	Parish	*Central*	*Total*	*Clergy Training Fund*	*Managed Fund*	*Total*	*2023 Total*	*2022 Total*
Audit fees	-	106	106	-	-	-	106	96*
Provision for bad debts	-	-	-	-	-	-	-	(19)
Other governance costs	-	204	204	-	-	-	204	304
	-	310	310	-	-	-	310	381

6(b).Expenditure on raising funds

	Unrestricted funds			*Restricted funds*				
	Parish £000	*Central £000*	*Total £000*	*Clergy Training Fund £000*	*Managed Fund £000*	*Total £000*	*2023 Total £000*	*2022 Total £000*
Fundraising and publicity costs	23	1	24	22	-	22	46	13
Stockbroker fees	-	207	207	-	32	32	239	222
Gift Aid office costs	-	30	30	-	-	-	30	26
	23	238	261	22	32	54	315	261

*Included within audit fees is £3,420 (2022: £3,100) related to other assurance services provided.

Notes to the financial statements

at 31 March 2023

7. Wages and Staff costs

Included in expenditure are the following staff costs:

	2023	*2022*
	£000	*£000*
Wages and salaries	2,068	1,910
Social security costs	164	136
Other pension costs	150	145
Total remuneration	2,382	2,191

All pension costs are paid out of unrestricted funds.

No grants under the Coronavirus Job Retention Scheme (CJRS Grants were claimed in the year (2022: £34k). The income was treated as restricted funds.

All staff on furlough received 100% of their salary, irrespective of the level of CJRS Grant paid.

	2023		*2022*	
	Number of employees	*£000*	*Number of employees*	*£000*
Central Diocesan services	53	1,727	46	1,603
Parishes	117	655	105	588
	170	2,382	151	2,191

No trustee received any remuneration during the year or previous year. Certain trustees received allowances as serving Clergy but not in their capacity as trustee. Pension contributions paid for Trustees as members of the Clergy scheme amounted to £5.1k (2022: £7.7k).

One trustee received expenses to the value of £0.1k (2022: £1.7k) in respect of travel and subsistence costs.

Higher paid employees received remuneration (including pension contributions) of:

Between £110k and £120k	1 employee	(2022: 1)
between £100k and £110k	no employees	(2022: None)
between £90k and £100k	1 employee	(2022: None)
between £80k and £90k	1 employee	(2022: 2)
between £70k and £80k	1 employee	(2022: None)
between £60k and £70k	1 employees	(2022: 2)

no other employee received more than £60k.

Total remuneration of key management personnel (Chief Operating Officer and 7 Heads of Departments) was £548k (2022: £533k).

Notes to the financial statements

at 31 March 2023

7. Wages and Staff costs (continued)

Clergy are not included in the above staff details as they are Office Holders and not employees of the Charitable Company. Payments to clergy during the year amounted to £795k (2022: £754k).

The Charitable Company is very grateful for the help of the army of volunteers who support the work of every member of the group. It is estimated that some 8,000 people support the parishes, and without their help the parishes could not function. It is however not possible to value the service provided by volunteers.

8(a).Tangible fixed assets

	Freehold property £000	*Motor vehicles* £000	*Fixtures, fittings and equipment* £000	*Total* £000
Cost:				
At 1 April 2022	48,029	36	3,669	51,734
Additions	547	4	84	635
Disposals	-	(13)	-	(13)
Transfer to Investment Property	(1,035)	-	-	(1,035)
At 31 March 2023	47,541	27	3,753	51,321
Accumulated depreciation:				
At 1 April 2022	14,919	27	3,180	18,126
Charge for the year	583	5	97	685
Disposals	-	(13)	-	(13)
Transfer to Investment Property	(422)	-	-	(422)
At 31 March 2023	15,080	19	3,277	18,376
Net book value:				
At 31 March 2023	32,461	8	476	32,945
At 31 March 2022	33,110	9	489	33,608

8(b).Tangible fixed assets – Heritage assets

There have been no transactions in works of art and historic treasures during the past five years. Where acquisitions were made, these were by donation. In the Trustees' view the value of these donations is not material and obtaining a current valuation would involve disproportionate cost.

Management policy

The works of art and historic treasures owned by the Charitable Company comprise several hundred items, acquired throughout many years. The items were acquired mostly through direct donation and occasionally by purchase.

Notes to the financial statements

at 31 March 2023

9. Fixed asset investments

	Notes	2023 £000	2022 £000
Quoted investments:			
Investment fund	12	27,308	29,058
Managed fund	13	10,260	11,046
Total quoted investments		37,568	40,104
Investment in Sursum Corda Limited	14	250	250
Fixed investment deposits		3,600	3,548
Direct lending investments		238	728
		41,656	44,630

	2023 £000	2022 £000
Investment categories (quoted investments):		
Main Fund:		
Conventional gilts	297	337
UK fixed interest	2,263	1,408
UK equities	4,334	5,451
Overseas equities	19,915	20,905
Property	499	957
Managed Fund:		
Catholic Investment Fund	10,260	11,046
	37,568	40,104

Notes to the financial statements

at 31 March 2023

10. Investment properties

	Diocesan Central fund £000	*Parishes unrestricted fund £000*	*2023 Total £000*	*2022 Total £000*
Market value:				
At 1 April 2022	377	1,682	2,059	1,669
Assets Transferred from Fixed Assets	-	613	613	85
Assets Transferred to Assets Held for Sale	-	(18)	(18)	(17)
Unrealised gains on revaluation	116	546	662	321
At 31 March 2023	493	2,823	3,316	2,058
Book cost of investment property:				
At 31 March 2023	200	2,032	2,232	2,059

11. Valuation of investment properties

Properties have been included at Trustees' valuation.

If a commercial rent was paid, the valuation of properties is calculated as 7 times the annual rent.

Occasionally a peppercorn rent agreement has been arranged if the church will benefit from the occupation of the property. For example:

- safeguarding a nearby church where there is no resident priest
- tenant has agreed to substantially renovate the premises
- used by similar charities such as convents or religious orders and seen as furthering the outreach work of the church.

For properties rented out at below commercial rate, their valuation is based on 40% of the reinsurance value.

Notes to the financial statements

at 31 March 2023

12. Investment fund

	2023	*2022*
	£000	*£000*
At 1 April 2022	29,058	26,773
Additions	8,325	8,551
Disposals	(8,619)	(9,051)
Net unrealised investment (losses)/gains	(1,456)	2,785
Market value of quoted investments at 31 March 2023	27,308	29,058
Book cost of quoted investments as at 31 March 2023	25,740	25,737

Comprising at 31 March:

	Cost	*Unrealised*	*2023 Total*	*2022 Total*
	£000	*£000*	*£000*	*£000*
CCLA	25,740	1,568	27,308	29,058

13. Managed fund

	2023	*2022*
	£000	*£000*
At 1 April 2022	11,046	8,593
Additions	10,251	10,967
Disposals	(11,046)	(8,783)
Net unrealised investment /gains	9	269
Market value of quoted investments as at 31 March 2023	10,260	11,046
Book cost of quoted investments as at 31 March 2023	10,251	10,777

Comprising at 31 March:

	Cost	*Unrealised*	*2023 Total*	*2022 Total*
	£000	*£000*	*£000*	*£000*
CCLA	10,251	9	10,260	11,046

See note 15 for further details of the Managed Fund.

Notes to the financial statements

at 31 March 2023

14. Other investments

The Diocese holds 100% of the ordinary share capital of Sursum Corda Limited.

Youth Ministry Trust is a Charitable Company, of which Diocese of Hexham and Newcastle is the sole member.

Financial information relating to these companies is as follows:

	Net movement in funds	Reserves
	£000	£000
Sursum Corda Limited (31 March 2022)	(21)	264
Youth Ministry Trust (31 August 2022)	1,594	1,503

The Diocese made a long term loan of £250k to Sursum Corda Limited in the year ended 31 March 2004, to enable that company to adequately support its work in the distribution of religious knowledge resources. It also made short term loans that amounted to £380k at March 2022. Provision in full has been made against the value of those short term loans, because of concerns relating to the recoverability of the funds.

The remaining amount (£135k) of multi-year loan to the Youth Ministry Trust was accrued for in the year.

15. The Managed Fund

The Managed Investment Fund was derived initially from legacies and bequests and money held on trust under the protection of Charitable Company Trustees. Each donation is redefined as a number of units, determined by a rate based on the market value of the fund at the date of subscription.

The capital is then invested in the Managed Fund. Its many individual subscriptions can be broadly categorised into:

- church funds deposited for investment
- special donations deposited for investment

The Managed Fund comprises quoted investments and cash awaiting investment held by CCLA Investment Management at HSBC.

At 31 March 2023 the fund comprised:

	Note	*Initial cost plus reinvested gains £000*	*Market value £000*
Quoted investments	13	10,251	10,260
Value of investment at 31 March 2023		10,251	10,260

Notes to the financial statements

at 31 March 2023

15. The Managed Fund (continued)

This fund is apportioned as follows:

	Initial cost 31/3/23 £000	*Market value 31/3/23 £000*	*Number of Units 31/3/23*
Special donation balances:			
Historical Mass Fund	216	1,028	92,060
Diocesan Designated Fund	103	493	42,976
Parishes Designated Fund	427	2,039	385,965
Restricted Fund	108	514	76,722
Clergy Training Fund	1,018	4,858	261,689
Lay Training Fund	50	239	7,704
	1,922	9,171	867,116
Church funds balances:			
Historical Mass Fund	47	223	13,932
Diocesan Designated Fund	35	168	10,639
Parishes Designated Fund	17	81	4,214
Restricted Fund	130	619	37,842
	229	1,091	66,627
Total Managed Fund	2,151	10,262	933,743

16. Debtors

	2023 £000	*2022 £000*
Trade debtors	325	431
Gift Aid Debtor	821	834
Accrued investment income	79	76
Other debtors	178	70
Prepayments	588	605
Assets held for disposal	513	184
Schools Devolved Formula Capital	76	90
Total debtors at 31 March	2,580	2,290

Amounts falling due after more than one year included in the above are £250k (2022: £275k).

Notes to the financial statements

at 31 March 2023

17. Short term deposits

This includes cash held awaiting investment.

	2023	*2022*
	£000	*£000*
Diocesan Central Fund:		
HSBC, managed by CCLA	2,704	2,594
Total short term deposits at 31 March	2,704	2,594

18. Short term loans

	2023	*2022*
	£000	*£000*
Loans to Priests	31	23
Other loans	120	184
Total short term loans at 31 March	151	207

Amounts falling due after more than one year included in the above are £125k (2022: £150k).

19. Creditors: amounts falling due within one year

	2023	*2022*
	£000	*£000*
Trade Creditors	154	222
Sundry Creditors	143	188
Accruals	539	426
Schools Devolved Formula Capital	2,781	2,807
Schools Capital Allowance	1,352	1,759
Deposits repayable on demand	368	319
	5,337	5,721

Notes to the financial statements

at 31 March 2023

20. Note to statement of cash flows

a) Reconciliation of net (expenditure) to net cash (outflow) from operating activities

	2023	*2022*
	£000	*£000*
Net (expenditure)	(2,169)	(507)
Depreciation and assets written off	685	708
(Decrease) in investment impairment	-	(54)
Decrease/(Increase) in debtors	40	(336)
(Decrease) in creditors	(384)	(2,982)
Investment income	(1,164)	(1,454)
Net cash (outflow) from operating activities	(2,992)	(4,625)

b) Movement in net debt

	1 April		*31 March*
	2022	*Cash flows*	*2023*
	£000	*£000*	*£000*
Cash at bank and in hand	20,913	(2,010)	18,903
Short term deposits	3,594	110	3,704
Cash and cash equivalents	24,507	(1,900)	22,607

Notes to the financial statements

at 31 March 2023

21. Reserves summary

	Note	At April 2022 £000	Statement of financial activities: Income £000	Expenditure £000	Fixed asset gains/(losses) £000	Transfers between funds (c) £000	Balance at 31 March 2023 £000	
Restricted reserves								
Clergy Training Fund	(a)	74	4	218	-	-	(140)	To meet the costs of training clergy
Parishes Special Collections and Grants		24	716	687	-	-	53	Donated to missions, special appeals, etc.
Parishes Restricted Fundraising		440	226	183	-	83	566	Fundraising for specified projects
Main Fund Restricted Funds	(b)	96	464	457	-	-	103	Various specified purposes
National Schools Singing Programme		25	92	72	-	-	45	To support and promote music in the Diocese
Main Fund Special Reserve		300	3	1	-	-	302	For a project to benefit sick and retired clergy
Managed Capital Funds	(c)	11,584	350	32	(786)	-	11,116	Income used for various specified purposes
Other (Grants and Legacies)		15	1	-	-	-	16	To meet the costs of specified purposes
Total restricted reserves		12,558	1,856	1,650	(786)	83	12,061	
Unrestricted reserves								
Diocesan Central Funds		27,131	1,350	4,128	(1,564)		22,789	
Unrestricted designated reserves								
Parishes' Funds		61,890	7,065	6,662	858	(83)	63,068	
Total unrestricted reserves		89,021	8,415	10,790	(706)	(83)	85,857	
Total charity reserves		101,579	10,271	12,440	(1,492)	-	97,918	

Notes

(a) The consolidated figures for Clergy Training Fund , above, does not show the aggregated income received into the fund from the Managed Investments Including these brings the reserves up to £96k

(b) The Main Fund Restricted Funds received during the year included Schools' Contributions to the Department which was fully expended during the year.

(c) Where income to the Managed Fund is subsequently distributed to other funds that income is shown in the financial statements only as income of the ultimate recipient fund. The 'Incoming resources' to the Managed Fund shown above represents income of that fund re-invested into that same fund.

Notes to the financial statements

at 31 March 2023

22. Capital commitments

Amounts contracted for at the year end but not provided in the financial statements amounted to £145k (2022: £61k) for parish building work.

23. Contingent liability

In the opinion of the Trustees there were no contingent liabilities in existence other than in the normal course of the activities of the Charitable Company as at 31 March 2023.

24. Pension commitments

A Group Personal Pension Scheme administered by Standard Life is operated for Diocesan Clergy. There is a Stakeholder Pension Scheme administered by Standard Life available for all employees. One member of staff is a member of a defined contribution pension scheme administered by Prudential (no new members are admitted to this scheme). The Charitable Company is also a member of the Teachers' Pension Scheme, continuing the contributions (on a defined contribution basis) of senior staff who are qualified teachers. The assets of all of these pension schemes are held separately from those of the Charitable Company in independently administered funds.

25. Liability

The Charitable Company is a private company limited by guarantee. The liability of the members is limited and every member undertakes to contribute to the assets of the company, in the event of the Charitable Company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound.

DIOCESE OF HEXHAM AND NEWCASTLE

England & Wales - Charity number 1143450

Accounts

Charity No 1143450

Diocese of Hexham and Newcastle

A Company Limited by Guarantee: Registered No. 7732977

Report and Financial Statements

31 March 2022

Trustees' Report

Diocese of Hexham and Newcastle

Trustees' Report for the year ended 31 March 2022

Trustees

Right Reverend Robert John Byrne CO, Bishop of Hexham and Newcastle (resigned 12 December 2022)
Matthew Boyle (resigned 14 December 2022)
Reverend Jeffrey John Dodds
Catherine Patricia Dyer (appointed 12 April 2021)
Monsignor Andrew James Faley
Thomas Niall Ledlie Harrison (resigned 1 September 2021)
Reverend Colm Martin Hayden
Reverend Peter Leighton (Vicar General)
Reverend Simon Lerche
Anne O'Brien (appointed 1 December 2021) (resigned 24 October 2022)
Allison Mary Thompson (resigned 30 June 2021)
Reverend Adrian Tuckwell
Sister Helen Bernadette Costigane (appointed 15 November 2022)

Chief Operating Officer

Fiona Standfield

Registered Office

St Cuthbert's House
West Road
Newcastle upon Tyne
NE15 7PY

Solicitors

Collingwood Legal
Muckle LLP
Winkworth Sherwood

Bankers

HSBC plc
Newcastle upon Tyne

Investment Managers

CCLA Investment Management

Land Agents

GVA Grimley
Savills UK Ltd

Auditors

Ernst & Young LLP
Citygate, St James' Boulevard
Newcastle upon Tyne, NE1 4JD

Trustees' Report

The Trustees present their report and audited financial statements for the year ended 31 March 2022. The Trustees have adopted the charities SORP (FRS102) "Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standards applicable in the UK & Republic of Ireland".

Structure, Governance and Management

Constitution

Until 31 March 2012 the Roman Catholic Diocese of Hexham and Newcastle was constituted as a Charity for Roman Catholic Purposes by a Declaration of Trust dated 4 November 1867 no. 234071 and Hexham & Newcastle Diocesan Trust dated 16 September 1947 no. 235686. All reporting was made under the charity reference 235686.

On 1 April 2012 the assets and operations of the Diocese transferred to this Charitable Company Limited by Guarantee, called Diocese of Hexham and Newcastle. The Company number is 7732977 and the charity number is 1143450. The Directors of the Charitable Company are the Trustees. This Charitable Company carries on the activities of the Diocese.

Organisational Structure and Decision Making

Matters concerning the care and development of the clergy and the pastoral care of the people of the Diocese are referred to the Bishop in consultation with his Episcopal Council. The Bishop and the Episcopal Council meet frequently during the year. The Episcopal Council consists of the Vicar General and the Episcopal Vicars, who each have responsibility for a geographical area or an area of work within the Diocese.

The Diocese is divided into five Episcopal Areas, consisting of 135 separate parish communities, which have been grouped together into 19 Partnerships. There are 62 Diocesan Priests working within the Diocese and a number of priests from Religious Orders who are in active ministry throughout the Parishes of the Diocese. They are supported by a number of priests who have retired from office and 29 visiting priests from overseas or other Religious Order. Three priests are involved in ministry outside of the Diocese.

Each parish aims to provide for the religious needs of its people through Church services and education in the Roman Catholic faith and to encourage charitable work. They also provide for the spiritual growth of people of all ages with particular emphasis on the needs of the sick and the poor. We also work in harmony with other Christian denominations, with people of other faiths and with local communities.

The Trustees govern the Charitable Company, and in carrying out this responsibility are mindful of clergy and pastoral initiatives of the Bishop which have an impact upon the operational wellbeing of the Charitable Company. The Board comprises the Bishop, some Episcopal Council members, and lay people and religious, selected for their relevant skills and expertise. There are a number of Board Sub-Committees and occasional working parties looking at specific matters which comprise Directors and experts especially co-opted.

The Board is responsible for all of the assets of the Charitable Company although in practice the Parish Priest acts as the representative in many Parish matters. Parish Priests are obliged by Canon law to be assisted in their duties by a Parish Finance Committee and many also have Parish Councils. The permission of the Board is required for all significant Parish projects.

To assist the Board, the operations of the Diocesan Curia have been organised into formal Departments and Vicariates that report through the Chief Operating Officer to the Board. The Chief Operating Officer and senior managers form a Senior Leadership Team that executes the central administrative functions for the Charitable Company through support, dissemination of information, leadership and guidance on matters common throughout the whole Charitable Company. Officers carry out the Board's directions and refer matters arising for the Board's attention, via the Diocesan Strategy Committee. The Departments and Vicariates reflect the work carried out, and are: Faith and Mission; Caritas; Care of the Clergy; Education; Communications; Finance and Operations; Human Resources; Property Management; Safeguarding; and Diocesan Chancery and Tribunal.

Trustees' Report

Organisational Structure and Decision Making (continued)

Education is provided for children through a network of voluntary aided primary, first, middle, and secondary schools. Including Academies there are 132 Primary Schools (some with nursery provision), 3 First Schools, 1 Middle School and 20 Secondary Schools. 120 schools are academies within 4 Catholic Education Trusts (MATs) and the remaining 36 schools are voluntary aided. There are 54,441 pupils in our Diocesan Schools of which 58% are Catholic. Within the schools there are 3,242 teachers of which 52% are Catholic (the national average is 47%). The Diocesan Department for Education offers support to schools whilst at the same time facilitating life-long learning throughout the Diocese. The Bede Chair in Catholic Theology and the Centre for Catholic Studies in the Theology Department of Durham University assist the Diocese's educational outreach.

Trustees' Recruitment and Appointment

Under the Articles of Association the power of appointing new or additional Trustees rests with the Bishop. The induction process for any newly appointed Trustee involves an initial meeting with the Bishop. The new Trustee is given a welcome pack comprising a copy of the Charitable Company's Memorandum and Articles; a copy of the most recent statutory accounts; the Minutes of the most recent Board meetings; and the Diocesan Guidelines and policies. The Trustees attend external training courses and receive regular circulars from the Charity Commission.

Risk Management

The Charitable Company has a formal risk review process in place, under which a risk register is maintained and reviewed at every quarterly meeting of the Board. Changes to the RAG scores of identified risks are monitored by each Head of Department, and they are required to implement processes to mitigate risk whenever possible. The most strategic risks identified by the Senior Leadership Team are monitored by the Board. These cover:

- Operational Risk: Having insufficient active clergy to meet requirements, having an over-reliance on key personnel, or having to close properties because of health and safety issues.
  Line managers meet with staff on a monthly basis, physically or by virtual meeting as restrictions allow, to monitor their wellbeing. Parish properties are subjected to quinquennial surveys to ensure that there is a safe operating environment.
- Financial Risk: A reduction in voluntary income impacting on the ability to fund necessary activities, or an inability to afford to care for sick and/or elderly clergy
  An updated Finance Strategy has been developed, including a focus on fundraising. The moratorium on non-essential capital spending continues, so as to maintain a base level of financial reserves.
- Reputational Risk: Arising from inadequate safeguarding procedures, or a communications/data protection failure.
  Safeguarding training is mandatory for all clergy and employees, and staffing levels in the Safeguarding Department have been increased. A data protection support manager has been appointed and is delivering training across Parishes and Departments.

Some risks increased because of the change in working practices to a more hybrid model, as a result of the impact of Covid-19 restrictions. The increase in employees working from home has increased data security risks. Senior managers discuss these, and all other risks, in monthly review meetings.

The resignation of the Bishop, at the time of signing the accounts, leaves the Diocese at risk of reduced leadership, decision making and guidance. Archbishop Malcolm McMahon has been appointed Administrator, with significant authority to make decisions in Canon Law. The Board of Trustees, along with the Episcopal Council, continue to review the religious, pastoral and operational matters of the Diocese.

Objectives

The purpose of the Charitable Company is to promote the Roman Catholic religion in the counties of Northumberland, Tyne & Wear, Durham and the Northern part of Cleveland, which are covered by the Diocese of Hexham and Newcastle, and other charitable works promoted by the Church outside the Diocese. All of our work is underpinned by and reflects the ethos of the Roman Catholic tradition through prayer, worship, a commitment to community and a sense of mission.

Trustees' Report

Objectives (continued)

The Charitable Company aims to satisfy its objectives and demonstrates its public benefit through four main areas of charitable activity, namely:

- To provide support to the clergy in their ministries
- To provide and support pastoral work in parishes and local communities
- To provide support and direct life-long Christian education in parishes and schools
- To preserve and invest in the property infrastructure of the Diocese and parishes, facilitating worship and enabling the charitable work of the church to take place.

The Trustees have given due consideration to Charity Commission published guidance on Public Benefit, and it is their opinion that the delivery of the above-noted charitable activities meets the requirement for the Charitable Company to exist for such Public Benefit.

The work noted above is underpinned by the Diocesan Objectives, which are to ensure the:

- Dynamic growth and renewal of the Church through our Partnerships
- Building of God's Kingdom in community and public life
- Sustainability and resourcing of the Diocesan mission and ministry

Disabled employees

Applications for employment by disabled persons are always fairly considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment continues and the company will seek to cater for their needs and aim to retain them in suitable employment. On a continuing basis, a disabled employee will be included in the training programmes run by the Charitable Company and will be given opportunities for promotion along with all other employees.

Employee involvement

The Charitable Company is committed to regular communication and discussions with employees on those matters relating to their work and the Charitable Company's activities.

The Charitable Company also seeks to delegate and involve staff in discussions and decision-making particularly in those areas to which they can contribute effectively, so that all may participate in the efficient running of the Charitable Company.

A Staffing and Remuneration Committee chaired by the Vicar General considers matters affecting employees, including recruitment strategies, remuneration levels, and general terms and conditions of employment, and makes recommendations to the Trustees.

Going concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. At 31 March 2022 the Charitable Company held total reserves of £101.6 million, consisting of Restricted Funds of £12.6million and Unrestricted Funds of £89.0million. The Charitable Company, as at 31 March 2022, had cash at bank and in hand of £19.4m and has maintained similar cash levels up to the date of authorisation of the financial statements.

The going concern assessment period considered by the Trustees is the period to 31 December 2023. In performing this assessment the Charitable Company's income and expenditure has been forecasted and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have performed stress testing, including considering the impact of churches not being open for worship and this leading to a reduction in donations received. They have considered the possible mitigating actions and consequent cost savings, and consider that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company can still meet its liabilities as they fall due.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Trustees' Report

Trustees' insurance

The Charitable Company maintains insurance for Trustees in respect of their duties as Trustees of the Charitable Company.

Auditor

A resolution to re-appoint Ernst & Young LLP as the Charitable Company's auditor will be put to the forthcoming Annual General Meeting.

Trustees' responsibilities for audit information

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Peter Leighton

The Reverend Canon Peter Leighton

Vicar General of Hexham and Newcastle

Trustee

Date: 21/12/22

Strategic Report

Activities during the year and achievements

The Charitable Company saw an upturn in activity in parishes and throughout the Diocese, starting the recovery from the effects of the COVID-19 lockdowns. Parish activity and attendance increased, although there were still caution measures in place. Pay rises reflected the UK's slow economic recovery. The Diocese continued to ensure the lowest grade staff were paid at least the Living Wage. Continued use was made of the Government's Coronavirus Job Retention Scheme ("Furlough Grants"), albeit to a lesser extent than the prior year, with a total of £34k claimed (2021: £220k). In the year this predominantly supported parish staff. The year saw the beginnings of a return to normal activity, with increased pastoral work. However, there is still some distance to travel before a return to activity and income levels seen before the pandemic. As a result there continued to be conservative spending. To conserve resources capital building work has continued to be curtailed and only those parish projects which involved essential repair or projects that are of a health and safety or safeguarding nature, or of pastoral necessity, have been approved.

Clergy Support

There were three seminarians in formation in the year ended 31 March 2022, being two at St Mary's College, Oscott, and one at the Venerable English College in Rome. There was one ordination to the Priesthood in the year.

Pastoral Work

There are a number of commissions and central departments that facilitate and encourage work in local communities. Our most significant work is undertaken locally by many thousands of volunteers in our parishes.

Much of the income of our parishes goes to support the running activities of the parish although parishes use their facilities and people to reach out into the local community. The year saw a return to activities that had been restricted during the COVID-19 pandemic. Parishes run successful parish youth groups or mother and toddler groups. Parish volunteers frequently visit people in Care Homes, and Extraordinary Ministers of the Eucharist assist the priests in taking Holy Communion to those members of a parish who are too infirm to attend Mass with the rest of the community. The Diocese and parishes continue to ensure the safety of employees and volunteers. Parish volunteers are often also closely associated with other local charities such as homelessness support, elderly and bereavement care, cancer care. There is a case to say that it is the ethos engendered in our parishes which encourages people to give so much of themselves so freely to their communities. Active participation with the Catholic faith helps to engender care for others in their community, with examples of local development projects existing throughout the Diocese.

Parishes are not only aware of the needs of their local communities but are also very conscious of the needs of poor people around the world and many have particular projects that they support. Parishes have continued to directly support Mission work around the world, including CAFOD's development work and disaster relief. The Diocese and parishes have increased the support for the work of the Caritas Vicariate in supporting both local and national relief efforts.

The Vicariate for Faith and Mission has continued to strengthen networks and links across the Diocese, while streamlining work practices. The strength of such relationships in the Diocese continues to bear fruit, in the growth of newer forms of ecumenical social outreach in many areas such as foodbanks, and assistance to asylum seekers. Involvement in the more usual ecumenical activities continues to foster a deep appreciation of the gifts and graces to be received from our ecumenical partners, and this Vicariate is taking a leading role in the Diocesan approach to the global Synod.

Apart from attending Episcopal Council meetings every two weeks, and serving a parish as parish priest, each clergy Director supports the Bishop in pastoral work throughout the Diocese.

Education

A Memorandum of Understanding has been developed which gathers together guiding principles which our schools adhere to within a Diocesan family of schools, whether they are Voluntary Aided schools or Academy Trusts. All of our schools are part of this Memorandum. All twenty Secondary Schools have converted to Academy status, as have 98 Primary Schools (out of 132). Of our three First Schools one has converted, as has our only Middle School. Since the year-end a further 31 schools have converted. The strategy is that the remaining schools will convert by September 2023.

Our link with Durham University via the Centre for Catholic Studies continues to flourish. Meetings and discussions took place to consider staffing, content delivery, and financing, all with satisfactory outcomes.

Strategic Report

Property

During the year the majority of building work that has taken place within the Diocese has been of essential works of maintenance. At this time of continued economic uncertainty, parishes have been asked to delay refurbishment and alteration work. The Diocese continues to work to develop a strategy to monitor the needs of the estate and take any necessary action.

During the year a total of £2million was spent in parishes on building work ranging from repairs and minor projects £734k, to major works £1.3million.

Capital investment agreed with the Education Funding Agency (EFA) reduced significantly compared to the previous year, as more schools convert to academy status and deal with their funding directly. All of the Voluntary Aided school projects are handled by the Diocesan offices, from approval, negotiation with EFA, administration of the grant, payments to contractors, to collection of the Governors' contributions. School buildings expenditure amounted to £2.7million, with the Government contributing 90% funding towards Voluntary Aided School work. The Diocese acts as an agent for School Governors in these matters, so the building expenditure is not recognised in Diocesan fixed assets.

Financial Review

The Charitable Company's accounting policies are described in Note 1 to the financial statements.

Investment Policy and performance

The Trust deed authorises the Trustees to make and hold investments using the funds of the Charitable Company without any restrictions. The Trustees recognise that the investment portfolio is held to provide for the future needs of the Charitable Company whilst supporting the ongoing costs. Therefore the investment objective for the Diocese is to produce the optimum total return using income or capital, whichever is the most effective in the prevailing conditions. In setting an optimal total returns policy we identify, through a budgeting procedure, a level of cash return required from the main investment portfolio, whilst paying due regard to the need to protect the real value of the capital. In the current conditions the aim is to withdraw not more than 3.5% of portfolio valuation per annum: the amount actually withdrawn during the year equated to 2.9% of the portfolio valuation.

The investment strategy is set on an annual basis. Fund managers are required to adhere to a strict ethical policy. An Investment Committee of experts chaired by a Trustee provides advice and support. Although fund managers have discretionary investment powers they provide quarterly information. In 2021 the Diocese moved to CCLA Investment Management, while a charity investment specialist adviser (Stanhope Consulting) continues to assist in reviewing performance and advising the Board. During the year the market value of the portfolios moved in line with the general market conditions. At 31 March 2022 the valuation of the main portfolio was 109% of the March 2021 valuation, reflecting the economic recovery from the Covid-19 situation but also the economic and financial impact of the war in Ukraine. At 30 November 2022 the portfolio valuation stood at 104% of the March 2022 valuation.

As at March 2022 the accumulated unrealised gains in the combined portfolio amounted to £3.6m.

Reserves Policy

The Trustees decide the level of free reserves to be held by the Charitable Company. Free reserves are those available to spend on any or all of the Charitable Company's purposes, being unrestricted reserves excluding those invested in fixed assets, those designated for a specific purpose, and those otherwise committed. Fixed assets are excluded because these assets cannot be realised without undermining the fundamental work of the Charitable Company.

In calculating the level of reserves to be retained by the Charitable Company, the Trustees give due regard to the need to fulfil all of its obligations and commitments and to finance the activities that it currently undertakes, and to fund future requirements including clergy retirement, schools provision, and maintenance of Parish properties including special projects such as governance arrangements and development of the Youth Village. The aim is to have retained free reserves sufficient to cover twelve months of unrestricted charitable expenditure: at 31 March 2022 twenty-three months' cover was held.

Strategic Report

Grants Policy

Each year the Bishop, assisted by guidance from the Catholic Bishops' Conference of England and Wales, decides which organisations will benefit from special collections to be taken in the parishes. At a local level, parish priests and their finance committees decide which additional causes they will support to further the work of the Church, by means of special appeals. The amounts raised from such appeals and paid over to charities are sometimes supplemented from general offertory income, where this is approved by the parish priest and the parish finance committee.

Financial risk management objectives

As described above the Charitable Company has established a risk and financial management framework whose primary objectives are to protect the Charitable Company from events that hinder the achievement of the Charitable Company's objectives. The Charitable Company has no operations outside the UK and is not exposed to movements in exchange rates, and therefore does not enter into transactions with derivative instruments. Cash flow and liquidity risk is covered by forecasting and management of cash. The Charitable Company has no significant individual debtors and therefore limited credit risk. Investments are diversified between those with guaranteed income but no capital growth, and those with potential capital growth but also the risk of capital losses. All investments are under the care of professional Fund Managers.

Expenditure During the Year

The principal funding sources are as described in the SOFA. A detailed analysis of expenditure is given in note 3. Outlined below is how the expenditure in the year supporting the key activities has been sourced.

Charitable Activity		Total Expenditure	Funded from specific income	Funded by general income
		£000	£000	£000
Clergy Support		1,470	233	1,237
Pastoral Work		5,536	425	5,111
Education		869	367	502
Property	Diocese/Parish	2,201	112	2,089
	School Building work	5	-	5
Cost of charitable activities		**10,081**	**1,137**	**8,944**

In the context of the Charitable Company's activities, the key performance indicators are:

- Attendance at events and services
- Support to local communities via outreach and ecumenical links
- Development of the religious well-being of communities,

all of which are discussed above. From a financial perspective the key performance indicators are discussed above and are:

- Investment performance
- Income generated
- Expenditure incurred

Strategic Report

Plans for Future Periods

The restrictions initially imposed by the Government in March 2020 but continuing in various forms to date to combat the spread of the Covid-19 pandemic continued to affect the ability of the Charitable Company to carry out its usual activities, in particular at the beginning of the year. However, the latter months of the year saw the return to a form of usual activity, albeit to a lesser extent than before the pandemic. Churches experienced various restrictions, from full closure, to being able to operate with social distancing and other mitigating controls in place. Caution exercised by many people continues to see a reluctance to gather in number, although to a lesser extent than during the pandemic. This had a negative impact on Parish income which has begun to improve in the financial year. Weekly plate collections and rental income increased in year, complimenting the use of Standing Orders and electronic giving. Activity in parishes and throughout the Diocese continues to grow, including a return to face to face conferences and meetings. The Diocese continues to assess the impact of the pandemic on income levels and activity in order to be as impactful as possible.

The work of the Vicariates for Faith & Mission, Caritas, and Care of the Clergy continues to be formulated. The Vicariate for Education continues to supports the academisation policy and the provision of Chaplains in local Universities. The upgrade and enhancement of the IT infrastructure continues apace.

Following the resignation of Bishop Robert Byrne in December 2022, it is likely that no significant new initiatives will be undertaken until a Bishop is appointed to the Diocese.

Peter Leighton

The Reverend Canon Peter Leighton

Vicar General of Hexham and Newcastle, Trustee

Date 21/12/22

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 affairs of the Charitable Company and of the profit or loss of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK 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 presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company 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 Charitable Company 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 on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Peter Leighton

The Reverend Canon Peter Leighton

Vicar General of Hexham and Newcastle, Trustee

Date 21/12/22

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Opinion

We have audited the financial statements of the Diocese of Hexham and Newcastle for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2022 and of its net expenditure 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 below. 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 the period to 31 December 2023.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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, which includes the directors' report and the strategic report prepared for the purpose of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, 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 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 management either intends to liquidate the Charitable Company or to cease operations, or has 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charitable Company and determined that the most significant are those that relate to the reporting framework FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities Act 2011 and the Companies Act 2006. In addition, the Charitable Company has to comply with laws and regulations relating to its operations, including the General Data Protection regulation (GDPR).
- We understood how the Diocese of Hexham and Newcastle is complying with those frameworks by making enquiries of management and those responsible for legal, compliance and safeguarding procedures to understand how the Charitable Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board meeting minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including how fraud might occur, through making enquiries of management and those charged with governance. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation and judgement. We performed analytical review procedures over each source of income to identify unusual movements falling outside of our expectation and tested them to supporting evidence. We also designed audit procedures to test the classification of income between restricted activities and unrestricted activities.

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiry of management and those charged with governance. Our procedures also included journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

21 December 2022

Statement of Financial Activities

at 31 March 2022

Company no: 7732977

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2022 Total £000	2021 Total £000
Income						
Income from donations		5,352	452	469	6,273	4,564
Legacies		487	16	96	599	438
Income from charitable activities		141	-	162	303	265
Investment income	2	404	744	306	1,454	1,174
Coronavirus Job Retention Scheme	7	-	-	-	-	220
Other income		614	225	367	1,206	631
Total income		6,998	1,437	1,400	9,835	7,292
Expenditure						
Expenditure on charitable activities:	3					
Clergy support		681	556	233	1,470	1,366
Pastoral		3,773	1,338	425	5,536	4,974
Education		-	502	367	869	829
Property		1,469	625	112	2,206	1,994
Total expenditure on charitable activities		5,923	3,021	1,137	10,081	9,163
Expenditure on raising funds	6(b)	12	231	18	261	351
Total expenditure		5,935	3,252	1,155	10,342	9,514
Net Income/(expenditure)		1,063	(1,815)	245	(507)	(2,222))
Transfers between funds		-	(3)	3	-	-
Gains/(losses) on investment assets:						
Realised		(17)	48	423	454	4,487
Unrealised		-	2,756	269	3,025	3,074
Gains on revaluation of investment properties		321	-	-	321	81
Revaluation of fixed assets held for disposal		183	-	-	183	352
Net (loss)/gain on disposal of fixed assets		(123)	-	-	(123)	1,182
Net movement in funds		1,427	986	940	3,353	6,954
Fund balances at 1 April	21	60,463	26,145	11,618	98,226	91,272
Fund balances at 31 March	21	61,890	27,131	12,558	101,579	98,226

Balance Sheet

at 31 March 2022

Company no: 7732977

	Notes	2022 £000	2021 £000
Fixed assets			
Tangible assets	8	33,608	33,356
Investments	9	44,630	41,821
Investment properties	10	2,058	1,669
		80,296	76,846
Current assets			
Debtors	16	2,200	2,173
Debtors – Schools projects		90	-
Short term deposits	17	2,594	3,422
Short term deposits – Schools projects		1,000	2,000
Unsecured short term loans	18	207	242
Cash at bank and in hand		19,407	17,168
Cash at bank – Schools projects		1,506	5,078
		27,004	30,083
Creditors: amounts falling due within one year	19	5,721	8,703
Net current assets		21,283	21,380
Total assets less current liabilities		101,579	98,226
Net assets		101,579	98,226
Represented by:			
Restricted fund		12,558	11,618
Unrestricted parish funds		61,890	60,463
Unrestricted central funds		27,131	26,145
Total funds	21	101,579	98,226

These financial statements were approved and authorised for issue by the Board of Trustees, and signed on its behalf by:

Peter Leighton

The Reverend Canon Peter Leighton

Vicar General of Hexham and Newcastle

Trustee

Date: 21/12/22

Statement of cash flows

for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Net cash (outflow) from operating activities	20	(4,625)	(2,267)
Investing activities			
Income from investments		1,454	1,174
Payments to acquire tangible fixed assets		(1,277)	(2,155)
Receipts from the sales of tangible fixed assets		532	1,473
Payments to acquire investments		(19,518)	(36,580)
Receipts from sales of investments		20,237	41,707
Payments to acquire investment properties		-	(3)
Unsecured short term loans repaid	35	177	
		1,463	5,793
(Decrease)/Increase in cash and cash equivalents	20	(3,162)	3,526
Cash and cash equivalents at 1 April	20	27,668	24,142
Cash and cash equivalents at 31 March	20	24,507	27,668

Notes to the financial statements

at 31 March 2022

1. Accounting policies

Statement of Compliance

The Diocese of Hexham and Newcastle is a company limited by guarantee incorporated in England. The registered office is St Cuthbert's House, West Road, Newcastle Upon Tyne, NE15 7PY.

The company's financial statements have been prepared in compliance with Charities SORP (FRS102) "Accounting & reporting by Charities: Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting standards applicable in the UK and the Republic of Ireland (FRS102)".

Basis of preparation

The financial statements have been prepared under the historic cost convention, modified by revaluation of quoted investments, investment properties, and certain freehold property. The financial statements have been prepared in accordance with the applicable accounting standards.

The financial statements incorporate the following funds:

- Diocesan Central Fund
- Parishes' Fund
- Clergy Training Fund
- Managed Fund

The company has not prepared group financial statements on the grounds that its subsidiaries are immaterial to the group, see note 14, and accordingly the financial statements present information about the company as an individual undertaking and not about its group.

Going Concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. At 31 March 2022 the Charitable Company held total reserves of £101.6 million, consisting of Restricted Funds of £12.6million and Unrestricted Funds of £89.0million. The Charitable Company, as at 31 March 2022, had cash at bank and in hand of £19.4m and has maintained similar cash levels up to the date of authorisation of the financial statements.

The going concern assessment period considered by the Trustees is the period to 31 December 2023. In performing this assessment the Charitable Company's income and expenditure has been forecasted and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have performed stress testing, including considering the impact of churches not being open for worship and this leading to a reduction in donations received. They have considered the possible mitigating actions and consequent cost savings, and consider that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company can still meet its liabilities as they fall due.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence throughout the going concern assessment period. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements

at 31 March 2022

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the determination of judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure. Specific consideration is given to matters including the recoverability of debtors, the carrying value of fixed assets and the carrying value of investments, including investment properties. However, the nature of estimation means that actual outcomes could differ from those estimates.

Income and expenditure

Offertories, donations and legacies

Offertories are accounted for on a cash received basis. Donations and legacies are recognised when the Diocese becomes legally entitled to them and they can reasonably be measured in financial terms. Tax credits relating to Gift Aid are accounted for on an accruals basis linked to the income received.

Investment income

This is recognised on an accruals basis when dividends and interest from stocks and shares have been declared.

Ancillary income earned from granting short term use of functional assets to other parties is recognised on an accruals basis and presented within investment income.

Grant income (other than for schools' building work)

Revenue and capital grants are accounted for on a received basis.

Grants for schools' building work

The Charitable Company acts as an agent for the School Governors in the recovery of grants and the payment of contractors. Those grants and payments are not included in the financial statements, other than that amounts held by the Diocese on behalf of schools as grants received but not yet expended are included in the balance sheets as cash at bank and as creditors.

During the year the cost of schools' building works undertaken was £2,665k, being financed primarily by Government grants of 90% and by School Governors' contributions.

Income from charitable activities

This is accounted for on a cash received basis.

Coronavirus Job Retention Scheme grants

Income received under the Coronavirus Job Retention Scheme is recognised on an accruals basis aligned with the periods for which income is claimed.

Expenditure

Expenditure is charged to the income and expenditure account on an accruals basis. Irrecoverable VAT is charged to the category of expenditure for which it was incurred.

Charitable Activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objectives of the Charitable Company, including direct staff costs, other direct costs, and apportioned support costs.

Governance Costs relate to the general running of the Charitable Company, and include such items as external audit, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Costs of Generating Funds include the costs incurred in generating voluntary income, fundraising trading costs, and investment management costs.

Notes to the financial statements

at 31 March 2022

1. Accounting policies (continued)

Grants paid/payable

Grants payable are recognised when payment is authorised.

Fixed asset investments

Quoted investments are shown in the financial statements at their market value at the balance sheet date. The resulting unrealised surplus or deficit is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Direct lending investments are initially recognised at cost. They are reviewed with the assistance of external investment managers, and provision is made against the value if recoverability of the full loan is in doubt. The movement in any such provision is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Current assets

Cash at bank in hand in the balance sheet consists of cash balances and short term deposits with an original maturity date of three months or less. Short term deposits with a maturity of over three months are separately disclosed within fixed asset investments.

All current assets are stated at the lower of cost and net realisable value.

Liabilities

Liabilities are recognised at the point where a legal or constructive obligation exists as a result of a past event. Provisions are liabilities where the timing and quantum of the economic outflows are significantly uncertain. The Charitable Company recognises provisions on an undiscounted basis.

Interest free loans

Occasionally the Charitable Company makes small interest free loans to priests. These are repayable over three to five years.

Deposits and loans

The Charitable Company operates a mutual system. Where parishes have money surplus to their immediate needs it is deposited centrally with the Diocese and interest may be paid. Where parishes are in need, interest free loans may be made at the discretion of the Trustees.

Notes to the financial statements

at 31 March 2022

1. Accounting policies (continued)

Fund accounting

- ***Unrestricted funds***

  These are expendable at the discretion of the Trustees in furtherance of the objectives of the Charitable Company. For management purposes these funds have been accounted for as:

  - Diocesan Central Fund
  - Parish Fund (designated for use as such by the Trustees).

- ***Restricted funds***

  Included under this heading are funds which have been formed as a result of donor implied intentions for the money. These include:

  - Parishes Special Collection Fund to gather and distribute special donations collected for specific charities.
  - Clergy Training Fund to support training of priests, deacons, and seminarians.
  - Diocesan Special Reserve Fund to benefit a sick and retired clergy project.
  - The Managed Fund – this comprises a large series of mass funds and special deposits, subject to specific trusts under Canon Law that have been donated in the past with the intention of supporting a specific purpose within the Charitable Company. These are not considered permanent endowments. Administratively this is managed and accounted for as one fund but it comprises several separate funds that can be further classified as:
    - Historical Masses Fund – Legacies and donations given to the Charitable Company, where the income must be used to meet Mass obligations.
    - Diocesan Designated – Income is to be used for Diocesan purpose.
    - Parishes Designated – Income is to be used for a Parish purpose.
    - Other Restricted – Income to be applied for a named purpose.
    - Clergy Training Fund – Income is to be applied for the purpose of training clergy and related costs, so that the underlying capital of the fund remains intact.

  Monies collected and accumulated in the parishes are shown as designated as a whole but they are specific to each individual parish. Parishes are encouraged to participate fully in the local and universal church and contribute to the running of the Diocesan wide activities through the annual levy.

Notes to the financial statements

at 31 March 2022

1. Accounting policies (continued)

Pensions

The Charitable Company contributes to three defined contribution pension schemes. Contributions are charged in the SOFA as they become payable in accordance with the rules of the schemes.

Accounting policy for tangible fixed assets

i. Freehold and lease land and buildings

A Functional land and buildings

1. Churches, presbyteries, halls and other buildings

i. Freehold land

Functional land (i.e. land used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life.

ii. Freehold Buildings

Functional buildings (i.e. buildings used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). All new functional buildings, improvements and major renovations are capitalised at the cost of construction.

Buildings are depreciated at rates calculated to write off their estimated historic cost (less the estimated residual value) evenly over the whole of their useful life.

The estimate of the useful life of a building varies depending on the condition and future use of the building, however, in general it is expected that a building in a reasonable state of repair will continue in use without major renovations or improvements for the following period:

a)	Unlisted churches	100 years
b)	Cathedral and listed churches	200 years
c)	Presbyteries	50 years
d)	Other buildings including care homes	50 years

Depreciation rates are calculated using the age of the building and its expected useful life.

iii. Leasehold land and buildings

Leasehold land and buildings (if held) are depreciated over the life of the lease on a straight-line basis.

Notes to the financial statements

at 31 March 2022

1. Accounting policies (continued)

Accounting policy for tangible fixed assets *(continued)*

i. Freehold and lease land and buildings (continued)

A Functional land and buildings (continued)

Details and addresses of the Diocesan churches and other buildings (both freehold and leasehold) can be found in the Northern Catholic Calendar and on the Diocesan website.

2. Voluntary aided schools

i. Land

The Charitable Company owns the land on which its voluntary schools are built. The nature of the occupation of the land by these exempt charities means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements the land is not capitalised. The cost of any land acquired for the purposes of a voluntary aided school is charged to the statement of financial activities in the year of acquisition.

Land agreed as surplus to a school's requirements by the Local Education Authority may be disposed of by the Trustees who own the land.

ii. Buildings

The school buildings are occupied, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt charities means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements any cost of new building is written off to the statement of financial activities in the year it is incurred.

The Diocese, as agent for School Governors, pays school improvement and repair costs and reclaims the related grants. Parishes and/or Governors are billed for their contributions.

Details of the Diocesan Voluntary Aided Schools (both freehold and leasehold) are given in the Northern Catholic Calendar.

B Investment property and former functional land and buildings

1. Investment property

Investment properties are shown at the Trustees' best and prudent estimate of market value. Any material changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The historical cost of these assets is disclosed in note 10. As these assets are recorded at current market value no charge for depreciation is made in the financial statements.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Accounting policy for tangible fixed assets (continued)

B Investment property and former functional land and buildings (continued)

2. Former functional land and buildings

Properties which were previously occupied for Charitable Company use but are now no longer in use fall into two categories:

i. Those which can now be sold or are awaiting sale.

Properties awaiting sale are shown at the Trustees' best estimate of their ultimate net sale proceeds. If it is expected to realise the asset within 12 months then it is shown under current assets. All changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The estimated historical cost of these assets is disclosed in note 10. As these assets are no longer used by the Charitable Company, no charge for depreciation is made in the financial statements.

ii. Those which have restrictions on them which make sale difficult or detrimental to the Charitable Company.

Land

Former functional land is included in the financial statements at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life. Leasehold land and buildings are depreciated over the life of the lease on a straight-line basis.

Buildings

Former functional buildings are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). However as the buildings no longer have any use they are fully depreciated and have no net book value.

ii. Fixtures, fittings and equipment

Fixtures, fittings and equipment which have a current replacement cost exceeding £5,000 are capitalised and included in the financial statements at an estimate of their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition). They are depreciated at rates calculated to write off the cost of valuation, less the estimated residual value, of each asset evenly over its expected useful life as follows:

Church furniture	50 years
Presbytery and hall contents, and equipment	5 to 10 years
Sound systems and special lighting	5 to 10 years
Other fixtures and equipment	5 to 10 years

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Accounting policy for tangible fixed assets *(continued)*

iii. Motor vehicles

Motor vehicles have been capitalised and included in the financial statements at their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition) and are depreciated at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset evenly over expected useful life as follows:

Motor cars	5 years
Mini buses	5 years

Accounting policy for tangible fixed assets – heritage assets

Works of art and historic treasures

The Charitable Company owns several works of art and historic treasures. The items have extraordinary long lives and are worth preserving perpetually. The collection is not recognised in the Balance Sheet because details of the costs of these items are not available and the cost to the Charitable Company of obtaining valuations would exceed the benefit arising from doing so. The vast majority of the collection was acquired over 100 years ago.

Basis of allocation and apportionment of Central Support Costs

As shown in Note 4(a) to the financial statements, the costs of the Episcopal office and of the central Diocesan departments (including the finance and human resources departments) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

2. Investment income

	Unrestricted funds		*Restricted*	*2022*	*2021*
	Parish	*Central*	*Funds*	*Total*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Income arising from:					
Investment properties	404	63	-	467	163
Listed investments	-	480	306	786	674
Direct lending investments	-	5	-	5	45
Cash deposits held as investments	-	196	-	196	92
Income from functional assets	-	-	-	-	200
	404	744	306	1,454	1,174

Notes to the financial statements

at 31 March 2022

3. Expenditure on charitable activities

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2022 Total £000	2021 Total £000
Clergy support						
Clergy costs		681	190	-	871	983
Support of retired clergy		-	104	-	104	54
Clergy Training Fund		-	-	233	233	156
Managed Fund		-	-	-	-	7
Grants and donations	5	-	-	-	-	3
Salaries met from CJRS Grant	7	-	-	-	-	3
Share of central support costs	4(a)	-	262	-	262	184
		681	556	233	1,470	1,390
Pastoral						
Church running costs		3,652	-	-	3,652	2,683
Other parish costs		118	-	-	118	484
Grants and donations	5	3	139	423	565	636
Vicariate for Faith and Mission		-	133	-	133	89
Faith & Mission: Youth Service		-	265	-	265	255
Faith & Mission: Youth Service donation	5	-	-	-	-	-
Vocations commission		-	3	-	3	2
Safeguarding commission		-	175	-	175	153
University Chaplaincy work		-	95	-	95	60
Vicariate for Caritas		-	202	-	202	121
Diocesan Tribunal		-	8	-	8	7
Department for Communications		-	-	-	-	-
Pastoral Provision for Deaf People		-	-	-	-	1
Marriage care		-	10	-	10	10
Diocesan events		-	8	-	8	1
Northern Catholic Calendar		-	23	-	23	22
Newcastle City Centre Ministry		-	15	-	15	34
Lourdes Pilgrimage		-	-	2	2	2
Pastoral Development and Renewal		-	-	-	-	15
Salaries met from CJRS Grant	7	-	-	-	-	198
Share of central support costs	4(a)	-	262	-	262	177
		3,773	1,338	425	5,536	4,950
Education						
Education service		-	234	367	601	576
Schools chaplaincy		-	6	-	6	5
CES grant	5	-	-	-	-	53
Salaries met from CJRS Grant	7	-	-	-	-	17
Share of central support costs	4(a)	-	262	-	262	178
		-	502	367	869	829
Property						
Repair of parish property		871	-	112	983	885
Diocesan property office		-	210	-	210	181
Diocesan resource centre		-	44	-	44	56
School building costs		5	-	-	5	3
Depreciation charges		593	109	-	702	689
Salaries met from CJRS Grant	7	-	-	-	-	2
Share of central support costs	4(a)	-	262	-	262	178
		1,469	625	112	2,206	1,994
Total cost of charitable activities	4(b)	5,923	3,021	1,137	10,081	9,163

Notes to the financial statements

at 31 March 2022

4(a).Central support costs in Unrestricted funds

		Staff costs £000	*Other costs £000*	*2022 Total £000*	*2021 Total £000*
Episcopal office		56	72	128	175
Finance, HR, Data Protection, Communications		285	117	402	288
Governance costs, note 6(a)		137	244	381	139
Diocesan office overheads		6	131	137	109
		484	564	1,048	711
Apportioned to charitable activities:					
Clergy support	(25%)	121	141	262	178
Pastoral	(25%)	121	141	262	177
Education	(25%)	121	141	262	178
Property	(25%)	121	141	262	178
		484	564	1,048	711

Basis of allocation and apportionment

The costs of the Episcopal office and of the central Diocesan departments (including the finance, human resources, data protection and communications departments) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

4(b).Charitable activities expenditure

	Staff costs £000	*Other costs £000*	*2022 Total £000*	*2021 Total £000*
Clergy support	152	1,318	1,470	1,390
Pastoral	1,092	4,444	5,536	4,950
Education	624	245	869	829
Property	323	1,883	2,206	1,994
	2,191	7,890	10,081	9,163

Notes to the financial statements

at 31 March 2021

5. Grants and donations

During the year the Charitable Company made a large number of donations, as described below:

	2022	*2021*
	£000	*£000*
Bishop's charities	7	11
Catholic Agency for Social Concerns	3	3
National Catholic Fund	75	92
National Catholic Fund re IICSA	31	26
Domestic grants	1	3
Citizens UK	10	10
Catholic Youth	1	4
Youth Ministry Trust	-	-
Sursum Corda	-	145
Lay Training Fund	7	23
Apostleship of the Sea	1	7
Holy Places	9	11
Peter's Pence	17	28
Racial Justice	4	3
Sick and Retired Priests NBF	-	3
World Communications	7	3
Day for Life	9	3
Home Mission	9	6
World Mission	1	6
Other Mission Charities	2	30
CAFOD Development and emergency aid	4	45
Other smaller grants	367	230
Total group charitable grants and donations	565	692

These are included in charitable activities (note 3) as follows:

Clergy support	-	3
Pastoral	565	636
Education	-	53
	565	692

Parishes occasionally allow fundraisers from other charities to collect outside of Mass or through collection boxes in parishioners' homes. These funds are usually counted and recorded by the receiving Charitable Company and do not pass through parish funds.

Notes to the financial statements

at 31 March 2022

6(a).Governance costs included in Central Support costs

	Unrestricted funds			*Restricted funds*				
	Parish	*Central*	*Total*	*Clergy Training Fund*	*Managed Fund*	*Total*	*2022 Total*	*2021 Total*
Audit fees	-	96	96	-	-	-	96*	100
Provision for bad debts	-	(19)	(19)	-	-	-	(19)	(145)
Other governance costs	-	303	303	1	-	1	304	190
	-	380	380	1	-	1	381	145

6(b).Expenditure on raising funds

	Unrestricted funds			*Restricted funds*				
	Parish £000	*Central £000*	*Total £000*	*Clergy Training Fund £000*	*Managed Fund £000*	*Total £000*	*2022 Total £000*	*2021 Total £000*
Fundraising and publicity costs	12	1	13	-	-	-	13	17
Stockbroker fees	-	204	204	-	18	18	222	310
Gift Aid office costs	-	26	26	-	-	-	26	24
	12	231	243	-	18	18	261	351

*Included within audit fees is £3,100 (2021: £2,940) related to other assurance services provided.

Notes to the financial statements

at 31 March 2022

7. Wages and Staff costs

Included in expenditure are the following staff costs:

	2022	*2021*
	£000	*£000*
Wages and salaries	1,910	1,886
Social security costs	136	120
Other pension costs	145	147
Total remuneration	2,191	2,153

All pension costs are paid out of unrestricted funds.

Grants under the Coronavirus Job Retention Scheme (CJRS Grants) of £34k (2021: £200k) were claimed in the year. The income was treated as restricted funds. The related expenditure was treated as follows:

	£000
Clergy Support	-
Pastoral	32
Education	2
Property	-
	34

All staff on furlough received 100% of their salary, irrespective of the level of CJRS Grant paid.

	2022		*2021*	
	Number of employees	*£000*	*Number of employees*	*£000*
Central Diocesan services	46	1,603	44	1,534
Parishes	105	588	103	619
	151	2,191	147	2,153

No trustee received any remuneration during the year or previous year. Certain trustees received allowances as serving Clergy but not in their capacity as trustee. Pension contributions paid for Trustees as members of the Clergy scheme amounted to £7.7k (2021: £6k).

Two trustees received expenses to the value of £1.7k (2021: £6k) in respect of travel and subsistence costs.

Higher paid employees received remuneration (including pension contributions) of:

Between £110k and £120k	1 employee	(2021: 1)
between £100k and £110k	no employees	(2021: None)
between £90k and £100k	no employees	(2021: None)
between £80k and £90k	2 employees	(2021: 2)
between £70k and £80k	no employees	(2021: None)
between £60k and £70k	2 employees	(2021: 2)

no other employee received more than £60k.

Total remuneration of key management personnel (Chief Operating Officer and 7 Heads of Departments) was £533k (2021: £517k).

Notes to the financial statements

at 31 March 2022

7. Wages and Staff costs (continued)

Clergy are not included in the above staff details as they are Office Holders and not employees of the Charitable Company. Payments to clergy during the year amounted to £754k (2021: £1,034k).

The Charitable Company is very grateful for the help of the army of volunteers who support the work of every member of the group. It is estimated that some 8,000 people support the parishes, and without their help the parishes could not function. It is however not possible to value the service provided by volunteers.

8(a).Tangible fixed assets

	Freehold property £000	*Motor vehicles* £000	*Fixtures, fittings and equipment* £000	*Total* £000
Cost:				
At 1 April 2021	47,462	36	3,510	51,008
Additions	1,118	-	159	1,277
Disposals	(325)	-	-	(325)
Transfer to Investment Property	(226)	-	-	(226)
At 31 March 2022	48,029	36	3,669	51,734
Accumulated depreciation:				
At 1 April 2021	14,554	23	3,075	17,652
Charge for the year	599	4	105	708
Disposals	(92)	-	-	(92)
Transfer to Investment Property	(142)	-	-	(142)
At 31 March 2022	14,919	27	3,180	18,126
Net book value:				
At 31 March 2022	33,110	9	489	33,608
At 31 March 2021	32,908	13	435	33,356

8(b).Tangible fixed assets – Heritage assets

There have been no transactions in works of art and historic treasures during the past five years. Where acquisitions were made, these were by donation. In the Trustees' view the value of these donations is not material and obtaining a current valuation would involve disproportionate cost.

Management policy

The works of art and historic treasures owned by the Charitable Company comprise several hundred items, acquired throughout many years. The items were acquired mostly through direct donation and occasionally by purchase.

Notes to the financial statements

at 31 March 2022

9. Fixed asset investments

	Notes	2022 £000	2021 £000
Quoted investments:			
Investment fund	12	29,058	26,772
Managed fund	13	11,046	8,593
Total quoted investments		40,104	35,365
Investment in Sursum Corda Limited	14	250	250
Fixed investment deposits		3,548	5,000
Direct lending investments		728	1,206
		44,630	41,821

	2022 £000	2021 £000
Investment categories (quoted investments):		
Main Fund:		
Conventional gilts	337	419
UK fixed interest	1,408	882
UK equities	5,451	7,612
Overseas equities	20,905	26,193
Property	957	259
Managed Fund:		
Catholic Investment Fund	11,046	-
	40,104	35,365

Notes to the financial statements

at 31 March 2022

10. Investment properties

	Diocesan Central fund £000	*Parishes unrestricted fund* £000	*2022 Total* £000	*2021 Total* £000
Market value:				
At 1 April 2021	377	1,292	1,669	1,469
Additions	-	-	-	3
Disposals	-	(17)	(17)	-
Transfer from Fixed Assets	-	85	85	116
Unrealised gains on revaluation	-	321	321	81
Other adjustments	-	-	-	-
At 31 March 2022	377	1,681	2,058	1,669
Book cost of investment property:				
At 31 March 2022	200	1,859	2,059	866

11. Valuation of investment properties

Properties have been included at Trustees' valuation.

If a commercial rent was paid, the valuation of properties is calculated as 7 times the annual rent.

Occasionally a peppercorn rent agreement has been arranged if the church will benefit from the occupation of the property. For example:

- safeguarding a nearby church where there is no resident priest
- tenant has agreed to substantially renovate the premises
- used by similar charities such as convents or religious orders and seen as furthering the outreach work of the church.

For properties rented out at below commercial rate, their valuation is based on 40% of the reinsurance value.

Notes to the financial statements

at 31 March 2022

12. Investment fund

	2022 £000	2021 £000
At 1 April 2021	26,773	22,738
Additions	8,551	27,635
Disposals	(9,051)	(25,940)
Net unrealised investment gains	2,785	2,339
Market value of quoted investments at 31 March 2022	29,058	26,772
Book cost of quoted investments as at 31 March 2022	25,737	23,032

Comprising at 31 March:

	Cost £000	Unrealised £000	2022 Total £000	2021 Total £000
CCLA	25,737	3,321	29,058	26,772

13. Managed fund

	2022 £000	2021 £000
At 1 April 2021	8,593	7,257
Additions	10,967	8,946
Disposals	(8,783)	(8,244)
Net unrealised investment gains	269	634
Market value of quoted investments as at 31 March 2022	11,046	8,593
Book cost of quoted investments as at 31 March 2022	10,777	7,403

Comprising at 31 March:

	Cost £000	Unrealised £000	2022 Total £000	2021 Total £000
CCLA	10,777	269	11,046	8,593

See note 15 for further details of the Managed Fund.

Notes to the financial statements

at 31 March 2022

14. Other investments

The Diocese holds 100% of the ordinary share capital of Sursum Corda Limited.

Youth Ministry Trust is a Charitable Company, of which Diocese of Hexham and Newcastle is the sole member.

Financial information relating to these companies is as follows:

	Net movement in funds	Reserves
	£000	£000
Sursum Corda Limited (31 March 2022)	(19)	287
Youth Ministry Trust (31 August 2021)	103	(90)

The Diocese made a long term loan of £250k to Sursum Corda Limited in the year ended 31 March 2004, to enable that company to adequately support its work in the distribution of religious knowledge resources. It also made short term loans that amounted to £380k at March 2022. Provision in full has been made against the value of those short term loans, because of concerns relating to the recoverability of the funds.

The remaining amount (£58k) of multi-year loan to the Youth Ministry Trust was written off in the year. This had been provided for in the prior year.

15. The Managed Fund

The Managed Investment Fund was derived initially from legacies and bequests and money held on trust under the protection of Charitable Company Trustees. Each donation is redefined as a number of units, determined by a rate based on the market value of the fund at the date of subscription.

The capital is then invested in the Managed Fund. Its many individual subscriptions can be broadly categorised into:

- church funds deposited for investment
- special donations deposited for investment

The Managed Fund comprises quoted investments and cash awaiting investment held by CCLA Investment Management at HSBC.

At 31 March 2022 the fund comprised:

	Note	*Initial cost plus reinvested gains £000*	*Market value £000*
Quoted investments	13	10,777	11,046
Cash at HSBC	17	-	-
Value of investment at 31 March 2022		10,777	11,046

Notes to the financial statements

at 31 March 2022

15. The Managed Fund (continued)

This fund is apportioned as follows:

	Initial cost 31/3/22 £000	*Market value 31/3/22 £000*	*Number of Units 31/3/22*
Special donation balances:			
Historical Mass Fund	215	1,012	93,543
Diocesan Designated Fund	103	486	42,976
Parishes Designated Fund	428	2,011	385,948
Restricted Fund	107	503	76,546
Clergy Training Fund	1,218	5,734	306,035
Lay Training Fund	50	236	7,704
	2,121	9,982	912,752
Church funds balances:			
Historical Mass Fund	45	213	13,611
Diocesan Designated Fund	35	165	10,639
Parishes Designated Fund	16	76	4,021
Restricted Fund	130	610	37,842
	226	1,064	66,113
Total Managed Fund	2,347	11,046	978,865

16. Debtors

	2022 £000	*2021 £000*
Trade debtors	431	265
Taxation repayments	834	674
Accrued investment income	76	102
Other debtors	70	149
Prepayments	605	581
Assets held for disposal	184	402
Total debtors at 31 March	2,200	2,173

Amounts falling due after more than one year included in the above are £275k (2021: £300k).

Notes to the financial statements

at 31 March 2022

17. Short term deposits

This includes cash held awaiting investment.

	2022	*2021*
	£000	*£000*
Diocesan Central Fund:		
HSBC, managed by CCLA	2,594	2,584
Managed Fund:		
HSBC, managed by CCLA	-	838
Total short term deposits at 31 March	2,594	3,422

18. Short term loans

	2022	*2021*
	£000	*£000*
Loans to Priests	23	18
Other loans	184	224
Total short term loans at 31 March	207	242

Amounts falling due after more than one year included in the above are £150k (2021: £180k).

19. Creditors: amounts falling due within one year

	2022	*2021*
	£000	*£000*
Sundry creditors	410	454
Accruals	426	147
Schools Devolved Formula Capital	2,807	6,614
Schools Contribution Allowance	1,759	229
Deposits repayable on demand	319	1,259
	5,721	8,703

Notes to the financial statements

at 31 March 2022

20. Note to statement of cash flows

a) Reconciliation of net (expenditure) to net cash (outflow) from operating activities

	2022	*2021*
	£000	*£000*
Net (expenditure)	(507)	(2,222)
Depreciation and assets written off	708	689
(Decrease) in investment impairment	(54)	-
(Decrease)/increase in impairment of loan to group company	-	(145)
(Increase)/decrease in debtors	(336)	499
(Decrease)/increase in creditors	(2,982)	86
Investment income	(1,454)	(1,174)
Net cash (outflow) from operating activities	(4,625)	(2,267)

b) Movement in net debt

	1 April 2021	*Cash flows*	*31 March 2022*
	£000	*£000*	*£000*
Cash at bank and in hand	22,246	(1,333)	20,913
Short term deposits	5,422	(1,828)	3,594
Cash and cash equivalents	27,668	(3,161)	24,507

Notes to the financial statements

at 31 March 2022

21. Reserves summary

	Note	At April 2021 £000	Statement of financial activities: Income £000	Expenditure £000	Fixed asset gains/(losses) £000	Transfers between funds (c) £000	Balance at 31 March 2022 £000	
Restricted reserves								
Clergy Training Fund		26	81	233	-	200	74	To meet the costs of training clergy
Parishes Special Collections and Grants		-	392	368	-	-	24	Donated to missions, special appeals, etc.
Parishes Restricted Fundraising		390	162	112	-	-	440	Fundraising for specified projects
Main Fund Restricted Funds	(a)	98	367	369	-	-	96	Various specified purposes
National Schools Singing Programme		-	25	-	-	-	25	To support and promote music in the Diocese
Special Collections		-	52	55	-	3	-	
Main Fund Special Reserve		300	-	-	-	-	300	For a project to benefit sick and retired clergy
Managed Capital Funds	(b)	10,804	306	18	692	(200)	11,584	Income used for various specified purposes
Other (Grants and Legacies)		-	15	-	-	-	15	To meet the costs of specified purposes
Total restricted reserves		11,618	1,400	1,155	692	3	12,558	
Unrestricted reserves								
Diocesan Central Funds		26,145	1,437	3,252	2,804	(3)	27,131	
Unrestricted designated reserves								
Parishes' Funds		60,463	6,998	5,935	364	-	61,890	
Total unrestricted reserves		86,608	8,435	9,187	3,168	(3)	89,021	
Total charity reserves		98,226	9,835	10,342	3,860	-	101,579	

Notes

(a) The Main Fund Restricted Funds received during the year included Schools' Contributions to the Department which was fully expended during the year.

(b) Where income to the Managed Fund is subsequently distributed to other funds that income is shown in the financial statements only as income of the ultimate recipient fund. The 'Incoming resources' to the Managed Fund shown above represents income of that fund re-invested into that same fund.

(c) Transfers between funds represent the transactions between funds, the largest of which was a transfer back to the Clergy Training Fund of legacies previously invested, to support the ongoing support of the CTF.

Notes to the financial statements

at 31 March 2022

22. Capital commitments

Amounts contracted for at the year end but not provided in the financial statements amounted to £61k (2021: £8k) for parish building work.

23. Contingent liability

In the opinion of the Trustees there were no contingent liabilities in existence other than in the normal course of the activities of the Charitable Company as at 31 March 2022.

24. Pension commitments

A Group Personal Pension Scheme administered by Standard Life is operated for Diocesan Clergy. There is a Stakeholder Pension Scheme administered by Standard Life available for all employees. One member of staff is a member of a defined contribution pension scheme administered by Prudential (no new members are admitted to this scheme). The Charitable Company is also a member of the Teachers' Pension Scheme, continuing the contributions (on a defined contribution basis) of senior staff who are qualified teachers. The assets of all of these pension schemes are held separately from those of the Charitable Company in independently administered funds.

25. Liability

The Charitable Company is a private company limited by guarantee. The liability of the members is limited and every member undertakes to contribute to the assets of the company, in the event of the Charitable Company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound.

DIOCESE OF HEXHAM AND NEWCASTLE

England & Wales - Charity number 1143450

Accounts

Charity No 1143450

Diocese of Hexham and Newcastle

A Company Limited by Guarantee: Registered No. 7732977

Report and Financial Statements

31 March 2021

Charity No: 1143450

Company No: 7732977

Diocese of Hexham and Newcastle

Trustees' Report for the year ended 31 March 2021

Trustees

Right Reverend Robert John Byrne CO, Bishop of Hexham and Newcastle
Matthew Boyle
Reverend Jeffrey John Dodds
Catherine Patricia Dyer (appointed 12 April 2021)
Monsignor Andrew James Faley
Thomas Niall Ledlie Harrison (resigned 1 September 2021)
Reverend Colm Martin Hayden
Reverend Peter Leighton
Reverend Simon Lerche
Anne O'Brien (appointed 1 December 2021)
Allison Mary Thompson (resigned 30 June 2021)
Reverend Adrian Tuckwell

Chief Operating Officer

Fiona Standfield

Registered Office

St Cuthbert's House
West Road
Newcastle upon Tyne
NE15 7PY

Solicitors

Collingwood Legal
Muckle LLP
Winkworth Sherwood

Bankers

HSBC plc
Newcastle upon Tyne

Investment Managers

CCLA Investment Management (appointed 01 July 2020)
Newton Investment Management (to 30 June 2020)

Land Agents

GVA Grimley
Savills UK Ltd

Auditors

Ernst & Young LLP
Citygate, St James' Boulevard
Newcastle upon Tyne, NE1 4JD

Trustees' Report

The Trustees present their report and audited financial statements for the year ended 31 March 2021. The Trustees have adopted the charities SORP (FRS102) "Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standards applicable in the UK & Republic of Ireland".

Structure, Governance and Management

Constitution

Until 31 March 2012 the Roman Catholic Diocese of Hexham and Newcastle was constituted as a Charity for Roman Catholic Purposes by a Declaration of Trust dated 4 November 1867 no. 234071 and Hexham & Newcastle Diocesan Trust dated 16 September 1947 no. 235686. All reporting was made under the charity reference 235686.

On 1 April 2012 the assets and operations of the Diocese transferred to this Charitable Company Limited by Guarantee, called Diocese of Hexham and Newcastle. The Company number is 7732977 and the charity number is 1143450. The Directors of the Charitable Company are the Trustees. This Charitable Company carries on the activities of the Diocese.

Organisational Structure and Decision Making

Matters concerning the care and development of the clergy and the pastoral care of the people of the Diocese are referred to the Bishop in consultation with his Episcopal Council. The Bishop and the Episcopal Council meet frequently during the year. The Episcopal Council consists of the Vicar General and the Episcopal Vicars, who each have responsibility for a geographical area or an area of work within the Diocese.

The Diocese is divided into five Episcopal Areas, consisting of 141 separate parish communities, which have been grouped together into 18 Partnerships. There are 69 Diocesan Priests working within the Diocese and a number of priests from Religious Orders who are in active ministry throughout the Parishes of the Diocese. They are supported by a number of priests who have retired from office and twelve foreign priests. Five Diocesan priests are involved in ministry elsewhere.

Each parish aims to provide for the religious needs of its people through Church services and education in the Roman Catholic faith and to encourage charitable work. They also provide for the spiritual growth of people of all ages with particular emphasis on the needs of the sick and the poor. We also work in harmony with other Christian denominations, with people of other faiths and with local communities.

The Trustees govern the Charitable Company, and in carrying out this responsibility are mindful of clergy and pastoral initiatives of the Bishop which have an impact upon the operational wellbeing of the Charitable Company. The Board comprises the Bishop, some Episcopal Council members, and lay people selected for their relevant skills and expertise. There are a number of Board Sub-Committees and occasional working parties looking at specific matters which comprise Directors and experts especially co-opted.

The Board is responsible for all of the assets of the Charitable Company although in practice the Parish Priest acts as the representative in many Parish matters. Parish Priests are obliged by Canon law to be assisted in their duties by a Parish Finance Committee and many also have Parish Councils. The permission of the Board is required for all significant Parish projects.

To assist the Board, the operations of the Diocesan Curia have been organised into formal Departments and Vicariates that report through the Chief Operating Officer to the Board. The Chief Operating Officer and senior managers form a Senior Leadership Team that executes the central administrative functions for the Charitable Company through support, dissemination of information, leadership and guidance on matters common throughout the whole Charitable Company. Officers carry out the Board's directions and refer matters arising for the Board's attention, via the Diocesan Strategy Committee. The Departments and Vicariates reflect the work carried out, and are: Faith and Mission; Caritas; Care of the Clergy; Education; Communications; Finance and Operations; Human Resources; Property Management; Safeguarding; and Diocesan Chancery and Tribunal.

Trustees' Report

Organisational Structure and Decision Making (continued)

Education is provided for children through a network of voluntary aided primary, first, middle, and secondary schools. Including Academies there are 132 Primary Schools (some with nursery provision), 3 First Schools, 1 Middle School and 20 Secondary Schools. There are 53,888 pupils in our Diocesan Schools of which 57% are Catholic. Within the schools there are 3,242 teachers of which 52% are Catholic (the national average is 46%). The Diocesan Department for Education offers support to schools whilst at the same time facilitating life-long learning throughout the Diocese. The Bede Chair in Catholic Theology and the Centre for Catholic Studies in the Theology Department of Durham University assist the Diocese's educational outreach.

Trustees' Recruitment and Appointment

Under the Articles of Association the power of appointing new or additional Trustees rests with the Bishop. The induction process for any newly appointed Trustee involves an initial meeting with the Bishop. The new Trustee is given a welcome pack comprising a copy of the Charitable Company's Memorandum and Articles; a copy of the most recent statutory accounts; the Minutes of the most recent Board meetings; and the Diocesan Guidelines and policies. The Trustees attend external training courses and receive regular circulars from the Charity Commission.

Risk Management

The Charitable Company has a formal risk review process in place, under which a risk register is maintained and reviewed at every quarterly meeting of the Board. Changes to the RAG scores of identified risks are monitored by each Head of Department, and they are required to implement processes to mitigate risk whenever possible. The most strategic risks identified by the Senior Leadership Team are monitored by the Board. These cover:

- Operational Risk: Having insufficient active clergy to meet requirements, having an over-reliance on key personnel, or having to close properties because of health and safety issues.
  Line managers meet with staff on a monthly basis, physically or by virtual meeting as restrictions allow, to monitor their wellbeing. Parish properties are subjected to quinquennial surveys to ensure that there is a safe operating environment.
- Financial Risk: A reduction in voluntary income impacting on the ability to fund necessary activities, or an inability to afford to care for sick and/or elderly clergy
  An updated Finance Strategy has been developed, including a focus on fundraising. The moratorium on non-essential capital spending continues, so as to maintain a base level of financial reserves.
- Reputational Risk: Arising from inadequate safeguarding procedures, or a communications/data protection failure
  Safeguarding training is mandatory for all clergy and employees, and staffing levels in the Safeguarding Department have been increased. A data protection support manager has been appointed and is delivering training across Parishes and Departments.

Some risks increased because of the impact of Covid-19 restrictions. Notably, the reduction of income in Parishes has increased financial risk, while the increase in employees working from home has increased data security risks. Senior managers discuss these, and all other risks, in monthly review meetings.

Objectives

The purpose of the Charitable Company is to promote the Roman Catholic religion in the counties of Northumberland, Tyne & Wear, Durham and the Northern part of Cleveland, which are covered by the Diocese of Hexham and Newcastle, and other charitable works promoted by the Church outside the Diocese. All of our work is underpinned by and reflects the ethos of the Roman Catholic tradition through prayer, worship, a commitment to community and a sense of mission.

The Charitable Company aims to satisfy its objectives and demonstrates its public benefit through four main areas of charitable activity, namely:

- To provide support to the clergy in their ministries
- To provide and support pastoral work in parishes and local communities
- To provide support and direct life-long Christian education in parishes and schools
- To preserve and invest in the property infrastructure of the Diocese and parishes, facilitating worship and enabling the charitable work of the church to take place.

Trustees' Report

Objectives (continued)

The Trustees have given due consideration to Charity Commission published guidance on Public Benefit, and it is their opinion that the delivery of the above-noted charitable activities meets the requirement for the Charitable Company to exist for such Public Benefit.

The work noted above is underpinned by the Diocesan Objectives, which are to ensure the:

- Dynamic growth and renewal of the Church through our Partnerships
- Building of God's Kingdom in community and public life
- Sustainability and resourcing of the Diocesan mission and ministry

Disabled employees

Applications for employment by disabled persons are always fairly considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment continues and the company will seek to cater for their needs and aim to retain them in suitable employment. On a continuing basis, a disabled employee will be included in the training programmes run by the Charitable Company and will be given opportunities for promotion along with all other employees.

Employee involvement

The Charitable Company is committed to regular communication and discussions with employees on those matters relating to their work and the Charitable Company's activities.

The Charitable Company also seeks to delegate and involve staff in discussions and decision-making particularly in those areas to which they can contribute effectively, so that all may participate in the efficient running of the Charitable Company.

A Staffing and Remuneration Committee chaired by the Vicar General considers matters affecting employees, including recruitment strategies, remuneration levels, and general terms and conditions of employment, and makes recommendations to the Trustees.

Going concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. The current economic conditions do create some level of uncertainty over future offertory levels. At 31 March 2021 the Charitable Company held total reserves of £98.2million, consisting of Restricted Funds of £11.6million and Unrestricted Funds of £86.6million. Of the Unrestricted Funds, £68.6million was held in tangible assets and investments, so £18million was available as free reserves. The Charitable Company's forecasts and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have considered the past and potential impacts on the Charitable Company of the COVID-19 outbreak, and in particular have assessed the likelihood of it causing severe and prolonged disruption to activities. Operating budgets and cash forecasts have been prepared for the period to 31 December 2022, taking into account potential restrictions on church attendance, on activities that require physical gatherings, and on the ability of Clergy to perform their ministry.

The Trustees have performed stress testing, including considering the impact of churches not being open for worship and this leading to a reduction in donations received. They have considered the possible mitigating actions and consequent cost savings, and consider that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company can still meet its liabilities as they fall due.

Taking into account the very strong cash position of the Charitable Company the Trustees do not feel that the COVID-19 outbreak represents a likely threat to its ability to continue as a going concern.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Trustees' Report

Trustees' insurance

The Charitable Company maintains insurance for Trustees in respect of their duties as Trustees of the Charitable Company.

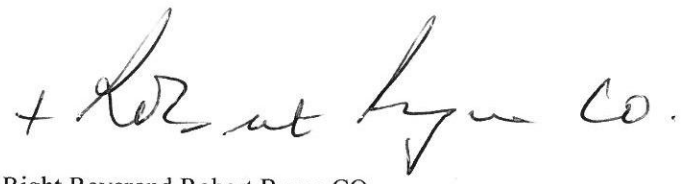
Auditor

A resolution to re-appoint Ernst & Young LLP as the Charitable Company's auditor will be put to the forthcoming Annual General Meeting.

Trustees' responsibilities for audit information

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.



Right Reverend Robert Byrne CO

Bishop of Hexham and Newcastle

Trustee

Date: 17 December 2021

Strategic Report

Activities during the year and achievements

The uncertainty in the UK economy has continued to have an impact upon the work of the Charitable Company. Pay rises have been minimal and concentrated on the lowest staff grade to ensure they were paid at least the Living Wage. Use was made of the Government's Coronavirus Job Retention Scheme ("Furlough Grants"), with a maximum of 103 employees on furlough at any time. The total CJRS grants claimed and received in the year were £220k, being £180k in relation to Parish-based employees and £40k relating to central Diocesan staff. To conserve resources capital building work has continued to be curtailed and only those parish projects which involved essential repair or projects that are of a health and safety or safeguarding nature, or of pastoral necessity, have been approved.

Clergy Support

There were five seminarians in formation in the year ended 31 March 2021, being two at St Mary's College, Oscott, one at the English College in Valladolid, Spain, and two at the English College in Rome. There was one ordination to the Priesthood in the year.

Pastoral Work

There are a number of commissions and central departments that facilitate and encourage work in local communities. Our most significant work is undertaken locally by many thousands of volunteers in our parishes.

Much of the income of our parishes goes to support the running activities of the parish although parishes use their facilities and people to reach out into the local community. Before Covid-19 restrictions were put in place many parishes ran successful parish youth groups or mother and toddler groups. Parish volunteers frequently visited people in Care Homes, and Extraordinary Ministers of the Eucharist assisted the priests in taking Holy Communion to those members of a parish who were too infirm to attend Mass with the rest of the community. Such activities are currently very limited, but we must ensure the safety of employees and volunteers. Parish volunteers are often also closely associated with other local charities such as homelessness support, elderly and bereavement care, cancer care. There is a case to say that it is the ethos engendered in our parishes which encourages people to give so much of themselves so freely to their communities. Active participation with the Catholic faith helps to engender care for others in their community, with examples of local development projects existing throughout the Diocese.

Parishes are not only aware of the needs of their local communities but are also very conscious of the needs of poor people around the world and many have particular projects that they support, although the opportunities to collect funds for such projects have been limited because of Covid-19 restrictions. Over the year £41k (2020: £123k) has directly supported Mission work around the world. This year collections towards CAFOD's development work and disaster relief amounted to £45k (2020: £117k).

The Vicariate for Faith and Mission has continued to strengthen networks and links across the Diocese, while streamlining work practices. The strength of such relationships in the Diocese continues to bear fruit, in the growth of newer forms of ecumenical social outreach in many areas such as foodbanks, and assistance to asylum seekers. Involvement in the more usual ecumenical activities continues to foster a deep appreciation of the gifts and graces to be received from our ecumenical partners, and this Vicariate is taking a leading role in the Diocesan approach to the global Synod, and in delivering our Diocesan Year of the Eucharist.

Apart from attending Episcopal Council meetings every two weeks, and serving a parish as parish priest, each clergy Director supports the Bishop in pastoral work throughout the Diocese.

Education

A Memorandum of Understanding has been developed which gathers together guiding principles which our schools adhere to within a Diocesan family of schools, whether they are Voluntary Aided schools or Academy Trusts. All of our schools are part of this Memorandum. All twenty Secondary Schools have converted to Academy status, as have ninety-six Primary Schools (out of 132). Of our three First Schools one has converted, as has our only Middle School). The strategy is for all Diocesan schools to have converted by July 2022.

Our link with Durham University via the Centre for Catholic Studies continues to flourish. Meetings and discussions took place to consider staffing, content delivery, and financing, all with satisfactory outcomes.

Property

During the year the majority of building work that has taken place within the Diocese has been of essential works of maintenance. At this time of economic uncertainty, parishes have been asked to delay

Strategic Report

refurbishment and alteration work. As parishes continue to explore new structural arrangements in response to reduced numbers of priests there will be more sites becoming surplus to needs, but any review will be deferred until the full impact of Covid-19 on our operations can be assessed.

During the year a total of £2.1million was spent in parishes on building work ranging from repairs and minor projects £884k, to major works £1.2million.

Capital investment agreed with the Education Funding Agency (EFA) reduced significantly compared to the previous year, as more schools convert to academy status and deal with their funding directly. All of the Voluntary Aided school projects are handled by the Diocesan offices; from approval, negotiation with EFA, administration of the grant, payments to contractors, to collection of the Governors' contributions. School buildings expenditure amounted to £1million, with the Government contributing 90% funding towards Voluntary Aided School work. The Diocese acts as an agent for School Governors in these matters, so the building expenditure is not recognised in Diocesan fixed assets.

Financial Review

The Charitable Company's accounting policies are described in Note 1 to the financial statements.

Investment Policy and performance

The Trust deed authorises the Trustees to make and hold investments using the funds of the Charitable Company without any restrictions. The Trustees recognise that the investment portfolio is held to provide for the future needs of the Charitable Company whilst supporting the ongoing costs. Therefore the investment objective for the Diocese is to produce the optimum total return using income or capital, whichever is the most effective in the prevailing conditions. In setting an optimal total returns policy we identify, through a budgeting procedure, a level of cash return required from the main investment portfolio, whilst paying due regard to the need to protect the real value of the capital. In the current conditions the aim is to withdraw not more than 3.5% of portfolio valuation per annum: the amount actually withdrawn during the year equated to 3.6% of the portfolio valuation.

The investment strategy is set on an annual basis. Fund managers are required to adhere to a strict ethical policy. An Investment Committee of experts chaired by a Trustee provides advice and support. Although fund managers have discretionary investment powers they provide quarterly information. During the year the Diocese ceased to use the services of Newton Investment Management, moving to CCLA Investment Management, while a charity investment specialist adviser (Stanhope Consulting) assists in reviewing performance. During the year the market value of the portfolios moved in line with the general market conditions. At 31 March 2021 the valuation of the main portfolio was 118% of the March 2020 valuation, reflecting the economic recovery from the Covid-19 situation as vaccines became available. At 30 November 2021 the valuation of that portfolio had recovered to 140% of the March 2020 valuation.

As at March 2021 the accumulated unrealised gains in the combined portfolio amounted to £4.9m.

Reserves Policy

The Trustees decide the level of free reserves to be held by the Charitable Company. Free reserves are those available to spend on any or all of the Charitable Company's purposes, being unrestricted reserves excluding those invested in fixed assets, those designated for a specific purpose, and those otherwise committed. Fixed assets are excluded because these assets cannot be realised without undermining the fundamental work of the Charitable Company.

In calculating the level of reserves to be retained by the Charitable Company, the Trustees give due regard to the need to fulfil all of its obligations and commitments and to finance the activities that it currently undertakes, and to fund future requirements including clergy retirement, schools provision, and maintenance of Parish properties including special projects such as governance arrangements and development of the Youth Village. The aim is to have retained free reserves sufficient to cover twelve months of unrestricted charitable expenditure: at 31 March 2021 twenty-eight months' cover was held.

Diocesan statistics (published in the 2021 Northern Catholic Calendar) suggest a decrease of 8% in weekly Mass attendance to 27,729 prior to COVID-19 restrictions closing Churches to communal worship. The total "giving" equated to £2.69 per mass-goer per week. Gift Aid Tax and Gift Aid Small Donation Scheme reclaims increased this to £3.14 per mass-goer. Overall, approximately 56% of parish giving was given under Gift Aid, with a further 15% eligible for the Small Donations Scheme, so the reclaims averaged £4,350 per parish, a vital source of funding to many parishes.

Strategic Report

Grants Policy

Each year the Bishop, assisted by guidance from the Catholic Bishops' Conference of England and Wales, decides which organisations will benefit from special collections to be taken in the parishes. At a local level, parish priests and their finance committees decide which additional causes they will support to further the work of the Church, by means of special appeals. The amounts raised from such appeals and paid over to charities are sometimes supplemented from general offertory income, where this is approved by the parish priest and the parish finance committee.

Financial risk management objectives

As described above the Charitable Company has established a risk and financial management framework whose primary objectives are to protect the Charitable Company from events that hinder the achievement of the Charitable Company's objectives. The Charitable Company has no operations outside the UK and is not exposed to movements in exchange rates, and therefore does not enter into transactions with derivative instruments. Cash flow and liquidity risk is covered by forecasting and management of cash. The Charitable Company has no significant individual debtors and therefore limited credit risk. Investments are diversified between those with guaranteed income but no capital growth, and those with potential capital growth but also the risk of capital losses. All investments are under the care of professional Fund Managers.

Expenditure During the Year

The principal funding sources are as described in the SOFA. A detailed analysis of expenditure is given in note 3. Outlined below is how the expenditure in the year supporting the key activities has been sourced.

Charitable Activity		Total Expenditure	Funded from specific income	Funded by general income
		£000	£000	£000
Clergy Support		1,390	175	1,215
Pastoral Work		4,950	391	4,559
Education		829	396	433
Property	Diocese/Parish	1,991	125	1,866
	School Building work	3	-	3
Cost of charitable activities		**9,163**	**1,087**	**8,076**

In the context of the Charitable Company's activities, the key performance indicators are:

- Attendance at events and services
- Support to local communities via outreach and ecumenical links
- Development of the religious well-being of communities,

all of which are discussed above. From a financial perspective the key performance indicators are discussed above and are:

- Investment performance
- Income generated
- Expenditure incurred

Strategic Report

Plans for Future Periods

The restrictions initially imposed by the Government in March 2020 but continuing in various forms to date to combat the spread of the Covid-19 pandemic greatly affected the ability of the Charitable Company to carry out its usual activities. Churches have experienced various restrictions, from full closure, to being able to operate with social distancing and other mitigating controls in place. Caution exercised by many people sees them reluctant to gather in numbers even where this was possible. Parish halls likewise have been unable to operate at full capacity, even where they have been able to re-open. This all has a negative impact on Parish income, with the loss of weekly plate collections and rental income only partly mitigated by the increased use of Standing Orders and electronic giving. Many of the usual events and activities have not taken place because of restrictions on physical contact and limits on numbers allowed to gather together, with only some activities lending themselves to a virtual environment. The spread of the Omicron variant of Covid-19 has resulted in stricter measures being imposed by the Government, so we wait to see what the full range of measures will be, and how they will impact the work of the Diocese. As noted on Page 4 "Going Concern" the Charitable Company has been able to make use of reserves accumulated in previous years to absorb the financial impact of the Covid-19 restrictions, so the concerns of the Trustees are more about not being able to execute our Mission rather than about the financial position of the Charitable Company.

Work continues to be undertaken to ensure that our congregations are able to return to communal worship in a safe environment as Covid-19 restrictions are reduced or removed.

The work of the Vicariates for Faith & Mission, Caritas, and Care of the Clergy continues to be formulated, including provision for those most affected by the Covid-19 pandemic. The Vicariate for Education supports the academisation policy and the provision of Chaplains in local Universities. A review of communications across the Diocese has been undertaken, and a programme of initiatives to improve the efficiency, security, and effectiveness of communications is currently being implemented.

+ Robert Byrne CO.

Right Reverend Robert Byrne CO

Bishop of Hexham and Newcastle, Trustee

Date 17 December 2021

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees 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 affairs of the Charitable Company and of the profit or loss of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK 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 presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company 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 Charitable Company 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 on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

+ Robert Byrne CO.

Right Reverend Robert Byrne CO

Bishop of Hexham and Newcastle

Trustee

Date: 17 December 2024

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Opinion

We have audited the financial statements of the Diocese of Hexham and Newcastle for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of its net expenditure 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 below. 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 the period to 31 December 2022.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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, which includes the directors' report and the strategic report prepared for the purpose of company law, 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 included within the trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the directors' report included within the trustees' report.

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

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

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, 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 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 management either intends to liquidate the Charitable Company or to cease operations, or has 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charitable Company and determined that the most significant are those that relate to the reporting framework FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities Act 2011 and the Companies Act 2006. In addition, the Charitable Company has to comply with laws and regulations relating to its operations, including the General Data Protection regulation (GDPR).
- We understood how the Diocese of Hexham and Newcastle is complying with those frameworks by making enquiries of management and those responsible for legal, compliance and safeguarding procedures to understand how the Charitable Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board meeting minutes, as well as consideration of the results of our other audit procedures.

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

- We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including how fraud might occur, through making enquiries of management and those charged with governance. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation and judgement. We performed analytical review procedures over each source of income to identify unusual movements falling outside of our expectation and tested them to supporting evidence. We also designed audit procedures to test the classification of income between restricted activities and unrestricted activities.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiry of management and those charged with governance. Our procedures also included journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

17 December 2021

Statement of Financial Activities

for the year ended 31 March 2021

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2021 Total £000	2020 Total £000
Income						
Income from donations		4,108	266	190	4,564	7,434
Legacies		318	-	120	438	365
Income from charitable activities		91	-	174	265	729
Investment income	2	365	736	73	1,174	2,122
Coronavirus Job Retention Scheme	7	-	-	220	220	-
Other income		86	166	379	631	919
Total income		4,968	1,168	1,156	7,292	11,569
Expenditure						
Expenditure on charitable activities:	3					
Clergy support		581	610	175	1,366	1,476
Pastoral		3,254	1,329	391	4,974	6,566
Education		-	433	396	829	934
Property		1,342	527	125	1,994	2,937
Total expenditure on charitable activities		5,177	2,899	1,087	9,163	11,913
Expenditure on raising funds	6(b)	17	215	119	351	355
Total expenditure		5,194	3,114	1,206	9,514	12,268
Net expenditure		(226)	(1,946)	(50)	(2,222)	(699)
Gains/(losses) on investment assets:						
Realised		-	3,309	1,178	4,487	842
Unrealised		-	2,441	633	3,074	(4,280)
Gains/(Losses) on revaluation of investment properties		81	-	-	81	(24)
Revaluation of fixed assets held for disposal		352	-	-	352	(14)
Transfers between funds		(957)	860	97	-	-
Net gain/(loss)/ on disposal of fixed assets		(3)	1,185	-	1,182	(172)
Net movement in funds		(753)	5,849	1,858	6,954	(4,347)
Fund balances at 1 April	21	61,216	20,296	9,760	91,272	95,619
Fund balances at 31 March	21	60,463	26,145	11,618	98,226	91,272

The profit for the year for Companies Act purposes was £6,954k (2020: loss £4,347k).

Balance Sheet

at 31 March 2021

Company no: 7732977

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	8	33,356	32,092
Investments	9	41,821	39,387
Investment properties	10	1,669	1,469
		76,846	72,948
Current assets			
Debtors	16	2,173	2,525
Short term deposits	17	3,422	2,061
Short term deposits – Schools projects		2,000	2,000
Unsecured short term loans	18	242	274
Cash at bank and in hand		17,168	16,253
Cash at bank – Schools projects		5,078	3,828
		30,083	26,941
Creditors: amounts falling due within one year	19	8,703	8,617
Net current assets		21,380	18,324
Total assets less current liabilities		98,226	91,272
Net assets		98,226	91,272
Represented by:			
Restricted fund		11,618	9,760
Unrestricted parish funds		60,463	61,216
Unrestricted central funds		26,145	20,296
Total funds	21	98,226	91,272

These financial statements were approved and authorised for issue by the Board of Trustees, and signed on its behalf by:

+ Robert Byrne CO

Right Reverend Robert Byrne CO
Trustee
Date: 17 December 2021

Statement of cash flows

for the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Net cash (outflow) from operating activities	20	(2,267)	(3,458)
Investing activities			
Income from investments		1,174	2,069
Payments to acquire tangible fixed assets		(2,155)	(1,518)
Receipts from the sales of tangible fixed assets		1,473	395
Payments to acquire investments		(36,580)	(12,934)
Receipts from sales of investments		41,707	18,052
Payments to acquire investment properties		(3)	-
Unsecured short term loans repaid/(advanced)		177	(32)
		5,793	6,032
Increase/(Decrease) in cash and cash equivalents	20	3,526	2,574
Cash and cash equivalents at 1 April 2020	20	24,142	21,568
Cash and cash equivalents at 31 March 2021	20	27,668	24,142

Notes to the financial statements

at 31 March 2021

1. Accounting policies

Statement of Compliance

The Diocese of Hexham and Newcastle is a company limited by guarantee incorporated in England. The registered office is St Cuthbert's House, West Road, Newcastle Upon Tyne, NE15 7PY.

The company's financial statements have been prepared in compliance with Charities SORP (FRS102) "Accounting & reporting by Charities: Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting standards applicable in the UK and the Republic of Ireland (FRS102)".

Basis of preparation

The financial statements have been prepared under the historic cost convention, modified by revaluation of quoted investments, investment properties, and certain freehold property. The financial statements have been prepared in accordance with the applicable accounting standards.

The financial statements incorporate the following funds:

- Diocesan Central Fund
- Parishes' Fund
- Priests' Training Fund
- Managed Fund

The company has not prepared group financial statements on the grounds that its subsidiaries are immaterial to the group, see note 14, and accordingly the financial statements present information about the company as an individual undertaking and not about its group.

Going Concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. The current economic conditions do create some level of uncertainty over future offertory levels. At 31 March 2021 the Charitable Company held total reserves of £98.2million, consisting of Restricted Funds of £11.6million and Unrestricted Funds of £86.6million. Of the Unrestricted Funds, £68.6million was held in tangible assets and investments, so £18million was available as free reserves. The Charitable Company's forecasts and projections show that it should be able to operate within the level of its current arrangements.

The Trustees have considered the past and potential impacts on the Charitable Company of the COVID-19 outbreak, and in particular have assessed the likelihood of it causing severe and prolonged disruption to activities. Operating budgets and cash forecasts have been prepared for the period to 31 December 2022, taking into account potential restrictions on church attendance, on activities that require physical gatherings, and on the ability of Clergy to perform their ministry.

The Trustees have performed stress testing, including considering the impact of churches not being open for worship and this leading to a reduction in donations received. They have considered the possible mitigating actions and consequent cost savings, and consider that even in the unlikely circumstances of being unable to operate at all for a full year the Charitable Company can still meet its liabilities as they fall due.

Taking into account the very strong cash position of the Charitable Company the Trustees do not feel that the COVID-19 outbreak represents a likely threat to its ability to continue as a going concern.

On the basis of their assessment of the Charitable Company's financial position and resources the Trustees have a reasonable expectation that it will be able to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the determination of judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure. Careful consideration of the impact of the Covid-19 outbreak on the amounts reported for assets and liabilities has been made. In drawing this conclusion, the directors have considered the recoverability of debtors and any potential impairment of fixed assets. However, the nature of estimation means that actual outcomes could differ from those estimates.

Income and expenditure

Offertories, donations and legacies

Offertories are accounted for on a cash received basis. Donations and legacies are recognised when the Diocese becomes legally entitled to them and they can reasonably be measured in financial terms. Tax credits relating to Gift Aid are accounted for on an accruals basis linked to the income received.

Investment income

This is recognised on an accruals basis when dividends and interest from stocks and shares have been declared.

Ancillary income earned from granting short term use of functional assets to other parties is recognised on an accruals basis and presented within investment income.

Grant income (other than for schools' building work)

Revenue grants are accounted for on a received basis. Capital grants are accounted for on an accruals basis. They are treated as deferred income and released to income over the period to which they relate.

Grants for schools' building work

The Charitable Company acts as an agent for the School Governors in the recovery of grants and the payment of contractors. Those grants and payments are not included in the financial statements, other than that amounts held by the Diocese on behalf of schools as grants received but not yet expended are included in the balance sheets as cash at bank and as creditors.

During the year the cost of schools' building works undertaken was £1million, being financed primarily by Government grants of 90% and by School Governors' contributions.

Income from charitable activities

This is accounted for on a cash received basis.

Coronavirus Job Retention Scheme grants

Income received under the Coronavirus Job Retention Scheme is recognised on an accruals basis aligned with the periods for which income is claimed.

Expenditure

Expenditure is charged to the income and expenditure account on an accruals basis. Irrecoverable VAT is charged to the category of expenditure for which it was incurred.

Charitable Activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objectives of the Charitable Company, including direct staff costs, other direct costs, and apportioned support costs.

Governance Costs relate to the general running of the Charitable Company, and include such items as external audit, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Costs of Generating Funds include the costs incurred in generating voluntary income, fundraising trading costs, and investment management costs.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Governance Costs relate to the general running of the Charitable Company, and include such items as external audit, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Costs of Generating Funds include the costs incurred in generating voluntary income, fundraising trading costs, and investment management costs.

Grants paid/payable

Grants payable are recognised when payment is authorised.

Fixed asset investments

Quoted investments are shown in the financial statements at their market value at the balance sheet date. The resulting unrealised surplus or deficit is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Direct lending investments are initially recognised at cost. They are reviewed with the assistance of external investment managers, and provision is made against the value if recoverability of the full loan is in doubt. The movement in any such provision is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

Current assets

Cash at bank in hand in the balance sheet consists of cash balances and short term deposits with an original maturity date of three months or less. Short term deposits with a maturity of over three months are separately disclosed within fixed asset investments.

All current assets are stated at the lower of cost and net realisable value.

Liabilities

Liabilities are recognised at the point where a legal or constructive obligation exists as a result of a past event. Provisions are liabilities where the timing and quantum of the economic outflows are significantly uncertain. The Charitable Company recognises provisions on an undiscounted basis.

Interest free loans

Occasionally the Charitable Company makes small interest free loans to priests. These are repayable over three to five years.

Deposits and loans

The Charitable Company operates a mutual system. Where parishes have money surplus to their immediate needs it is deposited centrally with the Diocese and interest may be paid. Where parishes are in need, interest free loans may be made at the discretion of the Trustees.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Fund accounting

- ***Unrestricted funds***

  These are expendable at the discretion of the Trustees in furtherance of the objectives of the Charitable Company. For management purposes these funds have been accounted for as:

  - Diocesan Central Fund
  - Parish Fund (designated for use as such by the Trustees).

- ***Restricted funds***

  Included under this heading are funds which have been formed as a result of donor implied intentions for the money. These include:

  - Parishes Special Collection Fund to gather and distribute special donations collected for specific charities.
  - Clergy Training Fund to support training of priests, deacons, and seminarians.
  - Diocesan Special Reserve Fund to benefit a sick and retired clergy project.
  - The Managed Fund – this comprises a large series of mass funds and special deposits, subject to specific trusts under Canon Law that have been donated in the past with the intention of supporting a specific purpose within the Charitable Company. These are not considered permanent endowments. Administratively this is managed and accounted for as one fund but it comprises several separate funds that can be further classified as:
    - Historical Masses Fund – Legacies and donations given to the Charitable Company, where the income must be used to meet Mass obligations.

- ***Restricted funds*** *(continued)*
  - Diocesan Designated – Income is to be used for Diocesan purpose.
  - Parishes Designated – Income is to be used for a Parish purpose.
  - Other Restricted – Income to be applied for a named purpose.
  - Clergy Training Fund – Income is to be applied for the purpose of training clergy and related costs, so that the underlying capital of the fund remains intact.

  Monies collected and accumulated in the parishes are shown as designated as a whole but they are specific to each individual parish. Parishes are encouraged to participate fully in the local and universal church and contribute to the running of the Diocesan wide activities through the annual levy.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Pensions

The Charitable Company contributes to three defined contribution pension schemes. Contributions are charged in the SOFA as they become payable in accordance with the rules of the schemes.

Accounting policy for tangible fixed assets

i. Freehold and lease land and buildings

A Functional land and buildings

1. Churches, presbyteries, halls and other buildings

i. Freehold land

Functional land (i.e. land used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life.

ii. Freehold Buildings

Functional buildings (i.e. buildings used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). All new functional buildings, improvements and major renovations are capitalised at the cost of construction.

Buildings are depreciated at rates calculated to write off their estimated historic cost (less the estimated residual value) evenly over the whole of their useful life.

The estimate of the useful life of a building varies depending on the condition and future use of the building, however, in general it is expected that a building in a reasonable state of repair will continue in use without major renovations or improvements for the following period:

a)	Unlisted churches	100 years
b)	Cathedral and listed churches	200 years
c)	Presbyteries	50 years
d)	Other buildings including care homes	50 years

Depreciation rates are calculated using the age of the building and its expected useful life.

iii. Leasehold land and buildings

Leasehold land and buildings (if held) are depreciated over the life of the lease on a straight-line basis.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Accounting policy for tangible fixed assets *(continued)*

i. Freehold and lease land and buildings (continued)

A Functional land and buildings (continued)

Details and addresses of the Diocesan churches and other buildings (both freehold and leasehold) can be found in the Northern Catholic Calendar and on the Diocesan website.

2. Voluntary aided schools

i. Land

The Charitable Company owns the land on which its voluntary schools are built. The nature of the occupation of the land by these exempt charities means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements the land is not capitalised. The cost of any land acquired for the purposes of a voluntary aided school is charged to the statement of financial activities in the year of acquisition.

Land agreed as surplus to a school's requirements by the Local Education Authority may be disposed of by the Trustees who own the land.

ii. Buildings

The school buildings are occupied, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt charities means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements any cost of new building is written off to the statement of financial activities in the year it is incurred.

The Diocese, as agent for School Governors, pays school improvement and repair costs and reclaims the related grants. Parishes and/or Governors are billed for their contributions.

Details of the Diocesan Voluntary Aided Schools (both freehold and leasehold) are given in the Northern Catholic Calendar.

B Investment property and former functional land and buildings

1. Investment property

Investment properties are shown at the Trustees' best and prudent estimate of market value. Any material changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The historical cost of these assets is disclosed in note 10. As these assets are recorded at current market value no charge for depreciation is made in the financial statements.

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

Accounting policy for tangible fixed assets (continued)

B Investment property and former functional land and buildings (continued)

2. Former functional land and buildings

Properties which were previously occupied for Charitable Company use but are now no longer in use fall into two categories:

i. Those which can now be sold or are awaiting sale.

Properties awaiting sale are shown at the Trustees' best estimate of their ultimate net sale proceeds. If it is expected to realise the asset within 12 months then it is shown under current assets. All changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The estimated historical cost of these assets is disclosed in note 10. As these assets are no longer used by the Charitable Company, no charge for depreciation is made in the financial statements.

ii. Those which have restrictions on them which make sale difficult or detrimental to the Charitable Company.

Land

Former functional land is included in the financial statements at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life. Leasehold land and buildings are depreciated over the life of the lease on a straight-line basis.

Buildings

Former functional buildings are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). However as the buildings no longer have any use they are fully depreciated and have no net book value.

ii. Fixtures, fittings and equipment

Fixtures, fittings and equipment which have a current replacement cost exceeding £5,000 are capitalised and included in the financial statements at an estimate of their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition). They are depreciated at rates calculated to write off the cost of valuation, less the estimated residual value, of each asset evenly over its expected useful life as follows:

Church furniture	50 years
Presbytery and hall contents, and equipment	5 to 10 years
Sound systems and special lighting	5 to 10 years
Other fixtures and equipment	5 to 10 years

Notes to the financial statements

at 31 March 2021

1. Accounting policies (continued)

***Accounting policy for tangible fixed assets** (continued)*

iii. Motor vehicles

Motor vehicles have been capitalised and included in the financial statements at their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition) and are depreciated at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset evenly over expected useful life as follows:

Motor cars	5 years
Mini buses	5 years

Accounting policy for tangible fixed assets – heritage assets

Works of art and historic treasures

The Charitable Company owns several works of art and historic treasures. The items have extraordinary long lives and are worth preserving perpetually. The collection is not recognised in the Balance Sheet because details of the costs of these items are not available and the cost to the Charitable Company of obtaining valuations would exceed the benefit arising from doing so. The vast majority of the collection was acquired over 100 years ago.

Basis of allocation and apportionment of Central Support Costs

As shown in Note 4(a) to the financial statements, the costs of the Episcopal office and of the central Diocesan departments (including the finance and human resources departments) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

2. Investment income

	Unrestricted funds		*Restricted*	*2021*	*2020*
	Parish	*Central*	*Funds*	*Total*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Income arising from:					
Investment properties	88	75	-	163	90
Listed investments	75	526	73	674	927
Direct lending investments	-	45	-	45	148
Cash deposits held as investments	2	90	-	92	239
Income from functional assets	200	-	-	200	718
	365	736	73	1,174	2,122

Notes to the financial statements

at 31 March 2021

3. Expenditure on charitable activities

	Notes	Unrestricted funds Parish £000	Unrestricted funds Central £000	Restricted Funds £000	2021 Total £000	2020 Total £000
Clergy support						
Clergy costs		605	378	-	983	985
Support of retired clergy		-	54	-	54	49
Clergy Training Fund		-	-	156	156	215
Managed Fund		-	-	7	7	7
Grants and donations	5	-	-	3	3	23
Salaries met from CJRS Grant	7	-	-	3	3	-
Share of central support costs	4(a)	-	178	6	184	197
		605	610	175	1,390	1,476
Pastoral						
Church running costs		2,683	-	-	2,683	3,695
Other parish costs		484	-	-	484	461
Grants and donations	5	63	424	149	636	732
Vicariate for Faith and Mission		-	89	-	89	116
Faith & Mission: Youth Service		-	255	-	255	194
Faith & Mission: Youth Service donation	5	-	-	-	-	535
Vocations commission		-	2	-	2	8
Safeguarding commission		-	153	-	153	236
University Chaplaincy work		-	60	-	60	92
Vicariate for Caritas		-	121	-	121	72
Diocesan Tribunal		-	7	-	7	8
Department for Communications		-	-	-	-	46
Pastoral Provision for Deaf People		-	1	-	1	1
Marriage care		-	10	-	10	10
Diocesan events		-	1	-	1	14
Northern Catholic Calendar		-	22	-	22	23
Newcastle City Centre Ministry		-	7	27	34	134
Lourdes Pilgrimage		-	-	2	2	-
Pastoral Development and Renewal		-	-	15	15	-
Salaries met from CJRS Grant	7	-	-	198	198	-
Share of central support costs	4(a)	-	177	-	177	189
		3,230	1,329	391	4,950	6,566
Education						
Education service		-	197	379	576	677
Schools chaplaincy		-	5	-	5	16
CES grant	5	-	53	-	53	53
Salaries met from CJRS Grant	7	-	-	17	17	-
Share of central support costs	4(a)	-	178	-	178	188
		-	433	396	829	934
Property						
Repair of parish property		762	-	123	885	1,686
Diocesan property office		-	181	-	181	210
Diocesan resource centre		-	56	-	56	57
School building costs		3	-	-	3	121
Depreciation charges		577	112	-	689	674
Salaries met from CJRS Grant	7	-	-	2	2	-
Share of central support costs	4(a)	-	178	-	178	189
		1,342	527	125	1,994	2,937
Total cost of charitable activities	4(b)	5,177	2,899	1,087	9,163	11,913

Notes to the financial statements

at 31 March 2021

4(a).Central support costs in Unrestricted funds

		Staff costs £000	*Other costs £000*	*2021 Total £000*	*2020 Total £000*
Episcopal office		50	125	175	191
Finance, HR, Data Protection, Communications		266	22	288	232
Governance costs, note 6(a)		134	5	139	224
Diocesan office overheads		3	106	109	107
		453	258	711	754
Apportioned to charitable activities:					
Clergy support	(25%)	113	65	178	188
Pastoral	(25%)	113	64	177	189
Education	(25%)	114	64	178	188
Property	(25%)	113	65	178	189
		453	258	711	754

Basis of allocation and apportionment

The costs of the Episcopal office and of the central Diocesan departments (including the finance, human resources, data protection and communications departments) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

4(b).Charitable activities expenditure

	Staff costs £000	*Other costs £000*	*2021 Total £000*	*2020 Total £000*
Clergy support	117	1,273	1,390	1,476
Pastoral	1,101	3,849	4,950	6,566
Education	638	191	829	934
Property	297	1,697	1,994	2,937
	2,153	7,010	9,163	11,913

Notes to the financial statements

at 31 March 2021

5. Grants and donations

During the year the Charitable Company made a large number of donations, as described below:

	2021	*2020*
	£000	*£000*
Bishop's charities	11	6
Catholic Agency for Social Concerns	3	3
National Catholic Fund	92	104
National Catholic Fund re IICSA	26	22
Domestic grants	3	4
Citizens UK	10	10
Catholic Youth	4	20
Youth Ministry Trust	-	535
Sursum Corda	145	-
Lay Training Fund	23	33
Apostleship of the Sea	7	25
Holy Places	11	24
Peter's Pence	28	20
Racial Justice	3	9
Sick and Retired Priests NBF	3	24
World Communications	3	15
Day for Life	3	17
Home Mission	6	17
World Mission	6	19
Other Mission Charities	30	87
CAFOD Development and emergency aid	45	117
Other smaller grants	230	232
Total group charitable grants and donations	692	1,343

These are included in charitable activities (note 3) as follows:

Clergy support	3	23
Pastoral	636	1,267
Education	53	53
	692	1,343

Parishes occasionally allow fundraisers from other charities to collect outside of Mass or through collection boxes in parishioners' homes. These funds are usually counted and recorded by the receiving Charitable Company and do not pass through parish funds.

Notes to the financial statements

at 31 March 2021

6(a).Governance costs included in Central Support costs

	Unrestricted funds			*Restricted funds*			
	Parish	*Central*	*Total*	*Clergy Training Fund*	*Managed Fund*	*Total*	*2021 Total*	*2020 Total*
Audit fees	-	100	100	-	-	-	100	86*
Provision for bad debts	-	(145)	(145)	-	-	-	(145)	-
Other governance costs	-	184	184	6	-	6	190	147
	-	139	139	6	-	6	145	233

6(b).Expenditure on raising funds

	Unrestricted funds			*Restricted funds*				
	Parish £000	*Central £000*	*Total £000*	*Clergy Training Fund £000*	*Managed Fund £000*	*Total £000*	*2021 Total £000*	*2020 Total £000*
Fundraising and publicity costs	17	-	17	-	-	-	17	88
Stockbroker fees	-	191	191	-	119	119	310	242
Gift Aid office costs	-	24	24	-	-	-	24	25
	17	215	232	-	119	119	351	355

*Included within audit fees is £2,940 (2020: £3,000) related to other assurance services provided.

Notes to the financial statements

at 31 March 2021

7. Wages and Staff costs

Included in expenditure are the following staff costs:

	2021	*2020*
	£000	*£000*
Wages and salaries	1,886	2,005
Social security costs	120	143
Other pension costs	147	139
Total remuneration	2,153	2,287

All pension costs are paid out of unrestricted funds.

Grants under the Coronavirus Job Retention Scheme (CJRS Grants) of £220k were claimed in the year. The income was treated as restricted funds, with the related expenditure treated as restricted expenditure, allocated as follows:

	£000
Clergy Support	3
Pastoral	198
Education	17
Property	2
	220

All staff on furlough received 100% of their salary, irrespective of the level of CJRS Grant paid.

	2021		*2020*	
	Number of employees	*£000*	*Number of employees*	*£000*
Central Diocesan services	44	1,534	43	1,598
Parishes	103	619	129	689
	147	2,153	172	2,287

No trustee received any remuneration during the year or previous year. Certain trustees received allowances as serving Clergy but not in their capacity as trustee. Pension contributions paid for Trustees as members of the Clergy scheme amounted to £6k (2020: £6k).

Eight trustees received expenses to the value of £6k (2020: £6k) in respect of travel and subsistence costs.

Higher paid employees received remuneration (including pension contributions) of:

between £110k and £115k	1 employee	(2020: None)
between £105k and £110k	no employees	(2020: 1)
between £90k and £95k	1 employee	(2020: None)
between £85k and £90k	2 employees	(2020: 2)
between £80k and £85k	no employees	(2020: 1)
between £65k and £70k	1 employee	(2020: 1)
between £60k and £65k	1 employee	(2020: None)

no other employee received more than £60k.

Notes to the financial statements

at 31 March 2021

Total remuneration of key management personnel (Chief Operating Officer and 7 Heads of Departments) was £517k (2020: £459k).

Clergy are not included in the above staff details as they are Office Holders and not employees of the Charitable Company. Payments to clergy during the year amounted to £1,034k (2020: £1,279k).

The Charitable Company is very grateful for the help of the army of volunteers who support the work of every member of the group. It is estimated that some 8,000 people support the parishes, and without their help the parishes could not function. It is however not possible to value the service provided by volunteers.

8(a).Tangible fixed assets

	Freehold property £000	*Motor vehicles* £000	*Fixtures, fittings and equipment* £000	*Total* £000
Cost:				
At 1 April 2020	45,674	36	3,452	49,162
Additions	2,097	-	58	2,155
Disposals	(129)	-	-	(129)
Transfer to Investment Property	(180)	-	-	(180)
At 31 March 2021	47,462	36	3,510	51,008
Accumulated depreciation:				
At 1 April 2020	14,073	18	2,979	17,070
Charge for the year	588	5	96	689
Disposals	(43)	-	-	(43)
Transfer to Investment Property	(64)	-	-	(64)
At 31 March 2021	14,554	23	3,075	17,652
Net book value:				
At 31 March 2021	32,908	13	435	33,356
At 31 March 2020	31,601	18	473	32,092

8(b).Tangible fixed assets – Heritage assets

There have been no transactions in works of art and historic treasures during the past five years. Where acquisitions were made, these were by donation. In the Trustees' view the value of these donations is not material and obtaining a current valuation would involve disproportionate cost.

Management policy

The works of art and historic treasures owned by the Charitable Company comprise several hundred items, acquired throughout many years. The items were acquired mostly through direct donation and occasionally by purchase.

Notes to the financial statements

at 31 March 2021

9. Fixed asset investments

	Notes	2021 £000	2020 £000
Quoted investments:			
Investment fund	12	26,772	22,738
Managed fund	13	8,593	7,257
Total quoted investments		35,365	29,995
Investment in Sursum Corda Limited	14	250	250
Fixed investment deposits		5,000	7,150
Direct lending investments		1,206	1,992
		41,821	39,387

	2021 £000	2020 £000
Investment categories (quoted investments):		
Conventional gilts	419	3,544
UK fixed interest	882	891
UK equities	7,612	10,003
Overseas equities	26,193	15,219
Property	259	338
	35,365	29,995

The above are shown at market value as defined in accounting policy note 1. Derivation of property market value is further explained in note 11. Of the above investments no single investment has a value in excess of 5% of the total.

Notes to the financial statements

at 31 March 2021

10. Investment properties

	Diocesan Central fund £000	*Parishes unrestricted fund* £000	*2021 Total* £000	*2020 Total* £000
Market value:				
At 1 April 2020	377	1,092	1,469	1,581
Additions	-	3	3	-
Transfer from Fixed Assets	-	116	116	37
Unrealised gains on revaluation	-	81	81	-
Other adjustments	-	-	-	(149)
At 31 March 2021	377	1,292	1,669	1,469
Book cost of investment property:				
At 31 March 2021	223	643	866	747

11. Valuation of investment properties

Properties have been included at Trustees' valuation.

If a commercial rent was paid, the valuation of properties is calculated as 7 times the annual rent.

Occasionally a peppercorn rent agreement has been arranged if the church will benefit from the occupation of the property. For example:

- safeguarding a nearby church where there is no resident priest
- tenant has agreed to substantially renovate the premises
- used by similar charities such as convents or religious orders and seen as furthering the outreach work of the church.

For properties rented out at below commercial rate, their valuation is based on 40% of the reinsurance value.

This is except for presbyteries attached to Parishes due to the significant reinsurance value. The valuation of these properties is based on an independent valuation obtained from GVA Grimley, land and estate agents commissioned by the Diocese.

Where properties are placed on the open market an independent valuation is obtained from land and estate agents commissioned by the Diocese (GVA Grimley or Savills)

Notes to the financial statements

at 31 March 2021

12. Investment fund

	2021 £000	2020 £000
At 1 April 2020	22,738	25,478
Additions	27,635	9,513
Disposals	(25,940)	(9,280)
Net unrealised investment gains/(losses)	2,339	(2,973)
Market value of quoted investments at 31 March 2021	26,772	22,738
Book cost of quoted investments as at 31 March 2021	23,032	20,970

Comprising at 31 March:

	Cost £000	Unrealised £000	2021 Total £000	2020 Total £000
CCLA	23,032	3,740	26,772	22,738

13. Managed fund

	2021 £000	2020 £000
At 1 April 2020	7,257	8,068
Additions	8,946	3,060
Disposals	(8,244)	(2,927)
Net unrealised investment gains/(losses)	634	(944)
Market value of quoted investments as at 31 March 2021	8,593	7,257
Book cost of quoted investments as at 31 March 2021	7,403	6,669

Comprising at 31 March:

	Cost £000	Unrealised £000	2021 Total £000	2020 Total £000
CCLA	7,403	1,190	8,593	7,257

See note 15 for further details of the Managed Fund.

Notes to the financial statements

at 31 March 2021

14. Other investments

The Diocese holds 100% of the ordinary share capital of Sursum Corda Limited.

Youth Ministry Trust is a Charitable Company, of which Diocese of Hexham and Newcastle is the sole member.

Financial information relating to these companies is as follows:

	Net movement in funds	Reserves
	£000	£000
Sursum Corda Limited (31 March 2020)	(12)	175
Youth Ministry Trust (31 August 2020)	377	(193)

The Diocese made a long term loan of £250k to Sursum Corda Limited in the year ended 31 March 2004, to enable that company to adequately support its work in the distribution of religious knowledge resources. It also made short term loans that amounted to £380k at March 2021. Provision in full has been made against the value of those short term loans, because of concerns relating to the recoverability of the funds.

The Diocese also made loans to Youth Ministry Trust. The amount outstanding is £80k, and the terms of repayment are entirely at the discretion of the Diocesan Trustees. Provision of £72k has been made against the value of the loan, because of concerns relating to the recoverability of the funds.

15. The Managed Fund

The Managed Investment Fund was derived initially from legacies and bequests and money held on trust under the protection of Charitable Company Trustees. Each donation is redefined as a number of units, determined by a rate based on the market value of the fund at the date of subscription.

The capital is then invested in the Managed Fund. Its many individual subscriptions can be broadly categorised into:

- church funds deposited for investment
- special donations deposited for investment

The Managed Fund comprises quoted investments and cash awaiting investment held by CCLA Investment Management at HSBC.

At 31 March 2021 the fund comprised:

	Note	*Initial cost plus reinvested gains £000*	*Market value £000*
Quoted investments	13	7,403	8,593
Cash at HSBC	17	838	838
Value of investment at 31 March 2021		8,241	9,431

Notes to the financial statements

at 31 March 2021

15. The Managed Fund (continued)

This fund is apportioned as follows:

	Initial cost 31/3/21 £000	*Market value 31/3/21 £000*	*Number of Units 31/3/21*
Special donation balances:			
Historical Mass Fund	213	899	93,262
Diocesan Designated Fund	103	414	42,976
Parishes Designated Fund	427	3,721	385,940
Restricted Fund	107	737	76,464
Clergy Training Fund	1,218	2,950	306,035
Lay Training Fund	50	74	7,704
	2,118	8,795	912,381
Church funds balances:			
Historical Mass Fund	45	130	13,461
Diocesan Designated Fund	35	103	10,639
Parishes Designated Fund	16	38	3,931
Restricted Fund	130	365	37,842
	226	636	65,873
Total Managed Fund	2,344	9,431	978,254

16. Debtors

	2021 £000	*2020 £000*
Trade debtors	265	104
Taxation repayments	674	949
Accrued investment income	102	102
Other debtors	149	355
Prepayments	581	760
Assets held for disposal	402	255
Total debtors at 31 March	2,173	2,525

Amounts falling due after more than one year included in the above are £300k (2020: £325k).

Notes to the financial statements

at 31 March 2021

17. Short term deposits

This includes cash held awaiting investment.

	2021	*2020*
	£000	*£000*
Diocesan Central Fund:		
HSBC, managed by CCLA	2,584	1,513
Managed Fund:		
HSBC, managed by CCLA	838	548
Total short term deposits at 31 March	3,422	2,061

18. Short term loans

	2021	*2020*
	£000	*£000*
Loans to Priests	18	27
Other loans	224	247
Total short term loans at 31 March	242	274

Amounts falling due after more than one year included in the above are £150k (2020: £180k).

19. Creditors: amounts falling due within one year

	2021	*2020*
	£000	*£000*
Sundry creditors	683	281
Accruals	147	163
School grants received in advance	6,614	6,758
Deposits repayable on demand	1,259	1,415
	8,703	8,617

Notes to the financial statements

at 31 March 2021

20. Note to statement of cash flows

a) Reconciliation of net (expenditure) to net cash (outflow) from operating activities

	2021	*2020*
	£000	*£000*
Net (expenditure)	(2,222)	(699)
Depreciation and assets written off	689	674
(Decrease)/increase in impairment of loan to group company	(145)	597
Decrease in debtors	499	133
Increase/(decrease) in creditors	86	(2,041)
Investment income	(1,174)	(2,122)
Net cash (outflow) from operating activities	(2,267)	(3,458)

b) Movement in net debt

	1 April 2020	*Cash flows*	*31 March 2021*
	£000	*£000*	*£000*
Cash at bank and in hand	20,081	2,165	22,246
Short term deposits	4,061	1,361	5,422
Cash and cash equivalents	24,142	3,526	27,668

Notes to the financial statements

at 31 March 2021

21. Reserves summary

	Note	At April 2020 £000	Statement of financial activities: Income £000	Expenditure £000	Fixed asset gains/(losses) £000	Transfers between funds (c) £000	Balance at 31 March 2021 £000	
Restricted reserves								
Clergy Training Fund		50	137	161	-	-	26	To meet the costs of training clergy
Parishes Special Collections and Grants		-	153	153	-	-	-	Donated to missions, special appeals, etc.
Parishes Restricted Fundraising		327	185	122	-	-	390	Fundraising for specified projects
Pastoral Development and Renewal		15	-	15	-	-	-	To meet the costs of the development programme
Main Fund Restricted Funds	(a)	-	602	601	-	97	98	Various specified purposes
Main Fund Newcastle City Centre		27	-	27	-	-	-	
Main Fund Special Reserve		250	50	-	-	-	300	For a project to benefit sick and retired clergy
Managed Capital Funds	(b)							
Historical Masses Fund		796	3	14	172	-	957	Income must be used to meet Mass obligations
Diocesan Fund		515	1	4	79	-	591	Income must be used for Diocesan purposes
Parishes Fund		3,327	11	48	713	-	4,003	Income must be used for Parish purposes
Clergy Training Fund		3,465	9	39	566	-	4,001	Income must be used to meet costs of training clergy
Other Funds		988	5	22	281	-	1,252	Income applied for specific purposes
Total restricted reserves		9,760	1,156	1,206	1,811	97	11,618	
Unrestricted reserves								
Diocesan Central Funds		20,296	1,168	3,114	6,935	860	26,145	
Unrestricted designated reserves								
Parishes' Funds		61,216	4,968	5,194	430	(957)	60,463	
Total unrestricted reserves		81,512	6,196	8,308	7,365	(97)	86,608	
Total charity reserves		91,272	7,292	9,514	9,176	-	98,226	

Notes

(a) The Main Fund Restricted Funds received during the year were Schools' Contributions to the Department for Education and Coronavirus Job Retention Scheme Grants. All were fully expended during the year.

(b) Where income to the Managed Fund is subsequently distributed to other funds that income is shown in the financial statements only as income of the ultimate recipient fund. The 'Incoming resources' to the Managed Fund shown above represents income of that fund re-invested into that same fund.

(c) The transfers between funds represent the levy paid by parishes to the central activities of the Diocese (£860k) and funds transferred when Parish projects became central projects

(d) Total restricted reserves include £8,593k of quoted investments, £1,999k of cash and cash equivalents, £838k of short term deposits and £176k of other assets.

Notes to the financial statements

at 31 March 2021

22. Capital commitments

Amounts contracted for at the year end but not provided in the financial statements amounted to £8k for parish building work.

23. Contingent liability

In the opinion of the Trustees there were no contingent liabilities in existence other than in the normal course of the activities of the Charitable Company as at 31 March 2021.

24. Pension commitments

A Group Personal Pension Scheme administered by Standard Life is operated for Diocesan Clergy. There is a Stakeholder Pension Scheme administered by Standard Life available for all employees. One member of staff is a member of a defined contribution pension scheme administered by Prudential (no new members are admitted to this scheme). The Charitable Company is also a member of the Teachers' Pension Scheme, continuing the contributions (on a defined contribution basis) of senior staff who are qualified teachers. The assets of all of these pension schemes are held separately from those of the Charitable Company in independently administered funds.

25. Liability

The Charitable Company is a private company limited by guarantee. The liability of the members is limited and every member undertakes to contribute to the assets of the company, in the event of the Charitable Company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound.