

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.



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-Gaudete.

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
<b>Cost of charitable activities</b>	<b>10,790</b>	<b>1,650</b>	<b>12,440</b>

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.



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.



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.

Handwritten signature in black ink, appearing to read "Ernst + Young" followed by a stylized "W" or "M".

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

		<i>Unrestricted funds</i>		<i>Restricted Funds</i>	<i>2023</i>	<i>2022</i>
	<i>Notes</i>	<i>Parish</i>	<i>Central</i>	<i>Funds</i>	<i>Total</i>	<i>Total</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Income</b>						
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
<b>Total income</b>		<b>7,065</b>	<b>1,350</b>	<b>1,856</b>	<b>10,271</b>	<b>9,835</b>
<b>Expenditure</b>						
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
<b>Total expenditure on charitable activities</b>		<b>6,639</b>	<b>3,890</b>	<b>1,596</b>	<b>12,125</b>	<b>10,081</b>
Expenditure on raising funds	6(b)	23	238	54	315	261
<b>Total expenditure</b>		<b>6,662</b>	<b>4,128</b>	<b>1,650</b>	<b>12,440</b>	<b>10,342</b>
<b>Net Income/(expenditure)</b>		<b>403</b>	<b>(2,778)</b>	<b>206</b>	<b>(2,169)</b>	<b>(507)</b>
Transfers between funds		(83)	-	83	-	-
<b>Gains/(losses) on investment assets:</b>						
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)
<b>Net movement in funds</b>		<b>1,178</b>	<b>(4,342)</b>	<b>(497)</b>	<b>(3,661)</b>	<b>3,353</b>
Fund balances at 1 April	21	61,890	27,131	12,558	101,579	98,226
-		-	-	-	-	-
<b>Fund balances at 31 March</b>	<b>21</b>	<b>63,068</b>	<b>22,789</b>	<b>12,061</b>	<b>97,918</b>	<b>101,579</b>

## Balance Sheet

at 31 March 2023

Company no: 7732977

	Notes	2023 £000	2022 £000
<b>Fixed assets</b>			
Tangible assets	8	32,945	33,608
Investments	9	41,656	44,630
Investment properties	10	3,316	2,058
		<u>77,917</u>	<u>80,296</u>
<b>Current assets</b>			
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
		<u>25,338</u>	<u>27,004</u>
<b>Creditors:</b> amounts falling due within one year	19	<u>5,337</u>	<u>5,721</u>
<b>Net current assets</b>		20,001	21,283
<b>Total assets less current liabilities</b>		<u>97,918</u>	<u>101,579</u>
<b>Net assets</b>		<u>97,918</u>	<u>101,579</u>
<b>Represented by:</b>			
Restricted fund		12,061	12,558
Unrestricted parish funds		63,068	61,890
Unrestricted central funds		22,789	27,131
<b>Total funds</b>	21	<u>97,918</u>	<u>101,579</u>

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
<b>Net cash (outflow) from operating activities</b>	20	(2,992)	(4,625)
<b>Investing activities</b>			
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
<b>(Decrease)/Increase in cash and cash equivalents</b>	20	(1,900)	(3,161)
<b>Cash and cash equivalents at 1 April</b>	20	24,507	27,668
<b>Cash and cash equivalents at 31 March</b>	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

	<i>Unrestricted funds</i>		<i>Restricted</i>	<i>2023</i>	<i>2022</i>
	<i>Parish</i>	<i>Central</i>	<i>Funds</i>	<i>Total</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b><i>Income arising from:</i></b>					
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
	<u>576</u>	<u>911</u>	<u>350</u>	<u>1,837</u>	<u>1,454</u>

# Notes to the financial statements

at 31 March 2023

## 3. Expenditure on charitable activities

		<i>Unrestricted funds</i>		<i>Restricted Funds</i>	<i>2023</i>	<i>2022</i>
	<i>Notes</i>	<i>Parish</i>	<i>Central</i>		<i>Total</i>	<i>Total</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Clergy support</b>						
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
		<u>1,039</u>	<u>825</u>	<u>252</u>	<u>2,116</u>	<u>1,470</u>
<b>Pastoral</b>						
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
		<u>3,939</u>	<u>1,218</u>	<u>829</u>	<u>5,986</u>	<u>5,536</u>
<b>Education</b>						
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
		<u>4</u>	<u>1,129</u>	<u>408</u>	<u>1,541</u>	<u>869</u>
<b>Property</b>						
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
		<u>1,657</u>	<u>718</u>	<u>107</u>	<u>2,482</u>	<u>2,206</u>
<b>Total cost of charitable activities</b>	4(b)	<u>6,639</u>	<u>3,890</u>	<u>1,596</u>	<u>12,125</u>	<u>10,081</u>



## Notes to the financial statements

at 31 March 2023

### 4(a).Central support costs in Unrestricted funds

	<i>Staff costs £000</i>	<i>Other costs £000</i>	<i>2023 Total £000</i>	<i>2022 Total £000</i>
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
	<u>588</u>	<u>916</u>	<u>1,504</u>	<u>1,048</u>
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
	<u>588</u>	<u>916</u>	<u>1,504</u>	<u>1,048</u>

#### 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

	<i>Staff costs £000</i>	<i>Other costs £000</i>	<i>2023 Total £000</i>	<i>2022 Total £000</i>
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
	<u>2,382</u>	<u>9,743</u>	<u>12,125</u>	<u>10,081</u>

## 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 £000	2022 £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
<b>Total group charitable grants and donations</b>	<b>1,034</b>	<b>565</b>

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

Clergy support	28	-
Pastoral	968	565
Education	38	-
	<b>1,034</b>	<b>565</b>

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**

[illegible]

### 6(b). Expenditure on raising funds

[illegible]

\*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
<b>Total remuneration</b>	<b>2,382</b>	<b>2,191</b>

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	Number of employees
	£000	£000
Central Diocesan services	53	46
Parishes	117	105
	<b>170</b>	<b>151</b>
	<b>2,382</b>	<b>2,191</b>

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

	<i>Freehold property £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
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
Investment categories (quoted investments):			
<i>Main Fund:</i>			
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
<i>Managed Fund:</i>			
Catholic Investment Fund		10,260	11,046
		37,568	40,104

## Notes to the financial statements

at 31 March 2023

### 10. Investment properties

	<i>Diocesan Central fund £000</i>	<i>Parishes unrestricted fund £000</i>	<i>2023 Total £000</i>	<i>2022 Total £000</i>
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 £000	2022 £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:		
	2023 Total £000	2022 Total £000
	<i>Cost</i> £000	<i>Unrealised</i> £000
CCLA	25,740	1,568
	27,308	29,058

### 13. Managed fund

	2023 £000	2022 £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:		
	2023 Total £000	2022 Total £000
	<i>Cost</i> £000	<i>Unrealised</i> £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
<b>Value of investment at 31 March 2023</b>		<b>10,251</b>	<b>10,260</b>

## Notes to the financial statements

at 31 March 2023

### 15. The Managed Fund (continued)

This fund is apportioned as follows:

	<i>Initial cost 31/3/23 £000</i>	<i>Market value 31/3/23 £000</i>	<i>Number of Units 31/3/23</i>
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
	<u>1,922</u>	<u>9,171</u>	<u>867,116</u>
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
	<u>229</u>	<u>1,091</u>	<u>66,627</u>
<b>Total Managed Fund</b>	<u>2,151</u>	<u>10,262</u>	<u>933,743</u>

### 16. Debtors

	<i>2023 £000</i>	<i>2022 £000</i>
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
<b>Total debtors at 31 March</b>	<u>2,580</u>	<u>2,290</u>

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
<b>Total short term deposits at 31 March</b>	<b>2,704</b>	<b>2,594</b>

### 18. Short term loans

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

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
	<b>5,337</b>	<b>5,721</b>

## 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 £000	2022 £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 2022 £000	Cash flows £000	31 March 2023 £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	Income £000	Expenditure £000	Fixed asset gains/(losses) £000	Transfers between funds (c) £000	Balance at 31 March 2023 £000
<b>Restricted reserves</b>							
Clergy Training Fund	(a)	74	4	218	-	-	(140)
Parishes Special Collections and Grants		24	716	687	-	-	53
Parishes Restricted Fundraising		440	226	183	-	83	566
Main Fund Restricted Funds	(b)	96	464	457	-	-	103
National Schools Singing Programme		25	92	72	-	-	45
Main Fund Special Reserve		300	3	1	-	-	302
Managed Capital Funds	(c)	11,584	350	32	(786)	-	11,116
Other (Grants and Legacies)		15	1	-	-	-	16
<b>Total restricted reserves</b>		<b>12,558</b>	<b>1,856</b>	<b>1,650</b>	<b>(786)</b>	<b>83</b>	<b>12,061</b>
<b>Unrestricted reserves</b>							
Diocesan Central Funds		27,131	1,350	4,128	(1,564)	-	22,789
Unrestricted designated reserves						(83)	63,068
Parishes' Funds		61,890	7,065	6,662	858	-	85,857
<b>Total unrestricted reserves</b>		<b>89,021</b>	<b>8,415</b>	<b>10,790</b>	<b>(706)</b>	<b>(83)</b>	<b>85,857</b>
<b>Total charity reserves</b>		<b>101,579</b>	<b>10,271</b>	<b>12,440</b>	<b>(1,492)</b>	<b>-</b>	<b>97,918</b>

#### 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.