

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

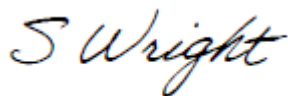
While vocations to religious life are reducing, the Diocese continues to have vocations for the priesthood and diaconate and to be assisted by Priests joining from overseas and religious orders.

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

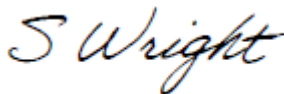
Statement of Trustees' Responsibilities

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.



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

Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle

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

		<i>Unrestricted funds</i>		<i>Restricted</i>	<i>2024</i>	<i>2023</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>
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

		2024	2024	2023	2023
		Group	Charity	Group	Charity
	Notes	£000	£000	£000	£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
		<u>83,499</u>	<u>83,432</u>	<u>78,170</u>	<u>77,916</u>
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
		<u>24,728</u>	<u>23,038</u>	<u>26,921</u>	<u>25,336</u>
Creditors: amounts falling due within one year	19	4,914	4,614	5,444	5,335
Net current assets		<u>19,814</u>	<u>18,424</u>	<u>21,477</u>	<u>20,001</u>
Total assets less current liabilities		<u>103,313</u>	<u>101,856</u>	<u>99,647</u>	<u>97,917</u>
Net assets		<u>103,313</u>	<u>101,856</u>	<u>99,647</u>	<u>97,917</u>
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	<u>103,313</u>	<u>101,856</u>	<u>99,647</u>	<u>97,917</u>

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:

S Wright

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 or 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 valued 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

3. Expenditure on charitable activities

			Unrestricted funds	Restricted	2024
	Notes	Parish	Central	Funds	Total
		£000	£000	£000	£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					
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)

		Unrestricted funds		Restricted	2023
	Notes	Parish £000	Central £000	Funds £000	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	<i>Staff costs £000</i>	<i>Other costs £000</i>	<i>2024 Total £000</i>
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
	<u>640</u>	<u>940</u>	<u>1,580</u>
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
	<u>640</u>	<u>940</u>	<u>1,580</u>
 2023	 <i>Staff costs £000</i>	 <i>Other costs £000</i>	 <i>2023 Total £000</i>
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
	<u>588</u>	<u>920</u>	<u>1,508</u>
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
	<u>588</u>	<u>920</u>	<u>1,508</u>

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

	<i>Staff costs £000</i>	<i>Other costs £000</i>	<i>2024 Total £000</i>
2024			
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
	<u>2,601</u>	<u>9,920</u>	<u>12,521</u>
	<i>Staff costs £000</i>	<i>Other costs £000</i>	<i>2023 Total £000</i>
2023			
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
	<u>2,382</u>	<u>9,652</u>	<u>12,034</u>

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	<i>Unrestricted funds</i>			<i>Restricted funds</i>			2024 Total
	<i>Parish</i>	<i>Central</i>	<i>Total</i>	<i>Clergy Training Fund</i>	<i>Managed Fund</i>	<i>Total</i>	
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	<i>Unrestricted funds</i>			<i>Restricted funds</i>			2023 Total
	<i>Parish</i>	<i>Central</i>	<i>Total</i>	<i>Clergy Training Fund</i>	<i>Managed Fund</i>	<i>Total</i>	
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			2024
	Parish £000	Central £000	Total £000	Parish £000	Managed Fund £000	Total £000	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			2023
	Parish £000	Central £000	Total £000	Parish £000	Managed Fund £000	Total £000	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
	£000	£000
Central Diocesan services	1,861	1,727
Parishes	743	655
Youth Ministry Trust	273	207
	184	183
	2,877	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 £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £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 2024	£000 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):			
<i>Main Fund:</i>			
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
<i>Managed Fund:</i>			
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	<i>Diocesan</i>	<i>Parishes</i>		
	<i>Central</i>	<i>unrestricted</i>	<i>2024</i>	<i>2023</i>
	<i>fund</i>	<i>fund</i>	<i>Total</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
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:		
	2024	2023
	<i>Total</i>	<i>Total</i>
	£000	£000
CCLA	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:		
	2024	2023
	<i>Total</i>	<i>Total</i>
	£000	£000
CCLA	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:

	<i>Initial cost 31/3/24 £000</i>	<i>Market value 31/3/24 £000</i>	<i>Number of Units 31/3/24</i>
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
	<hr/> 2,943	<hr/> 10,115	<hr/> 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
	<hr/> 249	<hr/> 630	<hr/> 67,018
Total Managed Fund	<hr/> <hr/> 3,192	<hr/> <hr/> 10,745	<hr/> <hr/> 1,142,725

16. Debtors

	<i>2024 Group £000</i>	<i>2024 Company £000</i>	<i>2023 Group £000</i>	<i>2023 Company £000</i>
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	<hr/> <hr/> 4,370	<hr/> <hr/> 2,947	<hr/> <hr/> 3,895	<hr/> <hr/> 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 £000	2023 £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 £000	2023 £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 Group £000	2024 Company £000	2023 Group £000	2023 Company £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 £000	2023 £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 2023 £000	Cash flows £000	31 March 2024 £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

		Statement of financial activities			Transfers	Balance at	
	Note	At April 2023	Income	Expenditure	Fixed asset gains	between funds (c)	31 March 2024
		£000	£000	£000	£000	£000	£000
Restricted reserves							
Clergy Training Fund	(a)	(140)	49	134	-	-	(225)
Managed Capital Funds	(b)	11,116	344	20	1,020	-	12,460
Parishes Special Collections and Grants	(c)	53	606	546	-	-	113
Parishes Restricted Fundraising	(d)	566	298	213	-	-	651
Main Fund Restricted Funds	(e)	125	572	556	-	-	141
National Schools Singing Programme		25	-	-	-	-	25
Main Fund Special Reserve		300	-	-	-	-	300
Other (Grants and Legacies)		16	-	-	-	-	16
YMT – Significance Fund	(f)	1,475	-	260	-	-	1,215
YMT – Other		255	823	815	-	-	265
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 Offertory 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

			Statement of financial activities			Transfers	Balance at	
	Note	At April 2022	Income	Expenditure	Fixed asset	between	31 March	
		£000	£000	£000	gains/(losses)	funds (c)	2023	
					£000	£000	£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	<i>Note</i>	<i>Designated £000</i>	<i>Unrestricted £000</i>	<i>Diocesan Restricted £000</i>	<i>Diocese Total £000</i>	<i>YMT Restricted £000</i>	<i>2024 £000</i>
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
		<u>64,760</u>	<u>23,594</u>	<u>13,481</u>	<u>101,835</u>	<u>1,478</u>	<u>103,313</u>
2023	<i>Note</i>	<i>Designated £000</i>	<i>Unrestricted £000</i>	<i>Diocesan Restricted £000</i>	<i>Diocese Total £000</i>	<i>YMT Restricted £000</i>	<i>2023 £000</i>
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
		<u>63,068</u>	<u>22,788</u>	<u>12,061</u>	<u>97,917</u>	<u>1,730</u>	<u>99,647</u>

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.