

THE NEWCASTLE DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 247233

Details

Status Registered

Legal form Charitable company

Company number [00650977](#)

Registered 1966-06-16

Register [View on the Charity Commission register](#)

Contact

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Church House
St. Johns Terrace
North Shields
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Activities

Objects: TO PROMOTE AND ASSIST THE WORK AND PURPOSES OF THE CHURCH OF ENGLAND IN THE DIOCESE OF NEWCASTLE.

Activities: The objects of the charity are to hold real and personal property for purposes connected with the Church of England and to transact business in connection with the Church of England and the Diocese. The charity is responsible for the collection, custody, disbursement and account of the Diocesan Synod's funds and the employment of all persons in receipt of salaries paid directly from those funds.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Buildings/facilities/open Space, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Religious Activities, Environment/conservation/heritage
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF NEWCASTLE
- Newcastle Upon Tyne City
- North Tyneside
- Northumberland

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£7,680,988	£8,064,564	£26,637,255	38
2023-12-31	£8,116,991	£7,877,247	£26,930,528	33
2022-12-31	£8,138,454	£7,949,353	£26,311,825	45
2021-12-31	£9,648,319	£8,902,744	£26,512,489	47
2020-12-31	£7,431,074	£7,008,087	£25,230,035	33

Trustees

Name	Role	Appointed
Simon Robert Harper	Chair	
Carol Griffiths		2025-01-01
Dominic Llewellyn		2025-01-01
Isabella McDonald-Booth		2016-01-01
JOHN CHRISTOPHER APPLEBY		2013-08-12
Joshua Jee		2025-01-01
Rev Benjamin Doolan		2025-01-01
Rev Claire Maxim		2025-01-01
Rev David Glover		2025-01-01
Rev Louise Taylor-Kenyon		2022-10-18
Rev Robert Lawrance		2025-01-01
Right Revd Helen-Ann Hartley		2023-02-03
Right Reverend Mark Wroe		2019-03-24
Venerable Catherine Sourbut Groves		2020-11-14
Venerable Rachel Wood		2021-09-03
Very Rev'd Lee Batson		2023-10-14

Linked charities

- THE BISHOP HAROLD ERNEST BILBROUGH FUND (247233-1)

Accounts

The Newcastle Diocesan Board of Finance Limited

(A company limited by guarantee)

Annual Report & Financial Statements

Year ended 31 December 2024

Company number 00650977

Registered charity number 247233

A large print version is available on request from

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St John's Terrace
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THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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Mission Statement

*With our outward-facing values of **seeking**, **sharing**, and **sending** we are further seeking to grow younger and more diverse. God calls us all to follow Christ, and in baptism the whole Church is summoned to witness to God's love and to work for the coming of his kingdom. This is the shared vocation of all God's people: we are all called to mission and ministry as part of what it means to follow Jesus together as his disciples.*

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2024. The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Newcastle cover the local authorities of Northumberland, Newcastle, and North Tyneside and also small parts of County Durham and Cumbria.

The Newcastle Diocesan Board of Finance Limited ("NDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Newcastle by acting as the financial executive of the Newcastle Diocesan Synod.

The NDBF has the following statutory responsibilities:

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976; and
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972.

The main role of the NDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, the Bishop's Council, deaneries and parishes to further the mission and strategic priorities throughout the Diocese of Newcastle.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods, Parochial Church Councils, and the Bishop of Newcastle (in respect of the Bishop's responsibility for the provision of the cure of souls).

STRATEGIC AIMS AND OBJECTIVES

The Diocese of Newcastle aims to be a church which is Jesus Christ centred and outward facing in mission. The witness and mission of the Diocese is focused on three priorities of *Seeking, Sharing, Sending*. In living out these three values the Diocese of Newcastle is seeking to become a church of missionary disciples which fosters a mixed ecology of church and which includes establishing new worshipping communities, to be a church that is growing younger and more diverse.

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FOR THE YEAR ENDED 31 DECEMBER 2024

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Leadership

The Diocese is led by the Bishop of Newcastle: Rt Revd Dr Helen-Ann Hartley who is an ex-officio trustee of the NDBF, supported by the Bishop of Berwick: Rt Revd Mark Wroe and the Dean at Newcastle Cathedral: Very Revd Lee Batson.

The serving Diocesan Secretary, Shane Waddle, left in August 2024 and was replaced by Chris Elder on 8th October 2024, the appointment initially to March 2026. Other changes include the Head of Safeguarding, Carol Butler, leaving in October who is to be replaced by Sharon Devlin starting in April 2025 and the Bishop's Chaplain, Pete Askew, departing with a successor to be recruited.

The Christian Presence

Our licensed ministers form a central part in the life of churches in the Newcastle Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, we carry out around 263 weddings, 1,481 funerals and 1,196 baptisms every year.

In 2023 a Youth and Children's Mission Coordinator and two Youth and Children Enablers were recruited to a project called Beyond Youth. This project has been generously supported by £300k awarded to the NDBF by the Lord Crewe's Trustees' Tercentenary Awards. The Beyond Youth Team is working across the parishes of Ashington Holy Sepulchre, Seaton Hirst, Cresswell & Lynemouth and Woodhorn with Newbiggin to build up the profile of youth and children's work. The Diocese of Oxford has generously provided funding, through national Lowest Income Communities Funding, for a time-limited full-time Pioneer Minister serving the Bishop's Mission Order covering these parishes.

In 2025 the Lighthouse project, in the heart of Byker, will open a facility where around 1,500 young people and their families can access a wide variety of community activities and services. This is funded through an award of £300k from Lord Crewe's Trustees, £4.2m from the Department for Culture, Media and Sport's Youth Investment Fund and a grant from the Squires Foundation.

While the NDBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the NDBF reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the licensed clergy and lay workers in the Diocese is a priority of the NDBF and represents by far its largest financial commitment. Although the NDBF does not employ the parish clergy, it is responsible for ministerial formation, continued ministerial development and, where applicable, resourcing the stipend and paying into the pension fund.

In 2024 there was an average of 71 full-time equivalent (FTE) paid clergy, holding incumbent, priest-in-charge, team vicar or associate clergy roles in post (2023: 78.5FTE). On average, throughout the year, there were 9 FTE incumbent status posts vacant (in interregnum) comparing to 12FTE in 2023. In addition to the above establishment there were an average of 16FTE paid curates in training posts (2023: 17.5FTE), 2FTE Archdeacons; 1.2FTE paid chaplains, 1FTE pioneer minister serving at Seaton Hirst; 1FTE Missioner serving at Denton and 2FTE serving in Ashington as part of the Beyond Youth initiative.

46 licensed Readers; 2 house for duty clergy; 14 self-supporting clergy and 18 Authorised Lay Ministers also served in parishes across the Diocese in 2024.

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The NDBF extends its gratitude to all those who have helped to provide worship during interregnums in 2024, particularly to Area Deans and Churchwardens who work closely to ensure scheduled services and other activities within the community continue uninterrupted.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The NDBF recognises the importance of a safe, secure and well-maintained house. Through the Houses & Glebe Committee the NDBF strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows. Our housing policy continues to:

- replace unsuitable properties;
- accommodate the changing geographical deployment of clergy within the Diocese; and
- realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

In 2024 the Diocesan Mission and Pastoral Committee (DMPC) appointed a new secretary to help review suspensions of presentation across all 12 deaneries and also for the development of proposals for reorganisations of benefices.

Church Buildings – 2024

The Diocesan Advisory Committee (DAC) held 8 meetings in 2024 plus one special meeting to discuss a specific time sensitive case. The Committee reviewed 52 faculty applications and offered informal advice to PCCs on 31 cases. It also considered the appointment of 13 new inspectors for Quinquennial Inspections. Members carried out 17 site visits plus 2 progress visits to St Michael's, Byker to see the work on the redevelopment of the building and its extension.

Non-faculty work (authorised by the Archdeacon after review by a DAC member) saw a large increase to 111 cases from 89 in 2023. Membership remained the same with the exception of the stepping down of Revd Richard Deadman in October.

The Committee set up a solar panel working group to discuss its response to enquiries from PCCs and to develop some guidance which is ongoing. The Committee was also visited in March by David Knight, Deputy Director for Church Buildings from the Church Buildings Council (CBC). This was to observe the meeting and provide an update on the work of the CBC.

A Safer Church Open to All

In 2024 Newcastle has continued to be at the forefront to the wider debate on national changes to safeguarding. The safeguarding provision for the Diocese was audited as part of the independent safeguarding audit programme for the Church of England (CofE) commissioned by the Archbishops' Council and overseen by the CofE's National Safeguarding Team (NST). Led by the INEQE Safeguarding Group, the audit tested the sufficiency of safeguarding arrangements within CofE dioceses, having a particular focus on Diocese Boards of Finance (DBFs) and Cathedrals.

The report identified the determination of the Bishop to drive the improvement journey across Newcastle and strengthen the safeguarding arrangements as they exist within the DBF and at parish level. These plans include the realignment of governance alongside further initiatives, outreach and partnerships that have been built and that continue to be supported. The report noted the good work done by the DST and the level of collaboration that the Audit has seen with external agencies and the investment in a range of different safeguarding projects was impressive. An appetite to

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FOR THE YEAR ENDED 31 DECEMBER 2024

innovate was evident as seen through the excellent work to support and co-produce some outstanding initiatives with victims and survivors.

However, the report noted that the potential to maintain a positive trajectory is undermined by a critical lack of capacity in the DST. The safeguarding arrangements were largely insufficient when considering the team's breadth of responsibilities and the growing demands that are being placed upon it. The deficits in the DST's ability to perform to its optimum level ran the risk of undermining everything it has achieved thus far. Accordingly, in December a new safeguarding staffing structure was formulated (in line with the Ineqe recommendations), and an interim caseworker appointed. The new team is expected to be fully staffed by April 2025. The Lead Officer for the Chaplaincy for Survivors has continued to provide pastoral and spiritual care for survivors from across the Diocese, a service praised by Ineqe.

A research initiative led by the University of Sunderland concluded focused on *"How can the Newcastle Diocese Safeguarding Team better support Incumbents, Parish Safeguarding Officers and Churchwardens in the effective implementation of Church of England safeguarding policy in practice?"* The recommendations from this are to be addressed by the new Safeguarding team once in place.

Community Engagement

Our churches are embedded in their communities and, as a result, have developed trusting relationships and networks, enabling churches to play an important part in responding to the challenges faced by neighbourhoods and communities today.

In 2023, the Lord Crewe's Trustees generously provided funding to the NDBF to continue a partnership with Transforming Communities Together: Tyne to Tweed ("TCTTT"). This partnership supports the development of connections and relationships with congregations with TCTTT acting as a resource to churches, individuals and groups that are wanting to get involved in some form of community activity as part of their mission and commitment to community engagement and social action.

Other connected parties

The major connected parties with whom the NDBF works include:

- **The Archbishops' Council** to which the NDBF pays a donation based on an apportionment system agreed by the Church of England's General Synod for funding national training of ordinands and the activities of the various national boards and councils, as well as the costs of the General Synod. In 2024, the NDBF paid £368k to the Archbishops' Council to help to fund these costs.
- **The Church Commissioners**, from which the NDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The NDBF reimburses the Commissioners for the stipends of those clergy office holders in stipendiary appointments in the Diocese of Newcastle.
- **The Church of England Pensions Board**, to which the NDBF pays retirement benefit contributions for stipendiary clergy and employees. The Pensions Board also offers schemes to provide housing for clergy in retirement.

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Volunteers

The Diocese of Newcastle is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis.

Within this context, the NDBF values the considerable time given by all members of Parochial Church Councils, the deanery synods, boards, committees, and the Newcastle Diocesan Synod in pursuit of the mission of the Church of England in the Diocese of Newcastle.

FUTURE PLANS

All 12 deaneries continued to engage in the work of the Deanery Planning process. This process empowers each deanery to develop their vision and mission plans, consistent with the overall values and priorities discerned by the Diocese, for the deployment of our clergy and lay ministry appropriate to the local context of each deanery. The work continues, supported by the Archdeacons and the local Deanery Development Groups, to meet the competing demands of mission and ministry in each locale against a challenging financial context.

Public Benefit

The diocesan vision of **seeking, sharing and sending** is instrumental in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical). The Trustees are confident (having had regard to Charity Commission guidance) that NDBF delivers public benefit through community engagement and supporting those in need both spiritually and physically.

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FINANCIAL REVIEW

Financial performance

Parish Share, the financial contribution given by parishes to the Diocese to fund mission and ministry, was the main incoming resource for the Diocese. Excluding the arrears received from earlier years, share decreased in cash terms by £46k compared to 2023, and including arrears share decreased by £78k compared to 2023. The total share received in 2024 (before prior year arrears) when expressed as a percentage of the overall share offered was 98 % (2023: 98.5%).

The Trustees extend their gratitude to all the parishes who completed their parish share contributions during 2024. The Trustees are thankful to parishes that were able to make their parish share contributions by monthly instalments which helped the NDBF to resource the monthly financial responsibilities associated with the payment of clergy stipends and the salaries of those employed by the NDBF.

The balance on the General Unrestricted Fund increased by £545k in 2024 to £830k. There was an overall unrestricted surplus of £439k and there was a net gain in our investment in equities, held with CCLA Investment Management Ltd (CCLA), of £90k. Overall, after investment gains, we saw a net deficit £293k.

The Trustees have prepared a budget for 2025 which includes a deficit of £911k and parish share of £3.88m.

Overall the NDBF's funds have decreased in 2024 by £293k. This breaks down as an operating surplus on unrestricted funds of £439k after transfers (£567k deficit before transfers), net outgoing resources on restricted and endowment funds of £732k (after transfers), and unrealised gains on investments of £90k.

Significant property transactions

During 2024 properties and one piece of land were purchased, 20 Radcliffe Park in Bamburgh, 97 Whitton View in Rothbury and 18 The Closes in Edmundo. These purchases amounted to £972k with 18 The Closes purchased using endowment funds.

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FOR THE YEAR ENDED 31 DECEMBER 2024

Balance sheet position

The Trustees consider that the balance sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £26.637m (2023: £26.931m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £17.897m (2023: £16.947m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the NDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to aim to maintain c.£2m in unrestricted investments for future income generation (2023 actual £2.3m) with an additional 3 months expenditure (c. £1.9m) held in readily realisable assets (2024 actual £2.5m). The Trustees are satisfied with reserves at the current level in line with the aims of the policy.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £830k of which £20k is tied up in tangible fixed assets.

Designated funds

The Trustees may, with the approval of the board, designate unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed from time to time and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2024 total designated reserves were £6.7m (2023: £6.81m).

Restricted and endowment funds

As set out in note 21, NDBF holds and administers a number of restricted and endowment funds. As at 31 December 2024 restricted funds totalled £1.5m (2023: £2.3m) and endowment funds totalled £17.62m (2023: £17.54m). Neither are available for the general purposes of the NDBF.

Going concern

The Trustees have considered the 2025 operating environment and availability of reserves and cash and the impact upon the going concern basis of preparation of these financial statements. At the time of writing the 2025 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2025, projects a fall in cash of £911k during 2025. The Trustees are keeping the operating environment under constant review and consequent impacts on general reserves. A number of groups have been established to identify ways in which the NDBF could generate additional income and utilise the asset base to increase income and generate additional cash. If the operating environment becomes more challenging than expected, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The Trustees are comfortable that these measures, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

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Grant making policy

The Memorandum of Association of the NDBF explicitly permits the NDBF to make grants in pursuance of its objects, and the nature of grants made in 2024 is indicated in note 11. Certain grants are built into the Diocesan Budget which is approved by the Diocesan Synod, whilst others are overseen by the Bishop's Council, the Diocesan Finance Group and the Diocesan Mission and Pastoral Committee.

Investment policy

The Memorandum and Articles of Association of the charity permit wide powers of investment. NDBF's investment policies are based on two key criteria:

- Ethical investment: this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.
- Long-term responsibilities: the Trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

These policies are achieved by holding all NDBF funds with CCLA. The Newcastle Diocesan Society holds one portfolio with RBC Brewin Dolphin for the NDBF. This was received as part of a legacy from the late Bishop Alec Graham. All funds held for the NDBF by the Diocesan Society conform to the guidance given by the Church's Ethical Investment Advisory Group.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

As part of the Diocesan Synod's ongoing pledge to tackle the climate emergency and become net-zero carbon by 2030, the NDBF has confirmed its commitment not to invest in companies involved in the extraction of fossil fuels, and pledged not to invest in fossil fuel companies in future. The NDBF has joined Operation Noah's Bright Now campaign. Operation Noah is a Christian charity working with the Church to inspire action on the climate crisis and is calling on all UK churches to divest from fossil fuels and invest in clean alternatives.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary. In 2024 the Finance Group, a sub-committee of the Bishop's Council, reviewed the Risk Register.

The receipt of voluntary financial contributions from parishes through Parish Share remains the major risk to the Board's overall performance. The Trustees have put in place a framework of support, including regular communication, active management through the Finance Group and budget consultation to mitigate this risk.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is under the care of a Diocesan Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio members and elected representations from each Diocese. In 2021 six representatives from the Diocese of Newcastle (three lay and three clergy) were elected to serve on the General Synod for the current quinquennium. The General Synod agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod.

The Diocese of Newcastle is divided into twelve deaneries, each with its own Deanery Synod and within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

NDBF is a company incorporated in England, limited by guarantee (No. 00650977) and a registered charity (No. 247233) governed by its Memorandum and Articles of Association. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Newcastle. It was established in its present form in 1882.

Governance and policy of the NDBF is the responsibility of the Trustees, who are also members of the company and Trustees for the purposes of charity law. There are nine ex-officio Trustees and six lay members and three clergy members elected from and by the members of Diocesan Synod every three years. The most recent elections were held in November 2024 with the next elections due in the Autumn of 2027. The details of Trustees who served during 2024 are set out on page 17.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod's membership is elected every three years, the last elections having been in July 2024. The next elections to the Diocesan Synod are scheduled to take place in 2027. Whilst the NDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the NDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Newcastle are set by the Diocesan Synod, and the NDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The members of the company meet once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the NDBF. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to seven meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

- Initiating proposals for action by the Synod and advising it on matters of policy;
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders;
- Acting as the Trustees of the NDBF;
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion;
- Advising the Bishop on any matters she may refer to the committee;
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership;
- Carrying out such other functions as the Synod delegates to it;
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by four sub-committees:

Finance Group: responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the Trustees prior to submission to Diocesan Synod and monitors expenditure and income. The group comprises eight members of whom six are Trustees.

Houses & Glebe Committee: responsible for advising on policy concerning the management of parsonage houses in each benefice of the Diocese of Newcastle, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by NDBF, together with responsibility for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of NDBF. The committee comprises 6 members of whom 2 are Trustees.

Diocesan Mission & Pastoral Committee: responsible for advising on pastoral reorganisation in the Diocese of Newcastle, taking account of available clergy numbers and making use of new patterns of ministry. The Committee also advises on the finding of appropriate alternative uses for churches closed to regular public worship. The committee comprises 9 members of whom 4 are Trustees.

Diocesan Advisory Committee: advises on matters affecting churches and places of worship in the Diocese such as granting of faculties, architecture, archaeology, art and history of places of worship, the use and care of places of worship and their contents and the care of churchyards. The committee comprises 18 members of whom 3 are Trustees.

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Trustee recruitment, selection and induction

The Trustees are the members of the Bishop's Council. There are ex-officio members, elected members, with elections taking place every three years, and there is provision for co-opted members. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are informed about the role and function of the Bishop's Council before seeking membership. All Trustees are required to sign the code of practice and maintain their entry in the declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Newcastle, the Chair of the Board of Finance and the Human Resources Manager with reference to appraisals and remuneration and salary benchmarking.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the NDBF in accordance with the policies framed by the Trustees.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the NDBF 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 NDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The auditor is deemed to be reappointed under section 487 (2) of the Companies Act 2006 until otherwise resolved at a general meeting of the company.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

ADMINISTRATIVE DETAILS

Ex officio Trustees

The Bishop of Newcastle, the Right Reverend Dr H-A Hartley
The Suffragan Bishop of Berwick, the Right Reverend M Wroe
The Dean of Newcastle, the Very Reverend L Batson
The Archdeacon of Lindisfarne, the Venerable Dr C A Sourbut Groves
The Archdeacon of Northumberland, the Venerable R A Wood
The Chair of the Diocesan Board of Finance, Canon S R Harper
The Chair of the House of Clergy, the Reverend Canon B Hurst (to 01/12/2024)
The Chair of the House of Clergy, the Reverend Robert Lawrance (from 01/01/2025)
The Chair of the House of Laity, Canon I McDonald-Booth
The Chair of the Diocesan Mission and Pastoral Committee, Mrs E A Kerry (to 01/12/2024)
The Chair of the Diocesan Mission and Pastoral Committee, The Reverend L Taylor-Kenyon

Elected Trustees

Dr JC Appleby
Professor G Holmes (to 01/12/2024)
Mrs E Doran
Mrs L Craggs (to 01/12/2024)
The Reverend Benjamin Doolan (from 01/01/2025)
The Reverend David Glover (from 01/01/2025)
Carol Griffiths (from 01/01/2025)
Joshua Jee (from 01/01/2025)
Dominic Llewellyn (from 01/01/2025)
The Reverend Dr Claire Maxim (from 01/01/2025)
Gwyneth McKenzie (from 01/01/2025)

Secretary

C Elder (from 01/10/2024)
S Waddle (resigned 01/08/2024)

Auditors:	UNW LLP, Chartered Accountants & Statutory Auditors, Citygate, St. James' Boulevard, Newcastle upon Tyne, NE1 4JE
Bankers:	Barclays Bank plc, Barclays House, 5 Queen Ann's Street, Newcastle upon Tyne, NE1 3DX
Solicitors:	Sintons LLP, The Cube, Barrack Road, Newcastle upon Tyne, NE4 6DB
Investment Manager:	CCLA Investment Management Ltd, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Glebe Agent:	Galbraith, Blagdon Estate Office Seaton Burn, Newcastle upon Tyne, NE13 6DE
Insurers:	Ecclesiastical, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Registered Office:	Church House, St John's Terrace, North Shields, NE29 6HS Telephone: 0191 270 4100 Website: www.newcastle.anglican.org E-mail: info@newcastle.anglican.org

Company registration number: 00650977

Registered charity number: 247233

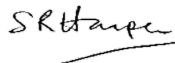
THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 12 within their capacity as company Directors.

BY ORDER OF THE TRUSTEES



Canon S Harper

Chair

12 May 2025



C Elder

Secretary

12 May 2025

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Independent Auditor's Report to the members of The Newcastle Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Newcastle Diocesan Board of Finance Limited for the year ended 31 December 2024 comprising the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 entity'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.

Respective responsibilities of Trustees and auditor

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

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for which the financial statements are prepared is consistent with the financial statements, and the Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the Trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence, and we discussed with the Trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Who are we reporting to

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Hallowell BSC DChA FCA (Senior Statutory Auditor)
For and on behalf of UNW LLP, Statutory Auditor
Newcastle upon Tyne

12 May 2025:

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2024

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2024 £	Total Funds 2023 £
Income from						
Donations						
Parish contributions	2	3,790,033	-	-	3,790,033	3,868,523
Archbishops' Council	2	1,170,562	-	-	1,170,562	1,251,784
Other donations	2	645,782	613,625	-	1,259,407	1,544,672
Charitable activities	3	293,868	585	-	294,453	327,706
Other activities	4	525,055	-	-	525,055	437,686
Investments	5	261,061	26,318	60,099	347,478	417,309
Other	6	-	294,000	-	294,000	269,311
Total income		6,686,361	934,528	60,099	7,680,988	8,116,991
Expenditure on						
Raising funds	7	(81,209)	-	-	(81,209)	(86,540)
Charitable activities	8	(7,384,784)	(582,443)	(16,128)	(7,983,355)	(7,790,707)
Total expenditure		(7,465,993)	(582,443)	(16,128)	(8,064,564)	(7,877,247)
Net incoming/(outgoing) resources before investment gains						
		(779,632)	352,085	43,971	(383,576)	239,744
Net gains on investments	15	51,946	-	38,357	90,303	378,959
Net income/(expenditure)		(727,686)	352,085	82,328	(293,273)	618,703
Transfers between funds	13	1,166,819	(1,166,819)	-	-	-
Net movement in funds		439,133	(814,734)	82,328	(293,273)	618,703
Reconciliation of funds						
Total funds brought forward		7,091,400	2,301,110	17,538,018	26,930,528	26,311,825
Total funds at 31 December 2024	20	7,530,533	1,486,376	17,620,346	26,637,255	26,930,528

All incoming resources and resources expended relate to continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2024

	Total 2024 £	Total 2023 £
Total incoming resources	7,620,889	7,830,969
Resources expended	(8,048,436)	(7,864,698)
Operating surplus for the year	<u>(427,547)</u>	<u>(33,729)</u>
Net gains/(losses) on investments	51,946	196,722
Net income/(deficit) for the year	<u>(375,601)</u>	<u>162,993</u>
Total comprehensive income	<u>(375,601)</u>	<u>162,993</u>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	14	17,917,291	16,977,052
Investments	15	5,742,199	5,651,896
		23,659,490	22,628,948
Current assets			
Debtors	16	268,514	188,416
Investments	17	2,560,695	3,669,546
Cash at bank		471,154	874,396
		3,300,363	4,732,358
Creditors: amounts falling due within one year	18	(317,554)	(425,734)
Net current assets		2,982,809	4,306,624
Total assets less current liabilities		26,642,299	26,935,572
Creditors: amounts falling due after more than one year	19	(5,044)	(5,044)
Net assets		26,637,255	26,930,528
The funds of the charity:			
Endowment funds	21	17,620,346	17,538,018
Restricted income funds	21	1,486,376	2,301,110
Unrestricted income funds:			
General funds	21	830,273	284,311
Designated funds	21	6,700,260	6,807,089
Total funds		26,637,255	26,930,528

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 12 May 2025 and signed on their behalf by:



Canon SR Harper Chair

Company registered number: 00650977

The notes on pages 25 to 48 form part of these financial statements.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2024

	2024	2023
	£	£
Cash flows from operating activities		
Net cash used in operating activities	(1,065,258)	(412,317)
Cash flows from investing activities		
Dividends, interests and rents from investments	525,055	417,309
Proceeds from the sale of tangible fixed assets	-	501,394
Purchase of tangible fixed assets	(971,890)	(10,538)
Purchase of investments	-	(291,143)
Net cash used in investing activities	(446,835)	617,022
Cash flows from financing activities		
New loans advanced	-	(1,500)
Repayment of loans advanced	-	3,000
Net cash provided by financing activities	-	1,500
Change in cash and cash equivalents in the year	(1,512,093)	206,205
Cash and cash equivalents at the beginning of the year	4,543,942	4,337,737
Cash and cash equivalents at the end of the year	3,031,849	4,543,942

Reconciliation of net movement in funds to net cash flow from operating activities

	2024	2023
		£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	(293,273)	618,703
Adjustments for:		
Depreciation charges	31,651	36,602
(Gain)/loss on investments	(90,303)	(378,959)
Dividends, interests and rents from investments	(525,055)	(417,309)
Decrease in debtors	(80,098)	54,619
(Decrease)/increase in creditors	(108,180)	(56,662)
Profit on sale of fixed assets	-	(269,311)
Net cash used in operating activities	(1,065,258)	(412,317)

Analysis of cash and cash equivalents

Cash in hand	471,154
Deposits (less than 3 months)	2,560,695
	3,031,849

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and fixed asset investments. The majority of freehold properties are shown at their 1995 valuation, based on a desk-top study carried out by a Chartered Surveyor working for Black Horse Agencies. Property additions since 1995 are shown at cost or at a lower fair value where the Trustees consider that this is appropriate. Fixed asset investments are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

NDBF meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the charity and are rounded to the nearest £1.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

i. **Parish Share** is recognised as income of the year in respect of which it is receivable.

ii. **Rent** receivable is recognised as income in the period with respect to which it relates.

iii. **Interest and dividends** are recognised as income when receivable.

iv. **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in deferred income within creditors to be carried forward to the following year.

v. **Parochial fees** are recognised as income of the year to which they relate.

vi. **Donations** other than grants are recognised when receivable.

vii. **Gains on disposal of fixed assets for the NDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.

viii. **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the Diocese.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2024

iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the NDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v. **Pension contributions.** The NDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the NDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which NDBF participates is accrued at current value within creditors.

c) Going concern

The Trustees have considered the 2025 operating environment and availability of reserves and cash and the impact upon the going concern basis of preparation of these financial statements. At the time of writing the 2025 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2025, projects a fall in cash of £911k during 2025. The Trustees are keeping the operating environment under constant review and consequent impacts on general reserves. If the operating environment becomes more challenging than expected, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The Trustees are comfortable that these measures, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

d) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not routinely provided on buildings except in those few cases where the Trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight-line basis, at an amount equivalent to 2% of the excess of net book value over fair value. For the vast majority of properties depreciation is not regarded as a material amount due to the very long expected remaining useful economic life in each case, and because the expected residual value is not materially less than the carrying value. The NDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The NDBF has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The NDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to capitalise as endowed assets at cost. Parsonage houses are not routinely revalued. Depreciation is not routinely provided on Parsonage houses except in those few cases where the Trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight-line basis, at an amount equivalent to 2% of the excess of net book value over fair value.

e) Other tangible fixed assets

All capital expenditure over £1,000 on computers and other office equipment is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computers and printers	25% per annum	straight line basis
Equipment, fixtures and fittings	10-25% per annum	straight line basis

f) Fixed asset investments

Listed investments, which have been classified as fixed assets investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

g) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

h) Cash at bank and in hand

Cash at bank and in hand includes cash and highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

j) Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the statement of financial activities.

k) Fund balances

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

- **Unrestricted funds** are the NDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the NDBF. There are two types of unrestricted funds:
 - **General funds** which the NDBF intends to use for the general purposes of the NDBF; and
 - **Designated funds** set aside out of unrestricted funds by the NDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the NDBF (Stipends Fund Capital, Parsonage Houses Fund but not the St Aidan's Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

l) Estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements the Trustees do not consider there were any significant areas of judgment that were required in applying the company's policies as set out above.

Estimates within these financial statements include depreciation and asset valuations (for example agricultural land). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

2 DONATIONS

Parish Contributions

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Parish share					
Current year's allocation	3,866,984	-	-	3,866,984	3,881,983
Shortfall	(87,674)	-	-	(87,674)	(56,473)
Parish contributions	3,779,310	-	-	3,779,310	3,825,510
Arrears for previous years	10,723	-	-	10,723	43,013
	3,790,033	-	-	3,790,033	3,868,523

Archbishops' Council

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Lowest Income Communities funding	1,170,562	-	-	1,170,562	1,068,283
Transitional funding	-	-	-	-	183,501
	1,170,562	-	-	1,170,562	1,251,784

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

2 DONATIONS (continued)

Other donations

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
All Churches Trust grant	91,053	-	-	91,053	105,875
Lord Crewe's Charity grant	187,289	-	-	187,289	244,000
Grants received for Rural Churches for Everyone Project	-	-	-	-	33,675
Grants received for Resource Church Project	-	463,867	-	463,867	62,175
Church Commissioners - restructure funding	-	(144,479)	-	(144,479)	137,700
Church Commissioners - Safeguarding Funding	101,862	-	-	101,862	6,900
Church Commissioners - strategic development funding	-	218,533	-	218,533	188,865
Church Commissioners - parish utilities support funding	-	-	-	-	335
Archbishops' Council - Net Zero Capacity Building	-	-	-	-	15,000
Newcastle Diocesan Society	13,892	-	-	13,892	12,087
Newcastle St Andrew	28,978	-	-	28,978	28,159
Durham Diocesan Board of Finance	50,986	-	-	50,986	114,440
Ely Diocesan Board of Finance	39,213	-	-	39,213	76,037
Archbishops' Council	-	-	-	-	(2,043)
Archbishops' Council Housing Demonstrator Fund	-	71,470	-	71,470	-
Archbishops' Council – Church support	27,898	-	-	27,898	-
Bishop's House	-	-	-	-	49,544
Other	104,611	4,234	-	108,845	471,923
	645,782	613,625	-	1,259,407	1,544,672

For other donations in 2023 £326,565 from Church Commissioners and £110,850 from other funders were restricted (total £766,307) with the balance of £754,401 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

3 CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Statutory fees (funerals, weddings)	241,930	585	-	242,515	267,722
Chaplaincy income	51,938	-	-	51,938	59,984
	293,868	585	-	294,453	327,706

In 2023 all income related to unrestricted funds.

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Rental of houses	499,705	-	-	499,705	387,156
Contributions for use of Church House	25,350	-	-	25,350	27,830
Other contributions	-	-	-	-	22,700
	525,055	-	-	525,055	437,686

In 2023 £3,000 from rental of houses and £22,700 from other contributions related to restricted funds (total £25,700) with £411,986 being unrestricted.

5 INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Income from UK listed investments	53,870	-	60,099	113,969	162,617
Bank interest receivable	187,191	19,818	-	207,009	200,992
Rents from Glebe	20,000	6,500	-	26,500	53,700
	261,061	26,318	60,099	347,478	417,309

In 2023 £501 from listed investments, £23,042 from bank interest receivable and £6,250 rents from Glebe were restricted (total £29,796) with £310,626 being unrestricted. £76,890 of listed investment income in 2023 was endowed.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

6 OTHER INCOMING RESOURCES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Profit on sale of assets	-	-	-	-	269,311
Pension surplus on scheme closure (see note 24)	-	294,000	-	294,000	-

In 2023 income related to unrestricted and endowment funds.

7 FUNDRAISING COSTS

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Glebe costs	3,000	-	-	3,000	8,095
Parsonage rental costs	78,209	-	-	78,209	78,445
	81,209	-	-	81,209	86,540

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

8 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2024 £	Total Funds 2023 £
Contributions to Archbishops' Council					
Training for ministry	171,387	-	-	171,387	171,934
National church responsibilities	93,796	-	-	93,796	100,536
Grants and provisions	17,627	-	-	17,627	17,705
Mission agency pension contributions	-	-	-	-	5,504
Retired clergy housing costs (CHARM)	71,290	-	-	71,290	68,105
Pooling of ordinand candidates' costs	13,895	-	-	13,895	54,838
	367,995	-	-	367,995	418,622
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	2,953,104	88,187	-	3,041,291	3,087,255
Pension contributions	614,940	18,533	-	633,473	716,455
Housing costs	924,548	32,505	3,652	960,705	869,485
Removal, resettlement and grants	98,116	-	-	98,116	85,125
Other expenses	91,770	1,004	-	92,774	158,084
	4,682,478	140,229	3,652	4,826,359	4,916,404
Support for parish ministry	2,334,311	442,214	12,476	2,789,001	2,455,681
	7,016,789	582,443	16,128	7,615,360	7,372,085
	7,384,784	582,443	16,128	7,983,355	7,790,707

£578,333 of 2023 expenditure related to restricted, £12,549 to endowment and £7,199,825 to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	Total costs 2024 £	Total costs 2023 £
Raising funds	81,209	-	-	81,209	86,540
Charitable activities:					
Contributions to Archbishops' Council	-	367,995	-	367,995	418,622
Resourcing parish ministry	6,323,007	160,602	1,131,751	7,615,360	7,372,085
	6,404,216	528,597	1,131,751	8,064,564	7,877,247

10 ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total costs 2024 £	Total costs 2023 £
Central administration	790,043	173,598	12,476	976,117	918,536
Governance					
External audit	22,850	-	-	22,850	23,280
Registry and other legal costs	120,460	-	3,562	124,112	59,586
Synodical costs	8,672	-	-	8,672	24,150
	942,025	173,598	16,128	1,131,751	1,025,552

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

11 ANALYSIS OF GRANTS MADE

	Number	Individuals £	Institutions £	Total costs 2024 £
<i>From unrestricted funds to support national Church responsibilities</i>				
Contributions to Archbishops' Council	5	-	367,995	367,995
<i>From unrestricted funds</i>				
Support for ordinands	7	65,635	-	65,635
Shepherds Dene Retreat House	5	-	7,760	7,760
Transforming Communities Together				
Tyne to Tweed	40	21,278	-	21,278
Continuing Ministerial Development grants	1	8,750	-	8,750
Ministry Experience Scheme grants				
Other grants	23	-	32,246	32,246
	76	95,663	40,006	135,669
<i>From restricted funds</i>				
Support for ordinands	7	10,733	-	10,733
Partners fund	2	-	8,000	8,000
Other grants	3	-	6,200	6,200
	12	10,733	14,200	24,933
Total Grants Made	93	106,396	422,201	528,597

Grant funding of activities in previous year

	2023 No. of grants	2023 £
From unrestricted funds		
Contributions to Archbishops' Council	6	418,622
Contributions to Diocesan-based charities		
Other grants	68	96,446
From restricted funds		
Other grants	14	84,737
	88	599,805

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

12 STAFF COSTS

	2024	2023
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,509,305	1,227,668
National insurance contributions	140,608	109,577
Pension costs	162,310	144,584
	1,812,223	1,481,829

The average number of persons employed during the year:

	Number	Number
Administration and financial management	17	13
Supporting mission & ministry	17	21
Property	2	2
Safeguarding	3	2
Newcastle St Thomas', Diocesan Resource Church	10	6
	49	44

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

	Number	Number
Administration and financial management	12	10
Supporting mission & ministry	14	13
Property	2	2
Safeguarding	2	2
Newcastle St Thomas', Diocesan Resource Church	8	6
	38	33

The Diocesan Resource Church excludes the 2 full-time office holders (Leader & Curate)

	2024 number	2023 number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	-	1
£110,000- £120,000	1	-

Pension payments of £18,957 (2023:£15,367) were made for this employee
During the year settlement agreements were reached with 3 employees, resulting in payments in lieu of notice and non contractual payments totalling £136,888

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

	2024 £	2023 £
Stipends	2,797,623	2,843,875
National insurance contributions	243,668	243,381
Pension costs - current year	633,473	716,454
	3,674,764	3,803,710

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2024 they were:

Diocesan Secretary and Company Secretary (to 01/08/2024)	Shane Waddle MSc, FCIPP
Diocesan Secretary (from 07/10/2024)	Chris Elder
Property Manager	Ian D Beswick MSc, MRICS
Head of Finance	Thomas Royle ACMA, CGMA

Remuneration, pensions and expenses for these employees amounted to £336,993 (2023: £232,650).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses totalling £10,783 and this sum was paid out to 3 Trustees in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as Trustees. (In 2023 £6,211 was paid out to Trustees).

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

	Stipend	Housing
The Right Revd M Wroe	No	Yes
The Venerable R A Wood	Yes	Yes
The Venerable Dr C A Sourbut Groves	Yes	Yes
The Revd Canon B Hurst	Yes	Yes
The Revd L Taylor-Kenyon	Yes	Yes

The funding of stipends for the Bishop of Newcastle, the Bishop of Berwick, the Dean and two Residentiary Canons at Newcastle Cathedral is a responsibility of the Church Commissioners. The NDBF is responsible for funding the stipends of all other licensed stipendiary clergy in the Diocese of Newcastle. Where eligible, the NDBF is responsible for the provision of housing for serving clergy, including the Bishop of Berwick. The NDBF is not responsible for the provision of the See House for the Bishop of Newcastle or for the provision of housing for the Dean and two Residentiary Canons at Newcastle Cathedral.

In 2024 the NDBF paid stipends to an average of 97.9 (2023: 99.8) clergy ministering in incumbent status posts, training curacy posts and the posts of archdeacon.

The stipends of the Bishop of Newcastle and the Bishop of Berwick were funded by the Church Commissioners and were in the range of £42,350- £51,910 (2023: range £38,050 - £48,972). The annual rate of stipend funded by the NDBF paid to Archdeacons in 2024 was in the range £39,508-£41,792 (2023: range £38,295 - £39,058) and other clergy who were Trustees were paid in the range £28,890-30,638 (2023: range £27,514 - £28,890).

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

13 TRANSFER BETWEEN FUNDS

Analysis of transfers between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2024 £
General Fund contribution from Resource Church	133,716	(133,716)	-	-
General Fund contribution from Rural Churches for All	722,403	(722,403)	-	-
Grice Transfer	150,000	(150,000)	-	-
Pension surplus transfer	160,700	(160,700)	-	-
	1,166,819	(1,166,819)	-	-

14 TANGIBLE FIXED ASSETS

	Unrestricted funds		Endowment funds		TOTAL
	Property £	Office Equipment £	Parsonages £	Glebe Property £	£
At cost or valuation					
At 1 January 2024	3,302,201	167,155	15,185,888	1,797,045	20,452,289
Additions	920,000	-	51,890	-	971,890
Disposals	-	-	-	-	-
At 31 December 2024	4,222,201	167,155	15,237,778	1,797,045	21,424,179
Accumulated depreciation					
At 1 January 2024	554,530	136,949	2,494,375	289,383	3,475,237
Charge for the year	15,019	10,143	6,489	-	31,651
Disposals	-	-	-	-	-
At 31 December 2024	569,549	147,092	2,500,864	289,383	3,506,888
Net book value at 31 December 2024	3,652,652	20,063	12,736,914	1,507,662	17,917,291
Net book value at 31 December 2023	2,747,671	30,206	12,691,513	1,507,662	16,977,052

Property

These properties were purchased using either unrestricted reserves, the Pastoral Account or the Stipends Capital and Glebe Fund. Included in this category is £429k (2023: £431k) which is attributable to the Bishop Bilbrough Fund, being part of the cost of the new Church House office accommodation paid for from the proceeds of the former Church House building. The balance of the cost of Church House is held within the Mary Wilkinson Legacy Fund. The other NDBF properties are included in the NDBF Houses Fund, an unrestricted fund.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

Parsonage houses

Rectories and vicarages (other than team vicarages) are vested in individual benefices. However, the NDBF is responsible for the maintenance and repair of all parsonage houses and carries substantially all the risks of ownership. Following a scheme for pastoral reorganisation the net proceeds of the sale of a parsonage house may be credited to the Diocesan Pastoral Account, which is recognised as an asset of the NDBF.

Glebe team vicarages

Team vicarages are included as glebe but they are not held as investments. The proceeds of any sale must be credited to the Stipends Capital Account.

15 FIXED ASSET INVESTMENTS

	Investment property £	Unlisted investments £	Listed investments £	TOTAL £
Within the United Kingdom				
At 1 January 2024	1,706,537	-	3,945,359	5,651,896
Additions	-	-	-	-
Revaluation	-	-	90,303	90,303
At 31 December 2024	1,706,537	-	4,035,662	5,742,199
Cost at 31 December 2024	1,450,042	-	1,631,095	3,081,137

Investment Properties

An estimate of the value of Glebe land and properties held as investments at the end of the year is £1,706,537. This figure has been provided by the Diocesan Property Manager, Mr I Beswick MRICS.

Listed investments

Listed investments are valued at bid market value at the year-end.

16 DEBTORS

	2024 £	2023 £
Due within one year		
Church Commissioners: sundry debtors	4,065	4,065
Loans for parish buildings	25,500	25,500
Other debtors	105,649	158,851
Pension surplus	133,300	-
	268,514	188,416
Due after one year		
Loans for parish buildings > 1 year	-	-
	268,514	188,416

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

17 CURRENT ASSET INVESTMENTS

	2024 £	2023 £
Deposit fund	2,560,695	3,669,546

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 £
Taxation and social security	30,433	51,791
Other creditors	19,681	45,603
Accruals and deferred income	250,735	328,340
Pension liabilities	16,705	-
Falling due within one year	317,554	425,734

Deferred Income

	2024 £	2023 £
Deferred income at 1 January	239,083	217,272
Resources deferred during the year	(121,358)	36,960
Amounts released from previous periods	110,160	(15,149)
	227,885	239,083

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024 £	2023 £
Deposit held on glebe property	5,044	5,044
Falling due after more than one year	5,044	5,044

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

20 SUMMARY OF FUND MOVEMENTS

	Balance at 1 Jan 2024 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 Dec 2024 £
Unrestricted Funds						
General Unrestricted Fund	284,311	5,205,132	(5,863,013)	1,166,819	37,024	830,273
Designated Funds:						
Mary Wilkinson Fund	358,352	580	-	-	-	358,932
DBF Houses Fund	4,416,199	-	(15,019)	-	-	4,401,180
Bishop Bilbrough Fund	780,665	-	(587)	-	10,793	790,871
Strategic Mission Fund	20,568	5,008	-	-	4,129	29,705
Building Grants and Loans Fund	116,854	5,635	-	-	-	122,489
Allchurches Grant Fund	234,421	91,053	(89,838)	-	-	235,636
Clergy Expenses Fund	4,370	-	-	-	-	4,370
Lowest Income Communities Fund	603,453	1,170,563	(1,186,501)	(4,000)	-	583,515
Lord Crewe Fund	84,739	187,289	(227,067)	4,000	-	48,961
Diocesan Communications Network	47,781	21,101	(8,981)	-	-	59,901
Net Zero EV Charging	139,687	-	(74,987)	-	-	64,700
	7,091,400	6,686,361	(7,465,993)	1,166,819	51,946	7,530,533
Restricted Funds						
Partners Fund	50,693	7,203	(8,156)	-	-	49,740
New Church Building Fund	157,583	6,989	-	-	-	164,572
Diocesan Pastoral Fund	1,205,339	5,781	(1,004)	(722,403)	-	487,713
Archdeacons Fund	62,692	3,993	-	-	-	66,685
Training for Ordinands Fund	122,543	-	-	-	-	122,543
Botswana Donations Fund	7,867	86	-	-	-	7,953
Church House Wallsend Fund	11,627	6,500	(9,071)	-	-	9,056
Resourcing Ministerial Education Fund	159,109	(144,479)	(11,200)	-	-	3,430
Resource Church Project Fund	243,849	682,985	(537,472)	1,196	-	390,558
Resource Church Giving Fund	264,808	-	-	(284,912)	-	(20,104)
Net Zero Capacity Building Fund	15,000	-	(15,000)	-	-	-
Housing Demonstrator Fund	-	71,470	(540)	-	-	70,930
Pension surplus restricted fund	-	294,000	-	(160,700)	-	133,300
	2,301,110	934,528	(582,443)	(1,166,819)	-	1,486,376
Endowment Funds						
Stipends Capital and Glebe Fund	4,926,632	60,099	(5,111)	-	36,597	5,018,217
Parsonages Houses Fund	12,534,514	-	(11,017)	-	-	12,523,497
St Aidan's Fund	76,872	-	-	-	1,760	78,632
	17,538,018	60,099	(16,128)	-	38,357	17,620,346
	26,930,528	7,680,988	(8,064,564)	-	90,303	26,637,255

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

21 SUMMARY OF ASSETS BY FUND

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	20,063	208,926	606,328	(5,044)	830,273
Designated Funds					
Mary Wilkinson Fund	352,486	-	6,446	-	358,932
DBF Houses Fund	2,955,484	1,445,696	-	-	4,401,180
Bishop Bilbrough Fund	313,914	482,345	(5,388)	-	790,871
Strategic Mission Fund	-	184,527	(154,822)	-	29,705
Building Grants and Loans Fund	-	-	122,489	-	122,489
The Allchurches Grant Fund	30,768	-	204,868	-	235,636
Clergy Expenses Fund	-	-	4,370	-	4,370
Lowest Income Communities Fund	-	-	583,515	-	583,515
Lord Crewe Fund	-	-	48,961	-	48,961
Diocesan Communications Network	-	-	59,901	-	59,901
Net Zero EV Charging	-	-	64,700	-	64,700
	3,762,714	2,321,495	2,463,961	(5,044)	7,530,533
Restricted Income Funds:					
Partners Fund	-	-	49,740	-	49,740
New Church Building Fund	-	-	164,572	-	164,572
Diocesan Pastoral Fund	-	-	487,713	-	487,713
Archdeacons Fund	-	-	66,685	-	66,685
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	7,953	-	7,953
The Church House Wallsend Fund	-	-	9,056	-	9,056
Resourcing Ministerial Education Fund	-	-	3,430	-	3,430
Resource Church Project Fund	-	-	390,558	-	390,558
Resource Church Giving Fund	-	-	(20,104)	-	(20,104)
Net Zero Capacity Building Fund	-	-	-	-	-
Housing Demonstrator Fund	-	-	70,930	-	70,930
Pension Surplus Restricted Fund	-	-	133,300	-	133,300
	-	-	1,486,376	-	1,486,376
Endowment Funds:					
Stipends Capital and Glebe Fund	1,509,662	3,342,072	166,483	-	5,018,217
Parsonages Houses Fund	12,736,914	-	(213,417)	-	12,523,497
St Aidan's Fund	-	78,632	-	-	78,632
	14,244,576	3,420,704	(44,934)	-	17,620,346
Total Funds	17,917,291	5,742,199	2,982,809	(5,044)	26,637,255

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

Summary of assets by fund (2023 comparatives)

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	11,223	117,600	160,532	(5,044)	284,311
Designated Funds					
Mary Wilkinson Fund	352,486	-	5,866	-	358,352
DBF Houses Fund	2,088,692	1,500,000	827,507	-	4,416,199
Bishop Bilbrough Fund	313,914	471,551	(4,800)	-	780,665
Strategic Mission Fund	-	180,398	(159,830)	-	20,568
Building Grants and Loans Fund	-	-	116,854	-	116,854
The Allchurches Grant Fund	30,768	-	203,653	-	234,421
Clergy Expenses Fund	-	-	4,370	-	4,370
Lowest Income Communities Fund	-	-	603,453	-	603,453
Lord Crewe Fund	-	-	84,739	-	84,739
	2,797,083	2,269,549	2,029,812	(5,044)	7,091,400
Restricted Income Funds:					
Partners Fund	-	-	50,693	-	50,693
New Church Building Fund	-	-	157,583	-	157,583
Diocesan Pastoral Fund	-	-	1,205,339	-	1,205,339
Archdeacons Fund	-	-	62,692	-	62,692
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	7,867	-	7,867
The Church House Wallsend Fund	-	-	11,627	-	11,627
Resourcing Ministerial Education Fund	-	-	159,109	-	159,109
Resource Church Project Fund	-	-	243,849	-	243,849
Resource Church Giving Fund	-	-	264,808	-	264,808
Rural Churches for Everyone Fund	-	-	-	-	-
Net Zero Capacity Building Fund	-	-	15,000	-	15,000
	-	-	2,301,110	-	2,301,110
Endowment Funds:					
Stipends Capital and Glebe Fund	1,488,322	3,305,475	132,835	-	4,926,632
Parsonages Houses Fund	12,691,647	-	(157,133)	-	12,534,514
St Aidan's Fund	-	76,872	-	-	76,872
	14,179,969	3,382,347	(24,298)	-	17,538,018
Total Funds	16,977,052	5,651,896	4,306,624	(5,044)	26,930,528

22 DESCRIPTION OF FUNDS

The General or Unrestricted Fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the NDBF to carry out its objectives, including statutory compliance and administration of funds.

The Mary Wilkinson Fund is a bequest fund which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House. In 2015 the fund was used to purchase the Church House caretaker's bungalow from the Newcastle Diocesan Education Board.

The DBF Houses Fund is a designated fund for holding those houses which are neither parsonages nor team vicarages.

The Bishop Bilbrough Fund is a bequest which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House.

The Strategic Mission Fund was set up as a designated fund in order that the NDBF could set aside funds to bid for matched project funding from the National Church.

The Building Grants and Loans Fund is a designated fund to make loans and grants to parishes to enable them to carry out work on their existing church buildings.

The Allchurches Grant Fund is a designated fund which uses grant income from Benefact Trust to support and resource the NDBF's mission and ministry activity expenditure.

The Clergy Expenses Fund is a designated fund set up to help ensure that clergy can be reimbursed the level of expenses they are entitled to, particularly those working in more deprived areas.

The Lowest Income Communities Fund is a designated fund representing funding from the National Church to help resource ministry in the most deprived areas of the Diocese.

The Lord Crewe Fund is a designated fund representing funding from the Lord Crewe Charity awarded to the Board of Finance for agreed workstreams.

The Diocesan communications network (Diocesan and Cathedrals Digital Community) (DC2) is an unincorporated association for and run by dioceses and cathedrals of the Church of England. It allows dioceses and cathedrals to work together to create, evolve and develop a common web platform by sharing knowledge and resources, rather than each member commissioning the creation of their own website. Every year, each diocese and cathedral who are Members of the community pay a financial contribution which collectively funds continuing development of our websites by the web developer Church Edit. This means functionality can be scoped and built once rather than multiple times. As a goodwill gesture, NDBF has agreed to hold and manage DC2's funds. The association is democratic with each Member (diocese or cathedral) nominating a Representative to vote on their behalf, and the association conducts itself in accordance with their agreed set of rules.

Net zero EV charging - NDBF designated part of the proceeds from the sale of a NDBF property to fund the installation of electric vehicle (EV) charging points at vicarages and other property held for clergy. The installation rollout is underway.

The Partners Fund is a restricted fund used for making relatively small grants to community-based projects.

The New Church Building Fund is a restricted fund used, but not frequently, for making grants and loans to parishes to enable them to acquire new church buildings.

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The Diocesan Pastoral Fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Archdeacons' Fund is a restricted fund which is spent at the discretion of the Archdeacons to help clergy who experience financial difficulties.

The Training for Ordinands Fund, formerly the McFarlane Bequest Fund, is a restricted fund used to help provide for clergy training. A sum in excess of £100,000 was left to the NDBF in 2015. In 2019 a donation of £25,000 was received from Mrs Shirley Chamney.

The Botswana Fund receives donations from parishes and individuals which are used to assist projects within our partner Diocese of Botswana.

The Church House Wallsend Fund was set up when the Wallsend Church House building was recognised as a glebe asset in the NDBF accounts. At the same time, accumulated rental income was passed across to NDBF from Wallsend Parish. Rental income is paid into the fund and expenditure relating to the Wallsend property is charged against the fund.

The Resourcing Ministerial Education Fund receives Block Grants from the Archbishops' Council for ministerial education training for the ordinands sponsored by the Diocese of Newcastle. The Grants may only be expended on initial ministerial education pathways which have been approved by the Archbishops' Council's Ministry Division at accredited Theological Education Institutions (TEIs).

The Resource Church Project Fund holds the income and expenditure of the Resource Church project.

The Resource Church Giving Fund receives donations which are contributions to St Thomas' Newcastle, the Diocesan Resource Church. Funds will be transferred to the legal body for St Thomas' once the legal body is established.

Net zero capacity building fund - The National Church awarded NDBF an amount of funding to be used on developing a net zero carbon action plan. The award was made in 2023 and expended in 2024 when the plan was written. The plan was adopted by the Diocesan Synod on 11th May 2024.

Housing Demonstrator Fund- The housing demonstrator grant funds energy efficiency and decarbonisation works adopting a whole house approach. It considers things such as ventilation and air tightness, fabric thermal efficiency and fossil fuel free heating systems. The funds are to be used at The Rectory, Bellingham and form part of our plan to be net zero carbon.

The Rural Churches for Everyone Fund receives grant funding for a fixed-term project supported by Heritage Lottery Funding.

The Stipends Capital and Glebe Fund is governed by the Diocesan Stipends Measure 1953. The income of this endowment fund is used to fund clergy stipends and, since 1993, capital can be applied for improvements to parsonage houses.

The Parsonage Houses Fund is an endowment fund. The balance represents the book value of the benefice houses (parsonages) in the Diocese. The fund also holds a cash balance, the proceeds from the sale of a parsonage house, and a liability which relates to the deficit on the clergy pension scheme.

The St Aidan's Fund is an endowment fund. The balance is held as units in the Central Board of Finance Investment Fund. Dividend income is paid into the unrestricted fund and is used for ordination training.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

23 PENSIONS

Clergy

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £633,473 in 2024 (2023: £716,454), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £0 (2023: £0).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

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

Lay staff

NDBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff which is now closed to future accrual.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £nil, 2023: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £nil for 2024 (2023: £nil).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

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

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable 2024: £161k (2023: £144k).

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A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

24 CONTINGENT ASSET

During the prior year, the Church of England Pension Board indicated that they intended to close the Church Workers Defined Benefit Scheme to future accrual. This led to the NDBF taking the decision in December 2023 to transfer all employees who were members of this scheme to the Pension Builder Classic scheme as of 31 January 2024. The Pension Board indicated that the NDBF's section of the Church Workers Defined Benefit Scheme was in an asset position on closure. During 2024, the Pension Board confirmed usable assets attributed to the NDBF of £294k, which have been recognised as income in the year and shown as debtors to be drawn down against future pension liabilities. There is a possibility of further assets being attributed to NDBF once final scheme liabilities have been settled, but this amount cannot yet be accurately quantified.

25 RELATED PARTY TRANSACTIONS

During the year NDBF received £32,816 (2023:£181,016) from Newcastle Diocesan Society (NDS), a charity connected by virtue of common trustees. The grants were from various funds held by NDS for the benefit of NDBF and were to assist with payment of stipends and to cover certain administrative costs.

Accounts

The Newcastle Diocesan Board of Finance Limited

(A company limited by guarantee)

Annual Report & Financial Statements

Year ended 31 December 2023

Company number 00650977

Registered charity number 247233

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THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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Mission Statement

*With our outward-facing values of **seeking**, **sharing**, and **sending** we are further seeking to grow younger and more diverse. God calls us all to follow Christ, and in baptism the whole Church is summoned to witness to God's love and to work for the coming of his kingdom. This is the shared vocation of all God's people: we are all called to mission and ministry as part of what it means to follow Jesus together as his disciples.*

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2023. The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Newcastle cover the local authorities of Northumberland, Newcastle, and North Tyneside and also small parts of County Durham and Cumbria.

The Newcastle Diocesan Board of Finance Limited ("NDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Newcastle by acting as the financial executive of the Newcastle Diocesan Synod.

The NDBF has the following statutory responsibilities:

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976; and
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972.

The main role of the NDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, the Bishop's Council, deaneries and parishes to further the mission and strategic priorities throughout the Diocese of Newcastle.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods, Parochial Church Councils, and the Bishop of Newcastle (in respect of the Bishop's responsibility for the provision of the cure of souls).

STRATEGIC AIMS AND OBJECTIVES

The Diocese of Newcastle aims to be a church which is Jesus Christ centred and outward facing and seeks to align its work with the national church's strategic priorities through its outward facing values of:

SEEKING through *being* Open to God's transforming love;

SHARING through *being* Generous with God's transforming gifts;

SENDING through *being* Engaged in God's transforming work in the world.

In living out these three values the Diocese of Newcastle is seeking to become a church of missionary disciples which fosters a mixed ecology of church and which includes establishing new worshipping communities, to be a church that is growing younger and more diverse.

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ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Leadership

On 3rd February 2023 the Rt Revd Dr Helen-Ann Hartley became the 13th Bishop of Newcastle at a Confirmation of Election held at York Minister and began serving as Bishop of Newcastle following a service of inauguration at Newcastle Cathedral on 22 April 2023. Bishop Helen-Ann is an ex-officio trustee of the NDBF.

On 14th October 2023 the Very Revd Lee Batson was installed as the Dean at Newcastle Cathedral. The Dean is an ex-officio trustee of the NDBF.

On 19th November 2023 the appointment of the Revd Dr Richard Whaite as the Director of Mission and Ministry was announced. Dr Whaite took up his appointment in March 2024.

The Christian Presence

Our licensed ministers form a central part in the life of churches in the Newcastle Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, we carry out around 440 weddings, 1700 funerals and 1520 baptisms every year.

In 2023 a Youth and Children's Mission Coordinator and two Youth and Children Enablers were recruited to a project called Beyond Youth. This project has been generously supported by £300k awarded to the NDBF by the Lord Crewe's Trustees' Tercentenary Awards. The Beyond Youth Team is working across the parishes of Ashington Holy Sepulchre, Seaton Hirst, Cresswell & Lynemouth and Woodhorn with Newbiggin to build up the profile of youth and children's work. The Diocese of Oxford has generously provided funding, through national Lowest Income Communities Funding, for a time-limited full-time Pioneer Minister serving the Bishop's Mission Order covering these parishes.

The Lord Crewe's Trustees have also awarded the NDBF £300k for the Lighthouse Project at Byker St Michael. Following the completion of planning and the granting of a faculty the reordering works commenced in late 2023 which will provide a safe and central meeting place in the heart of Byker where young people and the community can flourish, with access to a wide variety of community activities and services for around 1,500 young people and families each year, alongside a reimagined worship space. Together with the Tercentenary Award, the Lighthouse Project was granted £4.2m from the Department for Culture, Media and Sport's Youth Investment Fund and a grant from the Squires Foundation. The reordered space is due to open in January 2025.

While the NDBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the NDBF reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the licensed clergy and lay workers in the Diocese is a priority of the NDBF and represents by far its largest financial commitment. Although the NDBF does not employ the parish clergy, it is responsible for ministerial formation, continued ministerial development and, where applicable, resourcing the stipend and paying into the pension fund.

In 2011 terms of service were introduced in the form of Common Tenure under which all new clergy are appointed. Common Tenure gives clarity on the rights and obligations of clergy and requires that clergy participate in a process of Continual Professional Development and Ministerial Development Review (MDR). A new MDR process was agreed in 2023. Common Tenure also gives clergy access to Employment Tribunals and other useful services.

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In 2023:

- 5.0FTE Clergy took up stipendiary (paid) appointments in the benefices of:
 - Alnwick St Michael (1.0FTE)
 - Felton; Longframlington; and Whittingham and Edlingham with Bolton Chapel (1.0FTE)
 - Doddington, Ilderton, Kirnewton and Wooler (1.0FTE)
 - Cresswell and Lynemouth; and Widdrington (1.0FTE)
 - Longbenton St Bartholomew (1.0FTE)
- 7.5FTE retired from stipendiary (paid) ministry.
- 1.0FTE moved to an appointment in another diocese.
- 3.0FTE curates took up paid appointments serving in the benefices of Christ the King (Newcastle Central Deanery); Cullercoats St Paul (Tynemouth Deanery); and Lowick and Kyloe with Ancroft and Ford and Etal (Norham Deanery).

An average of 78.54 full-time equivalent (FTE) paid clergy, holding incumbent, priest-in-charge, team vicar or associate clergy roles were in post (2022: 76.4FTE). This meant an average of 11.91FTE incumbent status posts were vacant (in interregnum) in the year (2022: 17.4FTE).

In addition to the above establishment there were an average of 17.43FTE paid curates in training posts (2022: 18.0FTE), 2.0FTE Archdeacons; 1.5FTE paid chaplains serving the universities in Newcastle and also Northumbria Police (2022: 2.0FTE); 1.0FTE pioneer minister served at Seaton Hirst; and 1.0FTE Missioner served at Denton. 46 licensed Readers; 2 house for duty clergy; 21 self-supporting clergy and 18 Authorised Lay Ministers also served in parishes across the Diocese in 2023.

The NDBF extends its gratitude to all those who have helped to provide worship during interregnums in 2023, particularly to Area Deans and Churchwardens who work closely to ensure scheduled services and other activities within the community continue uninterrupted.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The NDBF recognises the importance of a safe, secure and well-maintained house. Through the Houses & Glebe Committee the NDBF strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows. Our housing policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

In 2023 work commenced to identify replacement vicarages at Rothbury (Alnwick Deanery); Blanchland (Corbridge Deanery); and Shotley (Corbridge Deanery).

In 2023 the Diocesan Mission and Pastoral Committee (DMPC) continued to review suspensions of presentation across all 12 deaneries and also the development of proposals for reorganisations of benefices within Bellingham and Hexham deaneries. The DMPC was also involved in the Deanery Planning process and spent time at its September away day learning about the plans which all deaneries had submitted. The DMPC was also involved in a potential church closure at Hunstanworth (Corbridge Deanery) and carried out a wide public consultation. The proposal to close the church has since been withdrawn.

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Church Buildings

The Diocesan Advisory Committee (DAC) held 8 meetings in 2023 and all were offered as hybrid to facilitate those preferring to join online. Meetings of the Standing Committee continued to take place wholly via video conferencing.

In 2023, 58 faculty applications were received (2022: 48) and all were dealt with by the Online Faculty System. The Committee informally advised on 26 cases (2022: 20) and carried out 17 site visits (2022: 11). The non-faculty work (authorised by the Archdeacon after review by a DAC member) amounted to 89 cases (2022: 90). The Committee considered the appointment of 12 new inspectors for Quinquennial Inspections.

A number of membership changes occurred. Ian Ayris stepped down as the local authority nominee on his retirement from Newcastle City Council and was co-opted as a member in March 2023 as the Committee wished to retain his expertise. Emma Wells stepped down from the Committee in June 2023 due to a change of job.

A Safer Church Open to All

During 2023 the Diocesan Safeguarding Advisory Panel (DSAP) was proud to support the development of a Chaplaincy for Survivors which was built on earlier work led by survivors with lived experience of abuse in a church setting. Maggi Creese took up the post of Lead Officer in November and the post is based in the Diocesan Safeguarding Team. The Chaplaincy acts as a main point of contact for survivors from across the diocese, and those affected by abuse, providing pastoral and spiritual care, and is a bridge to the Church, the Diocese and to external partners. The Chaplaincy for Survivors will also have a role in raising awareness within the Diocese about the needs of survivors, and contribute to the training of lay and ordained ministers on issues of trauma and church-based abuse. DSAP has continued to welcome the positive progress on support for survivors of abuse in a church setting and is enormously grateful to those who have had the courage to lead or participate in innovative ways of raising awareness and seeking positive ways forward. During the year the exhibition of art work following on from *"If I told you, what would you do"* was shown in several other cathedrals across the country.

In 2023, a DSAP subgroup monitored progress on the action plan resulting from the Lessons Learned Reviews (LLR) which were carried out in 2022. The Group provided feedback to the full DSAP, noting achievements and that some actions were dependent on national actions. A report on the thematic learning from the three LLRs completed during 2022 was presented to the March DSAP meeting. It highlighted a number of deficiencies in practice and areas for improvement, but also noted that much good work had been done, particularly the levels of care shown to respondents, victims and those raising concerns. The LLR action plan was subsequently signed off by DSAP in September.

Safeguarding learning and development has continued throughout the year. The safeguarding leaders learning pathway has been well attended and received positive feedback for the revised approach to enable good practice to flow from understanding and inner motivation. Links have been made with the University of Sunderland which, following on from PCR2 recommendations, led to research asking: *"How can the Newcastle Diocese Safeguarding Team better support Incumbents, Parish Safeguarding Officers and Churchwardens in the effective implementation of Church of England safeguarding policy in practice?"* Researchers from the University presented their report at an event at Newcastle Cathedral in 2023.

Through our safeguarding provision the NDBF has engaged with and contributed to the wider debate on national changes to safeguarding. The Diocese of Newcastle has been a pathfinder diocese for IICSA recommendations 1 and 8, which relate to a new model for governance and accountability.

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Involvement with the pathfinder in 2023 included commenting on the new National Safeguarding Standards and Quality Assurance Framework during their development phase, and members of DSAP were interviewed by the team reporting on the Future of Safeguarding in the Church of England. DSAP has contributed to the Diocesan Safeguarding Strategy 2023 – 2026. This strategy is now aligned with the new national safeguarding standards (Culture, Leadership and Capacity; Prevention; Recognising, Assessing and Managing Risk; Victims and Survivors; Learning, Supervision and Support).

Community Engagement

Our churches are embedded in their communities and, as a result, have developed trusting relationships and networks, enabling churches to play an important part in responding to the challenges faced by neighbourhoods and communities today.

In 2023, the Lord Crewe's Trustees generously provided funding to the NDBF to continue a partnership with Transforming Communities Together: Tyne to Tweed ("TCTTT"). This partnership supports the development of connections and relationships with congregations with TCTTT acting as a resource to churches, individuals and groups that are wanting to get involved in some form of community activity as part of their mission and commitment to community engagement and social action.

Other related parties

The major related parties with whom the NDBF works include:

- **The Archbishops' Council** to which the NDBF pays a donation based on an apportionment system agreed by the Church of England's General Synod for funding national training of ordinands and the activities of the various national boards and councils, as well as the costs of the General Synod. In 2023, the NDBF paid £419k to the Archbishops' Council to help to fund these costs.
- **The Church Commissioners**, from which the NDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The NDBF reimburses the Commissioners for the stipends of those clergy office holders in stipendiary appointments in the Diocese of Newcastle.
- **The Church of England Pensions Board**, to which the NDBF pays retirement benefit contributions for stipendiary clergy and employees. The Pensions Board also offers schemes to provide housing for clergy in retirement.

Volunteers

The Diocese of Newcastle is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis.

Within this context, the NDBF values the considerable time given by all members of Parochial Church Councils, the deanery synods, boards, committees, and the Newcastle Diocesan Synod in pursuit of the mission of the Church of England in the Diocese of Newcastle.

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FUTURE PLANS

In June 2023 all 12 deaneries had submitted the first iteration of deanery plans through the Deanery Development Planning process. Work continued in 2023, supported by the Archdeacons, with the Deanery Development Groups refining their plans to support mission and ministry across all 12 deaneries.

Public Benefit

The diocesan vision of **seeking, sharing and sending** is instrumental in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that NDBF delivers public benefit through community engagement and supporting those in need both spiritually and physically.

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FINANCIAL REVIEW

Financial performance

Parish Share, the financial contribution given by parishes to the Diocese to fund mission and ministry, was the main incoming resource for the Diocese. Excluding the arrears received from earlier years, share decreased in cash terms by £22k compared to 2022, and including arrears remained consistent with the prior year. The total share received in 2023 (before prior year arrears) when expressed as a percentage of the overall share offered was 98.5% (2022: 97.2%).

The Trustees extend their gratitude to all the parishes who completed their parish share contributions during 2023. The Trustees are thankful to parishes that were able to make their parish share contributions by monthly instalments which helped the NDBF to resource the monthly financial responsibilities associated with the payment of clergy stipends and the salaries of those employed by the NDBF.

The balance on the General Unrestricted Fund reduced by £593k in 2023 to £284k. There was an overall unrestricted deficit of £244k and there was a net gain in our investment in equities, held with CCLA Investment Management Ltd (CCLA), of £379k. Overall, before fund transfers and after investment gains, we saw a net surplus of £619k.

The Trustees have prepared a budget for 2024 which includes a deficit of £862k before usage of contingency funds (the usage of contingency funds brings the budget back to being balanced). The target for Parish Share collection uses the 2020 parish share request as a baseline together with advice from parishes on what they felt able to offer in 2024 against this baseline. A Diocesan Contingency Fund has been set to support parishes meet any gap between their offer and the baseline figure keeping in mind the financial pressures that parishes have faced in 2020 to 2023 as a result of coronavirus restrictions and the cost of living crisis.

The 2024 Parish Share target summarises as:

- Baseline request £4,496k (includes inflationary impact since 2020)
- Funded by:
 - Parish offers £3,862k
 - Contingency fund £634k

Overall the NDBF's funds have increased in 2023 by £619k. This breaks down as an operating deficit on unrestricted funds of £244k after transfers (£104k deficit before transfers), net incoming resources on restricted and endowment funds of £541k, and unrealised gains on investments of £379k.

Significant property transactions

During 2023 two properties, 20 Ryecroft Way, Wooler and 103 Holyfield, West Allotment, were sold as they were surplus to ministry requirements. Proceeds of 20 Ryecroft Way were credited to the Diocesan Stipends Fund and a proportion of the proceeds from 103 Holyfields was designated to fund the installation of electric vehicle charging points at vicarages and other property housing clergy. Detail on these property transactions is as follows:

- Sales receipts £501k
- Book value £239k
- Accounting surplus £269k

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Balance sheet position

The Trustees consider that the balance sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £26.931m (2022: £26.312m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £16.947m (2022: £17.293m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the NDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to aim to maintain c.£2m in investments for future income generation (2023 actual £2.3m) with an additional 3 months expenditure (c. £1.9m) held in readily realisable assets (2023 actual £2m). The Trustees are satisfied with reserves at the current level in line with the aims of the policy.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £284k of which £11k is tied up in tangible fixed assets.

Designated funds

The Trustees may, with the approval of the board, designate unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed from time to time and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2023 total designated reserves were £6.81m (2022: £6.46m).

Restricted and endowment funds

As set out in note 21, NDBF holds and administers a number of restricted and endowment funds. As at 31 December 2023 restricted funds totalled £2.3m (2022: £1.89m) and endowment funds totalled £17.54m (2022: £17.08m). Neither are available for the general purposes of the NDBF.

Going concern

The Trustees have considered the 2024 operating environment and availability of reserves and cash and the impact upon the going concern basis of preparation of these financial statements. At the time of writing the 2024 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2024, projects a fall in cash of £862k during 2024. The Trustees are keeping the operating environment under constant review and consequent impacts on general reserves. If the operating environment becomes more challenging than expected, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The Trustees are comfortable that these measures, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

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Grant making policy

The Memorandum of Association of the NDBF explicitly permits the NDBF to make grants in pursuance of its objects, and the nature of grants made in 2023 is indicated in note 11. Certain grants are built into the Diocesan Budget which is approved by the Diocesan Synod, whilst others are overseen by the Bishop's Council, the Diocesan Finance Group and the Diocesan Mission and Pastoral Committee.

Investment policy

The Memorandum and Articles of Association of the charity permit wide powers of investment. NDBF's investment policies are based on two key criteria:

- **Ethical investment:** this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.
- **Long-term responsibilities:** the Trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

These policies are achieved by holding all NDBF funds with CCLA. The Newcastle Diocesan Society holds one portfolio with RBC Brewin Dolphin for the NDBF. This was received as part of a legacy from the late Bishop Alec Graham. All funds held for the NDBF by the Diocesan Society conform to the guidance given by the Church's Ethical Investment Advisory Group.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

As part of the Diocesan Synod's ongoing pledge to tackle the climate emergency and become net-zero carbon by 2030, the NDBF has confirmed its commitment not to invest in companies involved in the extraction of fossil fuels, and pledged not to invest in fossil fuel companies in future. The NDBF has joined Operation Noah's Bright Now campaign. Operation Noah is a Christian charity working with the Church to inspire action on the climate crisis and is calling on all UK churches to divest from fossil fuels and invest in clean alternatives.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary. In 2023 the Finance Group, a sub-committee of the Bishop's Council, reviewed the Risk Register.

The receipt of voluntary financial contributions from parishes through Parish Share remains the major risk to the Board's overall performance. The Trustees have put in place a framework of support, including regular communication, active management through the Finance Group and budget consultation to mitigate this risk.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is under the care of a Diocesan Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio members and elected representations from each Diocese. In 2021 six representatives from the Diocese of Newcastle (three lay and three clergy) were elected to serve on the General Synod for the current quinquennium. The General Synod agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod.

The Diocese of Newcastle is divided into twelve deaneries, each with its own Deanery Synod and within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

NDBF is a company incorporated in England, limited by guarantee (No. 00650977) and a registered charity (No. 247233) governed by its Memorandum and Articles of Association. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Newcastle. It was established in its present form in 1882.

Governance and policy of the NDBF is the responsibility of the Trustees, who are also members of the company and Trustees for the purposes of charity law. There are nine ex-officio Trustees and six lay members and three clergy members elected from and by the members of Diocesan Synod every three years. The most recent elections were held in October 2021. The next elections to the NDBF and Bishop's Council are scheduled to be held in Autumn 2024. The details of Trustees who served during 2023 are set out on page 17.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod's membership is elected every three years, the last elections having been in July 2021. The next elections to the Diocesan Synod are scheduled to take place in June 2024. Whilst the NDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the NDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Newcastle are set by the Diocesan Synod, and the NDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The members of the company meet once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the NDBF. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to seven meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

- Initiating proposals for action by the Synod and advising it on matters of policy;
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders;
- Acting as the Trustees of the NDBF;
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion;
- Advising the Bishop on any matters she may refer to the committee;
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership;
- Carrying out such other functions as the Synod delegates to it;
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by four sub-committees:

Finance Group: responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the Trustees prior to submission to Diocesan Synod and monitors expenditure and income. The group comprises eight members of whom six are Trustees.

Houses & Glebe Committee: responsible for advising on policy concerning the management of parsonage houses in each benefice of the Diocese of Newcastle, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by NDBF, together with responsibility for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of NDBF. The committee comprises 6 members of whom 2 are Trustees.

Diocesan Mission & Pastoral Committee: responsible for advising on pastoral reorganisation in the Diocese of Newcastle, taking account of available clergy numbers and making use of new patterns of ministry. The Committee also advises on the finding of appropriate alternative uses for churches closed to regular public worship. The committee comprises 9 members of whom 4 are Trustees.

Diocesan Advisory Committee: advises on matters affecting churches and places of worship in the Diocese such as granting of faculties, architecture, archaeology, art and history of places of worship, the use and care of places of worship and their contents and the care of churchyards. The committee comprises 18 members of whom 3 are Trustees.

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Trustee recruitment, selection and induction

The Trustees are the members of the Bishop's Council. There are ex-officio members, elected members, with elections taking place every three years, and there is provision for co-opted members. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are informed about the role and function of the Bishop's Council before seeking membership. All Trustees are required to sign the code of practice and maintain their entry in the declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Newcastle, the Chair of the Board of Finance and the Human Resources Manager with reference to appraisals and remuneration and salary benchmarking.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the NDBF in accordance with the policies framed by the Trustees.

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ANNUAL REPORT

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TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the NDBF 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 NDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The auditor is deemed to be reappointed under section 487 (2) of the Companies Act 2006 until otherwise resolved at a general meeting of the company.

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ADMINISTRATIVE DETAILS

Ex officio Trustees

The Bishop of Newcastle, the Right Reverend Dr H-A Hartley (from 03/02/23)

The Suffragan Bishop of Berwick, the Right Reverend M Wroe (also Acting Bishop of Newcastle from 01/12/21 to 02/02/23)

The Dean of Newcastle, the Very Reverend L Batson (from 14/10/23)

The Archdeacon of Lindisfarne, the Venerable Dr C A Sourbut Groves

The Archdeacon of Northumberland, the Venerable R A Wood

The Chair of the Diocesan Board of Finance, Canon S R Harper

The Chair of the House of Clergy, the Reverend Canon B Hurst

The Chair of the House of Laity, Canon I McDonald-Booth

The Chair of the Diocesan Mission and Pastoral Committee, Mrs E A Kerry

Elected Trustees

Dr JC Appleby

Professor G Holmes

Mrs E Doran

Mrs L Craggs

The Reverend L Taylor-Kenyon

The Reverend Y Daniel (to 16/11/23)

Secretary

S Waddle

Auditors: UNW LLP, Chartered Accountants & Statutory Auditors,
Citygate, St. James' Boulevard, Newcastle upon Tyne, NE1 4JE

Bankers: Barclays Bank plc, Barclays House,
5 Queen Ann's Street, Newcastle upon Tyne, NE1 3DX

Solicitors: Sintons LLP, The Cube,
Barrack Road, Newcastle upon Tyne, NE4 6DB

Investment Manager: CCLA Investment Management Ltd, Senator House,
85 Queen Victoria Street, London EC4V 4ET

Glebe Agent: Galbraith, Blagdon Estate Office
Seaton Burn, Newcastle upon Tyne, NE13 6DE

Insurers: Ecclesiastical, Beaufort House,
Brunswick Road, Gloucester, GL1 1JZ

Registered Office: Church House, St John's Terrace, North Shields, NE29 6HS
Telephone: 0191 270 4100
Website: www.newcastle.anglican.org
E-mail: info@newcastle.anglican.org

Company registration number: 00650977

Registered charity number: 247233

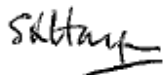
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In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 12 within their capacity as company Directors.

BY ORDER OF THE TRUSTEES



Canon S Harper

Chair

6 June 2024



S Waddle

Secretary

6 June 2024

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Independent Auditor's Report to the members of The Newcastle Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Newcastle Diocesan Board of Finance Limited for the year ended 31 December 2023 comprising the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 entity'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.

Respective responsibilities of Trustees and auditor

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for which the financial statements are prepared is consistent with the financial statements, and the Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the Trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence, and we discussed with the Trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

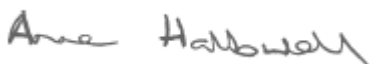
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Who are we reporting to

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Anne Hallowell BSC DChA FCA (Senior Statutory Auditor)
For and on behalf of UNW LLP, Statutory Auditor
Newcastle upon Tyne

Date: 06 June 2024

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2023

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2023 £	Total Funds 2022 £
Income from						
Donations						
Parish contributions	2	3,868,523	-	-	3,868,523	3,867,918
Archbishops' Council	2	1,251,784	-	-	1,251,784	1,257,138
Other donations	2	754,401	790,271	-	1,544,672	1,545,384
Charitable activities	3	327,706	-	-	327,706	348,495
Other activities	4	411,986	25,700	-	437,686	467,752
Investments	5	310,626	29,793	76,890	417,309	234,986
Other	6	60,179	-	209,132	269,311	416,781
Total income		6,985,205	845,764	286,022	8,116,991	8,138,454
Expenditure on						
Raising funds	7	(86,540)	-	-	(86,540)	(67,729)
Charitable activities	8	(7,199,825)	(578,333)	(12,549)	(7,790,707)	(7,881,624)
Total expenditure		(7,286,365)	(578,333)	(12,549)	(7,877,247)	(7,949,353)
Net incoming/(outgoing) resources before investment gains		(301,160)	267,431	273,473	239,744	189,101
Net gains/(losses) on investments	15	196,722	-	182,237	378,959	(389,765)
Net income/(expenditure)		(104,438)	267,431	455,710	618,703	(200,664)
Transfers between funds	13	(139,849)	139,849	-	-	-
Net movement in funds		(244,287)	407,280	455,710	618,703	(200,664)
Reconciliation of funds						
Total funds brought forward		7,335,687	1,893,830	17,082,308	26,311,825	26,512,489
Total funds at 31 December 2023	20	7,091,400	2,301,110	17,538,018	26,930,528	26,311,825

All incoming resources and resources expended relate to continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2023

	Total 2023 £	Total 2022 £
Total incoming resources	7,830,969	8,077,168
Resources expended	(7,864,698)	(7,940,001)
Operating surplus for the year	(33,729)	137,167
Net gains/(losses) on investments	196,722	(280,538)
Net income/(deficit) for the year	162,993	(143,371)
Total comprehensive income	162,993	(143,371)

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

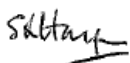
THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	14	16,977,052	17,235,199
Investments	15	5,651,896	4,981,794
		22,628,948	22,216,993
Current assets			
Debtors	16	188,416	244,535
Investments	17	3,669,546	3,832,164
Cash at bank		874,396	505,573
		4,732,358	4,582,272
Creditors: amounts falling due within one year	18	(425,734)	(482,396)
Net current assets		4,306,624	4,099,876
Total assets less current liabilities		26,935,572	26,316,869
Creditors: amounts falling due after more than one year	19	(5,044)	(5,044)
Net assets		26,930,528	26,311,825
The funds of the charity:			
Endowment funds	21	17,538,018	17,082,308
Restricted income funds	21	2,301,110	1,893,830
Unrestricted income funds:			
General funds	21	284,311	877,041
Designated funds	21	6,807,089	6,458,646
Total funds		26,930,528	26,311,825

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 6 June 2024 and signed on their behalf by:



Canon SR Harper Chair

Company registered number: 00650977

The notes on pages 25 to 50 form part of these financial statements.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	As restated £
Cash flows from operating activities		
Net cash used in operating activities	(412,317)	(248,414)
Cash flows from investing activities		
Dividends, interests and rents from investments	417,309	234,986
Proceeds from the sale of tangible fixed assets	501,394	661,562
Purchase of tangible fixed assets	(10,538)	(206,730)
Purchase of investments	(291,143)	-
Payment of pension deficit	-	(104,000)
Net cash used in investing activities	617,022	585,818
Cash flows from financing activities		
New loans advanced	(1,500)	-
Repayment of loans advanced	3,000	1,845
Net cash provided by financing activities	1,500	1,845
Change in cash and cash equivalents in the year	206,205	339,249
Cash and cash equivalents at the beginning of the year	4,337,737	3,998,488
Cash and cash equivalents at the end of the year	4,543,942	4,337,737
Reconciliation of net movement in funds to net cash flow from operating activities		
	2023	2022
	£	£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	618,703	(200,664)
Adjustments for:		
Depreciation charges	36,602	27,349
(Gain)/loss on investments	(378,959)	389,765
Dividends, interests and rents from investments	(417,309)	(234,986)
Decrease in debtors	54,619	248,194
(Decrease)/increase in creditors	(56,662)	7,709
Profit on sale of fixed assets	(269,311)	(416,781)
Decrease in pension liability (net of cash paid)	-	(69,000)
Net cash used in operating activities	(412,317)	(248,414)
Analysis of cash and cash equivalents		
Cash in hand	874,396	505,573
Deposits (less than 3 months)	3,669,546	3,832,164
	4,543,942	4,337,737

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and fixed asset investments. The majority of freehold properties are shown at their 1995 valuation, based on a desk-top study carried out by a Chartered Surveyor working for Black Horse Agencies. Property additions since 1995 are shown at cost or at a lower fair value where the Trustees consider that this is appropriate. Fixed asset investments are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

NDBF meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the charity and are rounded to the nearest £1.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

i. **Parish Share** is recognised as income of the year in respect of which it is receivable.

ii. **Rent** receivable is recognised as income in the period with respect to which it relates.

iii. **Interest and dividends** are recognised as income when receivable.

iv. **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in deferred income within creditors to be carried forward to the following year.

v. **Parochial fees** are recognised as income of the year to which they relate.

vi. **Donations** other than grants are recognised when receivable.

vii. **Gains on disposal of fixed assets for the NDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.

viii. **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the Diocese.

iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the NDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v. **Pension contributions.** The NDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the NDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which NDBF participates is accrued at current value within creditors.

c) **Going concern**

The Trustees have considered the 2024 operating environment and availability of reserves and cash and the impact upon the going concern basis of preparation of these financial statements. At the time of writing the 2024 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2024, projects a fall in cash of £862k during 2024. The Trustees are keeping the operating environment under constant review and consequent impacts on general reserves. If the operating environment becomes more challenging than expected, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The Trustees are comfortable that these measures, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

d) **Tangible fixed assets and depreciation**

Freehold properties

Depreciation is not routinely provided on buildings except in those few cases where the Trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight-line basis, at an amount equivalent to 2% of the excess of net book value over fair value. For the vast majority of properties depreciation is not regarded as a material amount due to the very long expected remaining useful economic life in each case, and because the expected residual value is not materially less than the carrying value. The NDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The NDBF has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The NDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to capitalise as endowed assets at cost. Parsonage houses are not routinely revalued. Depreciation is not routinely provided on Parsonage houses except in those few cases where the Trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight-line basis, at an amount equivalent to 2% of the excess of net book value over fair value.

e) Other tangible fixed assets

All capital expenditure over £1,000 on computers and other office equipment is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computers and printers	25% per annum	straight line basis
Equipment, fixtures and fittings	10-25% per annum	straight line basis

f) Fixed asset investments

Listed investments, which have been classified as fixed assets investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

g) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

h) Cash at bank and in hand

Cash at bank and in hand includes cash and highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

j) Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the statement of financial activities.

k) Fund balances

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

- **Unrestricted funds** are the NDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the NDBF. There are two types of unrestricted funds:
 - **General funds** which the NDBF intends to use for the general purposes of the NDBF; and
 - **Designated funds** set aside out of unrestricted funds by the NDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the NDBF (Stipends Fund Capital, Parsonage Houses Fund but not the St Aidan's Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

l) Estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements the Trustees do not consider there were any significant areas of judgment that were required in applying the company's policies as set out above.

Estimates within these financial statements include depreciation and asset valuations (for example agricultural land). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

2 DONATIONS

Parish Contributions

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Parish share					
Current year's allocation	3,881,983	-	-	3,881,983	3,980,416
Shortfall	(56,473)	-	-	(56,473)	(132,760)
Parish contributions	3,825,510	-	-	3,825,510	3,847,656
Arrears for previous years	43,013	-	-	43,013	20,262
	3,868,523	-	-	3,868,523	3,867,918

Archbishops' Council

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Lowest Income Communities funding	1,068,283	-	-	1,068,283	999,986
Transitional funding	183,501	-	-	183,501	257,152
	1,251,784	-	-	1,251,784	1,257,138

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

2 DONATIONS (continued)

Other donations

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
All Churches Trust grant	105,875	-	-	105,875	121,000
Lord Crewe's Charity grant	244,000	-	-	244,000	115,786
Grants received for Rural Churches for Everyone Project	-	33,675	-	33,675	82,150
Grants received for Resource Church Project	-	62,175	-	62,175	28,337
Church Commissioners - restructure funding	-	137,700	-	137,700	187,065
Church Commissioners - Safeguarding Funding	6,900	-	-	6,900	-
Church Commissioners - strategic development funding	-	188,865	-	188,865	330,555
Church Commissioners - giving adviser funding	-	-	-	-	32,000
Church Commissioners - parish utilities support funding	335	-	-	335	1,668
Archbishops' Council - Net Zero Capacity Building	-	15,000	-	15,000	-
Newcastle Diocesan Society	12,087	-	-	12,087	10,600
Newcastle St Andrew	28,159	-	-	28,159	28,627
Newcastle St Luke	-	-	-	-	-
Durham Diocesan Board of Finance	114,440	-	-	114,440	107,294
Ely Diocesan Board of Finance	76,037	-	-	76,037	78,205
Archbishops' Council	(2,043)	-	-	(2,043)	6,772
Bishop's House	49,544	-	-	49,544	44,064
Other	119,067	352,856	-	471,923	371,261
	754,401	790,271	-	1,544,672	1,545,384

For other donations in 2022 £517,620 from Church Commissioners and £248,687 from other funders were restricted (total £766,307) with the balance of £779,077 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

3 CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Statutory fees (funerals, weddings)	267,722	-	-	267,722	298,706
Chaplaincy income	59,984	-	-	59,984	49,789
	327,706	-	-	327,706	348,495

In 2022 all income related to unrestricted funds.

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Rental of houses	384,156	3,000	-	387,156	444,672
Contributions for use of Church House	27,830	-	-	27,830	19,755
Other contributions	-	22,700	-	22,700	3,325
	411,986	25,700	-	437,686	467,752

In 2022 all income related to unrestricted funds.

5 INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Income from UK listed investments	85,226	501	76,890	162,617	130,915
Bank interest receivable	177,950	23,042	-	200,992	57,665
Rents from Glebe	47,450	6,250	-	53,700	46,406
	310,626	29,793	76,890	417,309	234,986

In 2022 £998 from listed investments and £6,436 from bank interest receivable were restricted (total £7,434) with £166,266 being unrestricted.

6 OTHER INCOMING RESOURCES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Profit on sale of assets	60,179	-	209,132	269,311	416,781
	60,179	-	209,132	269,311	416,781

In 2022 all income related to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

7 FUNDRAISING COSTS

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Glebe costs	8,095	-	-	8,095	3,350
Parsonage rental costs	78,445	-	-	78,445	64,379
	86,540	-	-	86,540	67,729

8 CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Contributions to Archbishops' Council					
Training for ministry	171,934	-	-	171,934	171,934
National church responsibilities	100,536	-	-	100,536	105,306
Grants and provisions	17,705	-	-	17,705	14,509
Mission agency pension contributions	5,504	-	-	5,504	7,180
Retired clergy housing costs (CHARM)	68,105	-	-	68,105	59,451
Pooling of ordinand candidates' costs	54,838	-	-	54,838	46,646
	418,622	-	-	418,622	405,026
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	3,025,269	61,986	-	3,087,255	2,969,469
Pension contributions	702,200	14,255	-	716,455	750,633
Housing costs	833,062	23,874	12,549	869,485	763,251
Removal, resettlement and grants	85,125	-	-	85,125	110,217
Other expenses	90,284	67,800	-	158,084	81,768
	4,735,940	167,915	12,549	4,916,404	4,675,338
Support for parish ministry	2,045,263	410,418	-	2,455,681	2,801,260
	6,781,203	578,333	12,549	7,372,085	7,476,598
	7,199,825	578,333	12,549	7,790,707	7,881,624

£863,171 of 2022 expenditure related to restricted, £9,352 to endowment and £7,009,101 to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	Total costs 2023 £	Total costs 2022 £
Raising funds	86,540	-	-	86,540	67,729
Charitable activities:					
Contributions to Archbishops' Council	-	418,622	-	418,622	405,026
Resourcing parish ministry	6,165,350	181,183	1,025,552	7,372,085	7,476,598
	6,251,890	599,805	1,025,552	7,877,247	7,949,353

10 ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total costs 2023 £	Total costs 2022 £
Central administration	915,536	3,000	-	918,536	774,616
Governance					
External audit	23,280	-	-	23,280	990
Registry and other legal costs	59,586	-	-	59,586	94,663
Synodical costs	24,150	-	-	24,150	15,713
	1,022,552	3,000	-	1,025,552	885,982

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

11 ANALYSIS OF GRANTS MADE

	Number	Individuals £	Institutions £	Total costs 2023 £
<i>From unrestricted funds to support national Church responsibilities</i>				
Contributions to Archbishops' Council	6	-	418,622	418,622
<i>From unrestricted funds</i>				
Support for ordinands	9	47,318	-	47,318
Shepherds Dene Retreat House	1	-	603	603
Transforming Communities Together	-	-	-	-
Tyne to Tweed	-	-	-	-
Continuing Ministerial Development grants	48	20,799	10,585	31,384
Ministry Experience Scheme grants	2	8,004	-	8,004
Other grants	8	2,635	6,502	9,137
	68	78,756	17,690	96,446
<i>From restricted funds</i>				
Support for ordinands	7	76,706	-	76,706
Shepherds Dene Retreat House	1	-	1,820	1,820
Transforming Communities Together	1	-	4,301	4,301
Tyne to Tweed	1	-	4,301	4,301
Partners fund	4	-	621	621
Other grants	1	109	1,180	1,289
	14	76,815	7,922	84,737
Total Grants Made	88	155,571	444,234	599,805

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

Grant funding of activities in previous year	2022 No. of grants	2022 £
From unrestricted funds		
Contributions to Archbishops' Council	6	405,026
Contributions to Diocesan-based charities		
Other grants	69	154,497
From restricted funds		
Other grants	17	33,131
	<u>92</u>	<u>592,654</u>

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

12 STAFF COSTS

	2023 £	2022 £
Employee costs during the year were as follows:		
Wages and salaries	1,227,668	1,217,737
National insurance contributions	109,577	117,671
Pension costs	144,584	130,731
	<u>1,481,829</u>	<u>1,466,139</u>

The average number of persons employed during the year:

	Number	Number
Administration and financial management	13	14
Supporting mission & ministry	21	21
Property	2	2
Safeguarding	2	2
Newcastle St Thomas', Diocesan Resource Church	6	6
	<u>44</u>	<u>45</u>

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

	Number	Number
Administration and financial management	10	11
Supporting mission & ministry	13	16
Property	2	2
Safeguarding	2	2
Newcastle St Thomas', Diocesan Resource Church	6	6
	<u>33</u>	<u>37</u>

The Diocesan Resource Church excludes the 2 full-time office holders (Leader & Curate)

	2023 number	2022 number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	<u>1</u>	<u>1</u>

Pension payments of £15,367 (2022: £12,355) were made for this employee.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Stipends	2,843,875	2,728,738
National insurance contributions	243,381	240,731
Pension costs - current year	716,454	750,633
	<u>3,803,710</u>	<u>3,720,102</u>

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2023 they were:

Diocesan Secretary and Company Secretary	Shane Waddle MSc, FCIPP
Property Manager	Ian D Beswick MSc, MRICS
Finance Manager (to 31/08/2023)	Philip D Ambrose BA, CPFA
Head of Finance (from 11/09/2023)	Thomas Royle ACMA, CGMA

Remuneration, pensions and expenses for these employees amounted to £232,650 (2022: £232,980).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses totalling £6,211 and this sum was paid out to 3 Trustees in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as Trustees. (In 2022 £6,200 was paid out to Trustees).

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

	Stipend	Housing
The Right Revd M Wroe	No	Yes
The Venerable R A Wood	Yes	Yes
The Venerable Dr C A Sourbut Groves	Yes	Yes
The Revd Canon B Hurst	Yes	Yes
The Revd L Taylor-Kenyon	Yes	Yes
The Revd Y Daniel	Yes	Yes

The funding of stipends for the Bishop of Newcastle, the Bishop of Berwick, the Dean and two Residentiary Canons at Newcastle Cathedral is a responsibility of the Church Commissioners. The NDBF is responsible for funding the stipends of all other licensed stipendiary clergy in the Diocese of Newcastle. Where eligible, the NDBF is responsible for the provision of housing for serving clergy, including the Bishop of Berwick. The NDBF is not responsible for the provision of the See House for the Bishop of Newcastle or for the provision of housing for the Dean and two Residentiary Canons at Newcastle Cathedral.

In 2023 the NDBF paid stipends to an average of 99.8 (2022: 94.4) clergy ministering in incumbent status posts, training curacy posts and the posts of archdeacon.

The stipends of the Bishop of Newcastle and the Bishop of Berwick were funded by the Church Commissioners and were in the range of £38,050 - £48,972 (2022: range £38,050 - £46,640). The annual rate of stipend funded by the NDBF paid to Archdeacons in 2023 was in the range £38,295 - £39,058 (2022: range £37,198 - £38,633) and other clergy who were Trustees were paid in the range £27,514 - £28,890 (2022: range £27,514 - £28,444).

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

13 TRANSFER BETWEEN FUNDS

Analysis of transfers between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2023 £
General Fund contribution to Resource Church	(126,890)	126,890	-	-
General Fund contribution to Rural Churches for All	(12,959)	12,959	-	-
	(139,849)	139,849	-	-

14 TANGIBLE FIXED ASSETS

	Unrestricted funds		Endowment funds		TOTAL
	Property £	Office Equipment £	Parsonages £	Glebe Property £	£
At cost or valuation					
At 1 January 2023	3,463,027	158,907	15,185,888	1,896,155	20,703,977
Additions	2,290	8,248	-	-	10,538
Disposals	(163,116)	-	-	(99,110)	(262,226)
At 31 December 2023	3,302,201	167,155	15,185,888	1,797,045	20,452,289
Accumulated depreciation					
At 1 January 2023	552,856	123,913	2,485,526	306,483	3,468,778
Charge for the year	14,717	13,036	8,849	-	36,602
Disposals	(13,043)	-	-	(17,100)	(30,143)
At 31 December 2023	554,530	136,949	2,494,375	289,383	3,475,237
Net book value at 31 December 2023	2,747,671	30,206	12,691,513	1,507,662	16,977,052
Net book value at 31 December 2022	2,910,171	34,994	12,700,362	1,589,672	17,235,199

These properties were purchased using either unrestricted reserves, the Pastoral Account or the Stipends Capital and Glebe Fund. Included in this category is £431k (2022: £429k) which is attributable to the Bishop Bilbrough Fund, being part of the cost of the new Church House office accommodation paid for from the proceeds of the former Church House building. The balance of the cost of Church House is held within the Mary Wilkinson Legacy Fund. The other NDBF properties are included in the NDBF Houses Fund, an unrestricted fund.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

Parsonage houses

Rectories and vicarages (other than team vicarages) are vested in individual benefices. However, the NDBF is responsible for the maintenance and repair of all parsonage houses and carries substantially all the risks of ownership. Following a scheme for pastoral reorganisation the net proceeds of the sale of a parsonage house may be credited to the Diocesan Pastoral Account, which is recognised as an asset of the NDBF.

Glebe team vicarages

Team vicarages are included as glebe but they are not held as investments. The proceeds of any sale must be credited to the Stipends Capital Account.

15 FIXED ASSET INVESTMENTS

	Investment property £	Unlisted investments £	Listed investments £	TOTAL £
Within the United Kingdom				
At 1 January 2023	1,660,229	-	3,321,565	4,981,794
Additions	-	-	291,143	291,143
Revaluation	46,308	-	332,651	378,959
At 31 December 2023	1,706,537	-	3,945,359	5,651,896
Cost at 31 December 2023	1,450,042	-	1,631,095	3,081,137

Investment Properties

An estimate of the value of Glebe land and properties held as investments at the end of the year is £1,706,537. This figure has been provided by the Diocesan Property Manager, Mr I Beswick MRICS.

Listed investments

Listed investments are valued at bid market value at the year-end.

16 DEBTORS

	2023 £	2022 £
Due within one year		
Church Commissioners: sundry debtors	4,065	4,065
Loans for parish buildings	25,500	24,000
Other debtors	158,851	213,470
	188,416	241,535
Due after one year		
Loans for parish buildings > 1 year	-	3,000
	188,416	244,535

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

17 CURRENT ASSET INVESTMENTS

	2023 £	2022 £
Deposit fund	3,669,546	3,832,164

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Taxation and social security	51,791	48,021
Other creditors	45,603	40,902
Accruals and deferred income	328,340	393,473
Falling due within one year	425,734	482,396

Deferred Income

	2023 £	2022 £
Deferred income at 1 January	217,272	229,247
Resources deferred during the year	36,960	109,383
Amounts released from previous periods	(15,149)	(121,358)
	239,083	217,272

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £	2022 £
Deposit held on glebe property	5,044	5,044
Falling due after more than one year	5,044	5,044

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

20 SUMMARY OF FUND MOVEMENTS

	Balance at 1 Jan 2023 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 Dec 2023 £
Unrestricted Funds						
General Unrestricted Fund	877,041	5,430,729	(6,023,822)	(139,849)	140,212	284,311
Designated Funds:						
Mary Wilkinson Fund	357,858	494	-	-	-	358,352
DBF Houses Fund	4,506,156	67,063	(15,020)	(142,000)	-	4,416,199
Bishop Bilbrough Fund	739,792	-	-	-	40,873	780,665
Strategic Mission Fund	-	4,931	-	-	15,637	20,568
Building Grants and Loans Fund	112,052	4,802	-	-	-	116,854
Allchurches Grant Fund	222,778	105,875	(94,232)	-	-	234,421
Clergy Expenses Fund	4,370	-	-	-	-	4,370
Lowest Income Communities Fund	515,640	1,068,283	(980,470)	-	-	603,453
Lord Crewe Fund	-	244,000	(159,261)	-	-	84,739
Diocesan Communications Network	-	59,028	(11,247)	-	-	47,781
Net Zero EV Charging	-	-	(2,313)	142,000	-	139,687
	7,335,687	6,985,205	(7,286,365)	(139,849)	196,722	7,091,400
Restricted Funds						
Partners Fund	56,637	8,681	(14,625)	-	-	50,693
New Church Building Fund	151,627	5,956	-	-	-	157,583
Diocesan Pastoral Fund	1,196,650	11,689	(3,000)	-	-	1,205,339
Archdeacons Fund	59,398	3,294	-	-	-	62,692
Training for Ordinands Fund	122,543	-	-	-	-	122,543
Botswana Donations Fund	7,867	-	-	-	-	7,867
Church House Wallsend Fund	7,688	9,250	(5,311)	-	-	11,627
Resourcing Ministerial Education Fund	108,780	137,700	(87,371)	-	-	159,109
Resource Church Project Fund	-	450,556	(333,597)	126,890	-	243,849
Resource Church Giving Fund	182,640	169,963	(87,795)	-	-	264,808
Rural Churches for Everyone Fund	-	33,675	(46,634)	12,959	-	-
Net Zero Capacity Building Fund	-	15,000	-	-	-	15,000
	1,893,830	845,764	(578,333)	139,849	-	2,301,110
Endowment Funds						
Stipends Capital and Glebe Fund	4,468,736	286,022	(3,700)	-	175,574	4,926,632
Parsonages Houses Fund	12,543,363	-	(8,849)	-	-	12,534,514
St Aidan's Fund	70,209	-	-	-	6,663	76,872
	17,082,308	286,022	(12,549)	-	182,237	17,538,018
	26,311,825	8,116,991	(7,877,247)	-	378,959	26,930,528

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

21 SUMMARY OF ASSETS BY FUND

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	11,223	117,600	160,532	(5,044)	284,311
Designated Funds					
Mary Wilkinson Fund	352,486	-	5,866	-	358,352
DBF Houses Fund	2,088,692	1,500,000	827,507	-	4,416,199
Bishop Bilbrough Fund	313,914	471,551	(4,800)	-	780,665
Strategic Mission Fund	-	180,398	(159,830)	-	20,568
Building Grants and Loans Fund	-	-	116,854	-	116,854
The Allchurches Grant Fund	30,768	-	203,653	-	234,421
Clergy Expenses Fund	-	-	4,370	-	4,370
Lowest Income Communities Fund	-	-	603,453	-	603,453
Lord Crewe Fund	-	-	84,739	-	84,739
Diocesan Communications Network	-	-	47,781	-	47,781
Net Zero EV Charging	-	-	139,687	-	139,687
	2,797,083	2,269,549	2,029,812	(5,044)	7,091,400
Restricted Income Funds:					
Partners Fund	-	-	50,693	-	50,693
New Church Building Fund	-	-	157,583	-	157,583
Diocesan Pastoral Fund	-	-	1,205,339	-	1,205,339
Archdeacons Fund	-	-	62,692	-	62,692
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	7,867	-	7,867
The Church House Wallsend Fund	-	-	11,627	-	11,627
Resourcing Ministerial Education Fund	-	-	159,109	-	159,109
Resource Church Project Fund	-	-	243,849	-	243,849
Resource Church Giving Fund	-	-	264,808	-	264,808
Rural Churches for Everyone Fund	-	-	-	-	-
Net Zero Capacity Building Fund	-	-	15,000	-	15,000
	-	-	2,301,110	-	2,301,110
Endowment Funds:					
Stipends Capital and Glebe Fund	1,488,322	3,305,475	132,835	-	4,926,632
Parsonages Houses Fund	12,691,647	-	(157,133)	-	12,534,514
St Aidan's Fund	-	76,872	-	-	76,872
	14,179,969	3,382,347	(24,298)	-	17,538,018
Total Funds	16,977,052	5,651,896	4,306,624	(5,044)	26,930,528

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

Summary of assets by fund (2022 comparatives)

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	4,223	1,477,388	(599,526)	(5,044)	877,041
Designated Funds					
Mary Wilkinson Fund	352,486	-	5,372	-	357,858
DBF Houses Fund	2,243,771	-	2,262,385	-	4,506,156
Bishop Bilbrough Fund	313,914	430,678	(4,800)	-	739,792
Strategic Mission Fund	-	164,761	(164,761)	-	-
Building Grants and Loans Fund	-	-	112,052	-	112,052
The Allchurches Grant Fund	30,768	-	192,010	-	222,778
Clergy Expenses Fund	-	-	4,370	-	4,370
Lowest Income Communities Fund	-	-	515,640	-	515,640
Lord Crewe Fund	-	-	-	-	-
	2,945,162	2,072,827	2,322,742	(5,044)	7,335,687
Restricted Income Funds:					
Partners Fund	-	-	56,637	-	56,637
New Church Building Fund	-	-	151,627	-	151,627
Diocesan Pastoral Fund	-	-	1,196,650	-	1,196,650
Archdeacons Fund	-	-	59,398	-	59,398
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	7,867	-	7,867
The Church House Wallsend Fund	-	-	7,688	-	7,688
Resourcing Ministerial Education Fund	-	-	108,780	-	108,780
Resource Church Project Fund	-	-	-	-	-
Resource Church Giving Fund	-	-	182,640	-	182,640
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,893,830	-	1,893,830
Endowment Funds:					
Stipends Capital and Glebe Fund	1,589,672	2,838,759	40,305	-	4,468,736
Parsonages Houses Fund	12,700,363	-	(157,000)	-	12,543,363
St Aidan's Fund	-	70,209	-	-	70,209
	14,290,035	2,908,968	(116,695)	-	17,082,308
Total Funds	17,235,197	4,981,795	4,099,877	(5,044)	26,311,825

22 DESCRIPTION OF FUNDS

The General or Unrestricted Fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the NDBF to carry out its objectives, including statutory compliance and administration of funds.

The Mary Wilkinson Fund is a bequest fund which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House. In 2015 the fund was used to purchase the Church House caretaker's bungalow from the Newcastle Diocesan Education Board.

The DBF Houses Fund is a designated fund for holding those houses which are neither parsonages nor team vicarages.

The Bishop Bilbrough Fund is a bequest which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House.

The Strategic Mission Fund was set up as a designated fund in order that the NDBF could set aside funds to bid for matched project funding from the National Church.

The Building Grants and Loans Fund is a designated fund to make loans and grants to parishes to enable them to carry out work on their existing church buildings.

The Allchurches Grant Fund is a designated fund which uses grant income from Benefact Trust to support and resource the NDBF's mission and ministry activity expenditure.

The Clergy Expenses Fund is a designated fund set up to help ensure that clergy can be reimbursed the level of expenses they are entitled to, particularly those working in more deprived areas.

The Lowest Income Communities Fund is a designated fund representing funding from the National Church to help resource ministry in the most deprived areas of the Diocese.

The Lord Crewe Fund is a designated fund representing funding from the Lord Crewe Charity awarded to the Board of Finance for agreed workstreams.

The Partners Fund is a restricted fund used for making relatively small grants to community-based projects.

The New Church Building Fund is a restricted fund used, but not frequently, for making grants and loans to parishes to enable them to acquire new church buildings.

The Diocesan Pastoral Fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Archdeacons' Fund is a restricted fund which is spent at the discretion of the Archdeacons to help clergy who experience financial difficulties.

The Training for Ordinands Fund, formerly the McFarlane Bequest Fund, is a restricted fund used to help provide for clergy training. A sum in excess of £100,000 was left to the NDBF in 2015. In 2019 a donation of £25,000 was received from Mrs Shirley Chamney.

The Botswana Fund receives donations from parishes and individuals which are used to assist projects within our partner Diocese of Botswana.

The Church House Wallsend Fund was set up when the Wallsend Church House building was recognised as a glebe asset in the NDBF accounts. At the same time, accumulated rental income was passed across to NDBF from Wallsend Parish. Rental income is paid into the fund and expenditure relating to the Wallsend property is charged against the fund.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

The Resourcing Ministerial Education Fund receives Block Grants from the Archbishops' Council for ministerial education training for the ordinands sponsored by the Diocese of Newcastle. The Grants may only be expended on initial ministerial education pathways which have been approved by the Archbishops' Council's Ministry Division at accredited Theological Education Institutions (TEIs).

The Resource Church Project Fund holds the income and expenditure of the Resource Church project.

The Resource Church Giving Fund receives donations which are contributions to St Thomas' Newcastle, the Diocesan Resource Church. Funds will be transferred to the legal body for St Thomas' once the legal body is established.

The Rural Churches for Everyone Fund receives grant funding for a fixed-term project supported by Heritage Lottery Funding.

The Stipends Capital and Glebe Fund is governed by the Diocesan Stipends Measure 1953. The income of this endowment fund is used to fund clergy stipends and, since 1993, capital can be applied for improvements to parsonage houses.

The Parsonage Houses Fund is an endowment fund. The balance represents the book value of the benefice houses (parsonages) in the Diocese. The fund also holds a cash balance, the proceeds from the sale of a parsonage house, and a liability which relates to the deficit on the clergy pension scheme.

The St Aidan's Fund is an endowment fund. The balance is held as units in the Central Board of Finance Investment Fund. Dividend income is paid into the unrestricted fund and is used for ordination training.

The Diocesan communications network (Diocesan and Cathedrals Digital Community) (DC2) is an unincorporated association for and run by dioceses and cathedrals of the Church of England. It allows dioceses and cathedrals to work together to create, evolve and develop a common web platform by sharing knowledge and resources, rather than each member commissioning the creation of their own website. Every year, each diocese and cathedral who are Members of the community pay a financial contribution which collectively funds continuing development of our websites by the web developer Church Edit. This means functionality can be scoped and built once rather than multiple times. As a goodwill gesture, NDBF has agreed to hold and manage DC2's funds. The association is democratic with each Member (diocese or cathedral) nominating a Representative to vote on their behalf, and the association conducts itself in accordance with their agreed set of rules.

Net zero EV charging - NDBF designated part of the proceeds from the sale of a NDBF property to fund the installation of electric vehicle (EV) charging points at vicarages and other property held for clergy. The installation rollout is underway.

Net zero capacity building fund - The National Church awarded NDBF an amount of funding to be used on developing a net zero carbon action plan. The award was made in 2023 and expended in 2024 when the plan was written. The plan was adopted by the Diocesan Synod on 11th May 2024.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

23 CONTINGENT ASSET

The Pension Board indicated that the NDBF's section of the Church Workers Defined Benefit Scheme was in an asset position at the balance sheet date, with some element of the surplus being available to members of the scheme on closure. However the scheme remained active at that date, and therefore the value of this asset upon closure was yet to be fully quantified. This is because the cost of settling the scheme liabilities had not been fully determined and therefore this asset has not been recognised within the financial statements due to uncertainty over its value. It is anticipated that any surplus usable by NDBF will be used to fund future pension contributions to the Church Workers Pension builder Classic Scheme, and it is expected that the value available to the company will be determined more reliably during 2024.

24 PENSIONS

Clergy

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £716,454 in 2023 (2022: £750,633), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £104,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 is nil. The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

	2023	2022
Balance sheet liability at 1 January	-	173,000
Deficit contribution paid	-	-104,000
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-69,000
Balance sheet liability at 31 December	-	-

* Comprises change in agreed deficit recovery plan, and change in discount rate and inflation assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% pa

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

Lay staff

NDBF (DBS) participates in the Defined Benefits Scheme section of CWPf for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPf has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2023: £nil, 2022: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £nil for 2023 (2022: £nil).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £3,600 per year.

The movement in the provision is set out below:

	2023	2022
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

Where relevant this liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2023	December 2022	December 2021
Discount rate	N/A	0.00%	0.00%

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

25 RELATED PARTY TRANSACTIONS

There were no related party transactions.

Accounts



The Newcastle Diocesan Board of Finance Limited
(A company limited by guarantee)

Annual Report & Financial Statements
Year ended 31 December 2022

Company number 00650977
Registered charity number 247233

A large print version is available on request from

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FOR THE YEAR ENDED 31 DECEMBER 2022

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Mission Statement

Our vision for *growing church bringing hope* expresses a deep longing to see our worshipping communities open to God's transforming love, generous with God's transforming gifts and engaged in God's transforming work in the world.

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FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022.

The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Newcastle cover the local authorities of Northumberland, Newcastle, and North Tyneside and also small parts of County Durham and Cumbria.

The Newcastle Diocesan Board of Finance Limited ("NDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Newcastle by acting as the financial executive of the Newcastle Diocesan Synod.

The NDBF has the following statutory responsibilities:

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976; and
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972.

The main role of the NDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, the Bishop's Council, deaneries and parishes to further the mission and strategic priorities throughout the Diocese of Newcastle.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods, Parochial Church Councils, and the Bishop of Newcastle (in respect of the Bishop's responsibility for the provision of the cure of souls). The Rt Revd Christine Hardman retired as Bishop of Newcastle on 30th November 2021. During the Vacancy in See the Rt Revd Mark Wroe, suffragan Bishop of Berwick was the Acting Bishop of Newcastle.

The Vacancy in See Committee, chaired by Sir Philip Mawer, consulted widely in the first quarter of 2022. The consultations helped the Committee to complete the diocesan statement of needs which the national Crown Nominations Commission used as part of its work in discerning the person to be nominated as the next Bishop of Newcastle. On 20th October 2022, Downing Street announced the appointment of the Rt Revd Dr Helen-Ann Hartley as the 13th Bishop of Newcastle. The Confirmation of Election took place at York Minster on 3rd February 2023.

STRATEGIC AIMS AND OBJECTIVES

Three values have long been core to our understanding of God's mission in this place: generous, engaged, open. The Diocesan Synod recently revisited these values to help inform our strategy as we seek to be Open to God's transforming love; Generous with God's transforming gifts; Engaged in God's transforming work in the world. Together, the values underpin our vision, Growing Church Bringing Hope.

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The six priorities agreed by the Diocesan Synod are:

- New Christian Communities and new Christians
- Making disciples who build up the Church for mission
- More children, young people and mission with schools
- Turning outward in mission in every place
- Energised and equipped missional leaders, ordained and lay
- Financial flourishing: giving generously, planning strategically, building sustainably

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The Christian Presence

Our licensed ministers form a central part in the life of churches in the Newcastle Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, we carry out around 370 weddings, 1,870 funerals and 1,080 baptisms every year.

While the NDBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the NDBF reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the licensed clergy and lay workers in the Diocese is a priority of the NDBF and represents by far its largest financial commitment. Although the NDBF does not employ the parish clergy, it is responsible for ministerial formation, continued ministerial development and, where applicable, resourcing the stipend and paying into the pension fund.

In 2011 terms of service were introduced in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). Common Tenure gives greater clarity on the rights and obligations of clergy and requires that clergy participate in a process of Continual Professional Development and Ministerial Development Review (MDR). It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The NDBF recognises the importance of a safe, secure and well-maintained house. Through the Houses & Glebe Committee it strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

In 2022:

- Clergy took up stipendiary (paid) appointments in the benefices of:
 - Chatton with Chillingham, Eglington and South Charlton and Ingram (1.0FTE)
 - Haltwhistle and Greenhead and also the parish of Beltingham with Henshaw (1.0FTE)
 - Killingworth (1.0FTE)
 - North Tyne and Redesdale (1.0FTE)
 - Billy Mill and Marden with Preston Grange (1.0FTE)
 - Kirkwhelpington with Kirkharle and Kirkheaton and Cambo (0.4FTE)
 - Gosforth St Nicholas (1.0FTE)
 - Benwell and Scotswood Team (1.0FTE)
 - Monkseaton St Mary (1.0FTE)
 - Mitford and Hebron; and Bolam with Whalton and Hartburn with Meldon and Netherwitton (1.0FTE)
 - Fawdon and Kenton (1.0FTE)

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- 3.0FTE retired from stipendiary (paid) ministry, one of which transferred to house for duty ministry.
- 1.0FTE moved to an appointment in another diocese.
- 6.0FTE curates took up paid appointments serving in the benefices of Balkwell; Tynemouth Percy St John; Bamburgh, Belford and Lucker; Blyth St Mary; Embleton with Rennington and Rock; Lesbury with Alnmouth; Longhoughton with Howick; Newcastle St Thomas; and Fenham St James and St Basil.
- Two curates took up self-supporting appointments serving in the benefices of Corbridge with Halton and Newton Hall and Tynemouth Priory Holy Saviour.

An average of 76.4 full-time equivalent (FTE) paid clergy, holding incumbent, priest-in-charge, team vicar or associate clergy roles were in post. This meant an average of 17.4FTE incumbent status posts were vacant (in interregnum) in the year.

In addition to above establishment there was an average of 18.0FTE paid curates in training posts, 2.0FTE Archdeacons; 2.0FTE paid chaplains serving the universities in Newcastle and also Northumbria Police; 1.0FTE pioneer minister at Seaton Hirst; 1.0FTE Missioner at Denton and to the summer of 2022 1.0FTE Missioner serving Tynemouth Percy St John & Balkwell. 48 licensed Readers, 26 self-supporting clergy and 44 Authorised Lay Ministers also served in parishes across the Diocese in 2022.

The NDBF extends its gratitude to all those who have helped to provide worship during interregnums in 2022, particularly to Area Deans and Churchwardens who work closely to ensure scheduled services and other activities within the community continue uninterrupted.

The six priorities provided a new context for the Diocesan Mission and Pastoral Committee's (DMPC) work. Together with the realities of diocesan finances and the impact of the coronavirus pandemic the priorities have helped to provide greater clarity about the application of formal procedures and how they can help to facilitate change in a positive way. An example of facilitating change has been supporting Parochial Church Councils (PCCs) exploring greater collaboration and simplification through the formation of Joint Parochial Church Councils (JPCCs).

In 2022 the DMPC carried out an extensive review of suspensions of presentation and carried out a formal consultation for a proposed reorganisation of the benefices of Haltwhistle & Greenhead and Haydon Bridge with Beltingham and Henshaw in Hexham Deanery. In September 2022 a new Bishop's Mission Order (BMO) for South East Northumberland Transforming communities (SENT) was agreed. The Diocese of Oxford has generously provided funding, through national Lowest Income Communities Funding, for four years for the full-time Pioneer Minister serving the BMO which includes the parishes of Ashington, Seaton Hirst and Woodhorn with Newbiggin.

Church Buildings

2022 saw a resumption in the rate of enquiries and work handled by the Diocesan Advisory Committee (DAC). The Committee resumed face-to-face meetings in March 2022, and now offers a hybrid option for members. Meetings of the Standing Committee now take place wholly via video conferencing.

The faculty legislation was amended in July 2022 with an emphasis on the Church's drive to be net zero by 2030. The implications for our church buildings is challenging but the Committee continues to support and advise parishes in this area.

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A number of membership changes occurred. Canon Dr Geoffrey Purves stood down from the Committee having served on the DAC for many years, including time as Chairman. The long-term archaeologist on the Committee, Peter Ryder, also retired. New members were appointed to the DAC – the Revd Simon White and Mr Aidan Evans were both appointed by the Bishop's Council to represent the Diocesan Synod; Ninette Edwards, an experienced conservation architect replaced Canon Purves, and the Committee welcomed David Hillelson as its new archaeology advisor.

The number of faculty applications was slightly down on the previous year at 48 applications, all dealt with by the Online Faculty System. Applications ranged from relatively straight-forward work to more complex reordering cases. In addition, the Committee informally advised on 20 cases and carried out 11 site visits. Such visits are a good opportunity to have an open discussion with PCCs ahead of any proposed changes. The non-faculty work (authorised by the Archdeacon after review by a DAC member) amounted to 90 cases, a demonstration of the level of work required by our specialist Committee members.

Church buildings have stood at the heart of our rural communities for centuries, shaping the villages themselves and serving the communities living in these landscapes. As populations, work and lifestyles have shifted, and the ways we worship have developed, what people need from our rural church buildings has changed. Rural Churches for Everyone (RCfE), a project supported by the National Lottery Heritage Fund, ended in November 2022 with a conference, attended by over 90 people at St Bartholomew's, Kirkwhelpington.



From October 2021 to November 2022 the RCfE Project Manager and Rural Development Consultant worked with 35 churches across deep rural Northumberland, 30 of which took part in a sustainability planning process designed and delivered by the RCfE team. The project supported four clusters of churches to work collaboratively to plan secure sustainable futures for their church buildings. The key output of the project was the production of four Church Buildings Sustainability Plans, one for each cluster.

Community Engagement

Our churches are embedded in their communities and, as a result, have developed trusting relationships and networks, enabling churches to play an important part in responding to the challenges faced by neighbourhoods and communities today.

Over the past year Transforming Communities Together: Tyne to Tweed has continued to partner with the Diocese of Newcastle to develop connections and relationships with congregations across the Diocese and continues to see an increase in requests to help set up activities in response to identified needs and issues.

Transforming Communities Together: Tyne to Tweed is a resource to churches, individuals and groups that are wanting to get involved in some form of community activity, as part of their mission and commitment to community engagement and social action.

A Safer Church Open to All

We have a deep commitment to safeguarding and making our churches safe places for all. As we seek for continuous improvement in our safeguarding arrangements, the Diocese of Newcastle has been an active participant in the governance and accountability pathfinders introduced by the

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national church as a result of the IICSA recommendations 1 and 8. In addition we have participated in the pilot of the new national case management system which has led to changes in the way safeguarding casework is supported and recorded. This particular initiative is making a big difference in addressing issues of coherence in record keeping identified in the Past Case Review 2 (PCR2) and in the Lessons Learned Reviews (LLRs).

The Diocesan Safeguarding Advisory Panel (DSAP) has continued to encourage and support survivor engagement. The Panel has been fortunate that a number of courageous survivors have been willing to share their experience, their energy and their commitment to help the church improve its response to victims and survivors.

Survivors have led the work on creating resources for the whole Church and a co-produced survivor strategy for the Diocese of Newcastle. In June 2022 the launch event for “If I told you, what would you do?” was held at Newcastle Cathedral. The videos, art work and music have been shared widely across the Church of England and in training sessions to wide acclaim and expect to be used in the national implementation of the ‘Responding well’ guidance.

The Diocese of Newcastle has been at the forefront of introducing the parish safeguarding data dashboard. The dashboard enables PCCs to ensure they are up to date with processes and responsibilities, such as safer recruitment and people management, and provides a clearer picture of compliance with safeguarding requirements. The dashboard also helps the safeguarding team to target support where it is needed.

The diocesan vision of **growing church bringing hope** is instrumental in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that NDBF delivers public benefit through community engagement and supporting those in need both spiritually and physically.

Other related parties

The major related parties with whom the NDBF works include:

- **The Archbishops’ Council** to which the NDBF pays a donation based on an apportionment system agreed by the General Synod for funding national training of ordinands and the activities of the various national boards and councils, as well as the costs of the General Synod.
- **The Church Commissioners**, from which the NDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The NDBF reimburses the Commissioners for the stipends of those clergy office holders in stipendiary appointments in the Diocese of Newcastle.
- **The Church of England Pensions Board**, to which the NDBF pays retirement benefit contributions for stipendiary clergy and employees. The Pensions Board also offers schemes to provide housing for clergy in retirement.

Volunteers

The Diocese of Newcastle is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people’s relationship to the church particularly at times of crisis. Within this context, the NDBF values the considerable time given by all members of boards, committees, diocesan and deanery synods across the Diocese in pursuit of the mission of the Church of England in the Diocese of Newcastle.

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FUTURE PLANS

In October 2022 Deanery Development Groups (DDGs) for each of the 12 deaneries began to work with a Deanery Planning Toolkit to develop deanery plans to support future mission and ministry. Supported by the Archdeacons, the DDGs initial work will help to inform future plans.

In addition, the NDBF continues to address the post pandemic challenges and the impact of more recent challenges from the national cost of living crisis.

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FINANCIAL REVIEW

Financial performance

Parish Share, the financial contribution given by parishes to the Diocese to fund mission and ministry, is the main incoming resource for the Diocese. Including the arrears received from earlier years, share decreased in cash terms by £38k compared to 2021. The total share received in 2022 when expressed as a percentage of the overall share offered was 97.2% (2021: 99.9%).

The Trustees extend their gratitude to all the parishes who completed their parish share contributions during 2022. The Trustees are thankful to parishes that were able to make their parish share contributions by monthly instalments which helped the NDBF to resource the monthly financial responsibilities associated with the payment of clergy stipends and the salaries of those employed by the NDBF.

The balance on the General Unrestricted Fund went down by £579k in 2022 to £877k. There was an overall £302k net excess of expenditure over income (within this was a decrease of £38k in Parish Share contributions) and our investment in equities, held with CCLA Investment Management Ltd (CCLA), was revalued downwards by £197k. There were funds transfers out of £80k.

The Trustees have prepared a budget for 2023 which includes a deficit of £50k. The target for Parish Share collection uses the 2020 parish share request as a baseline together with advice from parishes on what they felt able to offer in 2023 against this baseline. A Diocesan Contingency Fund has been set to support parishes meet any gap between their offer and the baseline figure keeping in mind the financial pressures that parishes have faced in 2020 to 2022 as a result of coronavirus restrictions and the cost of living crisis.

The 2023 Parish Share target summarises as:

- Baseline request £4,797k (includes inflationary impact since 2020)
- Funded by:
 - Parish offers £3,882k
 - Contingency fund £ 915k

Overall the NDBF's funds have decreased in 2022 by £201k. This breaks down as an operating deficit on unrestricted funds of £91k, net incoming resources on designated funds of £317k (within this was a surplus of £417k realised on the sale of two properties), net outgoing resources on restricted and endowment funds of £37k, and an unrealised loss on investments of £390k.

Accounting rules require the inclusion of three items within the operating surplus on unrestricted & designated funds which do not form part of the NDBF's regular day-to-day operating income and expenditure. The following illustration removes the three items to help to understand the underlying operating position for 2021, which was a deficit of £447k:

Reported surplus on unrestricted & designated funds	£226k
<i>remove</i> surplus on sale of properties	(£417k)
<i>remove</i> reduction in the pension liability	(£173k)
<i>remove</i> balance of Lowest Income Communities Funding to be used in future years ¹	(£ 83k)
Underlying operating deficit on unrestricted & designated funds	£447k

¹ This is the unspent balance of monies received from the National Church which are allocated to be used in defined areas. The balance is transferred and held in a designated fund for use in the defined areas in future years.

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Significant property transactions

During 2022 two properties were sold as they were surplus to requirements. Proceeds have strengthened NDBF funds and the income has helped with the Diocesan Contingency funding support to Parishes. Some detail on these property sales is:

- Sales receipts £662k
- Book value £245k
- Accounting surplus £417k

Our housing policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

Balance sheet position

The Trustees consider that the balance sheet together with details in note 20 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £26.312m (2021: £26.512m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £17.200m (2021: £17.293m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the NDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to aim to maintain c.£2m in investments for future income generation (2022 actual £1.5m) with an additional 3 months expenditure (c. £1.9m) held in readily realisable assets (2022 actual £1.7m). The Trustees are satisfied with reserves at the current level in line with the aims of the policy.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £877k of which £4k is tied up in tangible fixed assets.

Designated funds

The Trustees may, with the approval of the board, designate unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed from time to time and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 21. At 31 December 2022 total designated reserves were £6.46m (2021: £6.03m).

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Restricted and endowment funds

As set out in note 20, NDBF holds and administers a number of restricted and endowment funds. As at 31 December 2022 restricted funds totalled £1.89m (2021: £1.86m) and endowment funds totalled £17.08m (2021: £17.14m). Neither are available for the general purposes of the NDBF.

Going concern

The Trustees have considered the 2023 operating environment and availability of reserves and cash and the impact upon the going concern basis of preparation of these financial statements. At the time of writing the 2023 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2023, projects a fall in cash of £1,151k during 2023. This is being mitigated through £2.3m income since 2021 from sales of property. The Trustees are keeping the operating environment under constant review and consequent impacts on general reserves. If the operating environment becomes more challenging than expected, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The Trustees are comfortable that these measures, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

Grant making policy

The Memorandum of Association of the NDBF explicitly permits the NDBF to make grants in pursuance of its objects, and the nature of grants made in 2022 is indicated in note 11. Certain grants are built into the Diocesan Budget which is approved by the Diocesan Synod, whilst others are overseen by the Bishop's Council, the Diocesan Finance Group and the Diocesan Mission and Pastoral Committee.

Investment policy

The Memorandum and Articles of Association of the charity permit wide powers of investment. NDBF's investment policies are based on two key criteria:

- **Ethical investment:** this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.
- **Long-term responsibilities:** the Trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

These policies are achieved by holding all funds with CCLA.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

As part of the Diocesan Synod's ongoing pledge to tackle the climate emergency and become net-zero carbon by 2030, the NDBF has confirmed its commitment not to invest in companies involved in the extraction of fossil fuels, and pledged not to invest in fossil fuel companies in future. The NDBF has joined Operation Noah's Bright Now campaign. Operation Noah is a Christian charity working

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with the Church to inspire action on the climate crisis and is calling on all UK churches to divest from fossil fuels and invest in clean alternatives.

The investments held and their return during the year are set out in the following table:

Shares in CBF Investment Fund

Valuation at 1 Jan 2022	<u>£1,603,683</u>
Dividend income %	8.16%
Revaluation %	-24.30%
Total % return	<u>-16.14%</u>

Glebe managed mainly by glebe agent

Valuation at 1 Jan 2022	<u>£1,603,683</u>
Rental income %	2.89%
Revaluation %	3.53%
Total % return	<u>6.42%</u>

During 2023 the value of shares in the CBF Investment Fund has risen. At 31st March 2023 the bid value was £21.3245 which represents a rise of 3.29%.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary. In 2022 the Finance Group, a sub-committee of the Bishop's Council, reviewed the Risk Register.

The receipt of voluntary financial contributions from parishes through Parish Share remains the major risk to the Board's overall performance. The Trustees have put in place a framework of support, including regular communication, active management through the Finance Group and budget consultation to mitigate this risk.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is under the care of a Diocesan Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio members and elected representations from each Diocese. In 2021 six representatives from the Diocese of Newcastle (three lay and three clergy) were elected to serve on the General Synod for the current quinquennium. The General Synod agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod.

The Diocese of Newcastle is divided into twelve deaneries, each with its own Deanery Synod and within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

NDBF is a company incorporated in England, limited by guarantee (No. 00650977) and a registered charity (No. 247233) governed by its Memorandum and Articles of Association. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Newcastle. It was established in its present form in 1882.

Governance and policy of the NDBF is the responsibility of the Trustees, who are also members of the company and Trustees for the purposes of charity law. There are nine ex-officio Trustees and six lay members and three clergy members elected from and by the members of Diocesan Synod every three years. The most recent elections were held in October 2021. The next elections are scheduled to be held in Autumn 2024. The details of Trustees who served during 2022 are set out on page 18.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod's membership is elected every three years, the last elections having been in July 2021. Whilst the NDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the NDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Newcastle are set by the Diocesan Synod, and the NDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The members of the company meet once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the NDBF. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to seven meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

- Initiating proposals for action by the Synod and advising it on matters of policy;
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders;
- Acting as the Trustees of the NDBF;
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion;
- Advising the Bishop on any matters she may refer to the committee;
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership;
- Carrying out such other functions as the Synod delegates to it;
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by four sub-committees:

Finance Group: responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the Trustees prior to submission to Diocesan Synod and monitors expenditure and income. The group comprises eight members of whom six are Trustees.

Houses & Glebe Committee: responsible for advising on policy concerning the management of parsonage houses in each benefice of the Diocese of Newcastle, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by NDBF, together with responsibility for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of NDBF. The committee comprises 6 members of whom 2 are Trustees.

Diocesan Mission & Pastoral Committee: responsible for advising on pastoral reorganisation in the Diocese of Newcastle, taking account of available clergy numbers and making use of new patterns of ministry. The Committee also advises on the finding of appropriate alternative uses for churches closed to regular public worship. The committee comprises 9 members of whom 4 are Trustees.

Diocesan Advisory Committee: advises on matters affecting churches and places of worship in the Diocese such as granting of faculties, architecture, archaeology, art and history of places of worship, the use and care of places of worship and their contents and the care of churchyards. The committee comprises 18 members of whom 3 are Trustees.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Trustee recruitment, selection and induction

The Trustees are the members of the Bishop's Council. There are ex-officio members, elected members, with elections taking place every three years, and there is provision for co-opted members. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are informed about the role and function of the Bishop's Council before seeking membership. All Trustees are required to sign the code of practice and maintain their entry in the declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Newcastle, the Chair of the Board of Finance and the Human Resources Manager with reference to appraisals and remuneration and salary benchmarking.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the NDBF in accordance with the policies framed by the Trustees.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the NDBF 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 NDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The auditor is deemed to be reappointed under section 487 (2) of the Companies Act 2006 until otherwise resolved at a general meeting of the company.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

ADMINISTRATIVE DETAILS

Ex officio Trustees

The Bishop of Newcastle, the Right Reverend H-A Hartley (from 03/02/23)

The Suffragan Bishop of Berwick, the Right Reverend M Wroe (also Acting Bishop of Newcastle from 01/12/21 to 02/02/23)

The Dean of Newcastle, the Very Reverend GV Miller (to 30/11/22)

The Archdeacon of Lindisfarne, the Venerable DR CA Sourbut Groves

The Archdeacon of Northumberland, the Venerable RA Wood

The Chair of the Diocesan Board of Finance, Canon SR Harper

The Chair of the House of Clergy, The Reverend Canon B Hurst

The Chair of the House of Laity, Canon I McDonald-Booth

The Chair of the Diocesan Mission and Pastoral Committee, Mrs EA Kerry

Elected Trustees

Dr JC Appleby

Professor G Holmes

Mrs E Doran

Mrs L Craggs (from 01/01/22)

The Reverend L Taylor-Kenyon (from 18/10/22)

The Reverend Y Daniel (from 19/11/22)

Secretary

Canon S Waddle

Auditors: UNW LLP, Chartered Accountants & Statutory Auditors,
Citygate, St. James' Boulevard, Newcastle upon Tyne, NE1 4JE

Bankers: Barclays Bank plc, Barclays House,
5 Queen Ann's Street, Newcastle upon Tyne, NE1 3DX

Solicitors: Sintons LLP, The Cube,
Barrack Road, Newcastle upon Tyne, NE4 6DB

Investment Manager: CCLA Investment Management Ltd, Senator House,
85 Queen Victoria Street, London EC4V 4ET

Glebe Agent: Land Factor, Bywell Estate Office
Bywell, Stocksfield, NE43 7AQ

Insurers: Ecclesiastical, Beaufort House,
Brunswick Road, Gloucester, GL1 1JZ

Registered Office: Church House, St John's Terrace, North Shields, NE29 6HS
Telephone: 0191 270 4100
Website: www.newcastle.anglican.org
E-mail: info@newcastle.anglican.org

Company registration number: 00650977

Registered charity number: 247233

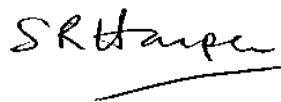
THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 13 within their capacity as company Directors.

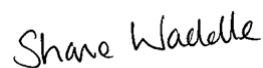
BY ORDER OF THE TRUSTEES



Canon S Harper

Chair

4 May 2023



Canon S Waddle

Secretary

4 May 2023

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Independent Auditor's Report to the members of The Newcastle Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Newcastle Diocesan Board of Finance Limited for the year ended 31 December 2022 comprising the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 entity'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.

Respective responsibilities of Trustees and auditor

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for which the financial statements are prepared is consistent with the financial statements, and the Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the Trustees and other management (as required by auditing standards) and from inspection of the charitable company's legal correspondence, and we discussed with the Trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

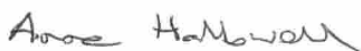
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Who are we reporting to

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Anne Hallowell BSC DChA FCA (Senior Statutory Auditor)
For and on behalf of UNW LLP, Statutory Auditor
Newcastle upon Tyne

Date: 4 May 2023

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2022

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022	Total Funds 2021
	Note	£	£	£	£	£
Income from						
Donations						
Parish contributions	2	3,867,918	-	-	3,867,918	3,905,920
Archbishops' Council	2	1,257,138	-	-	1,257,138	1,292,801
Other donations	2	779,077	766,307	-	1,545,384	3,092,434
Charitable activities	3	348,495	-	-	348,495	426,928
Other activities	4	467,752	-	-	467,752	431,380
Investments	5	166,266	7,434	61,286	234,986	178,182
Other	6	416,781	-	-	416,781	320,674
Total income		7,303,427	773,741	61,286	8,138,454	9,648,319
Expenditure on						
Raising funds	7	(67,729)	-	-	(67,729)	(78,518)
Charitable activities	8	(7,009,101)	(863,171)	(9,352)	(7,881,624)	(8,824,226)
Total expenditure		(7,076,830)	(863,171)	(9,352)	(7,949,353)	(8,902,744)
Net incoming/(outgoing) resources before investment gains		226,597	(89,430)	51,934	189,101	745,575
Net gains/(losses) on investments	15	(280,538)	-	(109,227)	(389,765)	536,879
Net income/(expenditure)		(53,941)	(89,430)	(57,293)	(200,664)	1,282,454
Transfers between funds	13	(128,669)	128,669	-	-	-
Net movement in funds		(182,610)	39,239	(57,293)	(200,664)	1,282,454
Reconciliation of funds						
Total funds brought forward		7,518,297	1,854,591	17,139,601	26,512,489	25,230,035
Total funds at 31 December 2022	20	7,335,687	1,893,830	17,082,308	26,311,825	26,512,489

All incoming resources and resources expended relate to continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2022

	Total 2022 £	Total 2021 £
Total incoming resources	8,077,168	9,589,048
Resources expended	(7,940,001)	(9,092,197)
Operating surplus for the year	137,167	496,851
Net gains/(losses) on investments	(280,538)	296,097
Net income/(deficit) for the year	(143,371)	792,948
Total comprehensive income	(143,371)	792,948

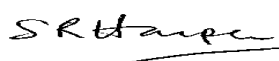
The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	17,235,199	17,300,599
Investments	15	4,981,794	5,371,559
		22,216,993	22,672,158
Current assets			
Debtors	16	244,535	492,729
Investments		3,832,164	3,477,767
Cash at bank		505,573	520,721
		4,582,272	4,491,217
Creditors: amounts falling due within one year	17	(482,396)	(647,687)
Net current assets		4,099,876	3,843,530
Total assets less current liabilities		26,316,869	26,515,688
Creditors: amounts falling due after more than one year	18	(5,044)	(3,199)
Net assets		26,311,825	26,512,489
The funds of the charity:			
Endowment funds		17,082,308	17,139,601
Including revaluation reserve: £743,716 (2021: £852,944)			
Restricted income funds		1,893,830	1,854,591
Unrestricted income funds:			
General funds		877,041	1,455,649
Including revaluation reserve: £540,628 (2021: £737,119)			
Designated funds		6,458,646	6,062,648
Including revaluation reserve: £331,883 (2021: £415,929)			
Total funds	20	26,311,825	26,512,489

The notes on pages 27 to 51 form part of these financial statements. The accounts were approved by the Trustees of the Board on the 4 May 2023 and are signed on their behalf by:



Canon SR Harper Chair
Company number 00650977

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2022

	2021		2021	
	£	£	£	£
Net cash inflow from operating activities		(557,299)		(718,935)
Cash flows from investing activities				
Dividends, interest and rent from investments	234,986		178,182	
Proceeds from the sale of:				
Property	661,562		1,600,904	
Net cash provided by investing activities		896,548		1,779,086
Change in cash and cash equivalents in the reporting period		339,249		1,060,151
Cash and cash equivalents at 1 January		3,998,488		2,938,337
Cash and cash equivalents at 31 December		4,337,737		3,998,488
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movements in funds for the year ended 31 December		189,101		745,575
Adjustments for:				
Profit on sale of assets		(416,781)		(320,674)
Fixed asset additions		(206,730)		-
Depreciation charges		27,349		49,746
Dividends, interest and rent from investments		(234,986)		(178,182)
Decrease in debtors		248,194		(248,600)
Decrease in creditors		9,554		(568,800)
Decrease in pension liability		(173,000)		(198,000)
Net cash provided by/(used in) operating activities		(557,299)		(718,935)
Analysis of cash and cash equivalents				
Cash in hand		505,573		520,721
Deposits (less than 3 months)		3,832,164		3,477,767
		4,337,737		3,998,488

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and fixed asset investments. The majority of freehold properties are shown at their 1995 valuation, based on a desk-top study carried out by a Chartered Surveyor working for Black Horse Agencies. Property additions since 1995 are shown at cost or at a lower fair value where the Trustees consider that this is appropriate. Fixed asset investments are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

NDBF meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the charity and are rounded to the nearest £1.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

i. **Parish Share** is recognised as income of the year in respect of which it is receivable.

ii. **Rent** receivable is recognised as income in the period with respect to which it relates.

iii. **Interest and dividends** are recognised as income when receivable.

iv. **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in deferred income within creditors to be carried forward to the following year.

v. **Parochial fees** are recognised as income of the year to which they relate.

vi. **Donations** other than grants are recognised when receivable.

vii. **Gains on disposal of fixed assets for the NDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.

viii. **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the Diocese.

iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the NDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v. **Pension contributions.** The NDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the NDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which NDBF participates is accrued at current value within creditors.

c) **Going concern**

The Trustees have considered the potential financial effects of the current COVID-19 situation on the availability of reserves and cash and upon the going concern basis of preparation of these financial statements. The risks presented by COVID-19 have been considered and include increased liquidity, credit and reputational risk. The Charity has business continuity plans in place that support the continued operation of business activity and has resources that can withstand temporary disruption. At this stage there is no perceived material risk to the Charity's viability resulting from the COVID-19 outbreak. Further detail is given in the Trustees report on page 12.

d) **Tangible fixed assets and depreciation**

Freehold properties

Depreciation is not routinely provided on buildings except in those few cases where the Trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight line basis, at an amount equivalent to 2% of the excess of net book value over fair value. For the vast majority of properties depreciation is not regarded as a material amount due to the very long expected remaining useful economic life in each case, and because the expected residual value is not materially less than the carrying value. The NDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The NDBF has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The NDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to capitalise as endowed assets at cost. Parsonage houses are not routinely revalued. Depreciation is not routinely provided on Parsonage houses except in those few cases where the Trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight line basis, at an amount equivalent to 2% of the excess of net book value over fair value.

e) Other tangible fixed assets

All capital expenditure over £1,000 on computers and other office equipment is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computers and printers	25% per annum	straight line basis
Equipment, fixtures and fittings	10-25% per annum	straight line basis

f) Fixed asset investments

Listed investments, which have been classified as fixed assets investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

g) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

h) Cash at bank and in hand

Cash at bank and in hand includes cash and highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

j) Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the statement of financial activities.

k) Fund balances

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

- **Unrestricted funds** are the NDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the NDBF. There are two types of unrestricted funds:
 - **General funds** which the NDBF intends to use for the general purposes of the NDBF; and
 - **Designated funds** set aside out of unrestricted funds by the NDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the NDBF (Stipends Fund Capital, Parsonage Houses Fund but not the St Aidan's Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

l) Estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements the Trustees do not consider there were any significant areas of judgment that were required in applying the company's policies as set out above.

Estimates within these financial statements include depreciation and asset valuations (for example agricultural land). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

2 DONATIONS

Parish Contributions

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Parish share					
Current year's allocation	3,980,416	-	-	3,980,416	3,909,904
Shortfall	(132,760)	-	-	(132,760)	(7,884)
Parish contributions	3,847,656	-	-	3,847,656	3,902,020
Arrears for previous years	20,262	-	-	20,262	3,900
	3,867,918	-	-	3,867,918	3,905,920
				97.2%	99.9%

Archbishops' Council

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Lowest Income Communities funding	999,986	-	-	999,986	968,295
Transitional funding	257,152	-	-	257,152	324,506
	1,257,138	-	-	1,257,138	1,292,801

Other donations

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
All Churches Trust grant	121,000	-	-	121,000	120,750
Lord Crewe's Charity grant	115,786	-	-	115,786	117,959
Grants received for Rural Churches for Everyone Project	-	82,150	-	82,150	46,743
Grants received for Resource Church Project	-	28,337	-	28,337	245,203
Church Commissioners - restructure funding	-	187,065	-	187,065	157,784
Church Commissioners - strategic capacity funding	-	-	-	-	66,432
Church Commissioners - strategic development funding	-	330,555	-	330,555	1,360,594
Church Commissioners - sustainability funding	-	-	-	-	498,000
Church Commissioners - giving adviser funding	32,000	-	-	32,000	-
Church Commissioners - parish utilities support funding	1,668	-	-	1,668	-
Newcastle Diocesan Society	10,600	-	-	10,600	10,400
Newcastle St Andrew	28,627	-	-	28,627	28,341
Newcastle St Luke	-	-	-	-	27,808
Durham Diocesan Board of Finance	107,294	-	-	107,294	59,031
Ely Diocesan Board of Finance	78,205	-	-	78,205	38,330
Archbishops' Council	6,772	-	-	6,772	-
Bishop's House	44,064	-	-	44,064	-
Other	233,061	138,200	-	371,261	315,059
	779,077	766,307	-	1,545,384	3,092,434

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

For other donations in 2021 £1,518,378 from Church Commissioners and £454,943 from other funders were restricted (total £1,973,321) with the balance of £1,119,113 being unrestricted.

3 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Statutory fees (funerals,weddings)	298,706	-	-	298,706	295,541
Chaplaincy income	49,789	-	-	49,789	131,387
	348,495	-	-	348,495	426,928

In 2021 all income related to unrestricted funds.

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Rental of houses	444,672	-	-	444,672	405,296
Contributions for use of Church House	19,755	-	-	19,755	22,360
Other contributions	3,325	-	-	3,325	3,724
	467,752	-	-	467,752	431,380

In 2021 all income related to unrestricted funds.

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Income from UK listed investments	68,632	998	61,286	130,916	126,612
Bank interest receivable	51,229	6,436	-	57,665	1,570
Rents from Glebe	46,405	-	-	46,405	50,000
	166,266	7,434	61,286	234,986	178,182

In 2021 £965 from listed investments and £256 from bank interest receivable were restricted (total £1,221) with the balance of £176,961 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

6 OTHER INCOMING RESOURCES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Profit on sale of assets	416,781	-	-	416,781	320,674
	416,781	-	-	416,781	320,674

7 FUNDRAISING COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Glebe costs	3,350	-	-	3,350	6,083
Parsonage rental costs	64,379	-	-	64,379	72,435
	67,729	-	-	67,729	78,518

In 2021 all income related to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

8 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Contributions to Archbishops' Council					
Training for ministry	171,934	-	-	171,934	171,935
National church responsibilities	105,306	-	-	105,306	120,144
Grants and provisions	14,509	-	-	14,509	14,691
Mission agency pension contributions	7,180	-	-	7,180	7,700
Retired clergy housing costs (CHARM)	59,451	-	-	59,451	63,274
Pooling of ordinand candidates' costs	46,646	-	-	46,646	76,331
	405,026	-	-	405,026	454,075
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	2,909,891	59,578	-	2,969,469	2,814,823
Pension contributions	733,465	17,168	-	750,633	810,464
Housing costs	741,358	12,541	9,352	763,251	709,372
Removal, resettlement and grants	110,217	-	-	110,217	94,818
Other expenses	81,768	-	-	81,768	149,873
	4,576,699	89,287	9,352	4,675,338	4,579,350
Support for parish ministry	2,027,376	773,884	-	2,801,260	3,790,801
	6,604,075	863,171	9,352	7,476,598	8,370,151
	7,009,101	863,171	9,352	7,881,624	8,824,226

£2,083,382 of 2021 expenditure related to restricted, -£189,453 to endowment and £6,76,222 to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	Total costs 2022 £	Total costs 2021 £
Raising funds	67,729	-	-	67,729	78,518
Charitable activities:					
Contributions to Archbishops' Council	-	405,026	-	405,026	454,075
Resourcing parish ministry	6,402,988	187,628	885,982	7,476,598	8,370,151
	6,470,717	592,654	885,982	7,949,353	8,902,744

10 ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total costs 2022 £	Total costs 2021 £
Central administration	771,157	3,459	-	774,616	758,977
Governance					
External audit	990	-	-	990	15,696
Registry and other legal costs	94,663	-	-	94,663	95,200
Synodical costs	15,713	-	-	15,713	12,715
	882,523	3,459	-	885,982	882,588

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

11 ANALYSIS OF GRANTS MADE

	Number	Individuals £	Institutions £	Total costs 2022 £
<i>From unrestricted funds to support national Church responsibilities</i>				
Contributions to Archbishops' Council	6	-	405,026	405,026
<i>From unrestricted funds</i>				
Support for ordinands	10	49,260	-	49,260
Newcastle Cathedral	1	-	4,000	4,000
Shepherds Dene Retreat House	1	-	5,000	5,000
Together Newcastle	1	-	20,000	20,000
Continuing Ministerial Development grants	38	8,662	13,902	22,564
Ministry Experience Scheme grants	3	4,200	-	4,200
Other grants	15	280	49,193	49,473
	69	62,402	92,095	154,497
<i>From restricted funds</i>				
Support for ordinands	10	17,178	-	17,178
Partners fund	6	-	15,425	15,425
Other grants	1	528	-	528
	17	17,706	15,425	33,131
Total Grants Made	92	80,108	512,546	592,654

Grant funding of activities in previous year

	2021 No. of grants	2021 £
From unrestricted funds		
Contributions to Archbishops' Council	6	454,075
Contributions to Diocesan-based charities		
Other grants	63	134,464
From restricted funds		
Other grants	19	46,677
	88	635,216

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

12 STAFF COSTS

	2022 £	2021 £
Employee costs during the year were as follows:		
Wages and salaries	1,217,737	1,152,922
National insurance contributions	117,671	102,093
Pension costs	130,731	100,957
	<u>1,466,139</u>	<u>1,355,972</u>

The average number of persons employed during the year:	Number	Number
Administration and financial management	14	14
Supporting mission & ministry	21	22
Property	2	2
Safeguarding	2	3
Newcastle St Thomas', Diocesan Resource Church	6	6
	<u>45</u>	<u>47</u>

The average number of persons employed during the year based on full-time equivalents	Number	Number
Administration and financial management	11.0	10.2
Supporting mission & ministry	15.8	16.5
Property	2.2	2.0
Safeguarding	2.0	2.3
Newcastle St Thomas', Diocesan Resource Church	5.7	4.3
	<u>36.7</u>	<u>35.3</u>

The Diocesan Resource Church excludes the 2 full-time office holders (Leader & Curate)

	2022 number	2021 number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	1	1

Pension payments of £12,355 (2021:£6,512) were made for this employee.

In 2022 staff working for the Newcastle St Thomas', Diocesan Resource Church were employed by the Newcastle Diocesan Board of Finance in lieu of the Resource Church achieving its own legal entity status.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Stipends	2,728,738	2,593,968
National insurance contributions	240,731	220,855
Pension costs - current year	750,633	815,143
	<u>3,720,102</u>	<u>3,629,966</u>

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2022 they were:

Diocesan Secretary and Company Secretary	Shane Waddle MSc, FCIPP
Canon Director of Mission & Ministry	Rob Saner-Haigh
Property Manager	Ian D Beswick MSc, MRICS
Finance Manager	Philip D Ambrose BA, CPFA

Remuneration, pensions and expenses for these employees amounted to £232,980 (2021: £243,314).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses totalling £6,200 and this sum was paid out to 4 Trustees in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as Trustees. (In 2021 £3,810 was paid out to Trustees).

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

	Stipend	Housing
The Right Revd M Wroe	No	Yes
The Venerable RA Wood	Yes	Yes
The Venerable DR CA Sourbut Groves	Yes	Yes
The Revd Canon B Hurst	Yes	Yes
The Revd L Taylor-Kenyon	Yes	Yes
The Revd Y Daniel	Yes	Yes

The NDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The NDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the assistant bishop but excluding the diocesan bishop and cathedral staff.

The NDBF paid an average of 94.4 (2021: 99.5) stipendiary clergy working in the Diocese within stipendiary ministry, and the costs were as follows:

The stipends of the Diocesan Bishop and Assistant Bishop were funded by the Church Commissioners and are in the range of £38,050 - £46,640 (2021: range £37,670 - £46,180). The annual rate of stipend funded by the NDBF paid to Archdeacons in 2022 was in the range £37,198 - £38,633 (2021: range £36,830 - £38,250) and other clergy who were Trustees were paid in the range £27,514 - £28,444 (2021: range £25,937 - £28,085).

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

13 TRANSFERS BETWEEN FUNDS

Analysis of transfers between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £
General Fund contribution to Resource Church	(88,702)	88,702	-	-
Strategic Mission Fund contribution to Resource Church	(38,642)	38,642		-
General Fund contribution to Ministerial Education	(1,325)	1,325		-
	(128,669)	128,669	-	-

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

14 TANGIBLE FIXED ASSETS

	Unrestricted funds		Endowment funds		
	Property	Office Equipment	Parsonages	Glebe Property	TOTAL
	£	£	£	£	£
At cost or valuation					
At 1 January 2022	3,756,522	128,139	15,185,888	1,720,193	20,790,742
Additions	-	30,768	-	175,962	206,730
Disposals	(293,495)	-	-	-	(293,495)
At 31 December 2022	3,463,027	158,907	15,185,888	1,896,155	20,703,977
Accumulated depreciation					
At 1 January 2022	586,551	120,130	2,476,979	306,483	3,490,143
Disposals	(48,714)	-	-	-	(48,714)
Charge for the year	15,019	3,783	8,547	-	27,349
At 31 December 2022	552,856	123,913	2,485,526	306,483	3,468,778
Net book value at 31 December 2022	2,910,171	34,994	12,700,362	1,589,672	17,235,199
Net book value at 31 December 2021	3,169,971	8,009	12,708,909	1,413,710	17,300,599

Properties

These properties were purchased using either unrestricted reserves, the Pastoral Account or the Stipends Capital and Glebe Fund. Included in this category is £429k (2021: £427k) which is attributable to the Bishop Bilbrough Fund, being part of the cost of the new Church House office accommodation paid for from the proceeds of the former Church House building. The balance of the cost of Church House is held within the Mary Wilkinson Legacy Fund. The other NDBF properties are included in the NDBF Houses Fund, an unrestricted fund.

Parsonage houses

Rectories and vicarages (other than team vicarages) are vested in individual benefices. However, the NDBF is responsible for the maintenance and repair of all parsonage houses and carries substantially all the risks of ownership. Following a scheme for pastoral reorganisation the net proceeds of the sale of a parsonage house may be credited to the Diocesan Pastoral Account, which is recognised as an asset of the NDBF.

Glebe team vicarages

Team vicarages are included as glebe but they are not held as investments. The proceeds of any sale must be credited to the Stipends Capital Account.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

15 FIXED ASSET INVESTMENTS

	Investment property £	Unlisted investments £	Listed investments £	TOTAL £
Within the United Kingdom				
At 1 January 2022	1,603,683	-	3,767,876	5,371,559
Revaluation	56,546	-	(446,311)	(389,765)
At 31 December 2022	1,660,229	-	3,321,565	4,981,794
Cost at 31 December 2022	1,450,042	-	3,767,876	5,217,918

Investment Properties

An estimate of the value of Glebe land and properties held as investments at the end of the year is £1,660,228. This figure has been provided by the Diocesan Property Manager, Mr I Beswick MRICS.

Listed investments

Listed investments are valued at bid market value at the year-end.

16 DEBTORS

	2022 £	2021 £
Due within one year		
Church Commissioners: sundry debtors	4,065	4,065
Loans for parish buildings	24,000	24,000
Other debtors	213,470	461,664
	241,535	489,729
Due after one year		
Loans for parish buildings > 1 year	3,000	3,000
	3,000	3,000
	244,535	492,729

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Taxation and social security	48,021	43,087
Other creditors	40,902	124,905
Accruals and deferred income	393,473	306,695
Pension liabilities	-	173,000
Falling due within one year	482,396	647,687

Included within accruals and deferred income
is deferred income

	£
Balance at 1 January 2022	229,247
Released in the year	(121,358)
Deferred in the year	109,383
Carried forward at 31 December 2022	217,272

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Deposit held on glebe property	5,044	3,199
Pension liabilities	-	-
Falling due after more than one year	5,044	3,199

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

19 SUMMARY OF FUND MOVEMENTS

	Balance at 1 Jan 2022 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 Dec 2022 £
Unrestricted Funds						
General Unrestricted Fund	1,455,649	5,642,885	(5,944,975)	(80,027)	(196,491)	877,041
Designated Funds:						
Mary Wilkinson Fund	357,718	140	-	-	-	357,858
DBF Houses Fund	4,104,394	416,781	(15,019)	-	-	4,506,156
Bishop Bilbrough Fund	796,966	-	-	-	(57,174)	739,792
Strategic Mission Fund	60,610	4,904	-	(38,642)	(26,872)	-
Building Grants and Loans Fund	110,693	1,359	-	-	-	112,052
Allchurches Grant Fund	192,010	121,000	(90,232)	-	-	222,778
Clergy Expenses Fund	7,112	-	(2,742)	-	-	4,370
Lowest Income Communities Fund	433,145	999,986	(917,491)	-	-	515,640
Lord Crewe Fund	-	116,374	(106,374)	(10,000)	-	-
	7,518,297	7,303,429	(7,076,833)	(128,669)	(280,537)	7,335,687
Restricted Funds						
Partners Fund	67,493	4,606	(15,462)	-	-	56,637
New Church Building Fund	149,942	1,685	-	-	-	151,627
Diocesan Pastoral Fund	1,196,802	3,307	(3,459)	-	-	1,196,650
Archdeacons Fund	57,713	1,685	-	-	-	59,398
Training for Ordinands Fund	122,543	-	-	-	-	122,543
Botswana Donations Fund	9,242	150	(1,525)	-	-	7,867
Church House Wallsend Fund	15,194	-	(7,506)	-	-	7,688
Resourcing Ministerial Education Fund	68,099	187,065	(147,709)	1,325	-	108,780
Resource Church Project Fund	-	357,882	(605,359)	247,477	-	-
Resource Church Giving Fund	167,563	135,210	-	(120,133)	-	182,640
Rural Churches for Everyone Fund	-	82,150	(82,150)	-	-	-
	1,854,591	773,740	(863,170)	128,669	-	1,893,830
Endowment Funds						
Stipends Capital and Glebe Fund	4,508,162	61,286	(805)	-	(99,907)	4,468,736
Parsonages Houses Fund	12,551,910	-	(8,547)	-	-	12,543,363
St Aidan's Fund	79,529	-	-	-	(9,320)	70,209
	17,139,601	61,286	(9,352)	-	(109,227)	17,082,308
	26,512,489	8,138,455	(7,949,355)	-	(389,764)	26,311,825

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

20 SUMMARY OF ASSETS BY FUND

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	4,223	1,477,388	(599,526)	(5,044)	877,041
Designated Funds					
Mary Wilkinson Fund	352,486	-	5,372	-	357,858
DBF Houses Fund	2,243,771	-	2,262,385	-	4,506,156
Bishop Bilbrough Fund	313,914	430,678	(4,800)	-	739,792
Strategic Mission Fund	-	164,761	(164,761)	-	-
Building Grants and Loans Fund	-	-	112,052	-	112,052
The Allchurches Grant Fund	30,768	-	192,010	-	222,778
Clergy Expenses Fund	-	-	4,370	-	4,370
Lowest Income Communities Fund	-	-	515,640	-	515,640
Lord Crewe Fund	-	-	-	-	-
	2,945,162	2,072,827	2,322,742	(5,044)	7,335,687
Restricted Income Funds:					
Partners Fund	-	-	56,637	-	56,637
New Church Building Fund	-	-	151,627	-	151,627
Diocesan Pastoral Fund	-	-	1,196,650	-	1,196,650
Archdeacons Fund	-	-	59,398	-	59,398
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	7,867	-	7,867
The Church House Wallsend Fund	-	-	7,688	-	7,688
Resourcing Ministerial Education Fund	-	-	108,780	-	108,780
Resource Church Project Fund	-	-	-	-	-
Resource Church Giving Fund	-	-	182,640	-	182,640
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,893,830	-	1,893,830
Endowment Funds:					
Stipends Capital and Glebe Fund	1,589,672	2,838,759	40,305	-	4,468,736
Parsonages Houses Fund	12,700,363	-	(157,000)	-	12,543,363
St Aidan's Fund	-	70,209	-	-	70,209
	14,290,035	2,908,968	(116,695)	-	17,082,308
Total Funds	17,235,197	4,981,795	4,099,877	(5,044)	26,311,825

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

Summary of assets by fund (2021 comparatives)

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	8,006	1,673,879	(223,039)	(3,199)	1,455,648
Designated Funds					
Mary Wilkinson Fund	352,486	-	5,232	-	357,718
DBF Houses Fund	2,503,571	-	1,600,823	-	4,104,394
Bishop Bilbrough Fund	313,914	487,852	(4,800)	-	796,966
Mission Development Fund	-	-	-	-	-
Strategic Mission Fund	-	191,633	(131,023)	-	60,610
Training (Pooling) Fund	-	-	-	-	-
Sanderson Bequest Fund	-	-	-	-	-
Building Grants and Loans Fund	-	-	110,693	-	110,693
The Allchurches Grant Fund	-	-	192,010	-	192,010
Clergy Expenses Fund	-	-	7,112	-	7,112
Lowest Income Communities Fund	-	-	433,145	-	433,145
Lord Crewe Fund	-	-	-	-	-
	3,177,977	2,353,365	1,990,153	(3,199)	7,518,297
Restricted Income Funds:					
Partners Fund	-	-	67,493	-	67,493
New Church Building Fund	-	-	149,942	-	149,942
Diocesan Pastoral Fund	-	-	1,196,802	-	1,196,802
Winchester Project Fund	-	-	-	-	-
Archdeacons Fund	-	-	57,713	-	57,713
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	9,242	-	9,242
The Church House Wallsend Fund	-	-	15,194	-	15,194
Resourcing Ministerial Education Fund	-	-	68,099	-	68,099
Resource Church Project Fund	-	-	-	-	-
Resource Church Giving Fund	-	-	167,563	-	167,563
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,854,591	-	1,854,591
Endowment Funds:					
Stipends Capital and Glebe Fund	1,413,710	2,938,666	155,786	-	4,508,162
Parsonages Houses Fund	12,708,911	-	(157,002)	-	12,551,909
St Aidan's Fund	-	79,530	-	-	79,530
	14,122,621	3,018,196	(1,216)	-	17,139,601
Total Funds	17,300,598	5,371,560	3,843,528	(3,199)	26,512,489

21 DESCRIPTION OF FUNDS

The General or Unrestricted Fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the NDBF to carry out its objectives, including statutory compliance and administration of funds.

The Mary Wilkinson Fund is a bequest fund which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House. In 2015 the fund was used to purchase the Church House caretaker's bungalow from the Newcastle Diocesan Education Board.

The DBF Houses Fund is a designated fund for holding those houses which are neither parsonages nor team vicarages.

The Bishop Bilbrough Fund is a bequest which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House.

The Strategic Mission Fund has been set up as a designated fund so that NDBF can set aside funds to enable it to bid for matched project funding from the National Church.

The Building Grants and Loans Fund is a designated fund to make loans and grants to parishes to enable them to carry out work on their existing church buildings.

The Allchurches Grant Fund is a designated fund which uses grant income from the Allchurches Trust (now Benefact Trust) to support and resource the NDBF's mission and ministry activity expenditure.

The Clergy Expenses Fund is a designated fund set up to help ensure that clergy can be reimbursed the level of expenses they are entitled to, particularly those working in more deprived areas.

The Lowest Income Communities Fund is a designated fund representing funding from the National Church to help resource ministry in the most deprived areas of the Diocese.

The Lord Crewe Fund is a designated fund representing funding from the Lord Crewe Charity to help clergy in need.

The Partners Fund is a restricted fund used for making relatively small grants to community-based projects.

The New Church Building Fund is a restricted fund used, but not frequently, for making grants and loans to parishes to enable them to acquire new church buildings.

The Diocesan Pastoral Fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Archdeacons' Fund is a restricted fund which is spent at the discretion of the Archdeacons to help clergy who experience financial difficulties.

The Training for Ordinands Fund, formerly the McFarlane Bequest Fund, is a restricted fund used to help provide for clergy training. A sum in excess of £100,000 was left to the NDBF in 2015. In 2019 a donation of £25,000 was received from Mrs Shirley Chamney.

The Botswana Fund receives donations from parishes and individuals which are used to assist projects within our partner Diocese of Botswana.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

The Church House Wallsend Fund was set up when the Wallsend Church House building was recognised as a glebe asset in the NDBF accounts. At the same time, accumulated rental income was passed across to NDBF from Wallsend Parish. Rental income is paid into the fund and expenditure relating to the Wallsend property is charged against the fund.

The Resourcing Ministerial Education Fund receives Block Grants from the Archbishops' Council for ministerial education training for the ordinands sponsored by the Diocese of Newcastle. The Grants may only be expended on initial ministerial education pathways which have been approved by the Archbishops' Council's Ministry Division at accredited Theological Education Institutions (TEIs).

The Resource Church Project Fund holds the income and expenditure of the Resource Church project.

The Resource Church Giving Fund receives donations which are contributions to St Thomas' Newcastle, the Diocesan Resource Church. Funds will be transferred to the legal body for St Thomas' once the legal body is established.

The Rural Churches for Everyone Fund receives grant funding for a fixed-term project supported by Heritage Lottery Funding.

The Stipends Capital and Glebe Fund is governed by the Diocesan Stipends Measure 1953. The income of this endowment fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

The Parsonage Houses Fund is an endowment fund. The balance represents the book value of the benefice houses (parsonages) in the Diocese. The fund also holds a cash balance, the proceeds from the sale of a parsonage house, and a liability which relates to the deficit on the clergy pension scheme.

The St Aidan's Fund is an endowment fund. The balance is held as units in the Central Board of Finance Investment Fund. Dividend income is paid into the unrestricted fund and is used for ordination training.

22 CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There are no contingent liabilities.

There were no post balance sheet events which have an impact on the figures within these financial statements.

23 PENSIONS

Clergy

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: **£750,633**, 2021: £815,143), plus the figures in relation to the Scheme's deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of **£681,633** for 2022 (2021: £816,143).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022	2021
Balance sheet liability at 1 January	173,000	355,000
Deficit contribution paid	-104,000	-180,000
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-69,000	-3,000
Balance sheet liability at 31 December	0	173,000

* Comprises change in agreed deficit recovery plan, and change in discount rate and inflation assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

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

Lay staff

Newcastle DBF participates in the Pension Builder Scheme section of CWPf for lay staff. CWPf is administered by the Church of England Pensions Board, which holds the CWPf assets separately from those of the Employer and other participating employers.

CWPf has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (**2022: £nil, 2021: £nil**).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

24 RELATED PARTY TRANSACTIONS

Charity	Income £	Expenditure £	Debtor £	Creditor £
Newcastle Diocesan Education Board	10,760	-	-	-
<i>Common Trustees. NDBF provides accommodation and a payroll service for NDEB.</i>				
Newcastle Diocesan Society	10,600	-	-	-
<i>Common Trustees. NDBF receives a contribution towards costs from NDS.</i>				
Lindisfarne College of Theology	5,540	91,270	-	-
<i>Common Trustee. NDBF provides accommodation and a payroll service for LCoT. It also pays for services provided by LCoT.</i>				
Transforming Communities Together Tyne to Tweed	-	20,000	-	-
<i>Common Trustee. NDBF provides funding towards social responsibility work carried out by TCTTtoT.</i>				

Accounts



The Newcastle Diocesan Board of Finance Limited
(A company limited by guarantee)

Annual Report & Financial Statements
Year ended 31 December 2021

Company number 00650977
Registered charity number 247233

A large print version is available on request from

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THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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Mission Statement

Our vision for *growing church bringing hope* expresses a deep longing to see our worshipping communities open to God's transforming love, generous with God's transforming gifts and engaged in God's transforming work in the world.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021.

The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Newcastle cover the local authorities of Northumberland, Newcastle, and North Tyneside and also small parts of County Durham and Cumbria.

The Newcastle Diocesan Board of Finance Limited ("NDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Newcastle by acting as the financial executive of the Newcastle Diocesan Synod.

The NDBF has the following statutory responsibilities:

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976; and
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972.

The main role of the NDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, the Bishop's Council, deaneries and parishes to further the mission and strategic priorities throughout the Diocese of Newcastle.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods, Parochial Church Councils, and the Bishop of Newcastle (in respect of the Bishop's responsibility for the provision of the cure of souls).

STRATEGIC AIMS AND OBJECTIVES

Three values have long been core to our understanding of God's mission in this place: generous, engaged, open. We have recently revisited these values to help inform our strategy and seek to be Open to God's transforming love; Generous with God's transforming gifts; Engaged in God's transforming work in the world. Together, the values underpin our vision, Growing Church Bringing Hope.

In 2021 we agreed six priorities following an extensive consultation which had begun when Bishop Christine spoke into a Kairos moment within her Presidential Address to the Diocesan Synod in May 2019.

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This Kairos moment recognised the need for transformation within the Diocese, to address the financial pressures of reducing income whilst embodying the vision for a thriving, growing Diocese. This seminal moment caught the imagination of many and led to renewed momentum. A review of Parish Share, a new Generous Giving Team and a collaborative approach to budget setting were put in place. Over the next two years consultations, conversations, reflections, workshops, discussions in PCCs, Deaneries, Chapters and at every Synod, in informal groups and between individuals explored what the Kairos moment meant for church in every place. Whilst the coronavirus pandemic resulted in almost all of this joint discernment and collaborative working taking place on Zoom Video Conferencing, the whole process has enabled a wider involvement and sense of greater ownership with a positive impact on culture, trust and engagement. The consultations helped to discern the **next steps for growing church bringing hope**.

The six priorities agreed by the Diocesan Synod are:

- New Christian Communities and new Christians
- Making disciples who build up the Church for mission
- More children, young people and mission with schools
- Turning outward in mission in every place
- Energised and equipped missional leaders, ordained and lay
- Financial flourishing: giving generously, planning strategically, building sustainably

During the consultations the National Church gave assistance through its Strategic Capacity Fund to help develop the priorities for **next steps** into a funded transformation plan which was submitted to the National Strategic Investment Board in October 2021. Whilst keen to invest in the Diocese of Newcastle's future the Strategic Investment Board decided not to invite the proposed transformation plan through to a Stage 2 submission. The Board recommended breaking down the proposal into more manageable elements that would directly drive the desired missional culture change as a priority and encouraged the Diocese to apply in due course for Strategic Development Funding to support its church planting objectives, and Capacity Funding focused on helping to develop the capacity and skills that are needed to make progress on the journey towards strategic transformation.

At a residential meeting held in November 2021 the Bishop's Council and NDBF reflected on the Strategic Investment Board's decision together with the feedback from the November Diocesan Synod. The Council and NDBF endorsed the six priorities to shape the Council's work and ongoing development and engagement with deaneries and the National Church in 2022.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The Christian Presence

Our licensed ministers form a central part in the life of churches in the Newcastle Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, we carry out around 430 weddings, 1,890 funerals and 1,740 baptisms every year.

While the NDBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the NDBF reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the licensed clergy and lay workers in the Diocese is a priority of the NDBF and represents by far its largest financial commitment. Although the NDBF does not employ the parish clergy, it is responsible for training them, their continued

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

development and, where applicable, resourcing their stipend, and paying into their pension fund. In 2011 terms of service were introduced in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). Common Tenure gives greater clarity on the rights and obligations of clergy and requires that clergy participate in a process of Continual Professional Development and Ministerial Development Review (MDR). It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The NDBF recognises the importance of a safe, secure and well maintained house. Through the Houses & Glebe Committee it strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

In 2021:

- Clergy took up stipendiary (paid) appointments in the benefices of:
 - Lowick & Kyloe with Ancroft and Ford & Etal, Priest in Charge (0.5FTE)
 - Shiremoor, Priest in Charge (1.0FTE)
 - Riding Mill, Priest in Charge (0.5FTE)
 - Christ the King, Team Rector (1.0FTE)
 - Newcastle Holy Cross, Priest in Charge (1.0FTE)
 - Chapel House, Priest in Charge (0.5FTE)
 - Monkseaton St Peter, Vicar (1.0FTE)
- 8.0FTE paid clergy retired and 2 clergy retired from House for Duty ministry.
- 4.0FTE paid clergy moved to appointments in other dioceses.
- 7.0FTE curates took up paid appointments in Hexham; High Heaton; Morpeth, Newcastle St Thomas; Newburn; Newsham; and North Shields.
- One curate took up a self-supporting appointment at Ovingham and Wylam.

An average of 78.1 full-time equivalent (FTE) paid clergy, holding incumbent, priest-in-charge, team vicar or associate clergy roles, were in post. This meant an average of 20.2FTE posts were vacant (in interregnum) in the year.

In addition to this establishment there was an average of 16.8FTE paid curates in training posts, 2.2FTE paid chaplains serving higher education and schools, 1.0FTE at Seaton Hirst, 2.5FTE Missioners at Cowgate, Denton and Percy Main & Balkwell and 2.0FTE Archdeacons. 53 licensed Readers and 27 self-supporting clergy also served in parishes across the Diocese in 2021.

During interregnums the Area Deans work closely with the churchwardens of the vacant parishes to ensure scheduled services and other activities within the community continue uninterrupted. The NDBF extends its gratitude to all those who have helped to provide worship during interregnums.

Church Buildings

Works of maintenance and adaptation to church buildings continued in 2021 despite Covid-19.

Parishes suffered at the hands of Storm Arwen in November 2021. Thankfully no buildings were severely damaged but roof repairs were required in a number of locations and tree damage to churchyards was widespread.

The Diocesan Advisory Committee (DAC) Archaeologist, Peter Ryder, published his latest book on medieval churches and the DAC provided a copy for all the open churches listed in it. It is hoped that this will increase the understanding of the history and significance of our church buildings.

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The DAC continued to operate remotely via Zoom video conferencing with a handful of site visits being held as and when coronavirus restrictions allowed. The Committee dealt with 61 full faculty applications which was a similar number to the year before. The vast majority of these applications were handled by the Online Faculty System. This System proving to be a useful tool in processing and monitoring applications and meant the faculty process could continue despite coronavirus restrictions. 18 parishes received informal advice from the Committee ahead of, or instead of, a faculty application to enable them to develop their plans or to tackle a specific issue.

2021 saw a marked increase in non-faculty work being dealt with as a result of the changes to legislation in 2020. This extended the lists of work that can be carried out without a faculty. These cases are authorised by the Archdeacon after receiving a technical review by a DAC member. 91 cases were dealt with in this way, an increase of 75% from 2020 and 26% from 2019. This reduces the administrative burden on parishes and permission can be issued in a short time frame.

Church buildings have stood at the heart of our rural communities for centuries, shaping the villages themselves and serving the communities living in these landscapes. As populations, work and lifestyles have shifted, and the ways we worship have developed, what people need from our rural church buildings has changed. Rural Churches for Everyone, a project supported by the National Lottery Heritage Fund, has collated recommendations from recent research and consolidated it into a Sustainability Planning process to support clergy, Parochial Church Councils and volunteers who care for these buildings.



Until September 2022, a trial programme will run in four clusters of rural benefices, supporting them to take a strategic and collaborative approach. The clusters will be supported to plan how their church buildings can best meet the needs of their congregations, residents, visitors, finances, heritage and Net Zero Carbon commitments.

Community Engagement

Our churches are embedded in their communities and, as a result, have developed trusting relationships and networks, enabling churches to play an important part in responding to the challenges faced by neighbourhoods and communities today.

Over the past year Transforming Communities Together: Tyne to Tweed has continued to develop connections and relationships with congregations across the Diocese and as a result has experienced an increase in requests to help set up activities in response to identified needs and issues.

Transforming Communities Together: Tyne to Tweed is a resource to churches, individuals and groups that are wanting to get involved in some form of community activity, as part of their mission and commitment to community engagement and social action.

A Safer Church Open to All

We have a deep commitment to safeguarding and making our churches safe places for all. Over 80% of our parishes are now fully compliant with our Safeguarding Dashboard, ensuring they are up to date with processes such as safer recruitment and people management. Our Safeguarding Team is engaged nationally as part of a pilot to identify best practice for implementing changes to the role of Diocesan Safeguarding Advisers (as recommended by IICSA); and as a pilot user and early adopter of the new National Case Management System. We completed our Past Case Review 2 (PCR2) in 2021.

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ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

We are deeply committed to Living in Love and Faith (LLF) and believe that exploring our differences together in a safe and loving environment can help us to grow closer to each other. Many deaneries and parishes have already engaged with LLF and an Open Synod held online in June 2021 attracted a particularly strong attendance, achieving a wider engagement both geographically and in terms of diversity.

The diocesan vision of **growing church bringing hope** is instrumental in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that NDBF delivers public benefit through community engagement and supporting those in need both spiritually and physically.

Other related parties

The major related parties with whom the NDBF works include:

- **The Archbishops' Council** to which the NDBF pays a donation based on an apportionment system agreed by the General Synod for funding national training of ordinands and the activities of the various national boards and councils, as well as the costs of the General Synod.
- **The Church Commissioners**, from which the NDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The NDBF reimburses the Commissioners for the stipends of those clergy office holders in stipendiary appointments in the Diocese of Newcastle.
- **The Church of England Pensions Board**, to which the NDBF pays retirement benefit contributions for stipendiary clergy and employees. The Pensions Board also offers schemes to provide housing for clergy in retirement.

Volunteers

The Diocese of Newcastle is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the NDBF values the considerable time given by all members of boards, committees, diocesan and deanery synods across the Diocese in pursuit of the mission of the Church of England in the Diocese of Newcastle.

FUTURE PLANS

In 2021 coronavirus restrictions continued to have a significant impact on mission and ministry across the Diocese. In addition to addressing the post pandemic challenges, not least the impact of the rising cost of living, the NDBF will continue to engage with deaneries and parishes across the Diocese to help deliver the six priorities for growing church bringing hope: next steps.

In November 2021, the Bishop of Newcastle, the Rt Revd Christine Hardman retired and the process of discerning the next Bishop of Newcastle commenced with dates agreed in June and July 2022 for the Crown Nominations Commission to complete its discernment process. An appointment is expected to be announced in the autumn of 2022. During the Vacancy in See, the Bishop of Berwick, the Rt Revd Mark Wroe is the Acting Bishop of Newcastle.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL REVIEW

Financial performance

Parish Share, the financial contribution given by parishes to the Diocese to fund mission and ministry, is the main incoming resource for the Diocese. Including the arrears received from earlier years, share decreased in cash terms by £149k compared to 2020. The total share received in 2021 when expressed as a percentage of the overall share offered was 99.9% (2020: 90.2%).

The trustees extend their gratitude to all the parishes who completed their parish share contributions during 2021. The trustees are thankful to parishes that were able to make their parish share contributions by monthly instalments which helped the NDBF to resource the monthly financial responsibilities associated with the payment of clergy stipends and the salaries of those employed by the NDBF.

The balance on the General Unrestricted Fund went down by £2,500k in 2021 to £1,456k. There was an overall £305k net excess of income over expenditure (within this was a decrease of £149k in Parish Share contributions) and our investment in equities, held with CCLA Investment Management Ltd (CCLA), was revalued upwards by £207k. There were funds transfers out of £3,013k.

The trustees have prepared a budget for 2022 which includes a deficit of £81k. The target for Parish Share collection uses the 2020 parish share request as a baseline together with advice from parishes on what they felt able to offer in 2022 against this baseline. A Diocesan Contingency Fund has been set to support parishes meet any gap between their offer and the baseline figure keeping in mind the financial pressures that parishes have faced in 2020 and 2021 as a result of coronavirus restrictions.

The 2022 Parish Share target summarises as:

- Baseline request £4,496k
- Funded by:
 - Parish offers £3,957k
 - Contingency fund £ 539k

Overall the NDBF's funds have increased in 2021 by £1,282k. This breaks down as an operating surplus on unrestricted funds of £305k, net incoming resources on designated funds of £301k (within this was a surplus of £320k realised on the sale of four properties), net incoming resources on restricted and endowment funds of £140k (within this was a reduction of £198k in the clergy pension scheme deficit), and an unrealised gain on investments of £536k.

Accounting rules require the inclusion of three items within the operating surplus on unrestricted & designated funds which do not form part of the NDBF's regular day-to-day operating income and expenditure. The following illustration removes the three items to help to understand the underlying operating position for 2021, which was a surplus of £7k:

Reported surplus on unrestricted & designated funds	£606k
<i>remove</i> surplus on sale of properties	(£320k)
<i>remove</i> reduction in the pension liability	(£198k)
<i>remove</i> balance of Lowest Income Communities Funding to be used in future years ¹	(£ 81k)
Underlying operating surplus on unrestricted & designated funds	£ 7k

¹ This is the unspent balance of monies received from the National Church which are allocated to be used in defined areas. The balance is transferred and held in a designated fund for use in the defined areas in future years.

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Significant property transactions

During 2021 four properties were sold as they were surplus to requirements. Proceeds have strengthened NDBF funds and the income has helped with the Diocesan Contingency funding support to Parishes. Some detail on these property sales is:

- Sales receipts £1,600k
- Book value £1,280k
- Surplus £ 320k

Our housing policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

Balance sheet position

The trustees consider that the balance sheet together with details in note 20 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £26.512m (2020: £25.230m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £17.293m (2020: £18.617m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the NDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the trustees' policy is to aim to maintain c.£2m in investments for future income generation (2021 actual £1.6m) with an additional 3 months expenditure (c. £1.9m) held in readily realisable assets (2021 actual £1.8m). The trustees are satisfied with reserves at the current level in line with the aims of the policy.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £1,456k of which £8k is tied up in tangible fixed assets.

Designated funds

The trustees may, with the approval of the board, designate unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed from time to time and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 21. At 31 December 2021 total designated reserves were £6.03m (2020: £5.85m).

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Restricted and endowment funds

As set out in note 20, NDBF holds and administers a number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £1.86m (2020: £1.81m) and endowment funds totalled £17.14m (2020: £16.65m). Neither are available for the general purposes of the NDBF.

Going concern

The trustees have considered the 2022 operating environment and availability of reserves and cash and the impact upon the going concern basis of preparation of these financial statements. At the time of writing the 2022 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2022, projects a fall in cash of £925k during 2022. This is being mitigated through £1.6m income in 2021 from sales of property. The trustees are keeping the operating environment under constant review and consequent impacts on general reserves. If the operating environment becomes more challenging than expected, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The trustees are comfortable that these measures, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

Grant making policy

The Memorandum of Association of the NDBF explicitly permits the NDBF to make grants in pursuance of its objects, and the nature of grants made in 2021 is indicated in note 11. Certain grants are built into the Diocesan Budget which is approved by the Diocesan Synod, whilst others are overseen by the Bishop's Council, the Diocesan Finance Group and the Diocesan Mission and Pastoral Committee.

Investment policy

The Memorandum and Articles of Association of the charity permit wide powers of investment. NDBF's investment policies are based on two key criteria:

- **Ethical investment:** this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.
- **Long-term responsibilities:** the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

These policies are achieved by holding all funds with CCLA.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs.

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

As part of the Diocesan Synod's ongoing pledge to tackle the climate emergency and become net-zero carbon by 2030, the NDBF has confirmed its commitment not to invest in companies involved in the extraction of fossil fuels, and pledged not to invest in fossil fuel companies in future. The NDBF

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has joined Operation Noah's Bright Now campaign. Operation Noah is a Christian charity working with the Church to inspire action on the climate crisis and is calling on all UK churches to divest from fossil fuels and invest in clean alternatives.

The investments held and their return during the year are set out in the following table:

Shares in CBF Investment Fund

Valuation at 1 Jan 2021	<u>£3,296,413</u>
Dividend income %	3.84%
Revaluation %	16.29%
Total % return	<u>20.13%</u>

Glebe managed mainly by glebe agent

Valuation at 1 Jan 2021	<u>£1,538,267</u>
Rental income %	3.25%
Revaluation %	4.25%
Total % return	<u>7.50%</u>

During 2022 the value of shares in the CBF Investment Fund have fallen. At 19th April 2022 the bid value was £21.7578 which represents a fall of 6.97%.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary. In 2021 the Finance Group, a sub-committee of the Bishop's Council, reviewed the management and mitigation strategy and revised the Risk Register.

The receipt of voluntary financial contributions from parishes through Parish Share remains the major risk to the Board's overall performance. The trustees have put in place a framework of support, including regular communication, active management through the Finance Group and budget consultation to mitigate this risk.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is under the care of a Diocesan Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio members and elected representations from each Diocese. In 2021 six representatives from the Diocese of Newcastle (three lay and three clergy) were elected to serve on the General Synod for the current quinquennium. The General Synod agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod.

The Diocese of Newcastle is divided into twelve deaneries, each with its own Deanery Synod and within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

NDBF is a company incorporated in England, limited by guarantee (No. 00650977) and a registered charity (No. 247233) governed by its Memorandum and Articles of Association. The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Newcastle. It was established in its present form in 1882.

Governance and policy of the NDBF is the responsibility of the trustees, who are also members of the company and trustees for the purposes of charity law. There are nine ex-officio trustees and six lay members and three clergy members elected from and by the members of Diocesan Synod every three years. The most recent elections were held in October 2021. The next elections are scheduled to be held in Autumn 2024. The details of trustees who served during 2021 are set out on page 17.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod's membership is elected every three years, the last elections having been in July 2021. Whilst the NDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the NDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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FOR THE YEAR ENDED 31 DECEMBER 2021

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Newcastle are set by the Diocesan Synod, and the NDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The members of the company meet once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the NDBF. The trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to seven meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

- Initiating proposals for action by the Synod and advising it on matters of policy;
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders;
- Acting as the trustees of the NDBF;
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion;
- Advising the Bishop on any matters she may refer to the committee;
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership;
- Carrying out such other functions as the Synod delegates to it;
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The trustees are assisted in their work by four sub-committees:

Finance Group: responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the trustees prior to submission to Diocesan Synod and monitors expenditure and income. The group comprises eight members of whom six are trustees.

Houses & Glebe Committee: responsible for advising on policy concerning the management of parsonage houses in each benefice of the Diocese of Newcastle, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by NDBF, together with responsibility for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of NDBF. The committee comprises 7 members of whom 2 are trustees.

Diocesan Mission & Pastoral Committee: responsible for advising on pastoral reorganisation in the Diocese of Newcastle, taking account of available clergy numbers and making use of new patterns of ministry. The Committee also advises on the finding of appropriate alternative uses for churches closed to regular public worship. The committee comprises 9 members of whom 3 are trustees.

Diocesan Advisory Committee: advises on matters affecting churches and places of worship in the Diocese such as granting of faculties, architecture, archaeology, art and history of places of worship, the use and care of places of worship and their contents and the care of churchyards. The committee comprises 18 members of whom 3 are trustees.

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Trustee recruitment, selection and induction

The trustees are the members of the Bishop's Council. There are ex-officio members, elected members, with elections taking place every three years, and there is provision for co-opted members. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are informed about the role and function of the Bishop's Council before seeking membership. All trustees are required to sign the code of practice and maintain their entry in the declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Newcastle, the Chair of the Board of Finance and the Human Resources Manager with reference to appraisals and remuneration and salary benchmarking.

Delegation of day to day delivery

The trustees and the sub-committees which assist them in the fulfilment of their responsibilities rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the NDBF in accordance with the policies framed by the trustees.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees (as directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the NDBF and of the surplus or deficit of the NDBF for that period. In preparing these financial statements the trustees are required to:

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

The trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the NDBF 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 NDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the trustees are aware:

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

APPOINTMENT OF AUDITORS

The auditor is deemed to be reappointed under section 487 (2) of the Companies Act 2006 until otherwise resolved at a general meeting of the company.

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FOR THE YEAR ENDED 31 DECEMBER 2021

ADMINISTRATIVE DETAILS

Ex officio trustees

The Bishop of Newcastle, the Right Reverend CE Hardman (to 30/11/21)

The Suffragan Bishop of Berwick, the Right Reverend M Wroe (also Acting Bishop of Newcastle from 01/12/21)

The Dean of Newcastle, the Very Reverend GV Miller

The Archdeacon of Lindisfarne, the Venerable DR CA Sourbut Groves

The Archdeacon of Northumberland, the Venerable RA Wood (from 05/09/21)

The Chair of the Diocesan Board of Finance, Canon SR Harper

The Chair of the House of Clergy, The Reverend Canon B Hurst

The Chair of the House of Laity, Canon I McDonald-Booth

The Chair of the Diocesan Mission and Pastoral Committee, Mrs EA Kerry

Elected trustees

The Reverend Canon CL Brown (to 31/12/21)

The Reverend Canon PD Dobson (to 31/12/21)

Dr JC Appleby

Mrs EA Chadwick (to 31/12/21)

Professor G Holmes

Mrs E Doran

Mrs L Craggs (from 01/01/22)

Secretary

Canon S Waddle

Auditors: UNW LLP, Chartered Accountants & Statutory Auditors,
Citygate, St. James' Boulevard, Newcastle upon Tyne, NE1 4JE

Bankers: Barclays Bank plc, Barclays House,
5 Queen Ann's Street, Newcastle upon Tyne, NE1 3DX

Solicitors: Sintons LLP, The Cube,
Barrack Road, Newcastle upon Tyne, NE4 6DB

Investment Manager: CCLA Investment Management Ltd, Senator House,
85 Queen Victoria Street, London EC4V 4ET

Glebe Agent: Land Factor, Bywell Estate Office
Bywell, Stocksfield, NE43 7AQ

Insurers: Ecclesiastical, Beaufort House,
Brunswick Road, Gloucester, GL1 1JZ

Registered Office: Church House, St John's Terrace, North Shields, NE29 6HS
Telephone: 0191 270 4100
Website: www.newcastle.anglican.org
E-mail: info@newcastle.anglican.org

Company registration number: 00650977

Registered charity number: 247233

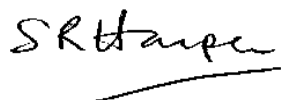
THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

In approving this Trustees' Report, the trustees are also approving the Strategic Report included on pages 4 – 12 within their capacity as company directors.

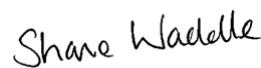
BY ORDER OF THE TRUSTEES



Canon S Harper

Chair

25 April 2022



Canon S Waddle

Secretary

25 April 2022

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Independent Auditor's Report to the members of The Newcastle Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Newcastle Diocesan Board of Finance Limited for the year ended 31 December 2021 comprising the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 entity'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.

Respective responsibilities of trustees and auditor

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the trustees' report for which the financial statements are prepared is consistent with the financial statements, and the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by auditing standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

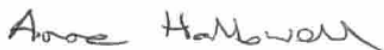
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Who are we reporting to

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Anne Hallowell BSC DChA FCA (Senior Statutory Auditor)
For and on behalf of UNW LLP, Statutory Auditor
Newcastle upon Tyne

Date: 25 April 2022

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2021

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2021	Total Funds 2020
	Note	£	£	£	£	£
Income from						
Donations						
Parish contributions	2	3,905,920	-	-	3,905,920	4,055,373
Archbishops' Council	2	1,292,801	-	-	1,292,801	1,285,071
Other donations	2	1,119,113	1,973,321	-	3,092,434	1,106,191
Charitable activities	3	426,928	-	-	426,928	408,500
Other activities	4	431,380	-	-	431,380	416,338
Investments	5	117,690	1,221	59,271	178,182	159,601
Other	6	320,674	-	-	320,674	-
Total income		7,614,506	1,974,542	59,271	9,648,319	7,431,074
Expenditure on						
Raising funds	7	(78,518)	-	-	(78,518)	(62,120)
Charitable activities	8	(6,930,297)	(2,083,382)	189,453	(8,824,226)	(6,945,967)
Total expenditure		(7,008,815)	(2,083,382)	189,453	(8,902,744)	(7,008,087)
Net incoming/(outgoing) resources before investment gains		605,691	(108,840)	248,724	745,575	422,987
Net gains/(losses) on investments	15	296,097	-	240,782	536,879	214,924
Net income/(expenditure)		901,788	(108,840)	489,506	1,282,454	637,911
Transfers between funds	13	(3,353,204)	157,048	3,196,156	-	-
Net movement in funds		(2,451,416)	48,208	3,685,662	1,282,454	637,911
Reconciliation of funds						
Total funds brought forward		9,969,713	1,806,383	13,453,939	25,230,035	24,592,124
Total funds at 31 December 2021	20	7,518,297	1,854,591	17,139,601	26,512,489	25,230,035

All incoming resources and resources expended relate to continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2021

	Total 2021 £	Total 2020 £
Total incoming resources	9,589,048	7,431,074
Resources expended	(9,092,197)	(6,995,793)
Operating surplus / (deficit) for the year	496,851	435,281
Net gains/(losses) on investments	296,097	135,193
Net income for the year	792,948	570,474
Total comprehensive income	792,948	570,474

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	17,300,599	18,630,575
Investments	15	5,371,559	4,834,680
		22,672,158	23,465,255
Current assets			
Debtors	16	492,729	244,129
Investments		3,477,767	1,771,199
Cash at bank		520,721	1,167,138
		4,491,217	3,182,466
Creditors: amounts falling due within one year	17	(647,687)	(1,170,123)
Net current assets		3,843,530	2,012,342
Total assets less current liabilities		26,515,688	25,477,597
Creditors: amounts falling due after more than one year	18	(3,199)	(247,563)
Net assets		26,512,489	25,230,035
The funds of the charity:			
Endowment funds		17,139,601	13,453,939
Including revaluation reserve: £852,944 (2020: £610,263)			
Restricted income funds		1,854,591	1,806,382
Unrestricted income funds:			
General funds		1,455,649	3,956,553
Including revaluation reserve: £737,119 (2020: £527,396)			
Designated funds		6,062,648	6,013,160
Including revaluation reserve: £415,929 (2020: £326,403)			
Total funds	20	26,512,489	25,230,035

The notes on pages 26 to 52 form part of these financial statements. The accounts were approved by the trustees of the Board on the 25 April 2022 and are signed on their behalf by:



Canon SR Harper Chair
Company number 00650977

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£	£	£	£
Net cash inflow from operating activities		(718,935)		473,226
Cash flows from investing activities				
Dividends, interest and rent from investments	178,182		159,601	
Proceeds from the sale of:				
Investments	-		200,000	
Property	1,600,904		-	
Net cash provided by investing activities		1,779,086		359,601
Change in cash and cash equivalents in the reporting period		1,060,151		832,827
Cash and cash equivalents at 1 January		2,938,337		2,105,510
Cash and cash equivalents at 31 December		3,998,488		2,938,337
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movements in funds for the year ended 31 December		745,575		422,987
Adjustments for:				
Profit on sale of assets		(320,674)		-
Depreciation charges		49,746		29,269
Dividends, interest and rent from investments		(178,182)		(159,601)
Increase in debtors		(248,600)		(101,942)
Decrease in creditors		(568,800)		612,512
Decrease in pension liability		(198,000)		(330,000)
Net cash provided by/(used in) operating activities		(718,935)		473,226
Analysis of cash and cash equivalents				
Cash in hand		520,721		1,167,138
Deposits (less than 3 months)		3,477,767		1,771,199
		3,998,488		2,938,337

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and fixed asset investments. The majority of freehold properties are shown at their 1995 valuation, based on a desk-top study carried out by a Chartered Surveyor working for Black Horse Agencies. Property additions since 1995 are shown at cost or at a lower fair value where the trustees consider that this is appropriate. Fixed asset investments are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

NDBF meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the charity and are rounded to the nearest £1.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

i. **Parish Share** is recognised as income of the year in respect of which it is receivable.

ii. **Rent** receivable is recognised as income in the period with respect to which it relates.

iii. **Interest and dividends** are recognised as income when receivable.

iv. **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in deferred income within creditors to be carried forward to the following year.

v. **Parochial fees** are recognised as income of the year to which they relate.

vi. **Donations** other than grants are recognised when receivable.

vii. **Gains on disposal of fixed assets for the NDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.

viii. **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure which supports the two

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

charitable companies working alongside NDBF at Church House, i.e. the Newcastle Diocesan Education Board and Lindisfarne Regional Training Partnership.

- iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the NDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v. **Pension contributions.** The NDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the NDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which NDBF participates is accrued at current value within creditors.

c) **Going concern**

The trustees have considered the potential financial effects of the current COVID-19 situation on the availability of reserves and cash and upon the going concern basis of preparation of these financial statements. The risks presented by COVID-19 have been considered and include increased liquidity, credit and reputational risk. The Charity has business continuity plans in place that support the continued operation of business activity and has resources that can withstand temporary disruption. At this stage there is no perceived material risk to the Charity's viability resulting from the COVID-19 outbreak. Further detail is given in the Trustees report on pages 13 & 14.

d) **Tangible fixed assets and depreciation**

Freehold properties

Depreciation is not routinely provided on buildings except in those few cases where the trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight line basis, at an amount equivalent to 2% of the excess of net book value over fair value. For the vast majority of properties depreciation is not regarded as a material amount due to the very long expected remaining useful economic life in each case, and because the expected residual value is not materially less than the carrying value. The NDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The NDBF has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The NDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to capitalise as endowed assets at cost. Parsonage houses are not routinely revalued. Depreciation is not routinely provided on Parsonage houses except in those few cases where the trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight line basis, at an amount equivalent to 2% of the excess of net book value over fair value.

e) Other tangible fixed assets

All capital expenditure over £1,000 on computers and other office equipment is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computers and printers	25% per annum	straight line basis
Equipment, fixtures and fittings	10-25% per annum	straight line basis

f) Fixed asset investments

Listed investments, which have been classified as fixed assets investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

g) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

h) Cash at bank and in hand

Cash at bank and in hand includes cash and highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

j) Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the statement of financial activities.

k) Fund balances

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

- **Unrestricted funds** are the NDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the NDBF. There are two types of unrestricted funds:
 - **General funds** which the NDBF intends to use for the general purposes of the NDBF; and
 - **Designated funds** set aside out of unrestricted funds by the NDBF for a purpose specified by the trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the NDBF (Stipends Fund Capital, Parsonage Houses Fund but not the St Aidan's Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

l) Estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements the trustees do not consider there were any significant areas of judgment that were required in applying the company's policies as set out above.

Estimates within these financial statements include depreciation and asset valuations (for example agricultural land). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

2 DONATIONS

Parish Contributions

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Parish share					
Current year's allocation	3,909,904	-	-	3,909,904	4,496,184
Shortfall	(7,884)	-	-	(7,884)	(457,573)
Parish contributions	3,902,020	-	-	3,902,020	4,038,611
Arrears for previous years	3,900	-	-	3,900	16,762
	3,905,920	-	-	3,905,920	4,055,373
				99.9%	90.2%

Archbishops' Council

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Lowest Income Communities funding	968,295	-	-	968,295	887,679
Transitional funding	324,506	-	-	324,506	397,392
	1,292,801	-	-	1,292,801	1,285,071

Other donations

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
All Churches Trust grant	120,750	-	-	120,750	120,500
Lord Crewe's Charity grant	117,959	-	-	117,959	74,622
Grants received for Rural Churches for Everyone Project	-	46,743	-	46,743	47,789
Grants received for Resource Church Project	-	245,203	-	245,203	-
Church Commissioners - restructure funding	-	157,784	-	157,784	221,607
Church Commissioners - strategic capacity funding	66,432	-	-	66,432	82,532
Church Commissioners - strategic development funding	-	1,360,594	-	1,360,594	241,924
Church Commissioners - sustainability funding	498,000	-	-	498,000	-
Newcastle Diocesan Society	10,400	-	-	10,400	110,200
Newcastle St Andrew	28,341	-	-	28,341	-
Newcastle St Luke	27,808	-	-	27,808	-
Jesmond Holy Trinity	-	-	-	-	3,555
Durham Diocesan Board of Finance	59,031	-	-	59,031	25,934
Ely Diocesan Board of Finance	38,330	-	-	38,330	-
Grants received from Government	-	-	-	-	15,143
Other	152,062	162,997	-	315,059	162,385
	1,119,113	1,973,321	-	3,092,434	1,106,191

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

For other donations in 2020 £382,279 from Church Commissioners and £122,452 from other funders were restricted (total £504,731) with the balance of £601,460 being unrestricted.

3 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Statutory fees (funerals, weddings)	295,541	-	-	295,541	322,068
Chaplaincy income	131,387	-	-	131,387	86,432
	426,928	-	-	426,928	408,500

In 2020 all income related to unrestricted funds.

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Rental of houses	405,296	-	-	405,296	381,388
Contributions for use of Church House	22,360	-	-	22,360	25,927
Other contributions	3,724	-	-	3,724	9,023
	431,380	-	-	431,380	416,338

In 2020 all income related to unrestricted funds.

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Income from UK listed investments	66,376	965	59,271	126,612	123,695
Bank interest receivable	1,314	256	-	1,570	7,512
Rents from Glebe	50,000	-	-	50,000	28,394
Other rental income	-	-	-	-	-
	117,690	1,221	59,271	178,182	159,601

In 2020 £459 from listed investments, £2,070 from bank interest receivable and £13,394 rents from glebe were restricted (total £15,923) with the balance of £143,678 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

6 OTHER INCOMING RESOURCES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Profit on sale of assets	320,674	-	-	320,674	-
	320,674	-	-	320,674	-

7 FUNDRAISING COSTS

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Glebe costs	6,083	-	-	6,083	1,500
Parsonage rental costs	72,435	-	-	72,435	60,620
	78,518	-	-	78,518	62,120

In 2020 all income related to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

8 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Contributions to Archbishops' Council					
Training for ministry	171,935	-	-	171,935	171,937
National church responsibilities	120,144	-	-	120,144	129,269
Grants and provisions	14,691	-	-	14,691	14,448
Mission agency pension contributions	7,700	-	-	7,700	6,449
Retired clergy housing costs (CHARM)	63,274	-	-	63,274	61,731
Pooling of ordinand candidates' costs	76,331	-	-	76,331	76,213
	454,075	-	-	454,075	460,047
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	2,767,618	47,205	-	2,814,823	2,837,540
Pension contributions	995,072	13,392	(198,000)	810,464	689,287
Housing costs	696,412	4,413	8,547	709,372	587,560
Removal, resettlement and grants	90,988	3,830	-	94,818	89,984
Other expenses	48,356	101,517	-	149,873	70,536
	4,598,446	170,357	(189,453)	4,579,350	4,274,907
Support for parish ministry	1,877,776	1,913,025	-	3,790,801	2,129,763
	6,476,222	2,083,382	(189,453)	8,370,151	6,404,670
Grants to linked charitable companies					
Newcastle Diocesan Education Board	-	-	-	-	81,250
	-	-	-	-	81,250
	6,930,297	2,083,382	(189,453)	8,824,226	6,945,967

£447,839 of 2020 expenditure related to restricted, £12,294 to endowment and £6,485,834 to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	Total costs 2021 £	Total costs 2020 £
Raising funds	78,518	-	-	78,518	62,120
Charitable activities:					
Contributions to Archbishops' Council	-	454,075	-	454,075	460,047
Resourcing parish ministry	6,852,347	635,216	882,588	8,370,151	6,404,669
Grant to Newcastle Diocesan Education Board (a related charitable company)	-	-	-	-	81,250
	6,930,865	1,089,291	882,588	8,902,744	7,008,086

10 ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total costs 2021 £	Total costs 2020 £
Central administration	687,779	71,198	-	758,977	670,107
Governance					
External audit	15,696	-	-	15,696	19,630
Registry and other legal costs	95,200	-	-	95,200	90,724
Synodical costs	12,715	-	-	12,715	9,275
	811,390	71,198	-	882,588	789,736

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

11 ANALYSIS OF GRANTS MADE

	Number	Individuals £	Institutions £	Total costs 2021 £
<i>From unrestricted funds to support national Church responsibilities</i>				
Contributions to Archbishops' Council	6	-	454,075	454,075
<i>From unrestricted funds</i>				
Support for ordinands	8	44,164	-	44,164
Newcastle Cathedral	1	-	4,000	4,000
Shepherds Dene Retreat House	2	-	20,000	20,000
Together Newcastle	2	-	25,000	25,000
Continuing Ministerial Development grants	34	7,250	12,253	19,503
Ministry Experience Scheme grants	1	2,400	-	2,400
Other grants	15	3,647	15,750	19,397
	63	57,461	77,003	134,464
<i>From restricted funds</i>				
Support for ordinands	15	19,095	13,582	32,677
Partners fund	4	-	14,000	14,000
	19	19,095	27,582	46,677
Total Grants Made	88	76,556	558,660	635,216

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

Grant funding of activities in previous year	2020 No. of grants	2020 £
From unrestricted funds		
Contributions to Archbishops' Council	6	460,047
Contributions to Diocesan-based charities		
Newcastle Diocesan Education Board	1	81,250
Other grants	69	100,630
From restricted funds		
Other grants	22	51,109
	98	693,036

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

12 STAFF COSTS

	2021 £	2020 £
Employee costs during the year were as follows:		
Wages and salaries	1,152,922	1,050,700
National insurance contributions	102,093	90,921
Pension costs	100,957	95,307
	1,355,972	1,236,928

The average number of persons employed during the year:	Number	Number
Administration and financial management	14	15
Supporting mission & ministry	22	20
Property	2	2
Safeguarding	3	3
Newcastle St Thomas', Diocesan Resource Church	6	7
	47	47

The average number of persons employed during the year based on full-time equivalents	Number	Number
Administration and financial management	10.2	10.3
Supporting mission & ministry	16.5	14.9
Property	2.0	2.0
Safeguarding	2.3	1.6
Newcastle St Thomas', Diocesan Resource Church	4.3	4.4
	35.3	33.2

The Diocesan Resource Church excludes the 2 full-time office holders (Leader & Curate)

	2021 number	2020 number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	1	1

Pension payments of £6,512 (2020:£6,415) were made for this employee.

In 2021 staff working for the Newcastle St Thomas', Diocesan Resource Church were employed by the Newcastle Diocesan Board of Finance in lieu of the Resource Church achieving its own legal entity status.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Stipends	2,593,968	2,560,996
National insurance contributions	220,855	217,287
Pension costs - current year	815,143	691,758
	3,629,966	3,470,041

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were:

Diocesan Secretary and Company Secretary	Shane Waddle MSc, FCIPP
Canon Director of Mission & Ministry	Rob Saner-Haigh
Property Manager	Ian D Beswick MSc, MRICS
Finance Manager	Philip D Ambrose BA, CPFA

Remuneration, pensions and expenses for these employees amounted to £243,314 (2020: £230,389).

Trustees' emoluments

No trustee received any remuneration for services as trustee. The trustees received travelling and out of pocket expenses totalling £3,810 and this sum was paid out to 3 trustees in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as trustees. (In 2020 £4,528 was paid out to trustees).

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

	Stipend	Housing
The Right Revd M Wroe	No	Yes
The Venerable RA Wood	Yes	Yes
The Venerable DR CA Sourbut Groves	Yes	Yes
The Revd Canon B Hurst	Yes	Yes

The NDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The NDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the assistant bishop but excluding the diocesan bishop and cathedral staff.

The NDBF paid an average of 99.5 (2020: 99.4) stipendiary clergy working in the Diocese within stipendiary ministry, and the costs were as follows:

The stipends of the Diocesan Bishop and Assistant Bishop were funded by the Church Commissioners and are in the range of £37,670 - £46,180 (2020: range £37,670 - £46,180). The annual rate of stipend funded by the NDBF paid to Archdeacons in 2021 was in the range £36,830 - £38,250 (2020: range £35,400 - £37,674) and other clergy who were trustees were paid in the range £25,937 - £28,085 (2020: range £25,860 - £28,444).

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

13 TRANSFERS BETWEEN FUNDS

Analysis of transfers between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £
Fund balance adjustment - Parsonages Houses Fund	(2,872,824)	-	2,872,824	-
Fund balance adjustment - Stipends Capital & Glebe Fund	(323,332)	-	323,332	-
Fund balance adjustment - Resource Church Fund	(136,810)	136,810	-	-
Fund balance adjustment - Resourcing Ministerial Education Fund	(19,455)	19,455	-	-
Fund balance adjustment - Church House Wallsend Fund	(783)	783	-	-
	(3,353,204)	157,048	3,196,156	-

In 2021 it was identified that the Parsonages House Fund balance was understated as it had not been correctly adjusted for the movements in the pension liability over the period from 2017 to 2020. With this in mind it was determined to review all fund balances to check that they were consistent with the in-year movements over the period 2017 to 2020. A number of anomalies were identified and these have all been corrected by way of the funds transfers postings detailed above. There is no adjustment to the overall balance sheet totals or the overall reported results in any year.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

14 TANGIBLE FIXED ASSETS

	Unrestricted funds		Endowment funds		TOTAL
	Property	Office Equipment	Parsonages	Glebe Property	
	£	£	£	£	£
At cost or valuation					
At 1 January 2021	5,100,705	128,139	15,185,888	1,720,193	22,134,925
Disposals	(1,344,183)	-	-	-	(1,344,183)
At 31 December 2021	3,756,522	128,139	15,185,888	1,720,193	20,790,742
Accumulated depreciation					
At 1 January 2021	615,160	114,275	2,468,432	306,483	3,504,350
Disposals	(63,953)	-	-	-	(63,953)
Charge for the year	35,344	5,855	8,547	-	49,746
At 31 December 2021	586,551	120,130	2,476,979	306,483	3,490,143
Net book value at 31 December 2021	3,169,971	8,009	12,708,909	1,413,710	17,300,599
Net book value at 31 December 2020	4,485,545	13,864	12,717,455	1,413,710	18,630,575

Properties

These properties were purchased using either unrestricted reserves, the Pastoral Account or the Stipends Capital and Glebe Fund. Included in this category is £427k (2020: £429k) which is attributable to the Bishop Bilbrough Fund, being part of the cost of the new Church House office accommodation paid for from the proceeds of the former Church House building. The balance of the cost of Church House is held within the Mary Wilkinson Legacy Fund. The other NDBF properties are included in the NDBF Houses Fund, an unrestricted fund.

Parsonage houses

Rectories and vicarages (other than team vicarages) are vested in individual benefices. However, the NDBF is responsible for the maintenance and repair of all parsonage houses and carries substantially all the risks of ownership. Following a scheme for pastoral reorganisation the net proceeds of the sale of a parsonage house may be credited to the Diocesan Pastoral Account, which is recognised as an asset of the NDBF.

Glebe team vicarages

Team vicarages are included as glebe but they are not held as investments. The proceeds of any sale must be credited to the Stipends Capital Account.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

15 FIXED ASSET INVESTMENTS

	Investment property £	Unlisted investments £	Listed investments £	TOTAL £
Within the United Kingdom				
At 1 January 2021	1,538,267	-	3,296,413	4,834,680
Revaluation	65,416	-	471,463	536,879
At 31 December 2021	1,603,683	-	3,767,876	5,371,559
Cost at 31 December 2021	1,450,042	-	3,296,413	4,746,455

Investment Properties

An estimate of the value of Glebe land and properties held as investments at the end of the year is £1,603,683. This figure has been provided by the Diocesan Property Manager, Mr I Beswick MRICS.

Listed investments

Listed investments are valued at middle market value at the year-end.

16 DEBTORS

	2021 £	2020 £
Due within one year		
Church Commissioners: sundry debtors	4,065	4,065
Loans for parish buildings	24,000	24,000
Other debtors	461,664	211,064
	489,729	239,129
Due after one year		
Loans for parish buildings > 1 year	3,000	5,000
	3,000	5,000
	492,729	244,129

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Taxation and social security	43,087	40,348
Other creditors	124,905	56,657
Accruals and deferred income	306,695	945,966
Pension liabilities	173,000	127,151
Falling due within one year	647,687	1,170,123

Included within accruals and deferred
income is deferred income

£

Balance at 1 January 2021	885,937
Released in the year	(674,110)
Deferred in the year	17,420
Carried forward at 31 December 2021	229,247

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Deposit held on glebe property	3,199	3,714
Pension liabilities	-	243,849
Falling due after more than one year	3,199	247,563

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

19 SUMMARY OF FUND MOVEMENTS

	Balance at 1 Jan 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 Dec 2021 £
Unrestricted Funds						
General Unrestricted Fund	3,956,553	6,082,106	(5,777,287)	(3,013,200)	207,477	1,455,649
Designated Funds:						
Mary Wilkinson Fund	378,608	6	(10,800)	(10,096)	-	357,718
DBF Houses Fund	3,832,277	320,593	(14,944)	(33,532)	-	4,104,394
Bishop Bilbrough Fund	765,284	-	(9,600)	(19,200)	60,482	796,966
Mission Development Fund	22,219	-	(22,219)	-	-	-
Strategic Mission Fund	314,590	4,743	-	(286,861)	28,138	60,610
Training (Pooling) Fund	60,627	-	(60,627)	-	-	-
Sanderson Bequest Fund	2,424	-	(2,424)	-	-	-
Building Grants and Loans Fund	104,166	54	-	6,473	-	110,693
Allchurches Grant Fund	224,029	120,750	(152,797)	28	-	192,010
Clergy Expenses Fund	10,647	-	(3,535)	-	-	7,112
Lowest Income Communities Fund	298,289	968,295	(836,623)	3,184	-	433,145
Lord Crewe Fund	-	117,959	(117,959)	-	-	-
	9,969,713	7,614,506	(7,008,815)	(3,353,204)	296,097	7,518,297
Restricted Funds						
Partners Fund	78,649	2,982	(14,138)	-	-	67,493
New Church Building Fund	149,874	66	-	2	-	149,942
Diocesan Pastoral Fund	1,199,547	131	(2,877)	1	-	1,196,802
Winchester Project Fund	8,951	-	(8,951)	-	-	-
Archdeacons Fund	56,601	1,114	-	(2)	-	57,713
Training for Ordinands Fund	122,543	-	-	-	-	122,543
Botswana Donations Fund	9,241	-	-	1	-	9,242
Church House Wallsend Fund	16,727	-	(2,316)	783	-	15,194
Resourcing Ministerial Education Fund	37,743	157,784	(146,883)	19,455	-	68,099
Resource Church Project Fund	126,507	1,455,816	(1,861,474)	279,151	-	-
Resource Church Giving Fund	-	309,906	-	(142,343)	-	167,563
Rural Churches for Everyone Fund	-	46,743	(46,743)	-	-	-
	1,806,383	1,974,542	(2,083,382)	157,048	-	1,854,591
Endowment Funds						
Stipends Capital and Glebe Fund	3,894,637	59,271	-	323,332	230,922	4,508,162
Parsonages Houses Fund	9,489,633	-	189,453	2,872,824	-	12,551,910
St Aidan's Fund	69,669	-	-	-	9,860	79,529
	13,453,939	59,271	189,453	3,196,156	240,782	17,139,601
	25,230,035	9,648,319	(8,902,744)	-	536,879	26,512,489

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

20 SUMMARY OF ASSETS BY FUND

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	8,006	1,673,879	(223,037)	(3,199)	1,455,649
Designated Funds					
Mary Wilkinson Fund	352,486	-	5,232	-	357,718
DBF Houses Fund	2,503,571	-	1,600,823	-	4,104,394
Bishop Bilbrough Fund	313,914	487,852	(4,800)	-	796,966
Mission Development Fund	-	-	-	-	-
Strategic Mission Fund	-	191,633	(131,023)	-	60,610
Training (Pooling) Fund	-	-	-	-	-
Sanderson Bequest Fund	-	-	-	-	-
Building Grants and Loans Fund	-	-	110,693	-	110,693
The Allchurches Grant Fund	-	-	192,010	-	192,010
Clergy Expenses Fund	-	-	7,112	-	7,112
Lowest Income Communities Fund	-	-	433,145	-	433,145
Lord Crewe Fund	-	-	-	-	-
	3,177,977	2,353,365	1,990,154	(3,199)	7,518,297
Restricted Income Funds:					
Partners Fund	-	-	67,493	-	67,493
New Church Building Fund	-	-	149,942	-	149,942
Diocesan Pastoral Fund	-	-	1,196,802	-	1,196,802
Winchester Project Fund	-	-	-	-	-
Archdeacons Fund	-	-	57,713	-	57,713
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	9,242	-	9,242
The Church House Wallsend Fund	-	-	15,194	-	15,194
Resourcing Ministerial Education Fund	-	-	68,099	-	68,099
Resource Church Project Fund	-	-	-	-	-
Resource Church Giving Fund	-	-	167,563	-	167,563
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,854,591	-	1,854,591
Endowment Funds:					
Stipends Capital and Glebe Fund	1,413,712	2,938,666	155,784	-	4,508,162
Parsonages Houses Fund	12,708,910	-	(157,000)	-	12,551,910
St Aidan's Fund	-	79,529	-	-	79,529
	14,122,622	3,018,195	(1,216)	-	17,139,601
Total Funds	17,300,599	5,371,559	3,843,530	(3,199)	26,512,489

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

Summary of assets by fund (2020 comparatives)

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	13,864	1,466,403	2,480,000	(3,714)	3,956,553
Designated Funds					
Mary Wilkinson Fund	-	-	378,608	-	378,608
DBF Houses Fund	4,485,545	-	(653,268)	-	3,832,277
Bishop Bilbrough Fund	-	427,370	337,914	-	765,284
Mission Development Fund	-	-	22,219	-	22,219
Strategic Mission Fund	-	163,494	151,096	-	314,590
Training (Pooling) Fund	-	-	60,627	-	60,627
Sanderson Bequest Fund	-	-	2,424	-	2,424
Building Grants and Loans Fund	-	-	104,166	-	104,166
The Allchurches Grant Fund	-	-	224,029	-	224,029
Clergy Expenses Fund	-	-	10,647	-	10,647
Lowest Income Communities Fund	-	-	298,289	-	298,289
Lord Crewe Fund	-	-	-	-	-
	4,499,409	2,057,267	3,416,751	(3,714)	9,969,713
Restricted Income Funds:					
Partners Fund	-	-	78,649	-	78,649
New Church Building Fund	-	-	149,874	-	149,874
Diocesan Pastoral Fund	-	-	1,199,547	-	1,199,547
Winchester Project Fund	-	-	8,951	-	8,951
Archdeacons Fund	-	-	56,601	-	56,601
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	9,241	-	9,241
The Church House Wallsend Fund	-	-	16,727	-	16,727
Resourcing Ministerial Education Fund	-	-	37,743	-	37,743
Resource Church Fund	-	-	126,507	-	126,507
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,806,383	-	1,806,383
Endowment Funds:					
Stipends Capital and Glebe Fund	1,413,710	2,707,743	(226,816)	-	3,894,637
Parsonages Houses Fund	12,717,456	-	(2,983,974)	(243,849)	9,489,633
St Aidan's Fund	-	69,670	(1)	-	69,669
	14,131,166	2,777,413	(3,210,791)	(243,849)	13,453,939
Total Funds	18,630,575	4,834,680	2,012,344	(247,563)	25,230,035

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

21 DESCRIPTION OF FUNDS

The General or Unrestricted Fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the NDBF to carry out its objectives, including statutory compliance and administration of funds.

The Mary Wilkinson Fund is a bequest fund which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House. In 2015 the fund was used to purchase the Church House caretaker's bungalow from the Newcastle Diocesan Education Board.

The DBF Houses Fund is a designated fund for holding those houses which are neither parsonages nor team vicarages.

The Bishop Bilbrough Fund is a bequest which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House.

The Mission Development Fund represents monies received from the Archbishops' Council to support planned mission work in the Diocese in future years. Our final receipt into the fund was in 2016 and the fund has been wound down during 2021.

The Strategic Mission Fund has been set up as a designated fund so that NDBF can set aside funds to enable it to bid for matched project funding from the National Church.

The Training (Pooling) Fund has been set up as a designated fund in order to assist the Board's contribution to training costs which are pooled nationally across all Dioceses. Where the Diocese has higher training costs these are subsidised by Dioceses with lower training costs. The amounts are controlled by a national pooling mechanism.

The Sanderson Bequest Fund represents the balance remaining from a sum bequeathed to the NDBF in 2009. This money has been taken out of the Unrestricted Fund and designated to resource lay participation on the Leading Your Church into Growth course (LyCiG). This is part of the Diocesan Strategic Vision for **growing church bringing hope**. The fund has been wound down during 2021.

The Building Grants and Loans Fund is a designated fund to make loans and grants to parishes to enable them to carry out work on their existing church buildings.

The Allchurches Grant Fund is a designated fund which uses grant income from the Allchurches Trust (now Benefact Trust) to support and resource the NDBF's mission and ministry activity expenditure.

The Clergy Expenses Fund is a designated fund set up to help ensure that clergy can be reimbursed the level of expenses they are entitled to, particularly those working in more deprived areas.

The Lowest Income Communities Fund is a designated fund representing funding from the National Church to help resource ministry in the most deprived areas of the Diocese.

The Lord Crewe Fund is a designated fund representing funding from the Lord Crewe Charity to help clergy in need.

The Partners Fund is a restricted fund used for making relatively small grants to community-based projects.

The New Church Building Fund is a restricted fund used, but not frequently, for making grants and loans to parishes to enable them to acquire new church buildings.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

The Diocesan Pastoral Fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Winchester Project Fund is a restricted fund which holds the balance remaining from historic grants made to Newcastle Diocese by Winchester Diocese over a number of years. The fund has been wound down during 2021.

The Archdeacons' Fund is a restricted fund which is spent at the discretion of the Archdeacons to help clergy who experience financial difficulties.

The Training for Ordinands Fund, formerly the McFarlane Bequest Fund, is a restricted fund used to help provide for clergy training. A sum in excess of £100,000 was left to the NDBF in 2015. In 2019 a donation of £25,000 was received from Mrs Shirley Chamney.

The Botswana Fund receives donations from parishes and individuals which are used to assist projects within our partner Diocese of Botswana.

The Church House Wallsend Fund was set up when the Wallsend Church House building was recognised as a glebe asset in the NDBF accounts. At the same time, accumulated rental income was passed across to NDBF from Wallsend Parish. Rental income is paid into the fund and expenditure relating to the Wallsend property is charged against the fund.

The Resourcing Ministerial Education Fund receives Block Grants from the Archbishops' Council for ministerial education training for the ordinands sponsored by the Diocese of Newcastle. The Grants may only be expended on initial ministerial education pathways which have been approved by the Archbishops' Council's Ministry Division at accredited Theological Education Institutions (TEIs).

The Resource Church Project Fund holds the income and expenditure of the Resource Church project.

The Resource Church Giving Fund receives donations which are contributions to St Thomas' Newcastle, the Diocesan Resource Church. Funds will be transferred to the legal body for St Thomas' once the legal body is established.

The Rural Churches for Everyone Fund receives grant funding for a fixed-term project supported by Heritage Lottery Funding.

The Stipends Capital and Glebe Fund is governed by the Diocesan Stipends Measure 1953. The income of this endowment fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

The Parsonage Houses Fund is an endowment fund. The balance represents the book value of the benefice houses (parsonages) in the Diocese. The fund also holds a cash balance, the proceeds from the sale of a parsonage house, and a liability which relates to the deficit on the clergy pension scheme.

The St Aidan's Fund is an endowment fund. The balance is held as units in the Central Board of Finance Investment Fund. Dividend income is paid into the unrestricted fund and is used for ordination training.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

22 CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There are no contingent liabilities.

There were no post balance sheet events which have an impact on the figures within these financial statements.

23 PENSIONS

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: **£815,143**, 2020: **£691,758**), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of **£816,143** for 2021 (2020: **£697,758**).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
Balance sheet liability at 1 January	355,000	678,000
Deficit contribution paid	-180,000	-306,000
Interest cost (recognised in SoFA)	1,000	6,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-3,000	-23,000
Balance sheet liability at 31 December	173,000	355,000

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1% pa
Price inflation	n/a	3.1%	2.8% pa
Increase to total pensionable payroll	-1.5%	1.6%	1.3% pa

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

Lay staff

Newcastle DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £nil, 2020: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £nil for 2021 (2020: £nil).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £3,600 per year.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2021	2020
Balance sheet liability at 1 January	16,000	23,000
Deficit contribution paid	-2,000	-7,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	-14,000	0
Balance sheet liability at 31 December	0	16,000

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

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This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2021	December 2020	December 2019
Discount rate	0.00%	0.30%	1.20%

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

Pension Builder Scheme

Apart from the DBS referred to above, the NDBF participates in the Pension Builder Scheme (PB Classic) section of CWPF. This is a deferred annuity scheme and it is operated by the CEPB.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (**2021: £16,000, 2020: £16,000**).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

24 RELATED PARTY TRANSACTIONS

Charity	Income £	Expenditure £	Debtor £	Creditor £
Newcastle Diocesan Education Board				
<i>Common Trustees. NDBF provides accommodation and a payroll service for NDEB.</i>	10,384	-	-	-
Newcastle Diocesan Society				
<i>Common Trustees. NDBF receives a contribution towards costs from NDS.</i>	10,400	-	-	-
Lindisfarne College of Theology				
<i>Common Trustee. NDBF provides accommodation and a payroll service for LCoT. It also pays for services provided by LCoT.</i>	5,331	63,978	-	-
Transforming Communities Together Tyne to Tweed				
<i>Common Trustee. NDBF provides funding towards social responsibility work carried out by TCTTtoT.</i>	-	20,000	-	-

Accounts



The Newcastle Diocesan Board of Finance Limited
(A company limited by guarantee)

Annual Report & Financial Statements
Year ended 31 December 2020

Company number 00650977
Registered charity number 247233

A large print version is available on request from

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Mission Statement

Our vision for *growing church bringing hope* expresses a deep longing to see our worshipping communities growing in numbers, in prayer and discipleship, in serving our communities, and above all in making a difference - sharing the hope we have, which is the power of God to transform us and our world.

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The trustees, who are also directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Newcastle cover the local authorities of Northumberland, Newcastle, and North Tyneside and also small parts of County Durham and Cumbria.

The Newcastle Diocesan Board of Finance Limited ("NDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Newcastle by acting as the financial executive of the Newcastle Diocesan Synod.

The NDBF has the following statutory responsibilities:

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976; and
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972.

The main role of the NDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, the Bishop's Council, deaneries and parishes to further the mission and strategic priorities throughout the Diocese of Newcastle.

The strategic priorities of the company are established by the Diocesan Synod in consultation with Deanery Synods, Parochial Church Councils, and the Bishop of Newcastle (in respect of her responsibility for the provision of the cure of souls).

STRATEGIC AIMS

The strategic vision for **growing church bringing hope** was founded on the values of being generous, engaged and open in the way we follow Christ with a priority to invite others to join our pilgrimage of faith. The vision was launched at an Open Synod Forum held in Rothbury in March 2017 and is supported by five priority work streams with the following aims:

- We affirm that everything we do must be grounded in a deep prayerfulness and so we aim to create opportunities for deeper engagement with God in prayer.
- We aim to equip teams of lay people and clergy to work together for missional, spiritual and numerical growth.

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- God calls churches to grow as they serve, worship and pray; therefore we aim to focus on the potential for numerical growth, enabling lay and ordained leadership, and encouraging local opportunities for those exploring Christian faith.
- We value the place of Newcastle city centre in the Diocese and will invest in the life of the city, engaging with civic life, seeking continued growth in areas of inherited strength, and developing fresh expressions to engage with areas of opportunity.
- We aim to recruit, train and support new ministry and mission teams in our rural parish benefices, with clergy and laity working together – in order to reshape the rural Church's engagement with God's mission.

OBJECTIVES

The goals to support the five priority work streams were:

- **Prayer:** by 2020, 250 people across the Diocese will have taken part in a *Month of Guided Prayer*, and 30 Prayer Guides will have been trained and resourced.
- **Growth:** by 2020, 60 parishes will have taken part in *Leading your Church into Growth* and will have seen the fruits of that in missional, spiritual and numerical growth.
- **Impact:** by 2022, impact and attendance will have increased in 20 identified parishes (some will be parishes currently having the lowest per capita attendance, others will be those with significant potential for further growth).
- **City:** by 2020, church life in Newcastle city will be more engaged, vibrant and growing – engaging with students, city workers and the vulnerable, growing congregations and planting at least one community exploring new forms of worship.
- **Rural:** by 2022, ministry in rural multi-parish benefices will have been re-imagined, and to enable this we will have simplified structures, identified lead/focal ministers and created new teams.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that NDBF delivers public benefit through community engagement and supporting those in need both spiritually and physically.

ACTIVITIES AND ACHIEVEMENTS

The events of the last 12 months have shown that we need to adapt quickly to a changing world that has impacted every one of us. However, before the impact of COVID-19, we had already recognised the need for **transformation** within the Diocese, to address the financial pressures of reducing income within the Diocese whilst also embodying the vision for a thriving, growing Diocese through new ministry models supported by a sustainable deployment plan. Assistance is being provided from the Strategic Capacity Fund of the National Church to develop this thinking into a funded transformation plan.

*'Do not remember the former things, or consider the things of old.
I am about to do a new thing; now it springs forth, do you not perceive it?'*

Bishop Christine spoke from these verses in Isaiah about our need to reshape and reimagine ministry. Not doing more with less, but doing differently. It is a call to imagine a new normal. From our baptism onward, throughout our lives, we are summoned to witness to God's love and to work for the coming of God's kingdom, but our context and our challenges are changing, and changing

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radically. We need to adapt to meet these new challenges and work out how to worship, work and witness in this new normal. Helping us to discern how we all do this together is the task of our **Transformation** Project.

The **Transformation** Project has begun, supported by a small core team, by engaging across the Diocese to discern what are the **next steps** for our Diocese in **growing church bringing hope**. Things are still emerging, and will continue to do so as we all pray, ponder and work out where God is leading us together. But there are some things already emerging:

We have expressed our values in a new way for the road ahead of us:

1. **Open to God's transforming love:**

We want to be rooted and grounded even more in God's love which flows outward into the world: rooted in our relationship with God, in our deepening prayer and in our growing faith which inspires our continued witnessing to that love.

2. **Generous with God's transforming gifts:**

We want to be even more generous with one another, sharing our gifts as the whole people of God, ordained and lay working in collaboration: generous in our attitudes, our finances and our resources.

3. **Engaged in God's transforming work in the world:**

We want to be even more engaged in serving our communities and schools, working in partnership in outreach and evangelism, in care and compassion, and in helping to tackle urgent social justice and environmental concerns, locally, nationally and globally.

As we adjust to the 'new normal' we are working out together, we hope these values will help shape our actions and our priorities. We are also discerning three priorities for the coming years:

1. **Bringing Good News**

"The Spirit of the Lord is upon me, because he has anointed me to bring good news to the poor. He has sent me to proclaim release to the captives and recovery of sight to the blind, to let the oppressed go free, to proclaim the year of the Lord's favour." (Luke 4.18-19)

The Church does not just offer good advice, we bring the good news of Jesus Christ. We want to ensure all our outward facing activities as God's people reflect the priorities of Jesus as written in Luke above. So many of the institutional pressures of finance and decline try and turn us inwards, but we pray for courage, grace and imagination to keep turning outwards in love and faith.

2. **Growing in Christ**

"As you therefore have received Christ Jesus the Lord, continue to live your lives in him, rooted and built up in him and established in the faith, just as you were taught, abounding in thanksgiving." (Colossians 2.6-7)

So often we might be tempted to think we have made it, that we have got life sorted and nothing needs to change. But we always continue to grow, in our faith and understanding of God, in our calling and vocation. We never stop following Jesus and that means we are always on the move! We pray we can offer opportunities for anyone who wants to explore and

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nurture their faith to do so, and to see growing faith in our own lives, our households, churches and schools.

3. Living Faith Fully

"I came that they may have life, and have it abundantly." (John 10.10)

Jesus is about nothing less than life in all its fullness or abundance! We need to build up each other in faith, to help each other as we continue to trust in God and step out in faith. At times this will feel risky, but our faith assures us that God has given us everything we need to do this work.

What these three priorities mean for us is still being worked out, but we believe will result in transformation for us all, involving new models of parish ministry with new roles for our clergy and laity working collaboratively to more intentionally focus on the three priorities above. This isn't about getting back to whatever used to be normal, but we are hoping to discover God's 'new thing' for us. The National Church are encouraging the Diocese in this transformation and have indicated their willingness to provide financial support to help us move to a sustainable and thriving future, and we are already starting to take the first steps of our journey.

In parallel with the transformation project, work on the existing five priority work streams has progressed although to varying degrees due to COVID-19:

- **Prayer:** the aim for prayer to become the heartbeat of the Diocese has been impacted by COVID-19, but this is now opening up new opportunities to engage through digital and with the appointment of the new Bishop of Berwick this will now be integrated into our diocesan transformation project.
- **Growth:** the three planned courses to engage 60 parishes in *Leading your Church into Growth* are now complete and the project now moves into a monitoring and learning phase, initial results are very encouraging.
- **Impact:** COVID-19 has impacted progress, but also given a time for reflection and the early work of this strand will be instrumental for the transformation project.
- **City:** The first diocesan resource church based at St Thomas' continues to go from strength to strength. The online congregation during lockdowns has swelled to c2k with small group meetings and enquirers courses thriving. Work has now started to refurbish and reorder the church building (largely funded by the national church) which will see the church ready to invite up to 400 freshers into a welcoming space in October 2021. St Thomas' have also been instrumental in growing a new youth community in Byker/Walker and plans are in place to launch an **Eden** Team.
- **Rural:** With the appointment of a new Archdeacon of Lindisfarne, there is now a renewed commitment to reimagine the rural Diocese through new models of mission and ministry aligned with the transformation project.

The diocesan vision of **growing church bringing hope** is instrumental in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that NDBF delivers public benefit through community engagement and supporting those in need both spiritually and physically.

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The Christian Presence

Our licensed ministers form a central part in the life of churches in the Newcastle Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, we carry out around 520 weddings, 2,150 funerals and 1,900 baptisms every year.

While the NDBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the NDBF reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the licensed clergy and lay workers in the Diocese is a priority of the NDBF and represents by far its largest financial commitment. Although the NDBF does not employ the parish clergy, it is responsible for training them, their continued development and, where applicable, resourcing their stipend, and paying into their pension fund. In 2011 terms of service were introduced in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). Common Tenure gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The NDBF recognises the importance of a safe, secure and well maintained house and through the Houses & Glebe Committee it strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

In January 2020 there was an establishment of 100.3 full-time equivalent (FTE) posts for permanent stipendiary ministry (incumbent, priest-in-charge, team vicar and associate clergy posts) and this establishment reduced to 98.1 FTE by the end of 2020. The average vacancy rate in the year was 16.4% and of the establishment there was an average of 82 FTE in post. This figure excludes curates in training posts, chaplains and the archdeacons.

During all interregnums the relevant area dean worked closely with the churchwardens of the vacant parishes and ensured that in every case scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the increasing pool of both retired and self-supporting ministers in the Diocese together with support from the Archdeacons.

Church Buildings

New procedures introduced by the Church of England to control the maintenance and development of its buildings are working well with parishes benefitting from the streamlining that has been introduced and the way in which permissions are sought.

There were 64 faculty full applications in the year, of which 48 (75%) were carried out via the Online Faculty System. Since the start of the COVID-19 lockdown situation 89% of applications have been carried out online. The use of the online faculty process continues to grow in popularity and significantly reduces the amount of paperwork involved in the process by all parties. Whilst other Dioceses have moved to a wholly electronic system, it is unlikely Newcastle would replicate this entirely as certain faculties cannot be dealt with via the online system (for example in 2020 there was a block of 8 identical faculties for the council for closed churchyards which could not be processed online).

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In addition to faculty applications there are national lists of work that can be done without a faculty. List A an incumbent can authorise, and List B an Archdeacon authorises but needs to seek advice from a Diocesan Advisory Committee (DAC) member first. In 2020 52 List B cases were processed (down from 2019 which had 72 which reflect the COVID-19 lockdown situation). List B covers more minor types of work such as like-for-like repairs.

Through our Rural Churches for All programme work has continued with local church congregations to help achieve a sustainable future for church buildings as both living places of worship and buildings that are enjoyed by local communities. Church buildings continue to be welcoming places for tourists and pilgrims and unique heritage assets.

Community Engagement

Our churches are embedded in their communities and as a result have developed trusting relationships and networks, enabling churches to play an important part in responding to the challenges faced by neighbourhoods and communities today.

Over the past year Together Newcastle, setup as a joint venture between the Church Urban Fund (CUF) and the Diocese of Newcastle, has continued to develop connections and relationships with congregations across the Diocese and as a result has experienced an increase in requests to help set up activities in response to identified needs and issues.

Together Newcastle is a resource to churches, individuals and groups that are wanting to get involved in some form of community activity, as part of their mission and commitment to **growing church bringing hope**.

Other related parties

The major related parties with whom the NDBF works include:

- **The Archbishops' Council** to which the NDBF pays a donation based on an apportionment system agreed by the General Synod for funding national training of ordinands and the activities of the various national boards and councils, as well as the costs of the General Synod.
- **The Church Commissioners**, from which the NDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The NDBF reimburses the Commissioners for the stipends of those clergy holding appointments in the Diocese of Newcastle.
- **The Church of England Pensions Board**, to which the NDBF pays retirement benefit contributions for stipendiary clergy and employees. The Pensions Board also offers schemes to provide housing for clergy in retirement.
- **The Newcastle Diocesan Education Board** ("NDEB") to which it pays a donation for funding the work of the Joint Education Team which resources the activities of the NDEB.
- **The Lord Crewe's Charity** from which the NDBF receives grants to resource activities of the NDBF which support serving clergy within the Diocese of Newcastle.

Volunteers

The Diocese of Newcastle is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the NDBF values

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the considerable time given by all members of boards, committees and task groups across the Diocese in pursuit of the mission of the NDBF.

FUTURE PLANS

In 2021 COVID-19 continues to have a significant impact on the work of the Diocese, with Church buildings remaining closed and services moving online. Despite these challenges activities will continue to be in line with supporting the five priority work streams detailed in the objectives set out on page 5.

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FINANCIAL REVIEW

Financial performance

Parish Share, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. Including the arrears received from earlier years, share decreased in cash terms by £353k compared to 2019. The total share received when expressed as a percentage of the overall share requested was 90.2% (2019: 91.7%).

The trustees are thankful to all the parishes which completed their parish share contributions during 2020. The trustees are grateful to those parishes that were able to make their parish share contributions by monthly instalments which helped the NDBF to resource the monthly financial responsibilities associated with the payment of clergy stipends and the salaries of those employed by the NDBF.

The balance on the Unrestricted Fund went up by £415k in 2020 to £3,956k. There was an overall £318k net excess of income over expenditure (within this was a decrease of £353k in parish Share contributions) and our investment in equities, held with CCLA Investment Management Ltd (CCLA), was revalued upwards by £97k.

The trustees have prepared a budget for 2021 which contains a small deficit of £81k. The target for Parish Share collection uses the 2020 parish share request as a baseline together with advice from parishes on what they felt able to offer in 2021 against this baseline. A Diocesan Contingency Fund has been set to support parishes meet any gap between their offer and the baseline figure keeping in mind the COVID-19 financial pressures that parishes will continue to face into 2021. The 2021 parish share target summarises as:

- Baseline request £4,564k
- Funded by:
 - Parish offers £3,910k
 - Contingency fund £654k

Overall the NDBF's funds have increased in 2020 by £638k. This breaks down as an operating surplus on unrestricted funds of £318k, net incoming resources on designated funds of £44k, net incoming resources on restricted and endowment funds of £61k, a realised gain on investments of £3k and an unrealised gain on investments of £212k.

Accounting rules require the inclusion of two items within the operating surplus on unrestricted funds which do not form part of the NDBF's regular day-to-day operating income and expenditure. The following illustration removes the two items to help to understand the underlying operating position for 2020, which was a surplus on unrestricted funds of £33k:

Reported surplus on unrestricted & designated funds	£362k
<i>remove</i> reduction in the pension liability	(£330k)
<i>remove</i> balance of Lowest Income Communities Funding to be used in future years ¹	(£53k)
Underlying operating deficit on unrestricted & designated funds	£21k

Included within this surplus is a one-off donation of £100k so adjusting for that would give an underlying operating deficit of **£121k**.

¹ This is the unspent balance of monies received from the National Church which are to be used in defined areas. The balance is transferred and held in a designated fund for use in those areas in future years.

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Significant property transactions

During 2020 there were no significant property transactions.

Our housing policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

Balance sheet position

The trustees consider that the balance sheet together with details in note 18 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £25.230m (2019: £24.592m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £18.631m (2019: £18.660m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the NDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the trustees policy is to aim to maintain c.£2m in investments for future income generation (2020 actual £1.5m) with an additional 3 months expenditure (c. £1.8m) held in readily realisable assets (2020 actual £1.8m). The trustees are satisfied with reserves at the current level in line with the aims of the policy.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £3,956k of which £14k is tied up in tangible fixed assets.

Designated funds

The trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed from time to time and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 19. At 31 December 2020 total designated reserves were £6.01m (2019: £5.93m).

The trustees will keep the designation of unrestricted funds under review throughout the remainder of 2021 in order to ensure funds are put to the best use, as the Diocese responds to the issues faced during the COVID-19 pandemic.

Restricted and endowment funds

As set out in note 18, NDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £1.81m (2019: £1.73m) and endowment funds totalled £13.45m (2019: £13.39m). Neither are available for the general purposes of the NDBF.

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Going concern

The trustees have considered the potential financial effects of the ongoing COVID-19 situation on the availability of reserves and cash and upon the going concern basis of preparation of these financial statements. At the time of writing the 2021 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2021, projects a fall in cash of £747k during 2021. This is being mitigated through income from sales of property. So far in 2021 one property has been sold for £421k and a further 4 properties have potential to be sold in 2021 for a total of £1.45m. The trustees are keeping under constant review the COVID-19 situation in terms of the extent and duration of the control measures and consequent impacts on general reserves. If it is forecast that general reserves will temporarily fall below the level stated in the reserves policy, management would consider whether the designation of certain unrestricted reserves remained appropriate. In more severe scenarios, where virus control measures have to be applied for a longer duration, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The trustees are comfortable that these measures, along with the current levels of cash and short term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future notwithstanding the current restrictions.

Grant making policy

The Memorandum of Association of the NDBF explicitly permits the NDBF to make grants in pursuance of its objects, and the nature of grants made in 2020 is indicated in note 10. Certain grants are built into the Diocesan Budget which is approved by Synod, whilst others are overseen by the Bishop's Council, the Diocesan Finance Group and the Diocesan Mission and Pastoral Committee.

Investment policy

The Memorandum and Articles of Association of the charity permit wide powers of investment. NDBF's investment policies are based on two key criteria:

- **Ethical investment** - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.
- **Long-term responsibilities** - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

These policies are achieved by holding all funds with CCLA.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

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The investments held and their return during the year are set out in the following table:

Shares in CBF Investment Fund

Valuation at 1 Jan 2020	<u>£3,281,489</u>
Dividend income %	3.77%
Revaluation %	6.55%
Total % return	<u>10.32%</u>

Glebe managed mainly by glebe agent

Valuation at 1 Jan 2020	<u>£1,538,267</u>
Rental income %	1.85%
Revaluation %	0.00%
Total % return	<u>1.85%</u>

RESPONDING TO COVID-19

Key aspects of the diocesan response to COVID-19 during 2020 were:

- Delivery of an expenditure savings package of £390k.
- Working with the National Church to secure an allocation of £498k sustainability funding support in respect of COVID-19 losses during 2020 and 2021. This sum was received in 2020 and is held for use in 2021 and forms part of deferred income within other creditors showing in note 15.
- Proactive support to parishes in particular through our Generous Giving Advisers. A key success here has been the support provided to parishes to secure business support grants from the local authorities with £533k support secured across 74 parishes.

The risks presented by COVID-19 have been considered and include increased liquidity, credit and reputational risk. The Charity has business continuity plans in place that support the continued operation of business activity and has resources that can withstand temporary disruption. At this stage there is no perceived material risk to the Charity's viability resulting from the COVID-19 outbreak.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation

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strategy formed. This is subject to review by the trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary. In 2020 the Finance Group, a sub-committee of the Bishop's Council, reviewed the management and mitigation strategy and revised the Risk Register.

The receipt of voluntary Parish Share contributions remains the major risk to the Board's overall performance. The trustees have put in place a framework of support, including regular communication and active management through the Finance Group, to mitigate this risk.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is under the care of a Diocesan Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio members and elected representations from each Diocese and it agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese of Newcastle is divided into twelve deaneries, each with its own Synod and within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

NDBF is a company incorporated in England, limited by guarantee (No. 00650977) and a registered charity (No. 247233) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Newcastle. It was established in its present form in 1882.

Governance and policy of the NDBF is the responsibility of the trustees, who are also members of the company and trustees for the purposes of charity law. There are nine ex-officio trustees and six lay members and three clergy members elected from and by the members of Diocesan Synod every three years. The most recent elections were held in November 2018. The next elections are scheduled to be held in Autumn 2021. The details of trustees who served during 2020 are set out on page 20.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years, the last elections having been in July 2018. Whilst the NDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the NDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Newcastle are set by the Diocesan Synod, and the NDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The members of the company meet once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the NDBF. The trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to seven meetings during the year to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy;
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders;
- Acting as the trustees of the NDBF;
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion;
- Advising the Bishop on any matters she may refer to the committee;
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership;
- Carrying out such other functions as the Synod delegates to it;
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The trustees are assisted in their work by four sub-committees:-

Finance Group: responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the trustees prior to submission to Diocesan Synod and monitors expenditure and income. The group comprises eight members of whom six are trustees.

Houses & Glebe Committee: responsible for advising on policy concerning the management of parsonage houses in each benefice of the Diocese of Newcastle, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by NDBF, together with responsibility for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of NDBF.

Diocesan Mission & Pastoral Committee: responsible for advising on pastoral reorganisation in the Diocese of Newcastle, taking account of available clergy numbers and making use of new patterns of ministry. The Committee also advises on the finding of appropriate alternative uses for churches closed to regular public worship.

Diocesan Advisory Committee: advises on matters affecting churches and places of worship in the Diocese such as granting of faculties, architecture, archaeology, art and history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

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Trustee recruitment, selection and induction

The trustees are the members of the Bishop's Council. There are ex-officio members, elected members, with elections taking place every three years, and there is provision for co-opted members. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are informed about the role and function of the Bishop's Council before seeking membership. All trustees are required to sign the code of practice and maintain their entry in the declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Newcastle, the Chair of the Board of Finance and the Human Resources Manager with reference to appraisals and remuneration and salary benchmarking.

Delegation of day to day delivery

The trustees and the sub-committees which assist them in the fulfilment of their responsibilities rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the NDBF in accordance with the policies framed by the trustees.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2020

TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees (as directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the NDBF and of the surplus or deficit of the NDBF for that period. In preparing these financial statements the trustees are required to:

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

The trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the NDBF 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 NDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the trustees are aware:

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

APPOINTMENT OF AUDITORS

The auditor is deemed to be reappointed under section 487 (2) of the Companies Act 2006 until otherwise resolved at a general meeting of the company.

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FOR THE YEAR ENDED 31 DECEMBER 2020

ADMINISTRATIVE DETAILS

Ex officio trustees

The Bishop of Newcastle, the Right Reverend CE Hardman

The Suffragan Bishop of Berwick, the Right Reverend MSA Tanner (to 14/07/20)

The Suffragan Bishop of Berwick, the Right Reverend M Wroe (from 20/10/20)

The Dean of Newcastle, the Very Reverend GV Miller

The Archdeacon of Lindisfarne, the Venerable PJA Robinson (to 03/07/20)

The Archdeacon of Lindisfarne, the Venerable DR CA Sourbut Groves (from 14/11/20)

The Archdeacon of Northumberland, the Venerable M Wroe (to 19/10/20)

The Chair of the Diocesan Board of Finance, Canon SR Harper

The Chair of the House of Clergy, The Reverend Canon B Hurst (from 13/08/20)

The Chair of the House of Laity, Canon C Wolstenholme (to 05/11/20)

The Chair of the Diocesan Mission and Pastoral Committee, the Reverend Canon PM Scott (to 20/02/20)

The Chair of the Diocesan Mission and Pastoral Committee, Mrs EA Kerry (from 04/05/20)

The Chair of the House of Clergy (The Reverend C Pickford) served to 12/08/20 and was also an employee of NDBF. The NDBF constitution does not allow employees to be a trustee therefore this individual is not included in the above list of Ex officio trustees.

Elected trustees

The Reverend Canon CL Brown

The Reverend PD Dobson

The Reverend L Chapman

Canon I McDonald-Booth

Dr JC Appleby

Mrs EA Chadwick

Professor G Holmes (from 04/06/20)

Mrs E Doran (from 07/07/20)

Dr A Thick (to 01/10/20)

Co-opted by the Board:

Mrs EA Kerry, the Vice Chair of the Diocesan Board of Finance (co-opted to 03/05/20)

Secretary: Canon S Waddle

Auditors: UNW LLP, Chartered Accountants & Statutory Auditors, Citygate, St. James' Boulevard, Newcastle upon Tyne, NE1 4JE

Bankers: Barclays Bank plc, Barclays House, 5 Queen Ann's Street, Quayside, Newcastle upon Tyne, NE4 9BN

Solicitors: Sintons, The Cube, Barrack Road, Newcastle upon Tyne, NE4 6DB

Investment managers: CCLA Investment Management Ltd, Senator House, 85 Queen Victoria Street, London, EC4V 4ET

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Glebe agents: Land Factor, Bywell Estate Office, Bywell, Stocksfield, NE43 7AQ

Insurers: Ecclesiastical, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

Registered Office: Church House, St. John's Terrace, North Shields, NE29 6HS

Telephone: 0191 270 4100

Website: www.newcastle.anglican.org

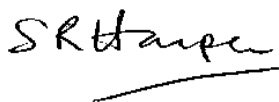
Email: info@newcastle.anglican.org

Company registration number: 00650977

Registered charity number: 247233

In approving this Trustees' Report, the trustees are also approving the Strategic Report included on pages 4 – 15 within their capacity as company directors.

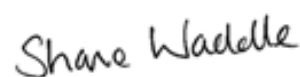
BY ORDER OF THE TRUSTEES



Canon S Harper

Chair

23 March 2021



Canon S Waddle

Secretary

23 March 2021

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Independent Auditor's Report to the members of The Newcastle Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Newcastle Diocesan Board of Finance Limited for the year ended 31 December 2020 comprising the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 entity'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.

Respective responsibilities of trustees and auditor

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the 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.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the trustees' report for which the financial statements are prepared is consistent with the financial statements, and the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by auditing standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

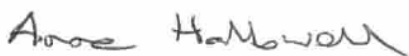
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Who are we reporting to

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Anne Hallowell BSC DChA FCA (Senior Statutory Auditor)
For and on behalf of UNW LLP, Statutory Auditor
Newcastle upon Tyne

Date: 23 March 2021

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2020

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	Note	£	£	£	£	£
Income from						
Donations						
Parish contributions	2	4,055,373	-	-	4,055,373	4,408,028
Archbishops' Council	2	1,285,071	-	-	1,285,071	1,335,240
Other donations	2	601,460	504,731	-	1,106,191	937,823
Charitable activities	3	408,500	-	-	408,500	368,067
Other activities	4	416,338	-	-	416,338	313,876
Investments	5	143,678	15,923	-	159,601	178,786
Total income		6,910,420	520,654	-	7,431,074	7,541,820
Expenditure on						
Raising funds	6	(62,120)	-	-	(62,120)	(143,190)
Charitable activities	7	(6,485,834)	(447,839)	(12,294)	(6,945,967)	(5,971,334)
Total expenditure		(6,547,954)	(447,839)	(12,294)	(7,008,087)	(6,114,524)
Net incoming/(outgoing) resources before investment gains		362,466	72,815	(12,294)	422,987	1,427,296
Net gains/(losses) on investments	13	135,194	-	79,730	214,924	517,085
Net income/(expenditure)		497,660	72,815	67,436	637,911	1,944,381
Transfers between funds		-	-	-	-	-
Net movement in funds		497,660	72,815	67,436	637,911	1,944,381
Reconciliation of funds						
Total funds brought forward		9,472,053	1,733,568	13,386,503	24,592,124	22,647,743
Total funds at 31 December 2020	18	9,969,713	1,806,383	13,453,939	25,230,035	24,592,124

All incoming resources and resources expended relate to continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2020

	Total 2020 £	Total 2019 £
Total incoming resources	7,431,074	7,541,820
Resources expended	(6,995,793)	(6,113,270)
Operating surplus / (deficit) for the year	435,281	1,428,550
Net gains/(losses) on investments	135,193	334,388
Net income for the year	570,474	1,762,938
Total comprehensive income	570,474	1,762,938

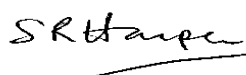
The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	18,630,575	18,659,844
Investments	13	4,834,680	4,819,756
		23,465,255	23,479,600
Current assets			
Debtors	14	244,129	142,187
Investments		1,771,199	1,065,578
Cash at bank		1,167,138	1,039,932
		3,182,466	2,247,697
Creditors: amounts falling due within one year	15	(1,170,123)	(571,134)
Net current assets		2,012,342	1,676,563
Total assets less current liabilities		25,477,597	25,156,163
Creditors: amounts falling due after more than one year	16	(247,563)	(564,039)
Net assets		25,230,035	24,592,124
The funds of the charity:			
Endowment funds		13,453,939	13,386,503
Including revaluation reserve: £610,263 (2019: £530,344)			
Restricted income funds		1,806,383	1,733,568
Unrestricted income funds:			
General funds		3,956,553	3,540,916
Including revaluation reserve: £527,396 (2019: £430,219)			
Designated funds		6,013,160	5,931,137
Including revaluation reserve: £326,403 (2019: £288,385)			
Total funds	18	25,230,035	24,592,125

The notes on pages 29 to 54 form part of these financial statements. The accounts were approved by the trustees of the Board on the 23 March 2021 and are signed on their behalf by:



Canon SR Harper Chair
Company number 00650977

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	£	£	£	£
Net cash inflow from operating activities		473,226		241,562
Cash flows from investing activities				
Dividends, interest and rent from investments	159,601		178,786	
Proceeds from the sale of:				
Investments	200,000		-	
Purchase of:				
Tangible fixed assets for the use of the NDBF	-		(2,019)	
Net cash provided by investing activities		359,601		176,767
Change in cash and cash equivalents in the reporting period		832,827		418,329
Cash and cash equivalents at 1 January		2,105,510		1,687,181
Cash and cash equivalents at 31 December		2,938,337		2,105,510
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movements in funds for the year ended 31 December		422,987		1,427,296
Adjustments for:				
Depreciation charges		29,269		41,681
Dividends, interest and rent from investments		(159,601)		(178,786)
Decrease in debtors		(101,942)		107,259
Increase in creditors		612,512		251,787
Decrease in pension liability		(330,000)		(1,407,675)
Net cash provided by/(used in) operating activities		473,226		241,562
Analysis of cash and cash equivalents				
Cash in hand		1,167,138		1,039,932
Deposits (less than 3 months)		1,771,199		1,065,578
		2,938,337		2,105,510

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and fixed asset investments. The majority of freehold properties are shown at their 1995 valuation, based on a desk-top study carried out by a Chartered Surveyor working for Black Horse Agencies. Property additions since 1995 are shown at cost or at a lower fair value where the trustees consider that this is appropriate. Fixed asset investments are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

NDBF meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the charity and are rounded to the nearest £1.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

i. **Parish Share** is recognised as income of the year in respect of which it is receivable.

ii. **Rent** receivable is recognised as income in the period with respect to which it relates.

iii. **Interest and dividends** are recognised as income when receivable.

iv. **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in deferred income within creditors to be carried forward to the following year.

v. **Parochial fees** are recognised as income of the year to which they relate.

vi. **Donations** other than grants are recognised when receivable.

vii. **Gains on disposal of fixed assets for the NDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.

viii. **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure which supports the two

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

charitable companies working alongside NDBF at Church House, i.e. the Newcastle Diocesan Education Board and Lindisfarne Regional Training Partnership.

- iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the NDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v. **Pension contributions.** The NDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the NDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which NDBF participates is accrued at current value within creditors.

c) **Going concern**

The trustees have considered the potential financial effects of the current COVID-19 situation on the availability of reserves and cash and upon the going concern basis of preparation of these financial statements. The risks presented by COVID-19 have been considered and include increased liquidity, credit and reputational risk. The Charity has business continuity plans in place that support the continued operation of business activity and has resources that can withstand temporary disruption. At this stage there is no perceived material risk to the Charity's viability resulting from the COVID-19 outbreak. Further detail is given in the Trustees report on pages 13 & 14.

d) **Tangible fixed assets and depreciation**

Freehold properties

Depreciation is not routinely provided on buildings except in those few cases where the trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight line basis, at an amount equivalent to 2% of the excess of net book value over fair value. For the vast majority of properties depreciation is not regarded as a material amount due to the very long expected remaining useful economic life in each case, and because the expected residual value is not materially less than the carrying value. The NDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The NDBF has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The NDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to capitalise as endowed assets at cost. Parsonage houses are not routinely revalued. Depreciation is not routinely provided on Parsonage houses except in those few cases where the trustees feel that the net book value is higher than the fair value. In such cases annual depreciation is charged, on a straight line basis, at an amount equivalent to 2% of the excess of net book value over fair value.

e) Other tangible fixed assets

All capital expenditure over £1,000 on computers and other office equipment is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computers and printers	25% per annum	straight line basis
Equipment, fixtures and fittings	10-25% per annum	straight line basis

f) Fixed asset investments

Listed investments, which have been classified as fixed assets investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

g) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

h) Cash at bank and in hand

Cash at bank and in hand includes cash and highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

j) Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the statement of financial activities.

k) Fund balances

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

- **Unrestricted funds** are the NDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the NDBF. There are two types of unrestricted funds:
 - **General funds** which the NDBF intends to use for the general purposes of the NDBF; and
 - **Designated funds** set aside out of unrestricted funds by the NDBF for a purpose specified by the trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the NDBF (Stipends Fund Capital, Parsonage Houses Fund but not the St Aidan's Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

l) Estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements the trustees do not consider there were any significant areas of judgment that were required in applying the company's policies as set out above.

Estimates within these financial statements include depreciation and asset valuations (for example agricultural land). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

2 DONATIONS

Parish Contributions

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
Parish share					
Current year's allocation	4,496,184	-	-	4,496,184	4,807,066
Shortfall	(457,573)	-	-	(457,573)	(424,040)
Parish contributions	4,038,611	-	-	4,038,611	4,383,026
Arrears for previous years	16,762	-	-	16,762	25,002
	4,055,373	-	-	4,055,373	4,408,028

90.2% 91.7%

Archbishops' Council

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
Lowest Income Communities funding	887,679	-	-	887,679	868,900
Transitional funding	397,392	-	-	397,392	466,340
	1,285,071	-	-	1,285,071	1,335,240

Other donations

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
All Churches Trust grant	120,500	-	-	120,500	120,250
Lord Crewe's Charity grant	74,622	-	-	74,622	100,071
Grants received for Inspired North East Project	-	-	-	-	81,466
Grants received for Rural Churches for Everyone Project	-	47,789	-	47,789	7,943
Church Commissioners - restructure funding	81,252	140,355	-	221,607	243,221
Church Commissioners - strategic capacity funding	82,532	-	-	82,532	31,987
Church Commissioners - strategic development funding	-	241,924	-	241,924	145,812
Newcastle Diocesan Society	110,200	-	-	110,200	31,406
Jesmond Holy Trinity	3,555	-	-	3,555	42,412
Durham Diocesan Board of Finance	25,934	-	-	25,934	-
Grants received from Government	11,122	4,021	-	15,143	-
Other	91,743	70,642	-	162,385	133,255
	601,460	504,731	-	1,106,191	937,823

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

For other donations in 2019 £141,036 from Church Commissioners and £124,050 from other funders were restricted (total £265,086) with the balance of £672,737 being unrestricted.

3 CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Statutory fees	322,068	-	-	322,068	302,451
Chaplaincy income	86,432	-	-	86,432	64,172
Guaranteed annuities & stipend grants	-	-	-	-	1,444
	408,500	-	-	408,500	368,067

In 2019 all income related to unrestricted funds.

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Rental of houses	381,388	-	-	381,388	284,474
Contributions for use of Church House	25,927	-	-	25,927	22,193
Other contributions	9,023	-	-	9,023	7,209
	416,338	-	-	416,338	313,876

In 2019 all income related to unrestricted funds.

5 INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Income from UK listed investments	123,236	459	-	123,695	124,451
Bank interest receivable	5,442	2,070	-	7,512	10,607
Rents from Glebe	15,000	13,394	-	28,394	37,908
Other rental income	-	-	-	-	5,820
	143,678	15,923	-	159,601	178,786

In 2019 £905 from listed investments, £3,636 from bank interest receivable and £15,808 rents from glebe were restricted (total £20,349) with the balance of £158,437 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

6 FUNDRAISING COSTS

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Glebe costs	1,500	-	-	1,500	80,490
Parsonage rental costs	60,620	-	-	60,620	62,700
	62,120	-	-	62,120	143,190

In 2019 all income related to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

7 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
Contributions to Archbishops' Council					
Training for ministry	171,937	-	-	171,937	171,938
National church responsibilities	129,269	-	-	129,269	136,714
Grants and provisions	14,448	-	-	14,448	14,579
Mission agency pension contributions	6,449	-	-	6,449	1,811
Retired clergy housing costs (CHARM)	61,731	-	-	61,731	58,791
Pooling of ordinand candidates' costs	76,213	-	-	76,213	14,303
	460,047	-	-	460,047	398,136
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	2,809,433	28,107	-	2,837,540	2,811,625
Pension contributions	679,453	9,834	-	689,287	(307,701)
Housing costs	573,208	2,058	12,294	587,560	697,571
Removal, resettlement and grants	89,984	-	-	89,984	105,407
Other expenses	70,536	-	-	70,536	131,881
	4,222,614	39,999	12,294	4,274,907	3,438,783
Support for parish ministry	1,721,923	407,840	-	2,129,763	2,034,415
	5,944,537	447,839	12,294	6,404,670	5,473,198
Grants to linked charitable companies					
Newcastle Diocesan Education Board	81,250	-	-	81,250	100,000
	81,250	-	-	81,250	100,000
	6,485,834	447,839	12,294	6,945,967	5,971,334

£149,155 of 2019 expenditure related to restricted and £5,822,179 to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	Total costs 2020 £	Total costs 2019 £
Raising funds	62,120	-	-	62,120	143,190
Charitable activities:					
Contributions to Archbishops' Council	-	460,047	-	460,047	398,136
Resourcing parish ministry	5,463,195	151,739	789,736	6,404,669	5,473,198
Grant to Newcastle Diocesan Education Board (a related charitable company)	-	81,250	-	81,250	100,000
	5,525,315	693,036	789,736	7,008,086	6,114,524

9 ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total costs 2020 £	Total costs 2019 £
Central administration	670,107	-	-	670,107	652,899
Governance					
External audit	19,630	-	-	19,630	19,890
Registry and other legal costs	90,724	-	-	90,724	87,804
Synodical costs	9,275	-	-	9,275	10,040
	789,736	-	-	789,736	770,633

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

10 ANALYSIS OF GRANTS MADE

	Number	Individuals £	Institutions £	Total costs 2020 £
<i>From unrestricted funds to support national Church responsibilities</i>				
Contributions to Archbishops' Council	6	-	460,047	460,047
<i>From unrestricted funds</i>				
Support for ordinands	18	28,198	18,800	46,998
Newcastle Cathedral	1	-	3,250	3,250
Shepherds Dene Retreat House	1	-	4,063	4,063
Alnmouth Friary	1	-	1,097	1,097
North East Churches Acting Together	1	-	3,656	3,656
Northumbrian Industrial Mission	1	-	1,056	1,056
Together Newcastle	1	-	15,000	15,000
Continuing Ministerial Development grants	39	8,476	3,574	12,050
Ministry Experience Scheme grants	4	13,200	-	13,200
Other grants	2	-	260	260
	69	49,874	50,756	100,630
<i>From restricted funds</i>				
Support for ordinands	18	16,085	21,824	37,909
Diocesan Pastoral fund	3	-	9,000	9,000
Partners fund	1	-	4,200	4,200
	22	16,085	35,024	51,109
<i>From unrestricted funds to support the Diocesan Education Board</i>				
Newcastle Diocesan Education Board	1	-	81,250	81,250
	1	-	81,250	81,250
Total Grants Made	98	65,959	627,077	693,036

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

Grant funding of activities in previous year	2019 No. of grants	2019 £
From unrestricted funds		
Contributions to Archbishops' Council	6	398,136
Contributions to Diocesan-based charities		
Newcastle Diocesan Education Board	1	100,000
Other grants	146	189,243
From restricted funds		
Other grants	1	6,600
	154	693,979

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

11 STAFF COSTS

	2020	2019
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,050,700	913,430
National insurance contributions	90,921	89,261
Pension costs	95,307	123,039
	1,236,928	1,125,730

The average number of persons employed during the year:	Number	Number
Administration and financial management	15	16
Supporting ministers & chaplains	20	15
Property	2	2
Safeguarding	3	2
Resource Church	7	3
	47	38

The average number of persons employed during the year based on full-time equivalents	Number	Number
Administration and financial management	10.3	11.0
Supporting ministers and chaplains	14.9	11.2
Property	2.0	2.0
Safeguarding	1.6	1.4
Resource Church	4.4	1.6
	33.2	27.2

	2020 number	2019 number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	1	1

Pension payments of £6,415 (2019:£6,384) were made for this employee.

In 2020 staff working for the Resource Church and were employed by the Newcastle Diocesan Board of Finance in lieu of the Resource Church achieving its own legal entity status.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Stipends	2,560,996	2,596,071
National insurance contributions	217,287	215,554
Pension costs - current year	691,758	(307,701)
	3,470,041	2,503,924

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Shane Waddle MSc, FCIPP
Canon Director of Ministry & Mission	Rob Saner-Haigh (from April 2020)
Property Manager	Ian D Beswick MSc, MRICS
Finance Manager	Philip D Ambrose BA, CPFA

Remuneration, pensions and expenses for these employees amounted to £230,389 (2019: £261,433).

Trustees' emoluments

No trustee received any remuneration for services as trustee. The trustees received travelling and out of pocket expenses totalling £4,528 and this sum was paid out to 6 trustees in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as trustees. (In 2019 £20,519 was paid out to 4 trustees).

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

	Stipend	Housing
The Right Revd MSA Tanner	No	Yes
The Venerable PJA Robinson	Yes	Yes
The Venerable M Wroe	Yes	Yes
The Venerable DR CA Sourbut Groves	Yes	Yes
The Revd Canon PM Scott	Yes	Yes
The Revd L Chapman	Yes	No
The Revd PD Dobson	Yes	Yes
The Revd Canon B Hurst	Yes	Yes

The NDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The NDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the assistant bishop but excluding the diocesan bishop and cathedral staff.

The NDBF paid an average of 99.4 (2019: 103.7) stipendiary clergy working in the Diocese within stipendiary ministry, and the costs were as follows:

The stipends of the Diocesan Bishop and Assistant Bishop are funded by the Church Commissioners and are in the range of £37,670 - £46,180 (2019: range £36,930 - £45,270). The annual rate of stipend funded by the NDBF paid to Archdeacons in 2020 was in the range £35,400 - £37,674 (2019: range £35,400 - £37,674) and other clergy who were trustees were paid in the range £25,860 - £28,444 (2019: range £25,860 - £28,444).

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

12 TANGIBLE FIXED ASSETS

	Unrestricted funds		Endowment funds		
	Property	Office	Parsonages	Glebe	TOTAL
	£	Equipment £	£	Property £	£
At cost or valuation					
At 1 January 2020	5,100,705	128,139	15,185,888	1,720,193	22,134,925
Additions	-	-	-	-	-
At 31 December 2020	5,100,705	128,139	15,185,888	1,720,193	22,134,925
Accumulated depreciation					
At 1 January 2020	600,443	108,270	2,459,885	306,483	3,475,081
Charge for the year	14,717	6,005	8,547	-	29,269
At 31 December 2020	615,160	114,275	2,468,432	306,483	3,504,350
Net book value at 31 December 2020	4,485,545	13,864	12,717,455	1,413,710	18,630,575
Net book value at 31 December 2019	4,500,262	19,869	12,726,003	1,413,710	18,659,844

Investments

Properties

These properties were purchased using either unrestricted reserves, the Pastoral Account or the Stipends Capital and Glebe Fund. Included in this category is £429k (2019:£429k) which is attributable to the Bishop Bilbrough Fund, being part of the cost of the new Church House office accommodation paid for from the proceeds of the former Church House building. The balance of the cost of Church House is held within the Mary Wilkinson Legacy Fund. The other NDBF properties are included in the NDBF Houses Fund, an unrestricted fund.

Parsonage houses

Rectories and vicarages (other than team vicarages) are vested in individual benefices. However the NDBF is responsible for the maintenance and repair of all parsonage houses and carries substantially all the risks of ownership. Following a scheme for pastoral reorganisation the net proceeds of the sale of a parsonage house may be credited to the Diocesan Pastoral Account, which is recognised as an asset of the NDBF.

Glebe team vicarages

Team vicarages are included as glebe but they are not held as investments. The proceeds of any sale must be credited to the Stipends Capital Account.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

13 FIXED ASSET INVESTMENTS

	Investment property £	Unlisted investments £	Listed investments £	TOTAL £
Within the United Kingdom				
At 1 January 2020	1,538,267	-	3,281,489	4,819,756
Disposals	-	-	(197,152)	(197,152)
Revaluation	-	-	212,076	212,076
At 31 December 2020	1,538,267	-	3,296,413	4,834,680
Cost at 31 December 2020	1,450,042	-	3,281,489	4,731,531

Investment Properties

An estimate of the value of Glebe land and properties held as investments at the end of the year is £1,538,267. This figure has been provided by the Diocesan Property Manager, Mr I Beswick MRICS.

Listed investments

Listed investments are valued at middle market value at the year-end.

14 DEBTORS

	2020 £	2019 £
Due within one year		
Church Commissioners: sundry debtors	4,065	4,065
Prepayments	-	2,967
Loans for parish buildings	24,000	23,735
Other debtors	211,064	106,420
	239,129	137,187
Due after one year		
Loans for parish buildings > 1 year	5,000	5,000
	5,000	5,000
	244,129	142,187

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Taxation and social security	40,348	38,417
Other creditors	56,657	7,957
Accruals and deferred income	945,966	384,085
Pension liabilities	127,151	140,675
Falling due within one year	1,170,123	571,134

Included within accruals and deferred income
is deferred income

	£
Balance at 1 January 2020	296,828
Released in the year	(54,180)
Deferred in the year	643,289
Carried forward at 31 December 2020	885,937

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Deposit held on glebe property	3,714	3,714
Pension liabilities	243,849	560,325
Falling due after more than one year	247,563	564,039

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

17 SUMMARY OF FUND MOVEMENTS

	Balance at 1 Jan 2020 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 Dec 2020 £
Unrestricted Funds						
General Unrestricted Fund	3,540,916	5,822,558	(5,504,097)	-	97,176	3,956,553
Designated Funds:						
Mary Wilkinson Fund	378,563	45	-	-	-	378,608
DBF Houses Fund	3,846,994	-	(14,717)	-	-	3,832,277
Bishop Bilbrough Fund	737,786	-	-	-	27,498	765,284
Mission Development Fund	22,219	-	-	-	-	22,219
Strategic Mission Fund	299,491	4,579	-	-	10,520	314,590
Training (Pooling) Fund	60,627	-	-	-	-	60,627
Sanderson Bequest Fund	2,424	-	-	-	-	2,424
Building Grants and Loans Fund	103,597	437	132	-	-	104,166
Allchurches Grant Fund	224,029	120,500	(120,500)	-	-	224,029
Clergy Expenses Fund	10,647	-	-	-	-	10,647
Lowest Income Communities Fund	244,760	887,679	(834,150)	-	-	298,289
Lord Crewe Fund	-	74,622	(74,622)	-	-	-
	9,472,053	6,910,419	(6,547,954)	-	135,193	9,969,713
Restricted Funds						
Partners Fund	83,532	(683)	(4,200)	-	-	78,649
New Church Building Fund	149,333	541	-	-	-	149,874
Diocesan Pastoral Fund	1,210,676	62	(11,191)	-	-	1,199,547
Winchester Project Fund	8,951	-	-	-	-	8,951
Archdeacons Fund	55,912	689	-	-	-	56,601
Training for Ordinands Fund	122,543	-	-	-	-	122,543
Botswana Donations Fund	9,116	125	-	-	-	9,241
Church House Wallsend Fund	5,999	13,394	(2,666)	-	-	16,727
Resourcing Ministerial Education Fund	11,562	140,355	(114,174)	-	-	37,743
Resource Church Fund	75,944	314,361	(263,798)	-	-	126,507
Rural Churches for Everyone Fund	-	51,810	(51,810)	-	-	-
	1,733,568	520,655	(447,839)	-	-	1,806,383
Endowment Funds						
Stipends Capital and Glebe Fund	3,823,127	-	(3,737)	-	75,247	3,894,637
Parsonages Houses Fund	9,498,190	-	(8,557)	-	-	9,489,633
St Aidan's Fund	65,186	-	-	-	4,483	69,669
	13,386,503	-	(12,294)	-	79,730	13,453,939
	24,592,125	7,431,074	(7,008,087)	-	214,924	25,230,035

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

18 SUMMARY OF ASSETS BY FUND

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	13,864	1,466,403	2,480,000	(3,714)	3,956,553
Designated Funds					
Mary Wilkinson Fund	-	-	378,608	-	378,608
DBF Houses Fund	4,485,545	-	(653,268)	-	3,832,277
Bishop Bilbrough Fund	-	427,370	337,914	-	765,284
Mission Development Fund	-	-	22,219	-	22,219
Strategic Mission Fund	-	163,494	151,096	-	314,590
Training (Pooling) Fund	-	-	60,627	-	60,627
Sanderson Bequest Fund	-	-	2,424	-	2,424
Building Grants and Loans Fund	-	-	104,166	-	104,166
The Allchurches Grant Fund	-	-	224,029	-	224,029
Clergy Expenses Fund	-	-	10,647	-	10,647
Lowest Income Communities Fund	-	-	298,289	-	298,289
Lord Crewe Fund	-	-	-	-	-
	4,499,409	2,057,267	3,416,751	(3,714)	9,969,713
Restricted Income Funds:					
Partners Fund	-	-	78,649	-	78,649
New Church Building Fund	-	-	149,874	-	149,874
Diocesan Pastoral Fund	-	-	1,199,547	-	1,199,547
Winchester Project Fund	-	-	8,951	-	8,951
Archdeacons Fund	-	-	56,601	-	56,601
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	9,241	-	9,241
The Church House Wallsend Fund	-	-	16,727	-	16,727
Resourcing Ministerial Education Fund	-	-	37,743	-	37,743
Resource Church Fund	-	-	126,507	-	126,507
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,806,383	-	1,806,383
Endowment Funds:					
Stipends Capital and Glebe Fund	1,413,710	2,707,743	(226,816)	-	3,894,637
Parsonages Houses Fund	12,717,456	-	(2,983,974)	(243,849)	9,489,633
St Aidan's Fund	-	69,670	(1)	-	69,669
	14,131,166	2,777,413	(3,210,791)	(243,849)	13,453,939
Total Funds	18,630,575	4,834,680	2,012,344	(247,563)	25,230,035

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

Summary of assets by fund (2019 comparatives)

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	19,331	1,569,225	1,956,074	(3,714)	3,540,916
Designated Funds					
Mary Wilkinson Fund	363,286	-	15,277	-	378,563
DBF Houses Fund	3,813,462	-	33,532	-	3,846,994
Bishop Bilbrough Fund	323,514	399,872	14,400	-	737,786
Mission Development Fund	-	-	22,219	-	22,219
Strategic Mission Fund	-	152,975	146,516	-	299,491
Training (Pooling) Fund	-	-	60,627	-	60,627
Sanderson Bequest Fund	-	-	2,424	-	2,424
Building Grants and Loans Fund	-	-	103,597	-	103,597
The Allchurches Grant Fund	-	-	224,029	-	224,029
Clergy Expenses Fund	-	-	10,647	-	10,647
Lowest Income Communities Fund	538	-	244,222	-	244,760
	4,520,131	2,122,072	2,833,564	(3,714)	9,472,053
Restricted Income Funds:					
Partners Fund	-	-	83,532	-	83,532
New Church Building Fund	-	-	149,333	-	149,333
Diocesan Pastoral Fund	-	-	1,210,676	-	1,210,676
Winchester Project Fund	-	-	8,951	-	8,951
Archdeacons Fund	-	-	55,912	-	55,912
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Fund	-	-	9,116	-	9,116
The Church House Wallsend Fund	-	-	5,999	-	5,999
Resourcing Ministerial Education Fund	-	-	11,562	-	11,562
Resource Church Fund	-	-	75,944	-	75,944
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,733,568	-	1,733,568
Endowment Funds:					
Stipends Capital and Glebe Fund	1,413,710	2,632,497	(223,080)	-	3,823,127
Parsonages Houses Fund	12,726,003	-	(2,667,488)	(560,325)	9,498,190
St Aidan's Fund	-	65,187	(1)	-	65,186
	14,139,713	2,697,684	(2,890,569)	(560,325)	13,386,503
Total Funds	18,659,844	4,819,756	1,676,563	(564,039)	24,592,124

19 DESCRIPTION OF FUNDS

The General or Unrestricted Fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the NDBF to carry out its objectives, including statutory compliance and administration of funds.

The Mary Wilkinson Fund is a bequest fund which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House. In 2015 the fund was used to purchase the Church House caretaker's bungalow from the Newcastle Diocesan Education Board.

The DBF Houses Fund is a designated fund for holding those houses which are neither personages nor team vicarages.

The Bishop Bilbrough Fund is a bequest which can be used for general purposes. It has been used to provide part of the costs for buying, modifying and fitting out Church House.

The Mission Development Fund represents monies received from the Archbishops' Council to support planned mission work in the Diocese in future years. Our final receipt into the fund was in 2016 and the fund will be wound down over the next year.

The Strategic Mission Fund has been set up as a designated fund so that NDBF can set aside funds to enable it to bid for matched project funding from the National Church.

The Training (Pooling) Fund has been set up as a designated fund in order to assist the Board's contribution to training costs which are pooled nationally across all Dioceses. Where the Diocese has higher training costs these are subsidised by Dioceses with lower training costs. The amounts are controlled by a national pooling mechanism.

The Sanderson Bequest Fund represents the balance remaining from a sum bequeathed to the NDBF in 2009. This money has been taken out of the Unrestricted Fund and designated to resource lay participation on the Leading Your Church into Growth course (LyCiG). This is part of the Diocesan Strategic Vision for **growing church bringing hope**.

The Building Grants and Loans Fund is a designated fund to make loans and grants to parishes to enable them to carry out work on their existing church buildings.

The Allchurches Grant Fund is a designated fund which uses the annual grant from the Allchurches Trust to support and resource the NDBF's ministry and activity expenditure.

The Clergy Expenses Fund is a designated fund set up to help ensure that clergy can be reimbursed the level of expenses they are entitled to, particularly those working in more deprived areas.

The Lowest Income Communities Fund is a designated fund representing funding from the National Church to help resource ministry in the most deprived areas of the Diocese.

The Lord Crewe Fund is a designated fund representing funding from the Lord Crewe Charity to help clergy in need.

The Partners Fund is a restricted fund used for making relatively small grants to community-based projects.

The New Church Building Fund is a restricted fund used, but not frequently, for making grants and loans to parishes to enable them to acquire new church buildings.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

The Diocesan Pastoral Fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.

The Winchester Project Fund is a restricted fund which holds the balance remaining from historic grants made to Newcastle Diocese by Winchester Diocese over a number of years.

The Archdeacons' Fund is a restricted fund which is spent at the discretion of the Archdeacons to help clergy who experience financial difficulties.

The Training for Ordinands Fund, formerly the McFarlane Bequest Fund, is a restricted fund used to help provide for clergy training. A sum in excess of £100,000 was left to the NDBF in 2015. In 2019 a donation of £25,000 was received from Shirley Chamney.

The Botswana Fund receives donations from parishes and individuals which are used to assist projects within our partner Diocese of Botswana.

The Wallsend Church House Fund was set up when the Wallsend Church House building was recognised as a glebe asset in the NDBF accounts. At the same time, accumulated rental income was passed across to NDBF from Wallsend Parish. Rental income continues to be paid into the fund and expenditure relating to the Wallsend property is charged against the fund.

The Resourcing Ministerial Education Fund receives Block Grants from the Archbishops' Council for ministerial education training for the ordinands sponsored by the Diocese. The Grants may only be expended on initial ministerial education pathways which have been approved by Ministry Division at accredited Theological Education Institutions (TEIs).

The Resource Church Fund was set up to receive donations which are contributions to the Resource Church. Funds will be transferred out to the legal body for the Resource Church once it is established.

The Rural Churches for Everyone Fund receives grant funding for a project working with 40 churches across rural Northumberland aiming to develop a collective future of their church buildings, securing sustainable outcomes for heritage and communities.

The Stipends Capital and Glebe Fund is governed by the Diocesan Stipends Measure 1953. The income of this endowment fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

The Parsonage Houses Fund is an endowment fund. The balance represents the book value of the benefice houses (parsonages) in the Diocese. The fund also holds a cash balance, the proceeds from the sale of a parsonage house, and a liability which relates to the deficit on the clergy pension scheme.

The St Aidan's Fund is an endowment fund. The balance is held as units in the Central Board of Finance Investment Fund. Dividend income is paid into the unrestricted fund and is used for ordination training.

20 CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There are no contingent liabilities.

There were no post balance sheet events which have an impact on the figures within these financial statements.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

21 PENSIONS

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020: £691,758, 2019: credit of £307,701), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £697,758 for 2020 (2019: credit of £269,701).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

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

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

	2020	2019
Balance sheet liability at 1 January	678,000	1,939,000
Deficit contribution paid	-306,000	-295,000
Interest cost (recognised in SoFA)	6,000	38,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-23,000	-1,004,000
Balance sheet liability at 31 December	355,000	678,000

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

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

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

Lay staff

Newcastle DBF (DBS) participates in the Defined Benefits Scheme section of CWPf for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £nil, 2019: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £nil for 2020 (2019: £nil).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £3,300 per year. In addition deficit payments of £7,263 per year have been agreed for 5.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

	2020	2019
Balance sheet liability at 1 January	23,000	29,000
Deficit contribution paid	-7,000	-7,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	0	1,000
Balance sheet liability at 31 December	16,000	23,000

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2020	December 2019	December 2018
Discount rate	0.30%	1.20%	1.90%

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

Pension Builder Scheme

Apart from the DBS referred to above, the NDBF participates in the Pension Builder Scheme (PB Classic) section of CWPF. This is a deferred annuity scheme and it is operated by the CEPB.

PB Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the CEPB from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the CEPB before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the CEPB to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. During 2016 staff in this scheme were transferred across to the PB Classic defined

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

contributions scheme therefore, the pensions costs charged to the SOFA in the year are contributions payable (2020: £16,000, 2019: £23,000).

22 RELATED PARTY TRANSACTIONS

Charity	Income £	Expenditure £	Debtor £	Creditor £
Newcastle Diocesan Education Board				
<i>Common Trustees. NDBF provides accommodation and a payroll service for NDEB. It also pays a grant to NDEB.</i>	10,384	81,250	-	-
Newcastle Diocesan Society				
<i>Common Trustees. NDBF receives grant income and a contribution towards costs from NDS.</i>	110,200	-	-	-
Lord Crewe's Charity				
<i>Common Trustee. Receipt of grants from Charity.</i>	74,622	74,622	-	15,378
Lindisfarne College of Theology				
<i>Common Trustee. NDBF provides accommodation and a payroll service for LCoT. It also pays for services provided by LCoT.</i>	7,269	89,540	-	-