

Newcastle Diocesan Society

Annual Report & Financial Statements
Year ended 31 December 2020

Company number – 00021135 (A company limited by guarantee)
Charity number – 247234

A large print version is available on request from

Church House
St John's Terrace
North Shields NE29 6HS

Or email: info@newcastle.anglican.org



NEWCASTLE DIOCESAN SOCIETY

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DIRECTORS' AND TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors, who are trustees as the company is a charity, present their annual report together with the audited financial statements, for the year ended 31 December 2020.

Legal Objects

Newcastle Diocesan Society (NDS) is a registered charity (Charity number 247234) acting as trustee and custodian trustee responsible for trust funds and properties held upon trust for the Diocese and Parochial Church Councils (PCCs).

The Board meets at least twice a year to agree and confirm actions/decisions taken with regards to access to, payments from and management of trust funds, and the allocation of grants from trusts in its care. This is carried out under the Diocesan strategic vision for *Growing Church Bringing Hope* the spirit of which is underpinned by the Diocesan values of being '*Generous, Engaged and Open*'.

NDS acts as custodian trustee in relation to St Hilda's Trust, a separately registered charity, and also in relation to PCC properties and certain diocesan properties.

The directors are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of NDS. The directors believe that, by promoting the work of the Church of England in the Diocese of Newcastle, NDS helps to promote the whole mission of the Church (including pastoral, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public.

Aims and objectives

NDS aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Newcastle and elsewhere.

The specific aims and objectives for NDS are as follows:

- To manage the funds in accordance with its duties and responsibilities exercising appropriate stewardship for and on behalf of the Newcastle Diocesan Board of Finance (NDBF) and PCCs.
- To monitor the performance of the investment managers acting on behalf of NDS and provide appropriate advice and direction as required.
- To monitor the administration costs of NDS's unrestricted funds.
- To maintain adequate reserves.

NDS meets administration costs from its own funds and therefore no charges are made to individual trust funds.

Grant-making (beneficiary-selection) policy

This is carried out in accordance with the terms and objectives of each individual trust under the umbrella of NDS with the consent and approval of the directors.

Achievements in the year

Review of 2020

- Investment income of £225,849 (2019: £217,407) represents an increase of 3.9% on the previous year.
- £341,718 (2019: £266,564) was paid out of charitable activities during the year, a 28.2% increase from the previous year. Parishes used the funds for a number of reasons from extensive church repairs to assisting with costs for curates and payment of parish share.

Operational performance

The directors continue to seek advice and guidance from their professional advisers in relation to the investments. The directors invest the capital of all the funds in the Central Board of Finances Investment Fund or the Central Board of Finances Deposit Fund. The fund conforms to the guidance given by the Church's Ethical Investment Advisory Group.

Investment performance

The total value of investments (excluding short-term cash deposits) at 31 December 2020 was £7,623,129 (2019: £7,251,748) and the total return on investment was 22.07% (2018: (22.07%)). The unrealised gain in the value of investments during the year amounted to £316,607 an increase of 4.7% on the equity portfolio.

Future Plans

The directors intend to continue to administer the funds in trust and meet the day to day running costs from the general fund. The specific objectives for 2021 remain as they were in previous years. Please refer to aims and objectives on page 1.

During the year, the Covid 19 crisis has had an impact on the underlying investment base of the Society. However, although income streams may be affected in the short to medium term, the crisis has not altered the future plans of the charity. Further details on investments are given in note 14.

Financial Review

Overall financial position

Income before revaluation adjustments totalled £238,866 (2019: £402,963) and expenditure amounted to £341,718 (2019: £266,563).

The Statement of Financial Activities (SOFA) for the year shows net expenditure of £102,852 (2019: net incoming resources of £136,399) before gains and losses on the investment assets.

After all gains and losses for the year, the net movement in funds amounted to a surplus of £394,585 (2019: £1,272,097). During the year, total fund balances increased from £8,194,729 to £8,589,314.

Principal Funding Sources

100% of the income of NDS is from investments or funds used to acquire investments.

Going concern

The impact of covid19 has had an unprecedented effect on all aspects of life during 2020. However, the nature of the Society's operations and its strong asset base and cash position will allow it to navigate the current situation through utilising existing cash reserves. Consequently, after making enquiries the directors are satisfied that NDS has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policies

The Memorandum and Articles of Association of the charity permit wide powers of investment. The NDS investment strategy is based on two key policies:

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 directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

**DIRECTORS' AND TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

Reserves policy

The directors need to keep a certain level of reserves as protection against unexpected fluctuations in income and to assist at certain times of the year with cash flow. The target level for unrestricted reserves set by the directors is £250k and the majority of these reserves are held in investment funds to generate income for NDS which can be applied to charitable purposes in the future. At 31 December 2020 the amount available in the NDS's general fund was £292,686 (2019: £371,255). The directors confirm that the unrestricted funds are adequate and readily available to fulfil the obligations of administering NDS in the future.

Structure and Governance

Company status

NDS is a company incorporated in England and limited by guarantee (Company registration number 00021135) by its Memorandum and Articles of Association dated 1885. It is registered as a charity with the Charity Commission (Charity registration number 247234).

Decision-making structure

The Board of Directors has delegated responsibility for the day-to-day management of the company to the Company Secretary, which involves the maintenance of the accounts, dealing with general enquiries from directors and following through the decisions made by directors. The directors meet at least twice a year. The chairman does have authority to make decisions on behalf of the directors between meetings if it is thought that the matter is urgent. Any such decision is confirmed by the directors at their next meeting. All decisions taken at the meetings are recorded in the minutes.

Appointment of Directors

The directors who served the charity during the period are listed on page 5.

The directors are appointed by NDS after nomination by a written notice as required by the charity's Articles of Association. The articles also stipulate that not more than twenty persons may be so nominated as members of NDS during one year. Directors are given induction training when first appointed and receive on-going training, as appropriate. Where there is an identified training need this is provided in house, or if necessary external training will be arranged.

Directors' and Trustees' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

In preparing those financial statements the directors are required to:

- Select the most suitable accounting policies and apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards and the SORP, 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 presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements

comply with the Companies Act 2006. They are also responsible for safeguarding the corporate and trust assets of the company and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

The directors as a Board confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware, and that they have each taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

Funds held as custodian trustee for others

NDS is custodian trustee for trust investment assets with a market value of £2,553,224 at 31 December 2020 (2019: £2,549,664). NDS also holds property on behalf of Parochial Church Councils (PCCs) as custodian trustee. There were 125 properties held by NDS at the year end. Due to the nature of the assets concerned it is not possible to place a valuation on the land and buildings. As these are custodian assets any valuation would be for disclosure purposes only. As each PCC is a separate charity these assets are held separately from those of NDS.

Connected charities

NDS has a close relationship with the Newcastle Diocesan Board of Finance Limited (NDBF) which has trust funds held by NDS.

Risk management

The directors have examined the major business, strategic and operational risks that NDS faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks. These risks are mitigated by using Investment management company CCLA to manage the funds.

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.

NEWCASTLE DIOCESAN SOCIETY

DIRECTORS' AND TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Administrative Details

Directors

The Bishop of Newcastle – The Right Reverend C E Hardman
The Archdeacon of Lindisfarne – The Venerable P J A Robinson (ends 4/07/2020)
The Archdeacon of Lindisfarne- The Venerable Catherine Sourbut Groves (from 14/11/2020)
The Archdeacon of Northumberland – The Venerable M Wroe (from 24/03/2019)
Canon G J Baker-Cresswell (Chair)
Canon S R Harper
Dr J C Appleby
Mrs E A Kerry
Miss I McDonald-Booth

Secretary

Canon S Waddle

Auditors

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

Solicitors

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

Bankers

Barclays Bank Plc
5 St Ann's Street, Quayside
Newcastle upon Tyne
NE1 2BH

Investment Managers

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

Registered office

Church House
St John's Terrace, North Shields
Tyne and Wear, NE29 6HS
(Telephone: 0191 2704100)
(Fax: 0191 2704101)

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DIRECTORS' AND TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

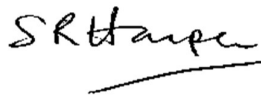
Company registration number

00021135

Registered charity number

247234

By order of the board

A handwritten signature in black ink, appearing to read 'S Harper', with a horizontal line drawn underneath.

Canon Simon Harper

Director

Date: 18/03/2021

INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of Newcastle Diocesan Society for the year ended 31 December 2020 which comprise the statement of financial activities, the income and expenditure account, the balance sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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.

Other information

The directors 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.

**INDEPENDENT AUDITORS 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 directors' and trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The directors' and 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors and trustees' report.

Responsibilities of directors' and trustees

As explained more fully in the trustees' responsibilities statement, the directors (who are also the trustees of the charitable company) 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 directors 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 directors 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

**INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 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 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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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:

NEWCASTLE DIOCESAN SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
Income and endowments from:						
Donations	2	-	13,017	-	13,017	185,556
Investments	3	12,977	212,872	-	225,849	217,407
		<u>12,977</u>	<u>225,889</u>	<u>-</u>	<u>238,866</u>	<u>402,963</u>
Expenditure on:						
Charitable activities	4/5	(116,737)	(224,981)	-	(341,718)	(266,564)
		<u>(116,737)</u>	<u>(224,981)</u>	<u>-</u>	<u>(341,718)</u>	<u>(266,564)</u>
Net (expenditure)/income before investment gains		(103,760)	908	-	(102,852)	136,399
Net gains on investments		25,193	188,236	284,008	497,437	1,135,698
Net income		(78,569)	189,144	284,008	394,585	1,272,097
Transfers between funds						
Total funds brought forward	6	371,255	3,662,709	4,160,765	8,194,729	6,922,632
Total funds carried forward	6	292,688	3,851,853	4,444,773	8,589,314	8,194,729

NEWCASTLE DIOCESAN SOCIETY

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Income		238,865	217,567
Expenditure		(341,718)	(266,564)
		<hr/>	<hr/>
Operating deficit for the year		(102,854)	(48,997)
Net gains on investments		213,428	482,484
		<hr/>	<hr/>
Net income for the year		110,575	593,327
		<hr/>	<hr/>
Total comprehensive income		110,575	593,327
		<hr/>	<hr/>

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.

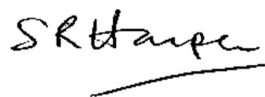
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BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	<u>7,623,129</u>	<u>7,251,748</u>
		7,623,129	7,251,748
Current assets			
Debtors: amounts falling due within one year	10	54,772	49,846
Cash at bank and in hand		917,950	961,540
Creditors: amounts falling due within one year	11	<u>(6,537)</u>	<u>(68,405)</u>
Net current assets		966,185	942,981
Net assets		8,589,314	8,194,729
Funds			
Endowment funds	6	4,444,773	4,160,765
(including investment revaluation reserve of £1,618,115 (2019 £1,334,107))			
Restricted income funds	6	3,851,853	3,662,709
(including investment revaluation reserve of £1,077,614 (2019 £888,470))			
Unrestricted income funds	6	292,688	371,255
(including investment revaluation reserve of £38,426 (2019 £116,993))			
Total funds		8,589,314	8,194,728

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 13 to 19 form part of these financial statements. The accounts were approved by the members of Newcastle Diocesan Society on the 18th March 2021 and are signed on their behalf by:



Canon Simon Harper
Director

Company number 00021135

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 fixed asset investments which 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 (FRS102).

The principal accounting policies adopted are as follows:

Basis of preparation

The Board prepares its annual financial statements on the basis of historical cost and the carrying of investment assets (including investment properties) at market value. The financial statements are drawn up in accordance with the requirements of the Companies Act 2006. NDS meets the definition of a public benefit entity under FRS102.

NDS acts as a trustee responsible for 88 Trust Funds held on behalf of the Diocese and Parochial Church Councils. Income received and expenditure on behalf of and distributions for the specified purposes of the funds in trust are included in the Statement of Financial Activities and are allocated to the capital or income funds as appropriate and in accordance with the terms of the trust deeds of the individual funds.

Fund balances are split between unrestricted, restricted and endowment funds.

- **Unrestricted** funds represent funds which are expendable at the discretion of the directors in the furtherance of the objectives of the charity. Such funds may be held in order to finance both administration and operational costs.
- **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. These are expendable at the discretion of NDS acting as trustee in furtherance of the objects of the individual trust. Restricted funds may be restricted income funds and/or capital funds, where the assets are required to be invested or retained for actual use rather than expended.
- **Endowment** funds represent grants, donations and legacies received where the donor has stipulated that the income may be used for general purposes, but the capital must be retained.

“Special trusts” (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches, subject to the Charity Commission’s determination of their accounting status.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the Directors’ and Trustees’ Annual Report.

Going concern

The Trustees have considered the current Covid 19 situation and have concluded this does not impact on their assessment of going concern for the Newcastle Diocesan Society. Although the underlying assets held have fallen in value, and there is an expectation that income levels in 2021 will be affected, the Society holds sufficient cash reserves to allow it to be able to meet its obligations as they fall due for the foreseeable future.

Income

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

Where a claim for repayment of income tax has or will be made, such income is grossed up for the tax recoverable.

The following accounting policies are applied to income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2020**

- Investment income is accounted for when receivable and includes the related tax recoverable.
- Legacies and donations are accounted for when conditions for their receipt have been met. Legacies received in the form of property or investments are accounted for at the lower of probate or market value.
- Monies from endowment funds are allocated to restricted income funds in accordance with trust terms.

Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. NDS's operating costs include professional fees and other related costs representing management and administration expenditure.

Distributions to beneficiaries are accounted for when expenditure has been incurred in respect of the various trust funds. Disbursements from trust funds are made strictly in accordance with the terms of the trust for the individual funds. Where the terms of a specific fund require the consent of NDS, this is recorded in the minutes of the NDS meeting at which it was discussed.

Support costs represent expenditure incurred in the management of the trust funds, organisational administration, and compliance with constitutional and statutory requirements. These costs are charged to the General Fund not the individual trust funds.

Investments

Listed investments, which have been classified as fixed asset 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. Investments held by NDS as custodian trustee are not included in these accounts.

Taxation

The activities of NDS are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

Debtors

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

Cash at Bank and in hand

Cash at bank and in hand includes cash and short term 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.

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. Where 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.

Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade 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.

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 or estimates that were required in applying the company's policies as set out above.

However, the trustees recognise the continuing uncertainty caused by the Covid 19 crisis.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

2 Donations

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Donations	-	13,017	-	13,017	185,556

3 Investment income

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Dividends receivable	12,925	209,022	-	221,947	210,883
Interest receivable	52	3,849	-	3,901	6,524
	12,977	212,871	-	225,848	217,407

4 Costs of charitable activities by fund type

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Grant funding activities	100,000	224,981	-	324,981	250,560
Support costs	16,737	-	-	16,737	16,004
	116,737	224,981	-	341,718	266,564

5 Analysis of support costs

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Governance:					
External Audit	4,590	-	-	4,590	4,590
Legal	-	-	-	-	1,414
Grant to NDBF	10,200	-	-	10,200	10,000
Accounts package	1,947	-	-	1,947	-
	16,737	-	-	16,737	16,004

NEWCASTLE DIOCESAN SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

6. Summary of fund movements

Summary of fund movements

	Balance at 1 Jan 2020 £	Incoming resources £	Outgoing resources £	Gains, losses & transfers £	Balance at 31 Dec 2020 £
Unrestricted Income Funds:					
General Funds	371,255	12,977	(116,737)	25,193	292,688
Restricted Income Funds:					
Restricted Funds	3,662,709	225,889	(224,981)	188,236	3,851,853
Endowment Funds:					
Permanent Endowment Funds	4,160,765	-	-	284,008	4,444,773
	8,194,729	238,866	(341,718)	497,437	8,589,314

Summary of fund movements – prior year

	Balance at 1 Jan 2019 £	Incoming resources £	Outgoing resources £	Gains, losses & transfers £	Balance at 31 Dec 2019 £
Unrestricted Income Funds:					
General Funds	321,953	8,164	(16,004)	57,142	371,255
Restricted Income Funds:					
Restricted Funds	3,118,684	369,243	(250,560)	425,342	3,662,709
Endowment Funds:					
Permanent Endowment Funds	3,481,995	25,556	-	653,214	4,160,765
	6,922,632	402,963	(266,564)	1,135,698	8,194,729

Funds transferred from endowment to restricted funds represent the unspent income on endowed funds available for use by the beneficiaries, which are held as cash deposits and not investment funds.

7. Directors' remuneration and expenses

No remuneration has been paid to any director in their capacity as a director (2019: £NIL).

8. Employee details

NDS does not have any employees. All administrative functions are carried out by NDBF staff and NDS makes a grant to the NDBF in recognition of this assistance. The grant for 2020 was £10,200 (2019: £10,000).

NEWCASTLE DIOCESAN SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

9. Investments

	Listed investments £
Within the United Kingdom	
At 1 January 2020	7,251,748
Additions	13,017
Disposals	(131,847)
Revaluation	490,211
	<hr/>
At 31 December 2020	7,623,129
	<hr/>
Historical cost at 31 December 2020	4,831,497
	<hr/>

10. Debtors: amounts falling due within one year

	2020 £	2019 £
Other debtors	54,772	49,846

11. Creditors: amounts falling due within one year

	2020 £	2019 £
Other creditors	1,947	63,815
Accruals	4,590	4,590
	<hr/>	<hr/>
	6,537	68,405
	<hr/>	<hr/>

12. Analysis of net assets between funds

Analysis of net assets between funds

	Investments £	Net current assets £	Total £
Restricted Income Funds:			
Restricted Funds	2,890,532	961,321	3,851,853
Endowment Funds:			
Permanent Endowment Funds	4,444,773	-	4,444,773
Unrestricted Income Funds:			
General Funds	287,824	4,864	292,688
	<hr/>	<hr/>	<hr/>
Total Funds	7,623,129	966,185	8,589,314

At 31 December 2020 NDS managed 88 trust funds (2019: 88 trust funds). These funds were held to cover a variety of purposes such as the upkeep and maintenance of church buildings, church halls or churchyards; the upkeep of church organs or music groups; general use by NDS directors; ecclesiastical/charitable purposes; to be used at the discretion of the Bishop, NDS or local vicars, and to provide funds for NDBF to offset the cost of stipends.

13. Related party transactions

Five of the NDS directors who served during the year were also directors of NDBF. During 2020 NDS paid out £140,143 (2019: £36,301) to the NDBF from its various funds, some of which are restricted and required to assist in the payment of stipends, and the remainder unrestricted and covering certain administration costs.

NDS acts as custodian trustee over the assets of St Hilda's Trust. The Bishop of Newcastle was a trustee for both NDS and St Hilda's Trust. The two charities had no other trustees in common.