

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.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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.

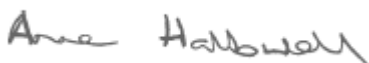
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance 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 Reconciliation of funds		(244,287)	407,280	455,710	618,703	(200,664)
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.

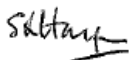
THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

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.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

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.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

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				
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
	<hr/>	<hr/>
	92	592,654

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
	1,481,829	1,466,139

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
	44	45

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
	33	37

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	1	1

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

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		
	Property	Office Equipment	Parsonages	Glebe Property	TOTAL
	£	£	£	£	£
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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2023

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.

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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.