



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

Annual Report & Financial Statements
Year ended 31 December 2019

Company number 00650977
Registered charity number 247233

A large print version is available on request from

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THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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Mission Statement

Our vision for *growing church bringing hope* expresses a deep longing to see our worshipping communities growing in numbers, in prayer and discipleship, in serving our communities, and above all in making a difference - sharing the hope we have, which is the power of God to transform us and our world.

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The trustees, who are also directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2019.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

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

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

The NDBF has the following statutory responsibilities:

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

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

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

STRATEGIC AIMS

The strategic vision for **growing church bringing hope** was founded on the values of being generous, engaged and open in the way we follow Christ with a priority to invite others to join our pilgrimage of faith. The vision was launched at an Open Synod Forum held in Rothbury in March 2017 and is supported by five priority work streams with the following aims:

- We affirm that everything we do must be grounded in a deep prayerfulness and so we aim to create opportunities for deeper engagement with God in prayer.
- We aim to equip teams of lay people and clergy to work together for missional, spiritual and numerical growth.

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- God calls churches to grow as they serve, worship and pray; therefore we aim to focus on the potential for numerical growth, enabling lay and ordained leadership, and encouraging local opportunities for those exploring Christian faith.
- We value the place of Newcastle city centre in the Diocese and will invest in the life of the city, engaging with civic life, seeking continued growth in areas of inherited strength, and developing fresh expressions to engage with areas of opportunity.
- We aim to recruit, train and support new ministry and mission teams in our rural parish benefices, with clergy and laity working together – in order to reshape the rural Church's engagement with God's mission.

OBJECTIVES

The goals to support the five priority work streams were:

- **Prayer:** by 2020, 250 people across the Diocese will have taken part in a *Month of Guided Prayer*, and 30 Prayer Guides will have been trained and resourced.
- **Growth:** by 2020, 60 parishes will have taken part in *Leading your Church into Growth* and will have seen the fruits of that in missional, spiritual and numerical growth.
- **Impact:** by 2022, impact and attendance will have increased in 20 identified parishes (some will be parishes currently having the lowest per capita attendance, others will be those with significant potential for further growth).
- **City:** by 2020, church life in Newcastle city will be more engaged, vibrant and growing – engaging with students, city workers and the vulnerable, growing congregations and planting at least one community exploring new forms of worship.
- **Rural:** by 2022, ministry in rural multi-parish benefices will have been re-imagined, and to enable this we will have simplified structures, identified lead/focal ministers and created new teams.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that NDBF delivers public benefit through community engagement and supporting those in need both spiritually and physically.

ACTIVITIES AND ACHIEVEMENTS

Work supporting the objectives supporting the five priority work streams included:

- **Prayer:** Over 140 people have now participated in a Month of Guided Prayer supported by 33 Prayer Guides – feedback has been very favourable. Whilst further courses are being planned each month, the team is looking to launch further spiritual training and to look at online/virtual offerings.
- **Growth:** A third and final course of *Leading your Church into Growth* was held in November 2019, delivered over two weekends to attract those in full-time work. Formal evaluation of the effectiveness of the training for the 60 attending parishes is now underway together with an ongoing mentoring programme.
- **Impact:** The children's missioner in Denton is having a noticeable impact engaging with young people within schools particularly with the a new 'Lego' Church, whilst the young person's missioner in Newbiggin Hall runs activities during holiday periods (with significant support from the City Council) which in the Summer holidays attracted over 80 young people each day and has also led to a 4-fold increase at the monthly family Sunday service. A third community missioner was recruited into Percy Main in 2019,

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with funding from the National Church, and is working to engage initially with those on the fringe of the church.

- **City:** The first diocesan resource church was launched at St Thomas' in October 2019 led by the Revd Ben Doolan. We are already seeing a regular congregation of 180+ and demonstrating significant impact with the student demographic, along with resourcing youth activities elsewhere within the diocese. The high quality worship and online resources are also providing a high national profile. Work is underway to reorder the church building to enable further growth in numbers, mission and ministry.
- **Rural:** Building upon the first pilot benefice, which established a lay and ordained ministry team, the coalition has defined the new models of mission and ministry together with the priority locations to reimagine the rural church.

In response to the financial pressures of reducing income within the diocese, initial planning is underway to transform into a thriving, growing diocese through new ministry models supported by a sustainable deployment plan. Assistance is being provided from the Strategic Capacity Fund of the National Church to develop this thinking into a funded transformation plan.

The Christian Presence

Our licensed ministers form a central part in the life of churches in the Newcastle Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, we carry out around 520 weddings, 2,150 funerals and 1,900 baptisms every year.

While the NDBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the NDBF reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the licensed clergy and lay workers in the Diocese is a priority of the NDBF and represents by far its largest financial commitment. Although the NDBF does not employ the parish clergy, it is responsible for training them, their continued development and, where applicable, resourcing their stipend, and paying into their pension fund. In 2011 terms of service were introduced in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). Common Tenure gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

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

In January 2019 there was an establishment of 101.8 full-time equivalent (FTE) posts for permanent stipendiary ministry (incumbent, priest-in-charge, team vicar and associate clergy posts) and this was reduced from July 2019 to an establishment of 100.3FTE. The average vacancy rate in the year was 19% and of the establishment there was an average of 82.26FTE in post. This figure excludes curates in training posts, chaplains and the archdeacons.

During all interregnums the relevant area dean worked closely with the churchwardens of the vacant parishes and ensured that in every case scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by

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the increasing pool of both retired and self-supporting ministers in the Diocese together with support from the Archdeacons.

Church Buildings

New procedures introduced by the Church of England to control the maintenance and development of its buildings are working well with parishes benefitting from the streamlining that has been introduced and the way in which permissions are sought.

There were 77 faculty full applications in the year, of which 49 were carried out via the Online Faculty System. The use of the online faculty process continues to grow in popularity and significantly reduces the amount of paperwork involved in the process by all parties. Other Dioceses have moved to a wholly electronic system and Newcastle is yet to adopt this approach.

Through our Inspired North East & Rural Churches for All programme work has continued with local church congregations to help achieve a sustainable future for church buildings as both living places of worship and buildings that are enjoyed by local communities. Church buildings continue to be welcoming places for tourists and pilgrims and unique heritage assets.

Community Engagement

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

Over the past year Together Newcastle, a joint venture between the Church Urban Fund (CUF) and the Diocese of Newcastle, has continued to develop connections and relationships with congregations across the Diocese and as a result has experienced an increase in requests to help set up activities in response to identified needs and issues.

Together Newcastle is a resource to churches, individuals and groups that are wanting to get involved in some form of community activity, as part of their mission and commitment to **growing church bringing hope**.

Other related parties

The major related parties with whom the NDBF works include:

- **The Archbishops' Council** to which the NDBF pays a donation based on an apportionment system agreed by the General Synod for funding national training of ordinands and the activities of the various national boards and councils, as well as the costs of the General Synod.
- **The Church Commissioners**, from which the NDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The NDBF reimburses the Commissioners for the stipends of those clergy holding appointments in the Diocese of Newcastle.
- **The Church of England Pensions Board**, to which the NDBF pays retirement benefit contributions for stipendiary clergy and employees. The Pensions Board also offers schemes to provide housing for clergy in retirement.
- **The Newcastle Diocesan Education Board** ("NDEB") to which it pays a donation for funding the work of the Joint Education Team which resources the activities of the NDEB.
- **The Lord Crewe's Charity** from which the NDBF receives grants to resource activities of the NDBF which support serving clergy within the Diocese of Newcastle.

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Volunteers

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

FUTURE PLANS

Activities will continue to be in line with supporting the five priority work streams detailed in the objectives set out on page 5.

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FINANCIAL REVIEW

Financial performance

Parish Share, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. Including the arrears received from earlier years, share decreased in cash terms by £84k compared to 2018. The total share received when expressed as a percentage of the overall share requested was 91.7% (2018: 89.9%).

The trustees are thankful to all the parishes which completed their parish share contributions during 2019. The trustees are grateful to those parishes that were able to make their parish share contributions by monthly instalments which helped the NDBF to resource the monthly financial responsibilities associated with the payment of clergy stipends and the salaries of those employed by the NDBF.

The balance on the Unrestricted Fund went up by £1,521k in 2018 to £3,440k. There was an overall £1,319k net excess of income over expenditure (within this was a decrease of £84k in parish Share contributions), funds transfers out of £46k and our investment in equities, held with CCLA Investment Management Ltd (CCLA) was revalued upwards by £247k.

The trustees have prepared a budget for 2020 which contains a small deficit of £75k. The target for Parish Share collection has been set at 100% to enable us to meet all our expenditure requirements and make further transfers into the Strategic Mission Fund. This fund was set up to strengthen our ability to match fund future funding applications to the National Church.

Overall the NDBF's funds have increased in 2019 by £1,944k. This breaks down as an operating surplus on unrestricted funds of £1,374k, net outgoing resources on designated funds of £28k, net incoming resources on restricted and endowment funds of £81k and an unrealised gain on investments of £517k.

Accounting rules require the inclusion of two items within the operating surplus on unrestricted funds which do not form part of the NDBF's regular day-to-day operating income and expenditure. The following illustration removes the two items to help to understand the underlying operating position for 2019, which was a surplus on unrestricted funds of £61k:

Reported surplus on unrestricted funds	£1,374k
<i>remove</i> reduction in the pension liability	(£1,267k)
<i>remove</i> balance of Lowest Income Communities Funding to be used in future years ¹	(£46k)
Underlying operating surplus on unrestricted funds	£61k

Significant property transactions

During 2019 there were no significant property transactions.

Our housing policy continues to be:

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

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

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Balance sheet position

The trustees consider that the balance sheet together with details in note 19 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 £24.592m (2018: £22.648m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £18.660m (2018: £18.699m). 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 (2019 actual £1.6m) with an additional 3 months expenditure (c. £1.8m) held in readily realisable assets (2019 actual £1.7m). The Trustees are satisfied with reserves at the current level in line with the aims of the policy.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £3,440k of which £19k is tied up in tangible fixed assets.

Designated funds

The trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed from time to time and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 20. At 31 December 2019 total designated reserves were £5.93m (2018: £5.87m)

Restricted and endowment funds

As set out in note 19, NDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £1.84m (2018: £1.65m) and endowment funds totalled £13.39m (2018: £13.21m). Neither are available for the general purposes of the NDBF.

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 2019 is indicated in note 10. Certain grants are built into the Diocesan Budget which is approved by Synod, whilst others are overseen by the Bishop's Council, the Diocesan Finance Group and the Diocesan Mission and Pastoral Committee.

Investment policy

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

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

These policies are achieved by holding all funds with CCLA.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

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

Shares in CBF Investment Fund

Valuation at 1 Jan 2019	<u>£2,764,404</u>
Dividend income %	2.33%
Revaluation %	18.71%
Total % return	<u>21.04%</u>

Glebe managed mainly by glebe agent

Valuation at 1 Jan 2019	<u>£1,538,267</u>
Rental income %	1.03%
Revaluation %	0.00%
Total % return	<u>1.03%</u>

Covid-19

The risks presented by COVID-19 have been considered and include increased liquidity, credit and reputational risk. The Charity has business continuity plans in place that support the continued operation of business activity and has resources that can withstand temporary disruption. At this stage there is no perceived material risk to the Charity's viability resulting from the COVID-19 outbreak. The Charity considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Charity or to provide a quantitative estimate of the impact.

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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 2019 the Finance Group, a sub-committee of the Bishop's Council, reviewed the management and mitigation strategy and revised the Risk Register.

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

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprised of ex-officio members and elected representations from each Diocese and it agrees, and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese of Newcastle is divided into twelve deaneries, each with its own Synod and within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

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

Organisational structure

NDBF is a company incorporated in England, limited by guarantee (No. 00650977) and a registered charity (No. 247233) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Newcastle. It was established in its present form in 1882.

Governance and policy of the NDBF is the responsibility of the trustees, who are also members of the company and trustees for the purposes of charity law. There are nine ex-officio trustees and six lay members and three clergy members elected from and by the members of Diocesan Synod every

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three years. The most recent elections were held in November 2018. The next elections are scheduled to be held in Autumn 2021. The details of trustees who served during 2019 are set out on page 16.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years, the last elections having been in July 2018. Whilst the NDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the NDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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

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owned by NDBF, together with responsibility for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of NDBF.

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

Diocesan Advisory Committee: advises on matters affecting churches and places of worship in the Diocese such as granting of faculties, architecture, archaeology, art and history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

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.

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;

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- 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 re-appointment of UNW as auditors to the NDBF will be proposed at the Annual General Meeting.

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ADMINISTRATIVE DETAILS

Ex officio trustees

The Bishop of Newcastle, the Right Reverend CE Hardman

The Suffragan Bishop of Berwick, the Right Reverend MSA Tanner

The Dean of Newcastle, the Very Reverend GV Miller

The Archdeacon of Lindisfarne, the Venerable PJA Robinson

The Archdeacon of Northumberland, the Venerable M Wroe (from 24/03/19)

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

The Chair of the House of Laity, Canon C Wolstenholme

The Chair of the Diocesan Mission and Pastoral Committee, the Reverend Canon PM Scott

The Chair of the House of Clergy (The Reverend C Pickford) was also an employee of NDBF. The NDBF constitution does not allow employees to be a Trustee therefore this individual is not included in the above list of Ex officio trustees.

Elected trustees

The Reverend Canon CL Brown

The Reverend PD Dobson

The Reverend L Chapman (to 31/10/19)

Canon I McDonald-Booth

Dr JC Appleby

Mrs EA Chadwick

Dr A Thick

Canon SM Hart (to 14/04/19)

Mr JDG Brown (to 15/11/19)

Co-opted by the Board:

Mrs EA Kerry, the Vice Chair of the Diocesan Board of Finance

Secretary: Canon S Waddle

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

Bankers: Barclays Bank plc, Barclays House, 5 Queen Ann's Street, Quayside, Newcastle upon Tyne, NE4 9BN

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

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Registered Office: Church House, St. John's Terrace, North Shields, NE29 6HS

Telephone: 0191 270 4100

Website: www.newcastle.anglican.org

Email: info@newcastle.anglican.org

Company registration number: 00650977

Registered charity number: 247233

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

BY ORDER OF THE TRUSTEES

Canon S Harper

Chair

7 July 2020

Canon S Waddle

Secretary

7 July 2020

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Respective responsibilities of trustees and auditor

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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. The description forms part of our auditor's report.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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: 7 July 2020

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2019

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Income from						
Donations						
Parish contributions	2	4,408,028	-	-	4,408,028	4,492,126
Archbishops' Council	2	1,335,240	-	-	1,335,240	1,429,192
Other donations	2	672,737	265,086	-	937,823	576,735
Charitable activities	3	368,067	-	-	368,067	377,301
Other activities	4	313,876	-	-	313,876	237,115
Investments	5	158,437	20,349	-	178,786	184,472
Total income		7,256,385	285,435	-	7,541,820	7,296,941
Expenditure on						
Raising funds	6	(87,901)	(54,035)	(1,254)	(143,190)	(84,029)
Charitable activities	7	(5,822,179)	(149,155)	-	(5,971,334)	(6,448,199)
Total expenditure		(5,910,080)	(203,190)	(1,254)	(6,114,524)	(6,532,228)
Net incoming/(outgoing) resources before investment gains		1,346,305	82,245	(1,254)	1,427,296	764,713
Net gains/(losses) on investments:						
Unrealised gains/(losses) on investment assets	14	334,388	-	182,697	517,085	(42,095)
Revaluation of fixed assets	14	-	-	-	-	300
Net income/(expenditure)		1,680,693	82,245	181,443	1,944,381	722,918
Transfers between funds	12	-	-	-	-	-
Net movement in funds		1,680,693	82,245	181,443	1,944,381	722,918
Reconciliation of funds						
Total funds brought forward		7,791,360	1,651,323	13,205,060	22,647,743	21,924,825
Total funds at 31 December 2019	18	9,472,053	1,733,568	13,386,503	24,592,124	22,647,743

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 2019

	Total 2019 £	Total 2018 £
Total incoming resources	7,541,820	7,296,941
Resources expended	(6,113,270)	(6,532,228)
Operating surplus / (deficit) for the year	1,428,550	764,713
Net gains/(losses) on investments	334,388	(27,222)
Net income for the year	1,762,938	737,491
Other comprehensive income:		
Revaluation of fixed assets	-	300
Total comprehensive income	1,762,938	737,791

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 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	18,659,844	18,699,506
Investments	14	4,819,756	4,302,671
		23,479,600	23,002,177
Current assets			
Debtors	15	142,187	249,446
Investments		1,065,578	1,057,645
Cash at bank		1,039,932	629,536
		2,247,697	1,936,627
Creditors: amounts falling due within one year	16	(571,134)	(319,347)
Net current assets		1,676,563	1,617,280
Total assets less current liabilities		25,156,163	24,619,457
Creditors: amounts falling due after more than one year	17	(564,039)	(1,971,714)
Net assets		24,592,124	22,647,743
The funds of the charity:			
Endowment funds		13,386,503	13,205,060
Including revaluation reserve: £530,544 (2018: £347,847)			
Restricted income funds		1,733,568	1,651,323
Unrestricted income funds:			
General funds		3,540,916	1,919,125
Including revaluation reserve: £430,219 (2018: £182,946)			
Designated funds		5,931,137	5,872,235
Including revaluation reserve: £288,385 (2018: £201,270)			
Total funds	19	24,592,124	22,647,743

The notes on pages 25 to 51 form part of these financial statements. The accounts were approved by the trustees of the Board on the 7 July 2020 and are signed on their behalf by:

Canon SR Harper
Chair
Company number 00650977

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2019

	2019		2018	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		388,052		(34,541)
Cash flows from investing activities				
Dividends, interest and rent from investments	178,786		184,472	
Proceeds from the sale of:				
Tangible fixed assets	-		-	
Purchase of:				
Tangible fixed assets for the use of the NDBF	(2,019)		(9,226)	
Net cash provided by/(used in) investing activities		176,767		175,246
Cash flow from financing activities				
Loan repaid	-		(500,000)	
Net cash provided by/(used in) financing activities		-		(500,000)
Change in cash and cash equivalents in the reporting period		564,819		(359,295)
Cash and cash equivalents at 1 January		1,687,181		2,046,476
Cash and cash equivalents at 31 December		2,252,000		1,687,181
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movements in funds for the year ended 31 December		1,427,296		764,713
Adjustments for:				
Depreciation charges		41,681		63,326
Dividends, interest and rent from investments		(178,786)		(184,472)
Loss/(profit) on sale of functional assets		-		-
Decrease in debtors		107,259		433
Increase in creditors		251,787		11,459
Decrease in pension liability		(1,261,185)		(690,000)
Net cash provided by/(used in) operating activities		388,052		(34,541)
Analysis of cash and cash equivalents				
Cash in hand		1,039,932		629,536
Deposits (less than 3 months)		1,065,578		1,057,645
		2,105,510		1,687,181

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

1 PRINCIPAL ACCOUNTING POLICIES

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

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

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

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

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

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

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

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

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

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

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

b) Expenditure

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

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

ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, and expenditure which supports the two

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

charitable companies working alongside NDBF at Church House, i.e. the Newcastle Diocesan Education Board and Lindisfarne Regional Training Partnership.

- iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the NDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v. **Pension contributions.** The NDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 23). The pension costs charged as resources expended represent the NDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which NDBF participates is accrued at current value within creditors.

c) **Tangible fixed assets and depreciation**

Freehold properties

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

Investment properties

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

Parsonage houses

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

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.

d) 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

e) 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.

f) Debtors

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

g) 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.

h) 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.

i) 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.

j) 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.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

- **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.

k) 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 2019

2 DONATIONS

Parish Contributions

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Parish share					
Current year's allocation	4,807,066	-	-	4,807,066	4,998,498
Shortfall	(424,040)	-	-	(424,040)	(516,545)
Parish contributions	4,383,026	-	-	4,383,026	4,481,953
Arrears for previous years	25,002	-	-	25,002	10,173
	4,408,028	-	-	4,408,028	4,492,126
				91.7%	89.9%

Archbishops' Council

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Lowest Income Communities funding	868,900	-	-	868,900	911,246
Transitional funding	466,340	-	-	466,340	517,946
	1,335,240	-	-	1,335,240	1,429,192

Other donations

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
All Churches Trust grant	120,250	-	-	120,250	119,594
Lord Crewe's Charity grant	100,071	-	-	100,071	86,396
Winchester Diocese grant	-	-	-	-	35,000
Grants received for Inspired North East Project	81,466	-	-	81,466	63,722
Grants received for Rural Churches for Everyone Project	-	7,943	-	7,943	-
Church Commissioners - restructure funding	102,185	141,036	-	243,221	175,995
Church Commissioners - strategic capacity funding	31,987	-	-	31,987	33,016
Church Commissioners - strategic development funding	145,812	-	-	145,812	-
Newcastle Diocesan Society	31,406	-	-	31,406	8,000
Jesmond Holy Trinity	42,412	-	-	42,412	767
Other	17,148	116,107	-	133,255	54,245
	672,737	265,086	-	937,823	576,735

For other donations in 2018 £97,570 from Church Commissioners and £17,673 from other funders were restricted (total £115,243) with the balance of £461,492 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

3 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Statutory fees	302,451	-	-	302,451	316,747
Chaplaincy income	64,172	-	-	64,172	59,276
Guaranteed annuities & stipend grants	1,444	-	-	1,444	1,278
	368,067	-	-	368,067	377,301

In 2018 all income related to unrestricted funds.

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Rental of houses	284,474	-	-	284,474	200,715
Contributions for use of Church House	22,193	-	-	22,193	24,600
Other contributions	7,209	-	-	7,209	11,800
	313,876	-	-	313,876	237,115

In 2018 all income related to unrestricted funds.

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Income from UK listed investments	123,546	905	-	124,451	121,389
Bank interest receivable	6,971	3,636	-	10,607	8,786
Rents from Glebe	22,100	15,808	-	37,908	48,777
Other rental income	5,820	-	-	5,820	5,520
	158,437	20,349	-	178,786	184,472

In 2018 £883 from listed investments, £2,391 from bank interest receivable and £7,822 rents from glebe were restricted (total £11,096) with the balance of £173,376 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

6 FUNDRAISING COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Glebe costs	25,201	54,035	1,254	80,490	30,462
Parsonage rental costs	62,700	-	-	62,700	53,567
	87,901	54,035	1,254	143,190	84,029

In 2018 all income related to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

7 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Contributions to Archbishops' Council					
Training for ministry	171,938	-	-	171,938	166,389
National church responsibilities	136,714	-	-	136,714	132,453
Grants and provisions	14,579	-	-	14,579	14,443
Mission agency pension contributions	1,811	-	-	1,811	1,620
Retired clergy housing costs (CHARM)	58,791	-	-	58,791	55,933
Pooling of ordinand candidates' costs	14,303	-	-	14,303	(20,803)
	398,136	-	-	398,136	350,035
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	2,811,625	-	-	2,811,625	2,914,379
Pension contributions	(307,701)	-	-	(307,701)	273,109
Housing costs	697,571	-	-	697,571	705,685
Removal, resettlement and grants	105,407	-	-	105,407	118,448
Other expenses	131,881	-	-	131,881	112,210
	3,438,783	-	-	3,438,783	4,123,831
Support for parish ministry	1,885,260	149,155	-	2,034,415	1,837,308
	5,324,043	149,155	-	5,473,198	5,961,139
Grants to linked charitable companies					
Newcastle Diocesan Education Board	100,000	-	-	100,000	137,025
Lindisfarne College of Theology	-	-	-	-	-
	100,000	-	-	100,000	137,025
	5,822,179	149,155	-	5,971,334	6,448,199

£122,849 of 2018 expenditure related to restricted and £6,325,350 to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	Total costs 2019 £	Total costs 2018 £
Raising funds	143,190	-	-	143,190	84,029
Charitable activities:					
Contributions to Archbishops' Council	-	398,136	-	398,136	350,035
Resourcing parish ministry	4,506,722	195,843	770,633	5,473,198	5,961,139
Grant to Newcastle Diocesan Education Board (a related charitable company)	-	100,000	-	100,000	137,025
	4,649,912	693,979	770,633	6,114,524	6,532,228

9 ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total costs 2019 £	Total costs 2018 £
Central administration	652,899	-	-	652,899	686,384
Governance					
External audit	19,890	-	-	19,890	19,500
Registry and other legal costs	87,804	-	-	87,804	76,055
Synodical costs	10,040	-	-	10,040	10,864
	770,633	-	-	770,633	792,803

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

10 ANALYSIS OF GRANTS MADE

	Number	Individuals £	Institutions £	Total costs 2019 £
<i>From unrestricted funds to support national Church responsibilities</i>				
Contributions to Archbishops' Council	6	-	398,136	398,136
<i>From unrestricted funds</i>				
Support for ordinands	18	16,295	114,774	131,069
Newcastle Cathedral	1	-	4,000	4,000
Shepherds Dene Retreat House	1	-	5,000	5,000
Alnmouth Friary	1	-	1,800	1,800
North East Churches Acting Together	1	-	6,000	6,000
Northumbrian Industrial Mission		-	-	-
Together Newcastle	1	-	10,000	10,000
Continuing Ministerial Development grants	85	18,059	1,905	19,964
Ministry Experience Scheme grants	16	6,400	-	6,400
Other grants	22	350	4,660	5,010
	146	41,104	148,139	189,243
<i>From restricted funds</i>				
Clergy Emergency Fund	1	-	6,600	6,600
	1	-	6,600	6,600
<i>From unrestricted funds to support the Diocesan Education Board</i>				
Newcastle Diocesan Education Board	1	-	100,000	100,000
	1	-	100,000	100,000
Total Grants Made	154	41,104	652,875	693,979

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

Grant funding of activities in previous year	2018	2018
	No. of grants	£
From unrestricted funds		
Contributions to Archbishops' Council	6	350,035
Contributions to Diocesan-based charities		
Newcastle Diocesan Education Board	1	137,025
Lindisfarne Regional Training Partnership	-	-
Other grants	148	166,935
From restricted funds		
Other grants	8	11,650
	<hr/>	<hr/>
	163	665,645
	<hr/>	<hr/>

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

11 STAFF COSTS

	2019	2018
	£	£
Employee costs during the year were as follows:		
Wages and salaries	913,430	854,477
National insurance contributions	89,261	79,678
Pension costs	123,039	154,123
	1,125,730	1,088,278

The average number of persons employed during the year:	Number	Number
Administration and financial management	16	17
Supporting ministers & chaplains	15	16
Property	2	2
Safeguarding	2	3
Resource Church	3	-
	38	38

The average number of persons employed during the year based on full-time equivalents	Number	Number
Administration and financial management	11.0	12.6
Supporting ministers and chaplains	11.2	13.1
Property	2.0	2.0
Safeguarding	1.4	1.4
Resource Church	1.6	-
	27.2	29.1

	2019 number	2018 number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	1	1

Pension payments of £6,384 (2018:£6,263) were made for this employee.

In 2019 staff were appointed to the Resource Church and were employed by the Newcastle Diocesan Board of Finance in lieu of the Resource Church achieving its own legal entity status.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Stipends	2,596,071	2,736,442
National insurance contributions	215,554	177,937
Pension costs - current year	(307,701)	273,109
	<u>2,503,924</u>	<u>3,187,488</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 2018 they were:

Diocesan Secretary and Company Secretary	Shane Waddle MSc, FCIPP
Director of Discipleship & Ministry for Mission	Ian H Flintoft MA, MPhil (to 20/10/19)
Property Manager	Ian D Beswick MSc, MRICS
Finance Manager	Philip D Ambrose BA, CPFA

Remuneration, pensions and expenses for these employees amounted to £261,433 (2018: £244,835).

Trustees' emoluments

No trustee received any remuneration for services as trustee. The trustees received travelling and out of pocket expenses totalling £20,519 and this sum was paid out to 4 trustees in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as trustees. (In 2018 £12,888 was paid out to 5 trustees).

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

	Stipend	Housing
The Right Revd MSA Tanner	No	Yes
The Venerable PJA Robinson	Yes	Yes
The Venerable M Wroe	Yes	Yes
The Revd Canon PM Scott	Yes	Yes
The Revd L Chapman	Yes	Yes
The Revd PD Dobson	Yes	Yes

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

The NDBF paid an average of 103.7 (2018: 104.8) stipendiary clergy working in the diocese within stipendiary ministry, and the costs were as follows:

The stipends of the Diocesan Bishop and Assistant Bishop are funded by the Church Commissioners and are in the range of £36,930 - £45,270 (2018: range £36,210 - £44,380). The annual rate of stipend funded by the NDBF paid to Archdeacons in 2019 was in the range £35,400 - £37,674 (2018: range £36,100 - £37,500) and other clergy who were trustees were paid in the range £25,860 - £28,444 (2018: range £25,428 - £27,534).

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

12 TRANSFERS BETWEEN FUNDS

Analysis of transfers between funds

	General Funds £	Designated Funds £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £
Transfer of DBF funded Resource Church costs to Strategic Mission Fund	31,150	(31,150)	-	-	-	-
Transfer of LYCIG costs to Sanderson Bequest Fund	4,103	(4,103)	-	-	-	-
Transfer to Mission Development to contribute towards officer's costs	20,000	(20,000)	-	-	-	-

- Funds have been transferred from the Strategic Mission Fund to contribute towards Resource Church costs.
- Funds have been transferred from the Sanderson Bequest Fund to contribute towards Leading Your Church Into Growth (LYCIG) costs.
- Funds have been transferred from the Mission Development Fund to contribute towards officer's costs.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

13 TANGIBLE FIXED ASSETS

	Unrestricted funds		Endowment funds		TOTAL £
	Property £	Office Equipment £	Parsonages £	Glebe Property £	
At cost or valuation					
At 1 January 2019	4,836,894	126,120	15,654,739	1,515,153	22,132,906
Additions	-	2,019	-	-	2,019
Transfers	263,811	-	(468,851)	205,040	-
At 31 December 2019	5,100,705	128,139	15,185,888	1,720,193	22,134,925
Accumulated depreciation					
At 1 January 2019	528,025	101,507	2,533,262	270,606	3,433,400
Charge for the year	25,496	6,763	9,422	-	41,681
Transfers	46,922	-	(82,799)	35,877	-
At 31 December 2019	600,443	108,270	2,459,885	306,483	3,475,081
Net book value at 31 December 2019	4,500,262	19,869	12,726,003	1,413,710	18,659,844
Net book value at 31 December 2018	4,308,869	24,613	13,121,477	1,244,547	18,699,506

Properties

These properties were purchased using either unrestricted reserves, the Pastoral Account or the Stipends Capital and Glebe Fund. Included in this category is £429k (2018:£429k) which is attributable to the Bishop Bilbrough Fund, being part of the cost of the new Church House office accommodation paid for from the proceeds of the former Church House building. The balance of the cost of Church House is held within the Mary Wilkinson Legacy Fund. The other NDBF properties are included in the NDBF Houses Fund, an unrestricted fund.

Parsonage houses

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

Glebe team vicarages

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

Transfers

A review of classification of assets was undertaken during the year, and as a result some property was reclassified. There is no impact on the overall carrying value of assets held.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

14 FIXED ASSET INVESTMENTS

	Investment property £	Unlisted investments £	Listed investments £	TOTAL £
Within the United Kingdom				
At 1 January 2019	1,538,267	-	2,764,404	4,302,671
Revaluation	-	-	517,085	517,085
Revaluation of Glebe land	-	-	-	-
At 31 December 2019	1,538,267	-	3,281,489	4,819,756
Cost at 31 December 2019	1,450,042	-	2,806,499	4,256,541

Investment Properties

An estimate of the value of Glebe land and properties held as investments at the end of the year is £1,538,267. This figure has been provided by the Diocesan Property Manager, Mr I Beswick MRICS.

Listed investments

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

15 DEBTORS

	2019 £	2018 £
Due within one year		
Church Commissioners: sundry debtors	4,065	4,065
Prepayments	2,967	6,562
Loans for parish buildings	23,735	3,773
Other debtors	106,420	229,046
	137,187	243,446
Due after one year		
Loans for parish buildings > 1 year	5,000	6,000
	5,000	6,000
	142,187	249,446

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2019**

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	as restated 2018
	£	£
Taxation and social security	38,417	33,449
Loan	-	-
Other creditors	304,786	154,215
Accruals and deferred income	87,256	131,683
Pension liabilities	140,675	146,490
Falling due within one year	571,134	465,837

Included within creditors is deferred income

	£
Balance at 1 January 2019	148,851
Released in the year	(47,125)
Deferred in the year	195,103
Carried forward at 31 December 2019	296,828

Following a review of pension disclosure requirements, the Trustees concluded that to show one year's expected deficit repayments on the 2 defined benefit schemes better reflects the true nature of the liability. Consequently the prior year has been restated to show pension payments due under the arrangements as due within one year. This has no impact on the overall total liability due or the balance sheet total.

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	as restated 2018
	£	£
Deposit held on glebe property	3,714	3,714
Pension liabilities	560,325	1,821,510
Falling due after more than one year	564,039	1,825,224

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

18 SUMMARY OF FUND MOVEMENTS

	Balance at 1 Jan 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 Dec 2019 £
Unrestricted Funds						
General Unrestricted Fund	1,919,125	6,261,942	(4,942,677)	55,253	247,273	3,540,916
Designated Funds:						
Mary Wilkinson Fund	378,484	79	-	-	-	378,563
DBF Houses Fund	3,846,994	-	-	-	-	3,846,994
Bishop Bilbrough Fund	674,776	-	-	-	63,010	737,786
Mission Development Fund	42,494	-	(275)	(20,000)	-	22,219
Strategic Mission Fund	315,855	4,447	(13,766)	(31,150)	24,105	299,491
Training (Pooling) Fund	70,627	-	(10,000)	-	-	60,627
Sanderson Bequest Fund	6,527	-	-	(4,103)	-	2,424
Building Grants and Loans Fund	102,830	767	-	-	-	103,597
Allchurches Grant Fund	224,028	120,250	(120,249)	-	-	224,029
Clergy Expenses Fund	10,647	-	-	-	-	10,647
Lowest Income Communities Fund	198,973	868,900	(823,113)	-	-	244,760
	7,791,360	7,256,385	(5,910,080)	-	334,388	9,472,053
Restricted Funds						
Partners Fund	72,208	11,575	(251)	-	-	83,532
New Church Building Fund	148,382	951	-	-	-	149,333
Diocesan Pastoral Fund	1,212,101	1,867	(3,292)	-	-	1,210,676
Winchester Project Fund	8,951	-	-	-	-	8,951
Archdeacons Fund	57,405	5,107	(6,600)	-	-	55,912
Training for Ordinands Fund	97,543	25,000	-	-	-	122,543
Botswana Donations Fund	8,872	244	-	-	-	9,116
Church House Wallsend Fund	44,226	15,808	(54,035)	-	-	5,999
Resourcing Ministerial Education Fund	1,595	141,036	(131,069)	-	-	11,562
Resource Church Fund	40	75,904	-	-	-	75,944
Rural Churches for Everyone Fund		7,943	(7,943)	-	-	-
	1,651,323	285,435	(203,190)	-	-	1,733,568
Endowment Funds						
Stipends Capital and Glebe Fund	3,651,956	-	(1,254)	-	172,425	3,823,127
Parsonages Houses Fund	9,498,190	-	-	-	-	9,498,190
St Aidan's Fund	54,914	-	-	-	10,272	65,186
	13,205,060	-	(1,254)	-	182,697	13,386,503
	22,647,743	7,541,820	(6,114,524)	-	517,085	24,592,124

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

19 SUMMARY OF ASSETS BY FUND

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	19,331	1,569,225	1,956,074	(3,714)	3,540,916
Designated Funds					
Mary Wilkinson Fund	363,286	-	15,277	-	378,563
DBF Houses Fund	3,813,462	-	33,532	-	3,846,994
Bishop Bilbrough Fund	323,514	399,872	14,400	-	737,786
Mission Development Fund	-	-	22,219	-	22,219
Strategic Mission Fund	-	152,975	146,516	-	299,491
Training (Pooling) Fund	-	-	60,627	-	60,627
Sanderson Bequest Fund	-	-	2,424	-	2,424
Building Grants and Loans Fund	-	-	103,597	-	103,597
The Allchurches Grant Fund	-	-	224,029	-	224,029
Clergy Expenses Fund	-	-	10,647	-	10,647
Lowest Income Communities Fund	538	-	244,222	-	244,760
	4,520,131	2,122,072	2,833,564	(3,714)	9,472,053
Restricted Income Funds:					
Partners Fund	-	-	83,532	-	83,532
New Church Building Fund	-	-	149,333	-	149,333
Diocesan Pastoral Fund	-	-	1,210,676	-	1,210,676
Winchester Project Fund	-	-	8,951	-	8,951
Archdeacons Fund	-	-	55,912	-	55,912
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Fund	-	-	9,116	-	9,116
The Church House Wallsend Fund	-	-	5,999	-	5,999
Resourcing Ministerial Education Fund	-	-	11,562	-	11,562
Resource Church Fund	-	-	75,944	-	75,944
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,733,568	-	1,733,568
Endowment Funds:					
Stipends Capital and Glebe Fund	1,413,710	2,632,497	(223,080)	-	3,823,127
Parsonages Houses Fund	12,726,003	-	(2,667,488)	(560,325)	9,498,190
St Aidan's Fund	-	65,187	(1)	-	65,186
	14,139,713	2,697,684	(2,890,569)	(560,325)	13,386,503
Total Funds	18,659,844	4,819,756	1,676,563	(564,039)	24,592,124

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

Summary of assets by fund (2018 comparatives)

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	24,075	1,321,953	576,811	(3,714)	1,919,125
Designated Funds					
Mary Wilkinson Fund	368,685	-	9,799	-	378,484
DBF Houses Fund	3,611,871	-	235,123	-	3,846,994
Bishop Bilbrough Fund	328,314	336,861	9,601	-	674,776
Mission Development Fund	-	-	42,494	-	42,494
Strategic Mission Fund	-	128,870	186,985	-	315,855
Training (Pooling) Fund	-	-	70,627	-	70,627
Sanderson Bequest Fund	-	-	6,527	-	6,527
Building Grants and Loans Fund	-	-	102,830	-	102,830
The Allchurches Grant Fund	-	-	224,028	-	224,028
Clergy Expenses Fund	-	-	10,647	-	10,647
Lowest Income Communities Fund	538	-	198,435	-	198,973
	4,333,483	1,787,684	1,673,907	(3,714)	7,791,360
Restricted Income Funds:					
Partners Fund	-	-	72,208	-	72,208
New Church Building Fund	-	-	148,382	-	148,382
Diocesan Pastoral Fund	-	-	1,212,101	-	1,212,101
Winchester Project Fund	-	-	8,951	-	8,951
Archdeacons Fund	-	-	57,405	-	57,405
McFarlane Bequest Fund	-	-	97,543	-	97,543
Botswana Fund	-	-	8,872	-	8,872
The Church House Wallsend Fund	-	-	44,226	-	44,226
Resourcing Ministerial Education Fund	-	-	1,595	-	1,595
Resource Church Fund	-	-	40	-	40
	-	-	1,651,323	-	1,651,323
Endowment Funds:					
Stipends Capital and Glebe Fund	1,244,547	2,460,072	(52,663)	-	3,651,956
Parsonages Houses Fund	13,121,476	-	(1,655,286)	(1,968,000)	9,498,190
St Aidan's Fund	-	54,915	(1)	-	54,914
	14,366,023	2,514,987	(1,707,950)	(1,968,000)	13,205,060
Total Funds	18,699,506	4,302,671	1,617,280	(1,971,714)	22,647,743

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

20 DESCRIPTION OF FUNDS

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

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

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

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

The Mission Development Fund represents monies received from the Archbishops' Council to support planned mission work in the Diocese in future years. Our final receipt into the fund was in 2016 and the fund will be wound down over the next year.

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

The Training (Pooling) Fund has been set up as a designated fund in order to assist the Board's contribution to training costs which are pooled nationally across all dioceses. Where the Diocese has higher training costs these are subsidised by dioceses with lower training costs. The amounts are controlled by a national pooling mechanism.

The Sanderson Bequest Fund represents the balance remaining from a sum bequeathed to the NDBF in 2009. This money has been taken out of the Unrestricted Fund and designated to resource lay participation on the Leading Your Church into Growth course (LyCiG). This is part of the Diocesan Strategic Vision for **growing church bringing hope**.

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

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

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

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

The 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 NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

The Winchester Project Fund is a restricted fund which holds the balance remaining from historic grants made to Newcastle Diocese by Winchester Diocese over a number of years.

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

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

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

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

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

The Resource Church Fund was set up to receive donations which are contributions to the Resource Church. Funds will be transferred out to the legal body for the Resource Church once it is established.

The Rural Churches for Everyone Fund receives grant funding for a project working with 40 churches across rural Northumberland aiming to develop a collective future of their church buildings, securing sustainable outcomes for heritage and communities.

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

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

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

21 CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There are no contingent liabilities.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

22 PENSIONS

Clergy

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

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs (credited)/charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2019: credit of £307,701, 2018: charge of £273,109), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total credit of £269,701 for 2019 (2018: charge of £308,109).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2018 and over 2019 is set out in the table below.

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	2019	2018
Balance sheet liability at 1 January	1,939,000	2,658,000
Deficit contribution paid	-295,000	-312,000
Interest cost (recognised in SoFA)	38,000	35,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-1,004,000	-442,000
Balance sheet liability at 31 December	678,000	1,939,000

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

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

	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	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 Responsible Body's pension liabilities.

Lay staff

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

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

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 (2019: £nil, 2018: £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 2019 (2018: £nil).

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

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £3,300 per year. In addition deficit payments of £7,263 per year have been agreed for 5.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2019	2018
Balance sheet liability at 1 January	29,000	0
Deficit contribution paid	-7,000	-5,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	1,000	34,000
Balance sheet liability at 31 December	23,000	29,000

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

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

	December 2019	December 2018	December 2017
Discount rate	1.20%	1.90%	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.

The next valuation of the scheme is currently being carried out as at December 2019.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

Pension Builder Scheme

Apart from the DBS referred to above, the NDBF participates in the Pension Builder Scheme (PB Classic) section of CWPF. This is a deferred annuity scheme and it is operated by the CEPB.

PB Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the CEPB from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the CEPB before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the CEPB to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. During 2016 staff in this scheme were transferred across to the PB Classic defined contributions scheme therefore, the pensions costs charged to the SOFA in the year are contributions payable (2019: £23,000, 2018: £29,000).

23 FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Financial assets measured at fair value through income and expenditure	3,281,489	2,764,404
Financial assets that are debt instruments measured at amortised costs	139,220	242,884
Cash and fixed term deposits	2,105,510	1,687,181
	<hr/>	<hr/>
	5,526,219	4,694,469
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	395,756	289,612
Financial liabilities measured at fair value through income and expenditure	560,325	1,968,000
	<hr/>	<hr/>
	956,081	2,257,612
	<hr/>	<hr/>

Financial assets measured at fair value through income and expenditure comprise listed investments.

Financial assets measured at amortised cost comprise debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

Financial liabilities measured at fair value through income and expenditure comprise pension liabilities.

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NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

24 RELATED PARTY TRANSACTIONS

Charity	Income £	Expenditure £	Debtor £	Creditor £
Newcastle Diocesan Education Board				
<i>Common Trustees. NDBF provides accommodation and a payroll service for NDEB. It also pays a grant to NDEB.</i>	10,180	112,270	-	-
Newcastle Diocesan Society				
<i>Common Trustees. NDBF receives grant income and a contribution towards costs from NDS.</i>	31,406	-	31,406	-
Lord Crewe's Charity				
<i>Common Trustee. Receipt of grants from Charity.</i>	102,785	-	23,028	-

25 POST BALANCE SHEET EVENTS

In early 2020, the existence of a new coronavirus, COVID-19, was confirmed. This virus has since spread across the globe and is now characterised by the World Health Organization as a pandemic. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in UK and global stock markets. The Trustees consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. The Trustees have plans in place to support continued operation of business activity and the Charity has resources that can withstand temporary disruption. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Charity or to provide a quantitative estimate of the impact.

The Covid 19 pandemic has adversely affected the value of listed investments which, at mid May 2020, have fallen by 6.3% as against the 31 December 2019 valuation. It is noted that the investments are held for long term income generation and the Trustees do not expect to realise the current downward revaluation. The Trustees anticipate that income levels generated from investments will also be reduced for at least the remainder of 2020 as a result.