



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

Annual Report & Financial Statements
Year ended 31 December 2021

Company number 00650977
Registered charity number 247233

A large print version is available on request from

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

E-mail: info@newcastle.anglican.org
Telephone: 0191 270 4100

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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Mission Statement

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

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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 2021.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

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

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

The NDBF has the following statutory responsibilities:

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

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

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

STRATEGIC AIMS AND OBJECTIVES

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

In 2021 we agreed six priorities following an extensive consultation which had begun when Bishop Christine spoke into a Kairos moment within her Presidential Address to the Diocesan Synod in May 2019.

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This Kairos moment recognised the need for transformation within the Diocese, to address the financial pressures of reducing income whilst embodying the vision for a thriving, growing Diocese. This seminal moment caught the imagination of many and led to renewed momentum. A review of Parish Share, a new Generous Giving Team and a collaborative approach to budget setting were put in place. Over the next two years consultations, conversations, reflections, workshops, discussions in PCCs, Deaneries, Chapters and at every Synod, in informal groups and between individuals explored what the Kairos moment meant for church in every place. Whilst the coronavirus pandemic resulted in almost all of this joint discernment and collaborative working taking place on Zoom Video Conferencing, the whole process has enabled a wider involvement and sense of greater ownership with a positive impact on culture, trust and engagement. The consultations helped to discern the **next steps for growing church bringing hope.**

The six priorities agreed by the Diocesan Synod are:

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

During the consultations the National Church gave assistance through its Strategic Capacity Fund to help develop the priorities for **next steps** into a funded transformation plan which was submitted to the National Strategic Investment Board in October 2021. Whilst keen to invest in the Diocese of Newcastle's future the Strategic Investment Board decided not to invite the proposed transformation plan through to a Stage 2 submission. The Board recommended breaking down the proposal into more manageable elements that would directly drive the desired missional culture change as a priority and encouraged the Diocese to apply in due course for Strategic Development Funding to support its church planting objectives, and Capacity Funding focused on helping to develop the capacity and skills that are needed to make progress on the journey towards strategic transformation.

At a residential meeting held in November 2021 the Bishop's Council and NDBF reflected on the Strategic Investment Board's decision together with the feedback from the November Diocesan Synod. The Council and NDBF endorsed the six priorities to shape the Council's work and ongoing development and engagement with deaneries and the National Church in 2022.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The Christian Presence

Our licensed ministers form a central part in the life of churches in the Newcastle Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, we carry out around 430 weddings, 1,890 funerals and 1,740 baptisms every year.

While the NDBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the NDBF reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the licensed clergy and lay workers in the Diocese is a priority of the NDBF and represents by far its largest financial commitment. Although the NDBF does not employ the parish clergy, it is responsible for training them, their continued

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

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

In 2021:

- Clergy took up stipendiary (paid) appointments in the benefices of:
 - Lowick & Kylee with Ancroft and Ford & Etal, Priest in Charge (0.5FTE)
 - Shiremoor, Priest in Charge (1.0FTE)
 - Riding Mill, Priest in Charge (0.5FTE)
 - Christ the King, Team Rector (1.0FTE)
 - Newcastle Holy Cross, Priest in Charge (1.0FTE)
 - Chapel House, Priest in Charge (0.5FTE)
 - Monkseaton St Peter, Vicar (1.0FTE)
- 8.0FTE paid clergy retired and 2 clergy retired from House for Duty ministry.
- 4.0FTE paid clergy moved to appointments in other dioceses.
- 7.0FTE curates took up paid appointments in Hexham; High Heaton; Morpeth, Newcastle St Thomas; Newburn; Newsham; and North Shields.
- One curate took up a self-supporting appointment at Ovingham and Wylam.

An average of 78.1 full-time equivalent (FTE) paid clergy, holding incumbent, priest-in-charge, team vicar or associate clergy roles, were in post. This meant an average of 20.2FTE posts were vacant (in interregnum) in the year.

In addition to this establishment there was an average of 16.8FTE paid curates in training posts, 2.2FTE paid chaplains serving higher education and schools, 1.0FTE at Seaton Hirst, 2.5FTE Missioners at Cowgate, Denton and Percy Main & Balkwell and 2.0FTE Archdeacons. 53 licensed Readers and 27 self-supporting clergy also served in parishes across the Diocese in 2021.

During interregnums the Area Deans work closely with the churchwardens of the vacant parishes to ensure scheduled services and other activities within the community continue uninterrupted. The NDBF extends its gratitude to all those who have helped to provide worship during interregnums.

Church Buildings

Works of maintenance and adaptation to church buildings continued in 2021 despite Covid-19.

Parishes suffered at the hands of Storm Arwen in November 2021. Thankfully no buildings were severely damaged but roof repairs were required in a number of locations and tree damage to churchyards was widespread.

The Diocesan Advisory Committee (DAC) Archaeologist, Peter Ryder, published his latest book on medieval churches and the DAC provided a copy for all the open churches listed in it. It is hoped that this will increase the understanding of the history and significance of our church buildings.

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The DAC continued to operate remotely via Zoom video conferencing with a handful of site visits being held as and when coronavirus restrictions allowed. The Committee dealt with 61 full faculty applications which was a similar number to the year before. The vast majority of these applications were handled by the Online Faculty System. This System proving to be a useful tool in processing and monitoring applications and meant the faculty process could continue despite coronavirus restrictions. 18 parishes received informal advice from the Committee ahead of, or instead of, a faculty application to enable them to develop their plans or to tackle a specific issue.

2021 saw a marked increase in non-faculty work being dealt with as a result of the changes to legislation in 2020. This extended the lists of work that can be carried out without a faculty. These cases are authorised by the Archdeacon after receiving a technical review by a DAC member. 91 cases were dealt with in this way, an increase of 75% from 2020 and 26% from 2019. This reduces the administrative burden on parishes and permission can be issued in a short time frame.

Church buildings have stood at the heart of our rural communities for centuries, shaping the villages themselves and serving the communities living in these landscapes. As populations, work and lifestyles have shifted, and the ways we worship have developed, what people need from our rural church buildings has changed. Rural Churches for Everyone, a project supported by the National Lottery Heritage Fund, has collated recommendations from recent research and consolidated it into a Sustainability Planning process to support clergy, Parochial Church Councils and volunteers who care for these buildings.



Until September 2022, a trial programme will run in four clusters of rural benefices, supporting them to take a strategic and collaborative approach. The clusters will be supported to plan how their church buildings can best meet the needs of their congregations, residents, visitors, finances, heritage and Net Zero Carbon commitments.

Community Engagement

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

Over the past year Transforming Communities Together: Tyne to Tweed has continued to develop connections and relationships with congregations across the Diocese and as a result has experienced an increase in requests to help set up activities in response to identified needs and issues.

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

A Safer Church Open to All

We have a deep commitment to safeguarding and making our churches safe places for all. Over 80% of our parishes are now fully compliant with our Safeguarding Dashboard, ensuring they are up to date with processes such as safer recruitment and people management. Our Safeguarding Team is engaged nationally as part of a pilot to identify best practice for implementing changes to the role of Diocesan Safeguarding Advisers (as recommended by IICSA); and as a pilot user and early adopter of the new National Case Management System. We completed our Past Case Review 2 (PCR2) in 2021.

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We are deeply committed to Living in Love and Faith (LLF) and believe that exploring our differences together in a safe and loving environment can help us to grow closer to each other. Many deaneries and parishes have already engaged with LLF and an Open Synod held online in June 2021 attracted a particularly strong attendance, achieving a wider engagement both geographically and in terms of diversity.

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

Other related parties

The major related parties with whom the NDBF works include:

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

Volunteers

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

FUTURE PLANS

In 2021 coronavirus restrictions continued to have a significant impact on mission and ministry across the Diocese. In addition to addressing the post pandemic challenges, not least the impact of the rising cost of living, the NDBF will continue to engage with deaneries and parishes across the Diocese to help deliver the six priorities for growing church bringing hope: next steps.

In November 2021, the Bishop of Newcastle, the Rt Revd Christine Hardman retired and the process of discerning the next Bishop of Newcastle commenced with dates agreed in June and July 2022 for the Crown Nominations Commission to complete its discernment process. An appointment is expected to be announced in the autumn of 2022. During the Vacancy in See, the Bishop of Berwick, the Rt Revd Mark Wroe is the Acting Bishop of Newcastle.

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FINANCIAL REVIEW

Financial performance

Parish Share, the financial contribution given by parishes to the Diocese to fund mission and ministry, is the main incoming resource for the Diocese. Including the arrears received from earlier years, share decreased in cash terms by £149k compared to 2020. The total share received in 2021 when expressed as a percentage of the overall share offered was 99.9% (2020: 90.2%).

The trustees extend their gratitude to all the parishes who completed their parish share contributions during 2021. The trustees are thankful to parishes that were able to make their parish share contributions by monthly instalments which helped the NDBF to resource the monthly financial responsibilities associated with the payment of clergy stipends and the salaries of those employed by the NDBF.

The balance on the General Unrestricted Fund went down by £2,500k in 2021 to £1,456k. There was an overall £305k net excess of income over expenditure (within this was a decrease of £149k in Parish Share contributions) and our investment in equities, held with CCLA Investment Management Ltd (CCLA), was revalued upwards by £207k. There were funds transfers out of £3,013k.

The trustees have prepared a budget for 2022 which includes a deficit of £81k. The target for Parish Share collection uses the 2020 parish share request as a baseline together with advice from parishes on what they felt able to offer in 2022 against this baseline. A Diocesan Contingency Fund has been set to support parishes meet any gap between their offer and the baseline figure keeping in mind the financial pressures that parishes have faced in 2020 and 2021 as a result of coronavirus restrictions.

The 2022 Parish Share target summarises as:

- Baseline request £4,496k
- Funded by:
 - Parish offers £3,957k
 - Contingency fund £ 539k

Overall the NDBF's funds have increased in 2021 by £1,282k. This breaks down as an operating surplus on unrestricted funds of £305k, net incoming resources on designated funds of £301k (within this was a surplus of £320k realised on the sale of four properties), net incoming resources on restricted and endowment funds of £140k (within this was a reduction of £198k in the clergy pension scheme deficit), and an unrealised gain on investments of £536k.

Accounting rules require the inclusion of three items within the operating surplus on unrestricted & designated funds which do not form part of the NDBF's regular day-to-day operating income and expenditure. The following illustration removes the three items to help to understand the underlying operating position for 2021, which was a surplus of £7k:

Reported surplus on unrestricted & designated funds	£606k
<i>remove</i> surplus on sale of properties	(£320k)
<i>remove</i> reduction in the pension liability	(£198k)
<i>remove</i> balance of Lowest Income Communities Funding to be used in future years ¹	(£ 81k)
Underlying operating surplus on unrestricted & designated funds	£ 7k

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

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Significant property transactions

During 2021 four properties were sold as they were surplus to requirements. Proceeds have strengthened NDBF funds and the income has helped with the Diocesan Contingency funding support to Parishes. Some detail on these property sales is:

- Sales receipts £1,600k
- Book value £1,280k
- Surplus £ 320k

Our housing policy continues to be:

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

Balance sheet position

The trustees consider that the balance sheet together with details in note 20 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £26.512m (2020: £25.230m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £17.293m (2020: £18.617m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the NDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the trustees' policy is to aim to maintain c.£2m in investments for future income generation (2021 actual £1.6m) with an additional 3 months expenditure (c. £1.9m) held in readily realisable assets (2021 actual £1.8m). The trustees are satisfied with reserves at the current level in line with the aims of the policy.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £1,456k of which £8k is tied up in tangible fixed assets.

Designated funds

The trustees may, with the approval of the board, designate unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed from time to time and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 21. At 31 December 2021 total designated reserves were £6.03m (2020: £5.85m).

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Restricted and endowment funds

As set out in note 20, NDBF holds and administers a number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £1.86m (2020: £1.81m) and endowment funds totalled £17.14m (2020: £16.65m). Neither are available for the general purposes of the NDBF.

Going concern

The trustees have considered the 2022 operating environment and availability of reserves and cash and the impact upon the going concern basis of preparation of these financial statements. At the time of writing the 2022 cashflow forecast, based on the approved budget and reporting from parishes on what they feel able to contribute in parish share during 2022, projects a fall in cash of £925k during 2022. This is being mitigated through £1.6m income in 2021 from sales of property. The trustees are keeping the operating environment under constant review and consequent impacts on general reserves. If the operating environment becomes more challenging than expected, it is possible that the Board would need to consider reducing operations in order to limit expenditure, consider utilising certain restricted reserves beyond the budgeted amount, or realising assets. The trustees are comfortable that these measures, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

Grant making policy

The Memorandum of Association of the NDBF explicitly permits the NDBF to make grants in pursuance of its objects, and the nature of grants made in 2021 is indicated in note 11. Certain grants are built into the Diocesan Budget which is approved by the Diocesan Synod, whilst others are overseen by the Bishop's Council, the Diocesan Finance Group and the Diocesan Mission and Pastoral Committee.

Investment policy

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

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

These policies are achieved by holding all funds with CCLA.

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

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

As part of the Diocesan Synod's ongoing pledge to tackle the climate emergency and become net-zero carbon by 2030, the NDBF has confirmed its commitment not to invest in companies involved in the extraction of fossil fuels, and pledged not to invest in fossil fuel companies in future. The NDBF

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has joined Operation Noah's Bright Now campaign. Operation Noah is a Christian charity working with the Church to inspire action on the climate crisis and is calling on all UK churches to divest from fossil fuels and invest in clean alternatives.

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

Shares in CBF Investment Fund

Valuation at 1 Jan 2021	<u>£3,296,413</u>
Dividend income %	3.84%
Revaluation %	16.29%
Total % return	<u>20.13%</u>

Glebe managed mainly by glebe agent

Valuation at 1 Jan 2021	<u>£1,538,267</u>
Rental income %	3.25%
Revaluation %	4.25%
Total % return	<u>7.50%</u>

During 2022 the value of shares in the CBF Investment Fund have fallen. At 19th April 2022 the bid value was £21.7578 which represents a fall of 6.97%.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary. In 2021 the Finance Group, a sub-committee of the Bishop's Council, reviewed the management and mitigation strategy and revised the Risk Register.

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

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

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

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

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

Organisational structure

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

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

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

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Decision making structure

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

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

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

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

Houses & Glebe Committee: responsible for advising on policy concerning the management of parsonage houses in each benefice of the Diocese of Newcastle, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by NDBF, together with responsibility for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of NDBF. The committee comprises 7 members of whom 2 are trustees.

Diocesan Mission & Pastoral Committee: responsible for advising on pastoral reorganisation in the Diocese of Newcastle, taking account of available clergy numbers and making use of new patterns of ministry. The Committee also advises on the finding of appropriate alternative uses for churches closed to regular public worship. The committee comprises 9 members of whom 3 are trustees.

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

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Trustee recruitment, selection and induction

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

Remuneration of key management personnel

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

Delegation of day to day delivery

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES' RESPONSIBILITIES

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

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

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

The trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the NDBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the NDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the trustees are aware:

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

APPOINTMENT OF AUDITORS

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

ADMINISTRATIVE DETAILS

Ex officio trustees

The Bishop of Newcastle, the Right Reverend CE Hardman (to 30/11/21)

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

The Dean of Newcastle, the Very Reverend GV Miller

The Archdeacon of Lindisfarne, the Venerable DR CA Sourbut Groves

The Archdeacon of Northumberland, the Venerable RA Wood (from 05/09/21)

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

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

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

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

Elected trustees

The Reverend Canon CL Brown (to 31/12/21)

The Reverend Canon PD Dobson (to 31/12/21)

Dr JC Appleby

Mrs EA Chadwick (to 31/12/21)

Professor G Holmes

Mrs E Doran

Mrs L Craggs (from 01/01/22)

Secretary

Canon S Waddle

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

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

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

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

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

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

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

Company registration number: 00650977


Registered charity number: 247233

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

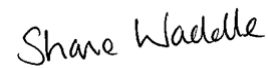
BY ORDER OF THE TRUSTEES



Canon S Harper

Chair

25 April 2022



Canon S Waddle

Secretary

25 April 2022

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Opinion

We have audited the financial statements of The Newcastle Diocesan Board of Finance Limited for the year ended 31 December 2021 comprising the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Respective responsibilities of trustees and auditor

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

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

Who are we reporting to

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

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

Date: 25 April 2022

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Income from						
Donations						
Parish contributions	2	3,905,920	-	-	3,905,920	4,055,373
Archbishops' Council	2	1,292,801	-	-	1,292,801	1,285,071
Other donations	2	1,119,113	1,973,321	-	3,092,434	1,106,191
Charitable activities	3	426,928	-	-	426,928	408,500
Other activities	4	431,380	-	-	431,380	416,338
Investments	5	117,690	1,221	59,271	178,182	159,601
Other	6	320,674	-	-	320,674	-
Total income		7,614,506	1,974,542	59,271	9,648,319	7,431,074
Expenditure on						
Raising funds	7	(78,518)	-	-	(78,518)	(62,120)
Charitable activities	8	(6,930,297)	(2,083,382)	189,453	(8,824,226)	(6,945,967)
Total expenditure		(7,008,815)	(2,083,382)	189,453	(8,902,744)	(7,008,087)
Net incoming/(outgoing) resources before investment gains						
		605,691	(108,840)	248,724	745,575	422,987
Net gains/(losses) on investments	15	296,097	-	240,782	536,879	214,924
Net income/(expenditure)		901,788	(108,840)	489,506	1,282,454	637,911
Transfers between funds	13	(3,353,203)	157,047	3,196,156	-	-
Net movement in funds		(2,451,415)	48,207	3,685,662	1,282,454	637,911
Reconciliation of funds						
Total funds brought forward		9,969,713	1,806,383	13,453,939	25,230,035	24,592,124
Total funds at 31 December 2021	20	7,518,297	1,854,591	17,139,601	26,512,489	25,230,035

All incoming resources and resources expended relate to continuing activities.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2021

	Total 2021 £	Total 2020 £
Total incoming resources	9,589,048	7,431,074
Resources expended	(9,092,197)	(6,995,793)
Operating surplus / (deficit) for the year	<u>496,851</u>	<u>435,281</u>
Net gains/(losses) on investments	296,097	135,193
Net income for the year	<u>792,948</u>	<u>570,474</u>
Total comprehensive income	<u>792,948</u>	<u>570,474</u>

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	17,300,599	18,630,575
Investments	15	5,371,559	4,834,680
		22,672,158	23,465,255
Current assets			
Debtors	16	492,729	244,129
Investments		3,477,767	1,771,199
Cash at bank		520,721	1,167,138
		4,491,217	3,182,466
Creditors: amounts falling due within one year	17	(647,687)	(1,170,123)
Net current assets		3,843,530	2,012,342
Total assets less current liabilities		26,515,688	25,477,597
Creditors: amounts falling due after more than one year	18	(3,199)	(247,563)
Net assets		26,512,489	25,230,035
The funds of the charity:			
Endowment funds		17,139,601	13,453,939
Including revaluation reserve: £852,944 (2020: £610,263)			
Restricted income funds		1,854,591	1,806,382
Unrestricted income funds:			
General funds		1,455,648	3,956,553
Including revaluation reserve: £737,119 (2020: £527,396)			
Designated funds		6,062,648	6,013,160
Including revaluation reserve: £415,929 (2020: £326,403)			
Total funds	20	26,512,489	25,230,035

The notes on pages 26 to 52 form part of these financial statements. The accounts were approved by the trustees of the Board on the 25 April 2022 and are signed on their behalf by:



Canon SR Harper Chair
Company number 00650977

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2021

	2021		2020	
	£	£	£	£
Net cash inflow from operating activities		(718,935)		473,226
Cash flows from investing activities				
Dividends, interest and rent from investments	178,182		159,601	
Proceeds from the sale of:				
Investments	-		200,000	
Property	1,600,904		-	
Net cash provided by investing activities		1,779,086		359,601
Change in cash and cash equivalents in the reporting period		1,060,151		832,827
Cash and cash equivalents at 1 January		2,938,337		2,105,510
Cash and cash equivalents at 31 December		3,998,488		2,938,337
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movements in funds for the year ended 31 December		745,575		422,987
Adjustments for:				
Profit on sale of assets		(320,674)		-
Depreciation charges		49,746		29,269
Dividends, interest and rent from investments		(178,182)		(159,601)
Increase in debtors		(248,600)		(101,942)
Decrease in creditors		(568,800)		612,512
Decrease in pension liability		(198,000)		(330,000)
Net cash provided by/(used in) operating activities		(718,935)		473,226
Analysis of cash and cash equivalents				
Cash in hand		520,721		1,167,138
Deposits (less than 3 months)		3,477,767		1,771,199
		3,998,488		2,938,337

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

1 PRINCIPAL ACCOUNTING POLICIES

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

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

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

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

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

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

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

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

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

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

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

b) Expenditure

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

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

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

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

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

c) **Going concern**

The trustees have considered the potential financial effects of the current COVID-19 situation on the availability of reserves and cash and upon the going concern basis of preparation of these financial statements. The risks presented by COVID-19 have been considered and include increased liquidity, credit and reputational risk. The Charity has business continuity plans in place that support the continued operation of business activity and has resources that can withstand temporary disruption. At this stage there is no perceived material risk to the Charity's viability resulting from the COVID-19 outbreak. Further detail is given in the Trustees report on pages 13 & 14.

d) **Tangible fixed assets and depreciation**

Freehold properties

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

Investment properties

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

Parsonage houses

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

e) Other tangible fixed assets

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

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

f) Fixed asset investments

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

g) Debtors

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

h) Cash at bank and in hand

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

i) Liabilities and provisions

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

j) Financial instruments

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

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

k) Fund balances

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

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

l) Estimates and judgments

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

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

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

2 DONATIONS

Parish Contributions

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Parish share					
Current year's allocation	3,909,904	-	-	3,909,904	4,496,184
Shortfall	(7,884)	-	-	(7,884)	(457,573)
Parish contributions	3,902,020	-	-	3,902,020	4,038,611
Arrears for previous years	3,900	-	-	3,900	16,762
	3,905,920	-	-	3,905,920	4,055,373
				99.9%	90.2%

Archbishops' Council

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Lowest Income Communities funding	968,295	-	-	968,295	887,679
Transitional funding	324,506	-	-	324,506	397,392
	1,292,801	-	-	1,292,801	1,285,071

Other donations

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
All Churches Trust grant	120,750	-	-	120,750	120,500
Lord Crewe's Charity grant	117,959	-	-	117,959	74,622
Grants received for Rural Churches for Everyone Project	-	46,743	-	46,743	47,789
Grants received for Resource Church Project	-	245,203	-	245,203	-
Church Commissioners - restructure funding	-	157,784	-	157,784	221,607
Church Commissioners - strategic capacity funding	66,432	-	-	66,432	82,532
Church Commissioners - strategic development funding	-	1,360,594	-	1,360,594	241,924
Church Commissioners - sustainability funding	498,000	-	-	498,000	-
Newcastle Diocesan Society	10,400	-	-	10,400	110,200
Newcastle St Andrew	28,341	-	-	28,341	-
Newcastle St Luke	27,808	-	-	27,808	-
Jesmond Holy Trinity	-	-	-	-	3,555
Durham Diocesan Board of Finance	59,031	-	-	59,031	25,934
Ely Diocesan Board of Finance	38,330	-	-	38,330	-
Grants received from Government	-	-	-	-	15,143
Other	152,062	162,997	-	315,059	162,385
	1,119,113	1,973,321	-	3,092,434	1,106,191

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

For other donations in 2020 £382,279 from Church Commissioners and £122,452 from other funders were restricted (total £504,731) with the balance of £601,460 being unrestricted.

3 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Statutory fees (funerals, weddings)	295,541	-	-	295,541	322,068
Chaplaincy income	131,387	-	-	131,387	86,432
	426,928	-	-	426,928	408,500

In 2020 all income related to unrestricted funds.

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Rental of houses	405,296	-	-	405,296	381,388
Contributions for use of Church House	22,360	-	-	22,360	25,927
Other contributions	3,724	-	-	3,724	9,023
	431,380	-	-	431,380	416,338

In 2020 all income related to unrestricted funds.

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Income from UK listed investments	66,376	965	59,271	126,612	123,695
Bank interest receivable	1,314	256	-	1,570	7,512
Rents from Glebe	50,000	-	-	50,000	28,394
Other rental income	-	-	-	-	-
	117,690	1,221	59,271	178,182	159,601

In 2020 £459 from listed investments, £2,070 from bank interest receivable and £13,394 rents from glebe were restricted (total £15,923) with the balance of £143,678 being unrestricted.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

6 OTHER INCOMING RESOURCES

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Profit on sale of assets	320,674	-	-	320,674	-
	320,674	-	-	320,674	-

7 FUNDRAISING COSTS

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Glebe costs	6,083	-	-	6,083	1,500
Parsonage rental costs	72,435	-	-	72,435	60,620
	78,518	-	-	78,518	62,120

In 2020 all income related to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

8 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Contributions to Archbishops' Council					
Training for ministry	171,935	-	-	171,935	171,937
National church responsibilities	120,144	-	-	120,144	129,269
Grants and provisions	14,691	-	-	14,691	14,448
Mission agency pension contributions	7,700	-	-	7,700	6,449
Retired clergy housing costs (CHARM)	63,274	-	-	63,274	61,731
Pooling of ordinand candidates' costs	76,331	-	-	76,331	76,213
	454,075	-	-	454,075	460,047
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	2,767,618	47,205	-	2,814,823	2,837,540
Pension contributions	995,072	13,392	(198,000)	810,464	689,287
Housing costs	696,412	4,413	8,547	709,372	587,560
Removal, resettlement and grants	90,988	3,830	-	94,818	89,984
Other expenses	48,356	101,517	-	149,873	70,536
	4,598,446	170,357	(189,453)	4,579,350	4,274,907
Support for parish ministry	1,877,776	1,913,025	-	3,790,801	2,129,763
	6,476,222	2,083,382	(189,453)	8,370,151	6,404,670
Grants to linked charitable companies					
Newcastle Diocesan Education Board					
	-	-	-	-	81,250
	-	-	-	-	81,250
	6,930,297	2,083,382	(189,453)	8,824,226	6,945,967

£447,839 of 2020 expenditure related to restricted, £12,294 to endowment and £6,485,834 to unrestricted funds.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

9 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £	Grant Funding of Activities £	Support Costs £	Total costs 2021 £	Total costs 2020 £
Raising funds	78,518	-	-	78,518	62,120
Charitable activities:					
Contributions to Archbishops' Council	-	454,075	-	454,075	460,047
Resourcing parish ministry	6,852,347	635,216	882,588	8,370,151	6,404,669
Grant to Newcastle Diocesan Education Board (a related charitable company)	-	-	-	-	81,250
	6,930,865	1,089,291	882,588	8,902,744	7,008,086

10 ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total costs 2021 £	Total costs 2020 £
Central administration	687,779	71,198	-	758,977	670,107
Governance					
External audit	15,696	-	-	15,696	19,630
Registry and other legal costs	95,200	-	-	95,200	90,724
Synodical costs	12,715	-	-	12,715	9,275
	811,390	71,198	-	882,588	789,736

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

11 ANALYSIS OF GRANTS MADE

	Number	Individuals £	Institutions £	Total costs 2021 £
<i>From unrestricted funds to support national Church responsibilities</i>				
Contributions to Archbishops' Council	6	-	454,075	454,075
<i>From unrestricted funds</i>				
Support for ordinands	8	44,164	-	44,164
Newcastle Cathedral	1	-	4,000	4,000
Shepherds Dene Retreat House	2	-	20,000	20,000
Together Newcastle	2	-	25,000	25,000
Continuing Ministerial Development grants	34	7,250	12,253	19,503
Ministry Experience Scheme grants	1	2,400	-	2,400
Other grants	15	3,647	15,750	19,397
	63	57,461	77,003	134,464
<i>From restricted funds</i>				
Support for ordinands	15	19,095	13,582	32,677
Partners fund	4	-	14,000	14,000
	19	19,095	27,582	46,677
Total Grants Made	88	76,556	558,660	635,216

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

Grant funding of activities in previous year	2020	2020
	No. of grants	£
From unrestricted funds		
Contributions to Archbishops' Council	6	460,047
Contributions to Diocesan-based charities		
Newcastle Diocesan Education Board	1	81,250
Other grants	69	100,630
From restricted funds		
Other grants	22	51,109
	<hr/>	<hr/>
	98	693,036
	<hr/>	<hr/>

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

12 STAFF COSTS

	2021	2020
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,152,922	1,050,700
National insurance contributions	102,093	90,921
Pension costs	100,957	95,307
	1,355,972	1,236,928

The average number of persons employed during the year:	Number	Number
Administration and financial management	14	15
Supporting mission & ministry	22	20
Property	2	2
Safeguarding	3	3
Newcastle St Thomas', Diocesan Resource Church	6	7
	47	47

The average number of persons employed during the year based on full-time equivalents	Number	Number
Administration and financial management	10.2	10.3
Supporting mission & ministry	16.5	14.9
Property	2.0	2.0
Safeguarding	2.3	1.6
Newcastle St Thomas', Diocesan Resource Church	4.3	4.4
	35.3	33.2

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

	2021	2020
	number	number
The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	1	1

Pension payments of £6,512 (2020:£6,415) were made for this employee.

In 2021 staff working for the Newcastle St Thomas', Diocesan Resource Church were employed by the Newcastle Diocesan Board of Finance in lieu of the Resource Church achieving its own legal entity status.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Stipends	2,593,968	2,560,996
National insurance contributions	220,855	217,287
Pension costs - current year	815,143	691,758
	<u>3,629,966</u>	<u>3,470,041</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 2021 they were:

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

Remuneration, pensions and expenses for these employees amounted to £243,314 (2020: £230,389).

Trustees' emoluments

No trustee received any remuneration for services as trustee. The trustees received travelling and out of pocket expenses totalling £3,810 and this sum was paid out to 3 trustees in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as trustees. (In 2020 £4,528 was paid out to trustees).

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

	Stipend	Housing
The Right Revd M Wroe	No	Yes
The Venerable RA Wood	Yes	Yes
The Venerable DR CA Sourbut Groves	Yes	Yes
The Revd Canon B Hurst	Yes	Yes

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

The NDBF paid an average of 99.5 (2020: 99.4) stipendiary clergy working in the Diocese within stipendiary ministry, and the costs were as follows:

The stipends of the Diocesan Bishop and Assistant Bishop were funded by the Church Commissioners and are in the range of £37,670 - £46,180 (2020: range £37,670 - £46,180). The annual rate of stipend funded by the NDBF paid to Archdeacons in 2021 was in the range £36,830 - £38,250 (2020: range £35,400 - £37,674) and other clergy who were trustees were paid in the range £25,937 - £28,085 (2020: range £25,860 - £28,444).

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

13 TRANSFERS BETWEEN FUNDS

Analysis of transfers between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £
Fund balance adjustment - Parsonages Houses Fund	(2,872,823)	-	2,872,823	-
Fund balance adjustment - Stipends Capital & Glebe Fund	(323,332)	-	323,332	-
Fund balance adjustment - Resource Church Fund	(136,808)	136,808	-	-
Fund balance adjustment - Resourcing Ministerial Education Fund	(19,455)	19,455	-	-
Fund balance adjustment - Church House Wallsend Fund	(783)	783	-	-
Fund balance adjustment - other minor adjustments	(2)	1	1	-
	(3,353,203)	157,047	3,196,156	-

In 2021 it was identified that the Parsonages House Fund balance was understated as it had not been correctly adjusted for the movements in the pension liability over the period from 2017 to 2020. With this in mind it was determined to review all fund balances to check that they were consistent with the in-year movements over the period 2017 to 2020. A number of anomalies were identified and these have all been corrected by way of the funds transfers postings detailed above. There is no adjustment to the overall balance sheet totals or the overall reported results in any year.

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

14 TANGIBLE FIXED ASSETS

	Unrestricted funds		Endowment funds		TOTAL
	Property	Office Equipment	Parsonages	Glebe Property	
	£	£	£	£	£
At cost or valuation					
At 1 January 2021	5,100,705	128,139	15,185,888	1,720,193	22,134,925
Disposals	(1,344,183)	-	-	-	(1,344,183)
At 31 December 2021	3,756,522	128,139	15,185,888	1,720,193	20,790,742
Accumulated depreciation					
At 1 January 2021	615,160	114,275	2,468,432	306,483	3,504,350
Disposals	(63,953)	-	-	-	(63,953)
Charge for the year	35,344	5,855	8,547	-	49,746
At 31 December 2021	586,551	120,130	2,476,979	306,483	3,490,143
Net book value at 31 December 2021	3,169,971	8,009	12,708,909	1,413,710	17,300,599
Net book value at 31 December 2020	4,485,545	13,864	12,717,455	1,413,710	18,630,575

Properties

These properties were purchased using either unrestricted reserves, the Pastoral Account or the Stipends Capital and Glebe Fund. Included in this category is £427k (2020: £429k) which is attributable to the Bishop Bilbrough Fund, being part of the cost of the new Church House office accommodation paid for from the proceeds of the former Church House building. The balance of the cost of Church House is held within the Mary Wilkinson Legacy Fund. The other NDBF properties are included in the NDBF Houses Fund, an unrestricted fund.

Parsonage houses

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

Glebe team vicarages

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

15 FIXED ASSET INVESTMENTS

	Investment property £	Unlisted investments £	Listed investments £	TOTAL £
Within the United Kingdom				
At 1 January 2021	1,538,267	-	3,296,413	4,834,680
Revaluation	65,416	-	471,463	536,879
At 31 December 2021	1,603,683	-	3,767,876	5,371,559
Cost at 31 December 2021	1,450,042	-	3,296,413	4,746,455

Investment Properties

An estimate of the value of Glebe land and properties held as investments at the end of the year is £1,603,683. This figure has been provided by the Diocesan Property Manager, Mr I Beswick MRICS.

Listed investments

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

16 DEBTORS

	2021 £	2020 £
Due within one year		
Church Commissioners: sundry debtors	4,065	4,065
Loans for parish buildings	24,000	24,000
Other debtors	461,664	211,064
	489,729	239,129
Due after one year		
Loans for parish buildings > 1 year	3,000	5,000
	3,000	5,000
	492,729	244,129

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Taxation and social security	43,087	40,348
Other creditors	124,905	56,657
Accruals and deferred income	306,695	945,966
Pension liabilities	173,000	127,151
Falling due within one year	647,687	1,170,123

Included within accruals and deferred
income is deferred income

	£
Balance at 1 January 2021	885,937
Released in the year	(674,110)
Deferred in the year	17,420
Carried forward at 31 December 2021	229,247

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Deposit held on glebe property	3,199	3,714
Pension liabilities	-	243,849
Falling due after more than one year	3,199	247,563

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

19 SUMMARY OF FUND MOVEMENTS

	Balance at 1 Jan 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 Dec 2021 £
Unrestricted Funds						
General Unrestricted Fund	3,956,553	6,082,106	(5,777,289)	(3,013,198)	207,476	1,455,648
Designated Funds:						
Mary Wilkinson Fund	378,608	6	(10,800)	(10,096)	-	357,718
DBF Houses Fund	3,832,277	320,593	(14,944)	(33,532)	-	4,104,394
Bishop Bilbrough Fund	765,284	-	(9,600)	(19,200)	60,482	796,966
Mission Development Fund	22,219	-	(22,219)	-	-	-
Strategic Mission Fund	314,590	4,743	-	(286,861)	28,138	60,610
Training (Pooling) Fund	60,627	-	(60,627)	-	-	-
Sanderson Bequest Fund	2,424	-	(2,424)	-	-	-
Building Grants and Loans Fund	104,166	54	-	6,473	-	110,693
Allchurches Grant Fund	224,029	120,750	(152,797)	28	-	192,010
Clergy Expenses Fund	10,647	-	(3,535)	-	-	7,112
Lowest Income Communities Fund	298,289	968,295	(836,623)	3,184	-	433,145
Lord Crewe Fund	-	117,959	(117,959)	-	-	-
	9,969,713	7,614,506	(7,008,817)	(3,353,202)	296,096	7,518,297
Restricted Funds						
Partners Fund	78,649	2,982	(14,137)	(1)	-	67,493
New Church Building Fund	149,874	66	-	2	-	149,942
Diocesan Pastoral Fund	1,199,547	131	(2,877)	1	-	1,196,802
Winchester Project Fund	8,951	-	(8,951)	-	-	-
Archdeacons Fund	56,601	1,114	-	(2)	-	57,713
Training for Ordinands Fund	122,543	-	-	-	-	122,543
Botswana Donations Fund	9,241	-	-	1	-	9,242
Church House Wallsend Fund	16,727	-	(2,316)	783	-	15,194
Resourcing Ministerial Education Fund	37,743	157,784	(146,883)	19,455	-	68,099
Resource Church Project Fund	126,507	1,455,816	(1,861,474)	279,151	-	-
Resource Church Giving Fund	-	309,906	-	(142,343)	-	167,563
Rural Churches for Everyone Fund	-	46,743	(46,743)	-	-	-
	1,806,383	1,974,542	(2,083,381)	157,047	-	1,854,591
Endowment Funds						
Stipends Capital and Glebe Fund	3,894,637	59,271	-	323,332	230,922	4,508,162
Parsonages Houses Fund	9,489,633	-	189,453	2,872,823	-	12,551,909
St Aidan's Fund	69,669	-	-	1	9,860	79,530
	13,453,939	59,271	189,453	3,196,156	240,782	17,139,601
	25,230,035	9,648,319	(8,902,745)	-	536,878	26,512,489

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

20 SUMMARY OF ASSETS BY FUND

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

Summary of assets by fund (2020 comparatives)

	Fixed assets Tangible £	Fixed assets Investments £	Current assets £	Long term liabilities £	Net assets £
Unrestricted Income Funds:					
General Unrestricted Fund	13,864	1,466,403	2,480,000	(3,714)	3,956,553
Designated Funds					
Mary Wilkinson Fund	-	-	378,608	-	378,608
DBF Houses Fund	4,485,545	-	(653,268)	-	3,832,277
Bishop Billbrough Fund	-	427,370	337,914	-	765,284
Mission Development Fund	-	-	22,219	-	22,219
Strategic Mission Fund	-	163,494	151,096	-	314,590
Training (Pooling) Fund	-	-	60,627	-	60,627
Sanderson Bequest Fund	-	-	2,424	-	2,424
Building Grants and Loans Fund	-	-	104,166	-	104,166
The Allchurches Grant Fund	-	-	224,029	-	224,029
Clergy Expenses Fund	-	-	10,647	-	10,647
Lowest Income Communities Fund	-	-	298,289	-	298,289
Lord Crewe Fund	-	-	-	-	-
	4,499,409	2,057,267	3,416,751	(3,714)	9,969,713
Restricted Income Funds:					
Partners Fund	-	-	78,649	-	78,649
New Church Building Fund	-	-	149,874	-	149,874
Diocesan Pastoral Fund	-	-	1,199,547	-	1,199,547
Winchester Project Fund	-	-	8,951	-	8,951
Archdeacons Fund	-	-	56,601	-	56,601
Training for Ordinands Fund	-	-	122,543	-	122,543
Botswana Donations Fund	-	-	9,241	-	9,241
The Church House Wallsend Fund	-	-	16,727	-	16,727
Resourcing Ministerial Education Fund	-	-	37,743	-	37,743
Resource Church Fund	-	-	126,507	-	126,507
Rural Churches for Everyone Fund	-	-	-	-	-
	-	-	1,806,383	-	1,806,383
Endowment Funds:					
Stipends Capital and Glebe Fund	1,413,710	2,707,743	(226,816)	-	3,894,637
Parsonages Houses Fund	12,717,456	-	(2,983,974)	(243,849)	9,489,633
St Aidan's Fund	-	69,670	(1)	-	69,669
	14,131,166	2,777,413	(3,210,791)	(243,849)	13,453,939
Total Funds	18,630,575	4,834,680	2,012,344	(247,563)	25,230,035

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

21 DESCRIPTION OF FUNDS

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

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

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

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

The Mission Development Fund represents monies received from the Archbishops' Council to support planned mission work in the Diocese in future years. Our final receipt into the fund was in 2016 and the fund has been wound down during 2021.

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

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

The Sanderson Bequest Fund represents the balance remaining from a sum bequeathed to the NDBF in 2009. This money has been taken out of the Unrestricted Fund and designated to resource lay participation on the Leading Your Church into Growth course (LyCiG). This is part of the Diocesan Strategic Vision for **growing church bringing hope**. The fund has been wound down during 2021.

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

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

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

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

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

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

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

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

The Winchester Project Fund is a restricted fund which holds the balance remaining from historic grants made to Newcastle Diocese by Winchester Diocese over a number of years. The fund has been wound down during 2021.

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

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

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

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

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

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

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

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

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

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

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

22 CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There are no contingent liabilities.

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

23 PENSIONS

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: **£815,143**, 2020: **£691,758**), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of **£816,143** for 2021 (2020: **£697,758**).

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

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

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

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

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
Balance sheet liability at 1 January	355,000	678,000
Deficit contribution paid	-180,000	-306,000
Interest cost (recognised in SoFA)	1,000	6,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-3,000	-23,000
Balance sheet liability at 31 December	173,000	355,000

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1% pa
Price inflation	n/a	3.1%	2.8% pa
Increase to total pensionable payroll	-1.5%	1.6%	1.3% pa

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

Lay staff

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

CWPF has two sections:

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

Defined Benefits Scheme

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £nil, 2020: £nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £nil for 2021 (2020: £nil).

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

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

The next actuarial valuation is due at 31 December 2022.

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

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

	2021	2020
Balance sheet liability at 1 January	16,000	23,000
Deficit contribution paid	-2,000	-7,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	-14,000	0
Balance sheet liability at 31 December	0	16,000

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

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

	December 2021	December 2020	December 2019
Discount rate	0.00%	0.30%	1.20%

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

Pension Builder Scheme

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable **(2021: £16,000, 2020: £16,000)**.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

THE NEWCASTLE DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

24 RELATED PARTY TRANSACTIONS

Charity	Income £	Expenditure £	Debtor £	Creditor £
Newcastle Diocesan Education Board				
<i>Common Trustees. NDBF provides accommodation and a payroll service for NDEB.</i>	10,384	-	-	-
Newcastle Diocesan Society				
<i>Common Trustees. NDBF receives a contribution towards costs from NDS.</i>	10,400	-	-	-
Lindisfarne College of Theology				
<i>Common Trustee. NDBF provides accommodation and a payroll service for LCoT. It also pays for services provided by LCoT.</i>	5,331	63,978	-	-
Transforming Communities Together Tyne to Tweed				
<i>Common Trustee. NDBF provides funding towards social responsibility work carried out by TCTTtoT.</i>	-	20,000	-	-