

## **Diocese of Hexham and Newcastle**

A Company Limited by Guarantee: Registered No. 7732977

### **Report and Financial Statements**

31 March 2013

Charity No: 1143450

Company No: 7732977

## **Diocese of Hexham and Newcastle**

### **Trustees' Report for the year ended 31st March 2013**

#### **Trustees**

Right Reverend, Seamus Cunningham, Bishop of Hexham and Newcastle  
Maureen Anne Bates  
William Antony Browne  
Reverend John Butters  
Monsignor Philip Carroll (resigned 15 August 2013)  
William Joseph Dryden  
Reverend Christopher William Jackson  
Monsignor Gerard Lavender (resigned 15 August 2013)  
Alexander Ronald McEwan  
Reverend James O'Keefe  
Reverend Martin Stempczyk  
Reverend Keith Gerard Walker (appointed 15 August 2013)  
Reverend Stephen Watson (appointed 15 August 2013)

#### **Chief Operating Officer**

Mrs Kathleen M. Smith

#### **Registered Office**

St Cuthbert's House  
West Road  
Newcastle upon Tyne  
NE15 7PY

#### **Solicitors**

Blackett Hart and Pratt  
Bond Dickinson  
Winkworth Sherwood

#### **Bankers**

HSBC plc  
Newcastle upon Tyne

#### **Stockbrokers**

Newton Investment Management

#### **Land Agents**

GVA Grimley  
Sanderson Weatherall

#### **Auditors**

Ernst and Young LLP  
Citygate, St James Boulevard  
Newcastle upon Tyne, NE1 4JD

## Trustees' Report

The Trustees present their report and audited financial statements for the year ended 31 March 2013. This report is prepared in accordance with the Trust Deed and the recommendations of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities 2005" issued in March 2005.

### Structure, Governance and Management

#### Constitution

Until 31 March 2012 the Roman Catholic Diocese of Hexham and Newcastle was constituted as a Charity for Roman Catholic Purposes by a Declaration of Trust dated 4 November 1867 no. 234071 and Hexham & Newcastle Diocesan Trust dated 16 September 1947 no. 235686. All reporting was made under the charity reference 235686.

On 1 April 2012 the assets and operations of the Diocese transferred to this Charitable Company Limited by Guarantee, called Diocese of Hexham and Newcastle. The Company number is 7732977 and the new charity number is 1143450. This company will carry on the activities of the Diocese going forward.

#### Organisational Structure and Decision Making

Matters concerning the care and development of the clergy and the pastoral care of the people of the Diocese are referred to the Bishop in consultation with his Episcopal Council. The Bishop and the Episcopal Council meet frequently during the year. The Episcopal Council consists of the Vicar General and the Episcopal Vicars, who each have responsibility for a geographical area within the Diocese. The Vicar General and Episcopal Vicars are all also Trustees of the Charitable Company.

The Diocese is divided into five Episcopal Areas namely Northumberland; Newcastle and North Tyneside; South Tyneside and Gateshead; Sunderland and East Durham; Cleveland and South Durham. The Bishop is assisted by the Episcopal Council which comprises a Vicar General and five Episcopal Vicars. Each member of the Episcopal Council is appointed to share the authority and duties of the Bishop concentrating on their own particular expertise and geographical area of the Diocese.

Together the Episcopal Areas comprise 18 Deaneries consisting of 170 separate parish communities, a number of which have been grouped together into parish clusters. There are 102 Diocesan Priests and a number of priests from Religious Orders who are in active ministry throughout the Parishes of the Diocese. They are supported by a number of priests who have retired from office and four foreign clergy. Five Diocesan priests are involved in ministry elsewhere.

Each parish aims to provide for the religious needs of its people through Church services and education in the Roman Catholic faith and to encourage charitable work. They also provide for the spiritual growth of people of all ages with particular emphasis on the needs of the sick and the poor. We also work in harmony with other Christian denominations, with people of other faiths and with local communities.

The Directors govern the Charitable Company, and in carrying out this responsibility are mindful of clergy and pastoral initiatives of the Bishop which have an impact upon the operational wellbeing of the company. The Board comprises the Bishop, his Episcopal Council members and lay people selected for their relevant skills and expertise. There are a number of Board Sub Committees and occasionally working parties looking at specific matters which comprise Directors and experts especially co-opted.

The Board is responsible for all of the assets of the Charitable Company although in practice the Parish Priest acts as their representative in many parish matters. Parish Priests are obliged by Canon law to be assisted in their duties by a Parish Finance Committee and many also have Parish Councils. The permission of the Board is required for all significant parish projects.

To assist the Board of Directors, the operations of the Diocesan Curia have been reorganised into formal departments who report through the Chief Operating Officer to the Board. The Heads of the Department, with the Chief Operating Officer form an Operations Board which manages the central administrative functions for the Charitable Company through support, dissemination of information, leadership and guidance on matters common throughout the whole Charitable Company. Officers carry out the Board's directions and refer matters arising for the Board's attention. The Departments reflect the work carried out, and are: Spirituality; Adult Formation and Evangelisation; Communications; Ecumenism; Education; Finance; Interreligious Relations; Justice and Peace; Liturgy; Property Management; Safeguarding, and the Diocesan Tribunal. Diocesan Youth Services are provided by a connected company Youth Ministry Trust, a company limited by guarantee, Company Number 07937704, Registered Charity number 1146158. The Director of Youth Services is a member of the Diocesan Operations Board.

## Trustees' Report

### Organisational Structure and Decision Making (continued)

Education is provided for children through a network of voluntary aided primary, first, middle, and secondary schools. Including Academies there are 129 Primary Schools (some with nursery provision), 7 First Schools, 4 Middle Schools and 19 Secondary Schools. There are 52,785 pupils in our Diocesan Schools of which 65.7% are Catholic. Within the schools there are 3,319 teachers of which 58% are Catholic (the national average is 54%). The Diocesan Department for Education offers support to schools whilst at the same time facilitating life-long learning throughout the Diocese. The Bede Chair in Catholic Theology and the Centre for Catholic Studies in the Theology Department of Durham University assist the Diocese's educational outreach.

### Trustees' Recruitment and Appointment

Under the Articles of Association the power of appointing new or additional Trustees rests with the Bishop. The induction process for any newly appointed Trustee involves an initial meeting with the Bishop. The new Trustee is given a welcome pack comprising a copy of the Companies Memorandum and Articles; a copy of the most recent statutory accounts; the Minutes of the most recent Board meetings and the Diocesan Guidelines and policies. Directors attend external training courses and receive regular circulars from the Charity Commission.

### Risk Management

We actively review the major strategic business and operational risks to which the Charitable Company is exposed, and confirm that these have been reviewed and strategies and systems are established to mitigate exposure to these risks. Each department head is required to monitor changes and develop systems to mitigate whenever possible. The most strategic risks identified by the Diocesan Finance Committee are monitored by the Board. These cover:

- Compliance with listed properties legislation
- Risk of insufficient active clergy
- Reduction in voluntary income
- Safeguarding
- Inability to afford to care for sick and/or elderly clergy
- Reduction in central reserves due to capital projects and long term commitments
- Compliance with data protection

### Strategic Governance Changes

Since Easter 2010 when Bishop and his Council met at Ampleforth, three priorities emerged out of a number of needs: New Structures, Spiritual Development and Formation for All, each of which has been worked on vigorously since.

New structures not only referred to the work being carried out throughout the Diocese in parishes, pastoral areas, clusters with amalgamations and other partnership arrangements as a response to reducing numbers of priests, but also to the governance of the Diocese itself.

As part of the Diocesan "New Directions" strategy, the Bishop and the other Trustees wished to see clergy and laity working together at all levels in the service of one another and the church and in doing so broaden the expertise available in the governance of the Diocese. Under the Declaration of Trust for the previous charity only clergy could be Trustees, hence the change of operating entity from Charity to Charitable Company Limited by Guarantee, this change removing one of the major obstacles to laity being Trustees.

The change involved a considerable amount of administration. All title deeds had to be gathered together for registering or re-registering with the Land Registry. With more than 500 sites this was a massive ongoing undertaking. All bank accounts and contracts had to be renewed or novated and all staff underwent a consultation processes as part of the TUPE transfer.

## Trustees' Report

### Strategic Governance Changes (continued)

In addition to this as Youth Ministry is so important to the Diocese as a whole the trustees decided that it needed particular attention and they were convinced that this would be best achieved through a Board focused on governance of youth ministry alone. The successful operation of the Youth Village which is unlike any other area of Diocesan work also required this specific focus. The operation and activities of the Youth Ministry Trust were therefore transferred into a new subsidiary company with its own charity number. Youth Ministry Trust Limited has a Board of ten directors comprising clergy, laity and religious. The Vicar General is chairman of this Board and there are very close links with the Main Diocesan Board in its governing documents.

### Internal restructuring since 1 April 2012

As Directors became involved and wanted to learn and understand more about the whole Diocese it soon became clear that the Diocesan Curia was made up of a series of departments, commissions, councils, groups etc. One of the first tasks of a Working Group was to clearly identify which areas of Diocesan life were restricted to the Bishop and his Council and which part was the business of the Board which is chaired by the Bishop. Occasionally there is overlap where a pastoral decision has financial implications. Matters concerning clergy, chaplaincy and parish pastoral matters refer primarily to the Bishop and his Council. The rest of the work needed to be structured into a formal arrangement to ensure nothing was overlooked but also making clear and keeping separate those areas that the new company was not responsible for, in particular other separate charities, not always discernible as separate entities.

Twelve separate departments were identified with a Head of Department responsible and accountable for each department's work. All the heads of Department are line-managed by the Chief Operating Officer/Financial Secretary and report to the Directors through the Moderator of the Curia/VG and Chief Operating Officer/Financial Secretary. Heads of Department meet as the Operations Board. This has been a way to bring all of the operational areas of the Curia together and in time the hope will be that all will work cohesively and there may be some sharing of ideas and initiatives. Some Heads of Department are volunteers and some departments are staffed entirely by volunteers, yet each now has a voice around the Operations Board table.

### Objectives

The purpose of the Charitable Company is to promote the Roman Catholic religion in the counties of Northumberland, Tyne & Wear, Durham and the Northern part of Cleveland, which are covered by the Diocese of Hexham and Newcastle, and other charitable works promoted by the Church outside the Diocese. All of our work is underpinned by and reflects the ethos of the Roman Catholic tradition through prayer, worship, a commitment to community and a sense of mission.

The Charitable Company aims to satisfy its objects and demonstrates its public benefit through four main areas of charitable activity, namely:

- To provide support to the clergy in their ministries
- To provide and support pastoral work in parishes and local communities
- To provide support and direct life-long Christian education in parishes and schools
- To preserve and invest in the property infrastructure of the Diocese and parishes, facilitating worship and enabling the charitable work of the church to take place.

The Trustees have given due consideration to Charity Commission published guidance on Public Benefit, and it is their opinion that the delivery of the above-noted charitable activities meets the requirement for the Charitable Company to exist for such Public Benefit.

### Activities during the year and achievements

The downturn in the UK economy has continued to have an impact upon the work of the Charitable Company. Pay rises have been minimal and concentrated on the lowest staff grade to ensure they were paid at least the Living Wage. Building work has continued to be curtailed and only those parish projects which involved repair or projects that are of a health and safety or safeguarding nature, or of pastoral necessity, have been approved to conserve capital.

## Trustees' Report

### Clergy Support

There is one seminarian in formation in St Mary's College, Oscott, two in the Beda College in Rome, one in the English College in Rome and one is undergoing a preparatory year in the English College Valladolid. Two permanent deacons were ordained in June 2012 and there are a further 11 in formation (another priest and another deacon were ordained in the summer of 2013). The monthly discernment meetings continue each month at St Mary's Cathedral in Newcastle with a steady number of people appreciating the opportunity to gather for a time of prayer and reflection.

### Pastoral Work

There are a number of commissions and central departments that facilitate and encourage work in local communities and a sample of the work is given below for illustration of our public benefit. Our most significant work is undertaken locally by many thousands of volunteers in our parishes.

Much of the income of our parishes goes to support the running activities of the parish although parishes use their facilities and people to reach out into the local community. Some parishes run successful parish youth groups or mother and toddler groups. Parish volunteers frequently visit people in Care Homes and Extraordinary Ministers of the Eucharist assist the priests in taking Holy Communion to those members of a parish who are too infirm to attend Mass with the rest of the community. Often parish volunteers are also closely associated with other local charities such as homelessness support, elderly and bereavement care, cancer care. Perhaps it is the ethos engendered in our parishes which encourages people to give so much of themselves so freely to their communities.

Active participation with the Catholic faith helps to engender care for others in their community, with examples of local development projects existing throughout the Diocese.

Following the appointment of the Spirituality Coordinator there was a hope that this could make things happen more locally. As a consequence, a key element of the Coordinator's work was to visit every Deanery offering a weekend of spirituality and prayer. Each weekend was based around three sessions which stand alone but which also had various threads running through them so that people could attend one – but would get the best effect from attending all three. Although this was a heavy commitment for the coordinator – and for the parishes involved – the weekend gave a good dynamic and, in some, gave the coordinator a chance to stay in the deanery, to attend and speak at Masses and to meet clergy and key lay people informally outside the sessions. Two deaneries, however, opted for a series of three evenings which worked reasonably well. Feedback was extremely positive with people realising that spirituality is about their relationship with God in their daily lives and is far less complicated than they feared. Several deaneries have already developed some of the ideas presented – others invited the Coordinator back to lead other sessions. In terms of numbers – the largest attendance at a single session was 75 with an overall total over the three of around 125; the smallest was 7; the average attendance for Saturday morning was 40; Saturday afternoon, 25-30; Sunday afternoon, 20.

The Diocesan Festival weekend was expected to take place in the summer of 2012. Sadly dreadful flooding at the time resulted in the event being abandoned.

A number of special events have taken place during the Year of Faith. There have been Marian Prayer walks; Rehallowing the land, where people have been fascinated by the history of the Northern Saints; and mini-pilgrimages to special sites within the Diocese.

Parishes are not only aware of the needs of their local communities but are also very conscious of the needs of poor people around the world and many have particular projects that they support. Over the year £93k (2012 £91k) has directly supported Mission work around the world. This year collections towards CAFOD's development work amounted to £164k (2012 £203k).

## Trustees' Report

### **Pastoral Work (continued)**

Parish Ecumenical Links from across the Diocese have gathered several times during the last twelve months, for practically grounded discussion on how ecumenical learning helps us in the enrichment of our own Catholic identity. Most recently in relation to the Diocesan sponsored project 'Receptive Ecumenism and the Local Church' which continues to provide a directly practical focus for increasing ecumenical understanding (across the nine participating denominations) about how clergy and lay people are dealing with and responding to the changes that are required to meet the variety of challenges we all currently face in the project's three main areas of interest: organisation and decision making; ministry and spiritual development; and formation (for all). Parish Links reflected on how they might contribute to the next phase of the project in ways that directly correspond to new ways forward for the Diocese in spiritual development, formation for all and new structures.

Most important among these priorities remains the whole area of spiritual ecumenism which forms the fundamental basis of ecumenical friendship, at every level, out of which everything else grows. Encouraging such bonds of spiritual friendship allows the growth of a real appreciation of the spiritual 'treasures' of each other's tradition and is where appropriate practical cooperation is inspired. The strength of such ecumenical relationships in the Diocese will hopefully continue to bear fruit, in the continued growth of newer forms of ecumenical social outreach in many areas such as Street Pastors and Foodbanks. Involvement in the more usual ecumenical activities continues to foster a deep appreciation of the gifts and graces to be received from our ecumenical partners and in some places events such as Good Friday walks of witness are experiencing a considerable resurgence, often led by a strong Catholic presence.

Apart from attending Episcopal Council meetings every two weeks, and serving a parish as parish priest, each clergy Director supports the Bishop in pastoral work throughout the Diocese.

St Cuthbert's Care is a connected charity working for the common good by enabling people to develop their personal potential. It aims to achieve this purpose by undertaking a range of social welfare work which benefits the community as a whole including the profoundly disabled and disadvantaged. Their services include residential care for children and adults, respite care, day care, social work, fostering and community work. Much of the Charitable Company's work is provided through individual contracts with Commissioners and regulated either by the Care Quality Commission or the Office for Standards in Education. Holy Cross Home in Sunderland was acquired to provide residential care for adults with autism. Refurbishment work was completed early in 2012 and the first admission was made in March. It is intended that the number of residential places will be increased from 44 to 55.

### **The Diocesan Website**

During the year to 31 March 2013 the diocesan website had an estimated 1500 clicks each day with the majority of visitors being from the UK or US. Globally [redhn.org.uk](http://redhn.org.uk) also gets occasional visits from Europe, Asia and Australia.

The Diocesan Education Department's website has continued to feature regular updates with postings of new mailings, new courses, revisions, curriculum material and more. The most popular pages continue to be the Home Page, Here I Am materials, schools' details and Recruitment. A new Come and See section has been developed. Features and links to Education Sunday were posted on the website.

Daily emails from Head of the Department for Spirituality with reflections on the Gospel of the Day are extremely well received and sought after.

### **Education**

Much consideration has been given to the Government's Academy initiative. Single Academy company model documents including a supplementary agreement were produced by Winkworth Sherwood and approved by Trustees. A Memorandum of Understanding has been developed which gathers together guiding principles which our schools adhere to within a Diocesan family of schools, whether they are Voluntary Aided schools or Academy companies. All of our schools are part of this Memorandum. If school governors wish for their school to become an Academy an Application to Convert must be completed and presented to the Directors and this is examined by a working subcommittee. Satisfactory submission gains the Bishop's consent to convert. Between August 2011 and March 2013 thirteen out of nineteen Secondary Schools have converted to Academy status, with four Primary Schools out of 129 doing likewise.

## Trustees' Report

### Education (continued)

Our links with Durham University via the Centre for Catholic Studies continues to flourish. Meetings and discussions have taken place.

### Property

During the year the majority of building work that has taken place within the Diocese has been of essential works of maintenance. At this time of global economic uncertainty, parishes have been asked to delay refurbishment and alteration work. There have been a couple of exceptions to this general principle where refurbishment or renewal work had already received Trustees' permission to proceed but has taken a considerable period of time to come to fruition.

As parishes continue to explore new structural arrangements in response to reduced numbers of priests there will be more sites becoming surplus to needs. This year has seen site closures, and more must be anticipated.

Closure of parishes is a difficult and sensitive process. The Diocesan Department for Property Management is involved in the lead up to closure. Once a date for closure is set it is then necessary to deal with all the property related issues.

Where properties are closed and are to be sold we meet with Insurance Risk Assessors to ensure that they are left in a state where we can maintain insurance cover upon them. Dependant on the nature and location of the property it may be necessary to have security on site to meet with the requirements of our Insurers. Fixtures and fittings are removed from the properties and disposal must be dealt with sensitively.

During the year a total of £3.1million was spent in parishes on building work ranging from repairs and minor projects £1.2million, to major works £1.9million.

Capital investment agreed with Education Funding Agency (EFA) covering some 300 projects has reduced considerably over the year. All of the Voluntary Aided school projects are handled by the Diocesan finance office; from approval, negotiation with EFA, administration of the grant, payments to contractors, to collection of the Governors' contributions. School buildings expenditure amounted to £7.1million, with the Government contributing 90% funding towards Voluntary Aided School work.

### Financial Review

The Charitable Company's accounting policies are described in Note 1 to the financial statements.

### Investment Policy and performance

The Trust deed authorises the Trustees to make and hold investments using the funds of the Charitable Company without any restrictions. The Trustees recognise that the investment portfolio is held to provide for the future needs of the Charitable Company whilst supporting the ongoing costs. Therefore the investment objective for the Diocese is to produce the optimum total return for income or capital whichever is the most effective in the prevailing conditions. In the current conditions the aim is to withdraw 3.5% to 4.0% per annum. The investment strategy is set on a three-year basis. Fund managers are required to adhere to a strict ethical policy. An investment sub-committee of experts chaired by a Trustee provides advice and support. Although fund managers have discretionary investment powers they provide quarterly information. During the year the Diocese used the services of Newton Investment Management. A charity investment specialist adviser (Stanhope Jewson) helps with reviewing performance. Over the year the market value of the portfolios rose in line with the general market conditions. At 31 March 2013 the combined portfolio was 108% of the previous year's valuation.

In setting an optimal total returns policy we identify, through a budgeting procedure, a level of cash return required from the managers, whilst paying due regard to the need to protect the real value of the capital. As at March 2013 the unrealised gains in the combined portfolio amounted to £2.1m whilst the amount of cash returned equated to 3.3% of the portfolio valuation.



## Trustees' Report

### Reserves Policy

The Trustees decide the level of free reserves to be held by the Charitable Company. Free reserves are those available to spend on any or all of the Charitable Company's purposes, being unrestricted reserves excluding those invested in fixed assets, those designated for a specific purpose, and those otherwise committed. Fixed assets are excluded because these assets cannot be realised without undermining the fundamental work of the Charitable Company.

In calculating the level of reserves to be retained by the Charitable Company, the Trustees give due regard to the need to fulfil all of its obligations and commitments and to finance the activities that it currently undertakes, and to fund future requirements including clergy retirement, schools provision, and maintenance of Parish properties including special projects such as the new governance arrangements and development of the Youth Village. We aim to have retained free reserves sufficient to cover twelve months of unrestricted charitable expenditure.

Diocesan statistics suggest a small decrease in weekly Mass attendance to 37,239. The total "giving" therefore equated to £3.27 per mass-goer per week.

Gift Aid Tax reclaims increased this to £3.62 per mass goer. Overall, approximately 48% of parish giving was given under Gift Aid, and the tax reclaimed averaged £3,800 per parish, a vital source of funding to struggling parishes. As the attendance statistics are collected over three Sundays during October the Trustees feel that these are conservative figures, as the recent experience of many priests suggests that there are changing patterns of mass going and observance of the obligation.

### Grants Policy

Each year the Bishop, assisted by guidance from the Catholic Bishops' Conference of England and Wales, decides which organisations will benefit from special collections to be taken in the parishes. At a local level, parish priests and their finance committees decide which additional causes they will support to further the work of the Church, by means of special appeals. The amounts raised from such appeals and paid over to charities are sometimes supplemented from general offertory income, where this is approved by the parish priest and the parish finance committee.

### Financial risk management objectives

As described above the Charitable Company has established a risk and financial management framework whose primary objectives are to protect the Charitable Company from events that hinder the achievement of the Charitable Company's objectives. The Charitable Company has no operations outside the UK and is not exposed to movements in exchange rates, and therefore does not enter into transactions with derivative instruments. Cash flow and liquidity risk is covered by forecasting and management of cash. The Charitable Company has no significant individual debtors and therefore limited credit risk.

## Trustees' Report

### Expenditure During the Year

The principal funding sources are as described in the SOFA. A detailed analysis of expenditure is given in note 3. Outlined below is how the expenditure in the year supporting the key activities has been sourced.

Charitable Activity		Total Expenditure	Funded from specific income	Funded by general income
		£000	£000	£000
Clergy Support		1,252	206	1,046
Pastoral Work	Diocese/parishes	6,370	1,240	5,130
	St. Cuthbert's Care	8,230	8,230	-
Education		815	316	499
Property	Diocese/Parish	2,165	118	2,047
	School Building work	116	-	116
<b>Cost of charitable activities</b>		<b>18,948</b>	<b>10,110</b>	<b>8,838</b>

In the context of the Charitable Company's activities, the key performance indicators are:

- Attendance at events and services
- Support to local communities via outreach and ecumenical links
- Formations

All of which are discussed above. From a financial perspective the key performance indicators are discussed above and are:

- Investment performance
- Income generated
- Expenditure incurred

### Plans for Future periods

#### Clergy Support

There is an increasingly significant number of retired from office clergy, so building on the new guidelines issued to all priests we intend to provide a seminar to those considering relinquishing their office as parish priest. This seminar will, with the help of appropriate experts, provide guidance upon accommodation, state benefits, healthcare, pastoral care and on-going spiritual formation.

There will be an Advent Day of recollection with Rev Dixie Taylor in December 2013 and a further day of reflection with Rev Michael Winstanley in January 2014. Both following the strategy of 'Formation for All' and being made available to both Clergy and laity.

#### Education

With reducing capacity of Local Authorities to provide support to schools, the Department for Education will be involved more and more with monitoring standards and brokering support for struggling schools. The removal of the faith transport subsidy is also causing great concern. The Board are looking closely at admissions policies and the process of appointment of Foundation Governors.

## Trustees' Report

### Pastoral

In July 2013 there was a day retreat for the staff given by Catherine Darby SND.

There was a Diocesan closing Mass on 23rd October 2013 marking the end of Pope Benedict XVI's 11th Year of Faith commemorating 50 years since the start of the Second Vatican Council.

The Directors of St. Cuthbert's Care will focus on maintaining high occupancy levels with their existing projects and develop their new venture in running the Holy Cross nursing home in Sunderland.

A Diocesan Weekend Festival took place in June 2013 with keynote speakers John Battle (former MP and campaigner for Catholic Social Action) David Wells (Director of Adult Formation in Plymouth Diocese) and Bud Welch (campaigner for reconciliation following the death of his daughter in the Oklahoma bombing).

There will be a number of Diocesan Pilgrimages, to Lourdes, Rome, the Holy Land and Santiago.

### Property

We anticipate that there will continue to be a moratorium on building projects which are not repair or health and safety or safeguarding in nature. We also expect that parishes will need to look more closely at amalgamation in the coming year in an effort to simplify administration and in response to increasingly scarce resources.

### Diocesan Website

With the change in corporate governance and the new strategic priorities of Formation for All and Spiritual Formation, the web site will undergo a complete change to reflect the new structure. A log-in section specifically for the members of the Formation Forum has been developed, and this includes calendars to enable members of the Forum to share planning dates. In addition they can add their own information and collaborate on documents. This provides a useful resource to promote the Year of Faith, highlighting the many initiatives across the Diocese.

### Disabled employees

Applications for employment by disabled persons are always fairly considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment continues and the company will seek to cater for their needs and aim to retain them in suitable employment. On a continuing basis, the disabled employee will be included in the training programmes run by the company and will be given opportunities for promotion along with all other employees.

### Employee involvement

The Charitable Company is committed to regular communication and discussions with employees on those matters relating to their work and the Charitable Company's activities.

The Charitable Company also seeks to delegate and involve staff in discussions and decision-making particularly in those areas to which they can contribute effectively, so that all may participate in the efficient running of the Charitable Company.

### Going concern

The Charitable Company's activities, together with the factors likely to affect its future development, performance and position and its exposures to credit risk are set out below.

The Charitable Company meets its day to day working capital requirements through cash reserves. The current economic conditions do create some level of uncertainty over future offertory levels. However, the Charitable Company's forecasts and projections show that the Charitable Company should be able to operate within the level of its current arrangements.

As such, the Trustees have reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## Trustees' Report

### Auditor

A resolution to re-appoint Ernst & Young LLP as the Charitable Company's auditor will be put to the forthcoming Annual General Meeting.

### Trustees' responsibilities for audit information

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Charitable Company's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Trustees' insurance

The Charitable Company maintains insurance for Trustees in respect of their duties as Trustees of the Charitable Company.

### Statement of Trustees' Responsibilities

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

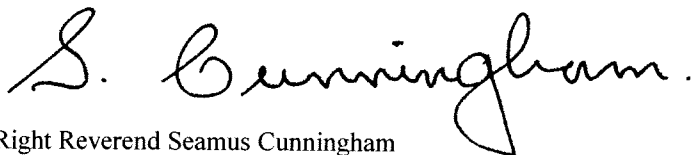
Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under 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 affairs of the Charitable Company and of the profit or loss of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company 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 Charitable Company 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 on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Right Reverend Seamus Cunningham

Bishop of Hexham and Newcastle

Trustee

Date: 19 December 2013

# **Independent auditors' report**

## **to the members of the Diocese of Hexham and Newcastle**

We have audited the financial statements of the Diocese of Hexham and Newcastle for the year ended 31 March 2013 which comprise the Group Statement of Financial Activities, the Balance Sheet, the Group Statement of Cash Flows and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 auditors' 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 the Charitable Company's members, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Charitable Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# Independent auditors' report

to the trustees of the Diocese of Hexham and Newcastle (continued)

## Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Group's and the Charitable Company's affairs as at 31 March 2013, and of the Group's 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.

## Opinion on other matter prescribed by the Companies Act 2006

- ▶ In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the 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' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.



Caroline Mulley (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Newcastle upon Tyne

Date 19 DECEMBER 2013

# Group statement of financial activities

for the year ended 31 March 2013

	Notes	Unrestricted funds Parish £000	Central £000	Restricted Funds £000	2013 Total £000	2012 Total £000
<b>Incoming resources</b>						
<b>Voluntary incoming resources:</b>						
Offeratories and donations		6,226	132	1,590	7,948	-
Legacies		298	187	81	566	-
<b>Incoming resources from charitable activities:</b>						
Gross income from charitable company		-	-	8,819	8,819	-
Other income		916	206	317	1,439	-
<b>Incoming resources from generated funds:</b>						
Investment income	2	74	816	21	911	-
Special fundraising		613	-	246	859	-
Income from functional assets		628	-	-	628	-
<b>Total incoming resources</b>		8,755	1,341	11,074	21,170	-
<b>Resources expended</b>						
<b>Charitable activities:</b>						
Clergy support	3	736	310	206	1,252	-
Pastoral		4,443	687	9,470	14,600	-
Education		-	499	316	815	-
Property		1,841	322	118	2,281	-
<b>Total cost of charitable activities</b>		7,020	1,818	10,110	18,948	-
Governance costs	6a	-	126	41	167	-
Costs of generating funds	6b	126	144	213	483	-
<b>Total resources expended</b>		7,146	2,088	10,364	19,598	-
<b>Net incoming resources before transfers</b>		1,609	(747)	710	1,572	-
<b>Transfers between funds</b>		52	800	(852)	-	-
<b>Net incoming resources</b>		1,661	53	(142)	1,572	-
Net gain/(loss) on disposal of tangible fixed assets		866	(39)	1	828	-
<b>Gains/(losses) on investment assets:</b>						
Realised		53	(217)	(17)	(181)	-
Unrealised		-	2,145	667	2,812	-
<b>Net movement in funds</b>		2,580	1,942	509	5,031	-
Fund balances transferred from previous entity on 1 April	23	49,335	13,284	11,904	74,523	-
<b>Fund balances at 31 March</b>	23	51,915	15,226	12,413	79,554	-

All activities are continuing and were all acquired from a predecessor charity in the year as illustrated by the fund balances transferred in of £74,523,000 shown above.

The profit for the year for Companies Act purposes was £2,219,000 (2012: £nil).

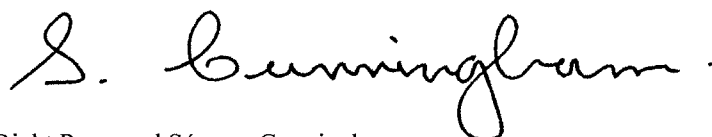
## Balance sheet

at 31 March 2013

Company no: 7732977

			2013		2012
	Notes	Group £000	Charity £000	Group £000	Charity £000
<b>Fixed assets</b>					
Tangible assets	8	34,191	27,635	-	-
Investments	9	36,227	37,576	-	-
		<u>70,418</u>	<u>65,211</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Debtors	16	1,836	1,241	-	-
Short term deposits	17	1,445	1,445	-	-
Unsecured short term loans	18	30	436	-	-
Cash at bank and in hand		9,461	8,811	-	-
Cash at bank – Schools projects		502	502	-	-
		<u>13,274</u>	<u>12,435</u>	<u>-</u>	<u>-</u>
<b>Creditors:</b> amounts falling due within one year	19	3,757	3,046	-	-
<b>Net current assets</b>		<u>9,517</u>	<u>9,389</u>	<u>-</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>79,935</u>	<u>74,600</u>	<u>-</u>	<u>-</u>
<b>Creditors:</b> amounts falling due after more than one year	20	381	-	-	-
<b>Net assets</b>		<u>79,554</u>	<u>74,600</u>	<u>-</u>	<u>-</u>
<b>Represented by:</b>					
Restricted fund		12,413	7,459	-	-
Unrestricted parish funds		51,915	51,915	-	-
Unrestricted central funds		15,226	15,226	-	-
<b>Total funds</b>	23	<u>79,554</u>	<u>74,600</u>	<u>-</u>	<u>-</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 19 December 2013 and signed on its behalf by:



Right Reverend Séamus Cunningham  
Trustee



## Group statement of cash flows

for the year ended 31 March 2013

	Notes	2013 £000	2012 £000
<b>Net cash inflow from operating activities</b>	22	1,649	-
<b>Returns on investment and servicing of finance</b>			
Income from investments		874	-
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(3,164)	-
Receipts from the sales of tangible fixed assets		893	-
Payments to acquire investments		(8,163)	-
Receipts from sales of investments		7,728	-
		(2,706)	-
<b>Acquisitions</b>			
Cash acquired on receipt of transfer of activities from predecessor charity		10,349	-
<b>Net cash inflow before use of management of liquid resources and financing</b>		10,166	-
<b>Management of liquid resources</b>			
Increase in short term deposits		(214)	-
Unsecured short term loans – repaid		11	-
		(203)	-
<b>Increase in cash and cash equivalents</b>		9,963	-
<b>Cash and cash equivalents at 31 March</b>		9,963	-

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies

#### ***Basis of preparation***

The financial statements have been prepared under the historic cost convention, modified by revaluation of quoted investments, investment properties, and certain freehold property. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, and applicable accounting standards.

#### ***Basis of consolidation***

The group financial statements of the Group incorporate the following financial statements:

- Diocesan Central
- Parishes
- Priests Training Fund
- Managed Fund
- Sursum Corda Limited, a limited company
- St Cuthbert's Care, a separate charity and a limited company
- Youth Ministry Trust Ltd, a separate charity and a limited company

St Cuthbert's Care has a wholly owned subsidiary Catholic Care (Trading) Limited, a company incorporated in England and Wales. The principal business activity of Catholic Care (Trading) Limited is the supply of fuel to St Cuthbert's Care.

In the opinion of the directors of St Cuthbert's Care the activities are not material to the company and therefore group financial statements have not been prepared. Any profits earned by the subsidiary company are passed to the company by gift aid.

Sursum Corda Limited is a wholly owned subsidiary of the Charitable Company. It is a company incorporated in England and Wales. The principal business activity of Sursum Corda Limited is the facilitation of the operation of a café and bookshop at St Mary's Cathedral. Any profits earned by this company are passed to the Charitable Company by gift aid.

St Cuthbert's Care and Sursum Corda Limited have been excluded from the financial statements disclosure of the Charity, but they are both grouped within the Group financial statements.

The Trustees have taken exemption from presenting its unconsolidated Statement of Financial Activities under section 408 of the Companies Act 2006.

#### ***Incoming resources and resources expended***

##### ***Offeratories, donations and legacies***

Offeratories are accounted for on a cash received basis. Donations and legacies are recognised when the Diocese becomes legally entitled to them and they can reasonably be measured in financial terms. Tax credits relating to Gift Aid are accounted for on an accruals basis linked to the income received.

##### ***Investment income***

This is recognised on an accruals basis when dividend and interest from stocks and shares have been declared.

##### ***Grant income (other than for schools' building work)***

Revenue grants are accounted for on a received basis. Capital grants are accounted for on an accruals basis. They are treated as deferred income and released to income over the period to which they relate.

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

#### *Incoming resources and resources expended (continued)*

##### **Grants for schools' building work**

The Charitable Company acts as an agent for the School Governors in the recovery of grants and the payment of contractors. Those grants and payments are not included in the financial statements, other than that amounts held by the Diocese on behalf of schools as grants received but not yet expended are included in the balance sheets as cash at bank and as creditors.

During the year the cost of schools' building works undertaken was £7.1million, being financed by Government grants of 90% and by School Governors' contributions.

##### **Income from trading activities**

This is accounted for on a cash received basis.

##### **Resources expended**

Expenditure is charged to the income and expenditure account on an accruals basis. Irrecoverable VAT is charged to the category of expenditure for which it was incurred.

Charitable Activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objects of the Charitable Company, including direct staff costs, other direct costs, and apportioned support costs.

Governance Costs relate to the general running of the Charitable Company, and include such items as external audit, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Costs of Generating Funds include the costs incurred in generating voluntary income, fundraising trading costs, and investment management costs.

##### **Grants paid/payable**

Grants payable are recognised when payment is authorised.

#### **Fixed asset investments**

Fixed asset investments are shown in the financial statements at their market value at the balance sheet date. The resulting unrealised surplus or deficit is credited or debited to the fund account through the movement of funds in the Statement of Financial Activities.

#### **Current assets**

All are stated at the lower of cost and net realisable value.

#### **Liabilities**

Liabilities are recognised at the point where a legal or constructive obligation exists as a result of a past event. Provisions are liabilities where the timing and quantum of the economic outflows are significantly uncertain. The Charitable Company recognises provisions on an undiscounted basis.

#### **Interest free loans**

Occasionally the Charitable Company makes small interest free loans to priests. These are repayable over three to five years.

#### **Deposits and loans**

The Charitable Company operates a mutual system. Where parishes have money surplus to their immediate needs it is deposited centrally with the Diocese and interest is paid. Where parishes are in need, interest free loans may be made at the discretion of the Trustees.

#### **Fund accounting**

The Trustees of the Charitable Company are currently reviewing their historical designation of some of the funds. The Charitable Company is in discussion with the Charity Commission to unite several ancient and smaller trusts and as part of this process is reconsidering the description and purpose of the funds.

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

#### *Fund accounting (continued)*

- **Unrestricted funds**

These are expendable at the discretion of the Trustees in furtherance of the objects of the Charitable Company. For management purposes these funds have been accounted for as:

- Diocesan Central Fund
- Parish Fund (designated for use as such by the Trustees).

- **Restricted funds**

Included in this category are the group results of the three trading companies:

- Sursum Corda Limited – a wholly owned company. The funds are intended to assist the running costs of St Mary's Cathedral.
- Youth Ministry Trust - a separately registered charitable company.
- St Cuthbert's Care – a separately registered charitable company.

Also grouped under this heading are funds which have been formed as a result of donor implied intentions for the money rather than binding legal obligations placed on the Trustees and as such are expendable at the discretion of the Trustees.

These include:

- Parishes Special Collection Fund to gather and distribute special donations collected for specific charities.
- Priests' Training Income Fund to support clergy training.
- Diocesan Special Reserve Fund to benefit a sick and retired clergy project.
- The Managed Fund – this comprises a large series of mass funds and special deposits, subject to specific trusts under Canon Law that have been donated in the past with the intention of supporting a specific purpose within the Charitable Company. These are not considered permanent endowments. Administratively this is managed and accounted for as one fund but it comprises several separate funds that can be further classified as:
  - Historical Masses Fund – Legacies and donations given to the Charitable Company, where the income must be used to meet Mass obligations.
  - Diocesan Designated – Income is to be used for Diocesan purpose.
  - Parishes Designated – Income is to be used for a Parish purpose.
  - Other Restricted – Income to be applied for a named purpose.
  - Priests' Training Fund – Income is to be applied for the purpose of training clergy and related costs, so that the underlying capital of the fund remains intact.

Monies collected and accumulated in the parishes are shown as designated as a whole but they are specific to each individual parish. Parishes are encouraged to participate fully in the local and universal church and contribute to the running of the Diocesan wide activities through the annual levy.

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

#### **Pensions**

The Charitable Company contributes to four defined contribution pension schemes (including one for St Cuthbert's Care). Contributions are charged in the SOFA as they become payable in accordance with the rules of the schemes. St Cuthbert's Care contributes to a pension scheme for excess pension liabilities for former teachers. Provision is made in full in these financial statements for the anticipated liability calculated upon actuarial assumptions.

#### **Accounting policy for tangible fixed assets**

##### **i. Freehold and lease land and buildings**

###### **A Functional land and buildings**

###### **1. Churches, presbyteries, halls and other buildings**

###### **i. Freehold land**

Functional land (ie land used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life.

###### **ii. Freehold Buildings**

Functional buildings (ie buildings used for the prime purpose of the Charitable Company) which are still in use by the Charitable Company are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). All new functional buildings, improvements and major renovations are capitalised at the cost of construction.

Buildings that were in use at 31 December 1996 are depreciated at rates calculated to write off their estimated historic cost (less the estimated residual value) evenly over the whole of their useful life.

The estimate of the useful life of a building varies depending on the condition and future use of the building, however, in general it is expected that a building in a reasonable state of repair will continue in use without major renovations or improvements for the following period:

a) Unlisted churches	100 years
b) Cathedral and listed churches	200 years
c) Presbyteries	50 years
d) Other buildings including care homes	50 years

Depreciation rates are calculated using the age of the building and its expected useful life.

###### **iii. Leasehold land and buildings**

Leasehold land and buildings (if held) are depreciated over the life of the lease on a straight-line basis.

Details and addresses of the Diocesan churches and other buildings (both freehold and leasehold) can be found in the Northern Catholic Calendar.

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

#### *Accounting policy for tangible fixed assets (continued)*

##### **i. Freehold and lease land and buildings (continued)**

##### **A Functional land and buildings (continued)**

##### **2. Voluntary aided schools**

##### **i. Land**

The Charitable Company owns the land on which its voluntary schools are built. The nature of the occupation of the land by these exempt charities means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements the land is not capitalised. The cost of any land acquired for the purposes of a voluntary aided school is charged to the statement of financial activities in the year of acquisition.

Land agreed as surplus to a school's requirements by the Local Education Authority may be disposed of by the Trustees who own the land.

##### **ii. Buildings**

The school buildings are occupied, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt charities means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Consequently, for the purposes of these financial statements any cost of new building is written off to the statement of financial activities in the year it is incurred.

The Diocese, agent for School Governors, pays all school improvement and repair costs and reclaims all of the related grants. Parishes and/or Governors are billed for their contributions.

Details of the Diocesan Voluntary Aided Schools (both freehold and leasehold) are given in the Northern Catholic Calendar.

##### **B Investment property and former functional land and buildings**

##### **1. Investment property**

Investment properties are shown at the Trustees' best and prudent estimate of market value. Any material changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The historical cost of these assets is disclosed in note 10. As these assets are recorded at current market value no charge for depreciation is made in the financial statements.

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

#### Accounting policy for tangible fixed assets (continued)

##### **B Investment property and former functional land and buildings (continued)**

##### **2. Former functional land and buildings**

Properties which were previously occupied for Charitable Company use but are now no longer in use fall into two categories:

- i. Those which can now be sold or are awaiting sale.

Properties awaiting sale are shown at the Trustees' best estimate of their ultimate net sale proceeds. If it is expected to realise the asset within 12 months then it is shown under current assets. All changes in value during the year are reported in the 'gains and losses on revaluation and investment asset disposals' section of the statement of financial activities. Details of the date and basis of the valuations and of the valuer are given in note 11 to these financial statements. The estimated historical cost of these assets is disclosed in note 10. As these assets are no longer used by the Charitable Company, no charge for depreciation is made in the financial statements.

- ii. Those which have restrictions on them which make sale difficult or detrimental to the Charitable Company.

##### **Land**

Former functional land is included in the financial statements at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life. Leasehold land and buildings are depreciated over the life of the lease on a straight-line basis.

##### **Buildings**

Former functional buildings are included in the financial statements at original cost or where this is not available at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). However as the buildings no longer have any use they are fully depreciated and have no net book value.

##### **ii. Fixtures, fittings and equipment**

Fixtures, fittings and equipment which were in use at 31 December 1996 and which had a current replacement cost exceeding £1,000 were capitalised and included in the financial statements at an estimate of their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition). Subsequent acquisitions with a cost (or, in the case of donated assets, estimated value) of over £1,000 are capitalised on the same basis. They are depreciated at rates calculated to write off the cost of valuation, less the estimated residual value, of each asset evenly over its expected useful life as follows:

Church furniture	50 years
Presbytery and hall contents, and equipment	5 to 10 years
Sound systems and special lighting	5 to 10 years
Other fixtures and equipment	5 to 10 years

# Notes to the financial statements

at 31 March 2013

## 1. Accounting policies (continued)

### *Accounting policy for tangible fixed assets (continued)*

#### iii. Motor vehicles

Motor vehicles have been capitalised and included in the financial statements at their historical cost (or in the case of donated assets, at an estimate of value at the date of acquisition) and are depreciated at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset evenly over expected useful life as follows:

Motor cars	5 years
Mini buses	5 years

#### iv. St Cuthbert's Care freehold property

The freehold buildings of St Cuthbert's Care have been included at valuation rather than cost. The directors of that company consider that this treatment more appropriately reflects their value to the business. For the purposes of these group financial statements these care facilities are considered to be a separate class of asset in accordance with FRS 15.

### *Accounting policy for tangible fixed assets – heritage assets*

#### Works of art and historic treasures

The Charitable Company owns several works of art and historic treasures. The items have extraordinary long lives and are worth preserving perpetually. The collection is not recognised in the Balance Sheet because details of the costs of these items are not available and the cost to the Charitable Company of obtaining valuations would exceed the benefit arising from doing so. The vast majority of the collection was acquired over 100 years ago.

### **Basis of allocation and apportionment of Central Support Costs**

As shown in Note 4(a) to the accounts, the costs of the Episcopal office and of the central Diocesan offices (including the finance and human resources offices) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

## 2. Investment income

	<i>Unrestricted funds</i>		<i>Restricted</i>	<i>2013</i>	<i>2012</i>
	<i>Parish</i>	<i>Central</i>	<i>Funds</i>	<i>Total</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b><i>Income arising from:</i></b>					
Investment properties	16	17	-	33	-
Listed investments	57	561	21	639	-
Cash deposits held as investments	1	238	-	239	-
	<u>74</u>	<u>816</u>	<u>21</u>	<u>911</u>	<u>-</u>

Parishes receive monies from community groups and others for allowing them the use of church halls for activities and meetings. This income is not included as investment income, but is shown separately in the statement of financial activities as 'income from functional assets'.



# Notes to the financial statements

at 31 March 2013

## 3. Charitable activities

	Notes	Unrestricted funds Parish £000	Central £000	Restricted Funds £000	2013 Total £000	2012 Total £000
<b>Clergy support</b>						
Clergy costs		736	157	-	893	-
Support of retired clergy		-	13	-	13	-
Priests' Training Fund		-	-	181	181	-
Managed Fund		-	-	1	1	-
Grants and donations	5	-	-	24	24	-
Share of central support costs	4(a)	-	140	-	140	-
		736	310	206	1,252	-
<b>Pastoral</b>						
Church running costs		3,720	-	-	3,720	-
Other parish costs		661	-	-	661	-
Grants and donations	5	48	165	630	843	-
Youth Service: Revenue costs		-	30	589	619	-
Liturgy commission		-	15	-	15	-
Vocations commission		-	5	-	5	-
Provision of Care: Charitable Company		-	-	8,230	8,230	-
Parishes		14	-	-	14	-
Safeguarding commission		-	77	-	77	-
University Chaplaincy work		-	107	-	107	-
Metro Centre Chapel		-	1	-	1	-
Diocesan Tribunal		-	21	-	21	-
Pastoral Provision for Deaf People		-	6	-	6	-
Ecumenical and Interfaith commissions		-	31	-	31	-
Marriage care		-	10	-	10	-
Diocesan events		-	23	-	23	-
Northern Catholic calendar		-	22	-	22	-
Sursum Corda bookshop		-	-	21	21	-
Family life		-	13	-	13	-
Sundry Diocesan projects		-	21	-	21	-
Share of central support costs	4(a)	-	140	-	140	-
		4,443	687	9,470	14,600	-
<b>Education</b>						
Education service		-	305	316	621	-
Schools chaplaincy		-	8	-	8	-
CES grant	5	-	46	-	46	-
Share of central support costs	4(a)	-	140	-	140	-
		-	499	316	815	-
<b>Property</b>						
Repair of parish property		1,242	-	118	1,360	-
Diocesan property office		-	93	-	93	-
School building costs		116	-	-	116	-
Depreciation charges		483	87	-	570	-
Legal costs		-	2	-	2	-
Share of central support costs	4(a)	-	140	-	140	-
		1,841	322	118	2,281	-
<b>Total cost of charitable activities</b>	4(b)	7,020	1,818	10,110	18,948	-

## Notes to the financial statements

at 31 March 2013

### 4(a). Central support costs

	<i>Staff costs £000</i>	<i>Other costs £000</i>	<i>2013 Total £000</i>	<i>2012 Total £000</i>
Episcopal office	34	68	102	-
Finance and human resources offices	154	14	168	-
Diocesan office overheads	1	289	290	-
	<u>189</u>	<u>371</u>	<u>560</u>	<u>-</u>
Apportioned to charitable activities:				
Clergy support (25%)	47	93	140	-
Pastoral (25%)	47	93	140	-
Education (25%)	47	93	140	-
Property (25%)	48	92	140	-
	<u>189</u>	<u>371</u>	<u>560</u>	<u>-</u>

#### Basis of allocation and apportionment

The costs of the Episcopal office and of the central Diocesan offices (including the finance and human resources offices) have, as far as possible, been allocated directly to the relevant charitable activity. The remaining unallocated costs have been apportioned equally to charitable activities, as the Trustees are of the opinion that no single activity is of more importance than any other, and the interaction and close links between different activities makes this the most reasonable basis of apportionment.

### 4(b). Charitable activities expenditure

	<i>Staff costs £000</i>	<i>Other costs £000</i>	<i>2013 Total £000</i>	<i>2012 Total £000</i>
Clergy support	47	1,205	1,252	-
Pastoral	6,964	7,636	14,600	-
Education	517	298	815	-
Property	122	2,159	2,281	-
	<u>7,650</u>	<u>11,298</u>	<u>18,948</u>	<u>-</u>

## Notes to the financial statements

at 31 March 2013

### 5. Grants and donations

During the year the Group made a large number of donations, as described below:

	2013 £000	2012 £000
Bishop's charities	13	-
Catholic Agency for Social Concerns	2	-
National Catholic Fund	91	-
Domestic grants	11	-
Bede Chair of Catholic Theology	26	-
Lay Training Fund	2	-
Catholic Education Service	46	-
Apostleship of the Sea	21	-
Holy Places	27	-
Peter's Pence	22	-
Racial Justice	8	-
Sick and Retired Priests NBF	24	-
World Communications	10	-
Day for Life	13	-
Mission Societies	18	-
Other Mission Charities	75	-
CAFOD Development and emergency aid	164	-
Other smaller grants	340	-
<b>Total group charitable grants and donations</b>	<b>913</b>	<b>-</b>

These are included in charitable activities (note 3) as follows:

Clergy support	24	-
Pastoral	843	-
Education	46	-
	<b>913</b>	<b>-</b>

Parishes occasionally allow fundraisers from other charities to collect outside of Mass or through collection boxes in parishioners' homes. These funds are usually counted and recorded by the receiving Charitable Company and do not pass through parish funds.

## Notes to the financial statements

**at 31 March 2013**

**6(a). Governance costs**

	Unrestricted funds			Restricted funds						
	Parish £000	Central £000	Total £000	Priests' Training Fund £000	YMT £000	Sursum Corda £000	St Cuthbert's Care £000	Total £000	2013 Total £000	2012 Total £000
Audit fees	-	47**	47	-	10***	2	14*	26	73	-
Other governance costs	-	79	79	1	4	-	10	15	94	-
	-	126	126	1	14	2	24	41	167	-

\*St Cuthbert's Care is audited by a separate external auditor differing from the auditor of the Charitable Company as a whole.

**\*\*Within this figure are fees for taxation compliance work of £16k (2012: £nil).**

### 6(b). Costs of generating funds

[illegible]

## Notes to the financial statements

at 31 March 2013

### 7. Group wages and staff costs

Included in the resources expended are the following staff costs:

	2013 £000	2012 £000
Wages and salaries	7,023	-
Social security costs	536	-
Other pension costs	91	-
<b>Total remuneration</b>	<b>7,650</b>	<b>-</b>

	Number of employees	2013 £000	Number of employees	2012 £000
Central Diocesan services	41	754	-	-
Parishes	129	480	-	-
Sursum Corda	-	-	-	-
YMT	15	278	-	-
St Cuthbert's Care	337	6,138	-	-
	<b>522</b>	<b>7,650</b>	<b>-</b>	<b>-</b>

No trustee received any remuneration during the year or previous year. Certain trustees received allowances as serving Clergy but not in their capacity as trustee. Pension contributions paid for Trustees as members of the Clergy scheme amounted to £6k.

Seven trustees received expenses to the value of £4k (2012: £6k) in respect of travel and subsistence costs.

One employee of St Cuthbert's Care received aggregate emoluments of £85k. Other than this, there were no trustees or employees whose emoluments, excluding pension contributions, were equal to or greater than £60,000 per annum.

St Cuthbert's Care reduced its provision for pension costs relating to current and former employees by the sum of £10k (see note 20 for further details).

Clergy are not included in the above staff details as they are Office Holders and not employees of the Charitable Company. Payments to clergy during the year amounted to £903k (2012: 892k).

The Charitable Company is very grateful for the help of the army of volunteers who support the work of every member of the group. It is estimated that some 8,000 people support the parishes, and without their help the parishes could not function. It is however not possible to value the service provided by volunteers.

# Notes to the financial statements

at 31 March 2013

## 8(a). Group tangible fixed assets

	<i>Freehold property £000</i>	<i>Leasehold property £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost or revaluation:					
Transfer from previous entity on 1 April 2012	36,274	6,073	150	4,656	47,153
Additions	2,015	1,014	-	135	3,164
Disposals	(60)	(54)	(21)	(94)	(229)
At 31 March 2013	38,229	7,033	129	4,697	50,088
Accumulated depreciation:					
Transfer from previous entity on 1 April 2012	10,556	1,347	129	3,232	15,264
Charge for the year	475	133	9	221	838
Disposals	(34)	(54)	(22)	(95)	(205)
At 31 March 2013	10,997	1,426	116	3,358	15,897
Net book value: At 31 March 2013	27,232	5,607	13	1,339	34,191

## 8(b). Charity tangible fixed assets

	<i>Freehold property £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost or revaluation:				
Transfer from previous entity on 1 April 2012	36,274	76	2,969	39,319
Additions	1,999	-	46	2,045
Disposals	(60)	(12)	(123)	(195)
At 31 March 2013	38,213	64	2,892	41,169
Accumulated depreciation:				
Transfer from previous entity on 1 April 2012	10,556	65	2,466	13,087
Charge for the year	472	4	102	578
Disposals	(34)	(13)	(84)	(131)
At 31 March 2013	10,994	56	2,484	13,534
Net book value: At 31 March 2013	27,219	8	408	27,635



## Notes to the financial statements

at 31 March 2013

### 10. Investment properties

	<i>Diocesan Central fund £000</i>	<i>Parishes unrestricted fund £000</i>	<i>2013 Total £000</i>	<i>2012 Total £000</i>
Market value:				
Transfer from previous entity on 1 April	222	1,327	1,549	-
Additions	51	-	51	-
Disposals	-	(13)	(13)	-
At 31 March	273	1,314	1,587	-
Book cost of investment property:				
At 31 March	110	554	664	-

### 11. Valuation of investment properties

Properties have been included at Trustees' valuation. Their valuation is based on the lower of 40% of the reinsurance value at 7 times the annual rent if a commercial rent was paid.

Occasionally a peppercorn rent agreement has been arranged if the church will benefit from the occupation of the property. For example:

- safeguarding a nearby church where there is no resident priest
- tenant has agreed to substantially renovate the premises
- used by similar charities such as convents or religious orders and seen as furthering the outreach work of the church.

Where properties are placed on the open market an independent valuation is obtained from land and estate agents commissioned by the Diocese.



## Notes to the financial statements

at 31 March 2013

### 12. Investment fund

	2013 £000	2012 £000
Quoted investments transfer from previous entity on 1 April	16,118	-
Additions	5,520	-
Disposals	(6,277)	-
Net unrealised investment gains	2,145	-
Market value of quoted investments at 31 March	17,506	-
Book cost of quoted investments as at 31 March	13,836	-
Comprising at 31 March:		
	2013 <i>Cost</i> £000	2012 <i>Total</i> £000
	<i>Unrealised</i> £000	<i>Total</i> £000
Wise Speke	1	-
Newtons	13,835	3,670
	13,836	3,670

### 13. Managed fund

	2013 £000	2012 £000
Quoted investments transfer from previous entity on 1 April	5,128	-
Additions	1,760	-
Disposals	(1,993)	-
Net unrealised investment gains	667	-
Market value of quoted investments as at 31 March	5,562	-
Book cost of quoted investments as at 31 March	4,375	-
Comprising at 31 March:		
	2013 <i>Cost</i> £000	2012 <i>Total</i> £000
	<i>Unrealised</i> £000	<i>Total</i> £000
Newtons	4,375	1,187
	4,375	1,187

See note 15 for further details of the Managed Fund.

## Notes to the financial statements

at 31 March 2013

### 14. Other investments

St Cuthbert's Care wholly owns Catholic Care (Trading) Limited, a company incorporated in England and Wales. Its investment is 2,000 £1 ordinary shares shown at £1k, being the net asset value of the company.

During the year ended 31 March 2004 the Diocese granted a loan of £500k to St Cuthbert's Care. The full amount is still outstanding, and the terms of repayment are entirely at the discretion of the Trustees. Interest is charged at the rate of 5% per annum, and is payable to the Diocese annually.

During the year ended 31 March 2013 the Diocese granted a further loan of £500k to St Cuthbert's Care, to enable that company to purchase and refurbish the Holy Cross Care Home in Sunderland. The terms of repayment are again entirely at the discretion of the Trustees.

The Diocese also invested £250k with Sursum Corda Limited in that year, as a capital contribution to enable that company to adequately support its work in the distribution of religious knowledge resources. This is in addition to the short-term loan of £406k shown in note 18 to these financial statements.

The Diocese holds 100% of the ordinary share capital of Sursum Corda Limited.

### 15. The Managed Fund

The Managed Investment Fund was derived initially from legacies and bequests and money held on trust under the protection of Charitable Company Trustees. Each donation is redefined as a number of units, determined by a rate based on the market value of the fund at the date of subscription.

The capital is then invested in the Managed Fund. Its many individual subscriptions can be broadly categorised into:

- church funds deposited for investment
- special donations deposited for investment

The Managed Fund comprises quoted investments and cash awaiting investment held by Newtons at the Bank of Scotland.

At 31 March 2013 the fund comprised:

	<i>Note</i>	<i>Initial cost plus reinvested gains £000</i>	<i>Market value £000</i>
Quoted investments	13	4,375	5,562
Cash at the Bank of Scotland	17	308	308
<b>Value of investment at 31 March 2013</b>		<b>4,683</b>	<b>5,870</b>

## Notes to the financial statements

at 31 March 2013

### 15. The Managed Fund (continued)

This fund is apportioned as follows:

	<i>Initial cost 31/3/13 £000</i>	<i>Market value 31/3/13 £000</i>	<i>Number of Units 31/3/13</i>
Special donation balances:			
Historical Mass Fund	98	444	72,034
Diocesan Designated Fund	103	264	42,976
Parishes Designated Fund	426	2,368	384,592
Restricted Fund	106	467	75,759
Priests' Training Fund	1,218	1,885	306,035
Lay Training Fund	50	48	7,704
	<u>2,001</u>	<u>5,476</u>	<u>889,100</u>
Church funds balances:			
Historical Mass Fund	43	76	12,487
Diocesan Designated Fund	35	66	10,639
Parishes Designated Fund	14	21	3,219
Restricted Fund	130	231	37,842
	<u>222</u>	<u>394</u>	<u>64,187</u>
<b>Total Managed Fund</b>	<u><u>2,223</u></u>	<u><u>5,870</u></u>	<u><u>953,287</u></u>

### 16. Debtors

	<i>Group £000</i>	<i>2013 Charity £000</i>	<i>Group £000</i>	<i>2012 Charity £000</i>
Trade debtors	825	296	-	-
Taxation repayments	689	689	-	-
Accrued investment income	58	58	-	-
Accrued income	25	25	-	-
Other debtors	12	-	-	-
Prepayments	227	173	-	-
<b>Total debtors at 31 March</b>	<u><u>1,836</u></u>	<u><u>1,241</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## Notes to the financial statements

at 31 March 2013

### 17. Short term deposits

This includes cash held awaiting investment.

	2013		2012	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
Diocesan Central Fund				
Bank of Scotland at Wise Speke	2	2	-	-
Newton Investment Bank	1,135	1,135	-	-
Managed Fund				
Bank of Scotland at Newton	308	308	-	-
Charitable Company				
<b>Total short term deposits at 31 March</b>	<b>1,445</b>	<b>1,445</b>	<b>-</b>	<b>-</b>

### 18. Short term loans

	2013		2012	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
Loans to Priests	13	13	-	-
Other loans	17	17	-	-
Loan to group charitable company	-	406	-	-
<b>Total short term loans at 31 March</b>	<b>30</b>	<b>436</b>	<b>-</b>	<b>-</b>

### 19. Creditors: amounts falling due within one year

	2013		2012	
	Group	Charity	Group	Charity
	£000	£000	£000	£000
Trade creditors	179	4	-	-
Sundry creditors	683	446	-	-
Accruals	361	219	-	-
Other taxes and social security	157	-	-	-
School grants received in advance	829	829	-	-
Deposits repayable on demand	1,548	1,548	-	-
	<b>3,757</b>	<b>3,046</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

at 31 March 2013

### 20. Creditors: amounts falling due after more than one year

	2013		2012	
	<i>Group</i>	<i>Charity</i>	<i>Group</i>	<i>Charity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Provision for pensions payable	131	-	-	-
Other Loan	250	-	-	-
	<u>381</u>	<u>-</u>	<u>-</u>	<u>-</u>

The other loan is due to the Little Sisters of the Poor.

The movements during the year for the pension provision is as follows:

	<i>Provision for pensions payable £000</i>	<i>Total £000</i>
Transfer from previous entity on 1 April 2012	141	141
Additional provision made during the year	9	9
Utilised during the year	(19)	(19)
Closing provision	<u>131</u>	<u>131</u>

The provision for pensions payable relates to St Cuthbert's Care. The provision is expected to be fully utilised over the next 20 years.

### 21. Result of the unconsolidated Charitable Company

The net incoming resources of the Charitable Company were £5,263,000 plus the transfer of activities from the predecessor charity of £69,337,000 (2012: £nil).

## Notes to the financial statements

at 31 March 2013

### 22. Note to statement of cash flows

#### a) Reconciliation of net incoming resources to net cash (outflow)/inflow from operating activities

	2013 £000	2012 £000
Net incoming resources	1,572	-
Depreciation and assets written off	838	-
Provisions movement	234	-
Decrease in debtors	112	-
Decrease in creditors	(233)	-
Interest receivable	(874)	-
Net cash (outflow)/inflow from operating activities	1,649	-

#### b) Movement in net debt

	Transferred to Charity on 1 April 2012	Cash flows	31 March 2013
	£000	£000	£000
Cash at bank and in hand	10,349	(386)	9,963

## Notes to the financial statements

at 31 March 2013

### 23. Reserves summary

	Transfer from previous entity Note on April 2012 £000	Incoming resources £000	Statement of financial activities Resources expended £000	Investment gains/(losses) £000	Transfers between funds (c) £000	Balance at 31 March 2013 £000	
<b>Restricted reserves</b>							
Priests' Training Income Fund	130	222	182	-	(81)	89	To meet the costs of training clergy
Parishes Special Collections and Grants	-	1,506	654	-	(852)	-	Donated to missions, special appeals, etc.
Parishes Restricted Fundraising	7	246	118	-	-	135	Fundraising for specified projects
Main Fund Restricted Funds	-	333	333	-	-	-	Various specified purposes
Main Fund Special Reserve	250	-	-	-	-	250	For a project to benefit sick and retired clergy
Managed Capital Funds							
Historical Masses Fund	571	(5)	3	59	7	629	Income must be used to meet Mass obligations
Diocesan Fund	380	(3)	2	39	5	419	Income must be used for Diocesan purposes
Parishes Fund	2,596	(21)	11	266	33	2,863	Income must be used for Parish purposes
Priests' Training Fund	2,026	(16)	7	208	26	2,237	Income must be used to meet costs of training clergy
Other Funds	758	(6)	3	78	10	837	Income applied for specific purposes
<b>Total charity restricted reserves</b>	<b>6,718</b>	<b>2,256</b>	<b>1,313</b>	<b>650</b>	<b>(852)</b>	<b>7,459</b>	
Charitable company St Cuthbert's Care	5,185	8,182	8,424	-	-	4,943	
Charitable company Youth Ministry Trust Ltd	-	629	618	-	-	11	
Charitable company Sursum Corda Limited	1	8	9	-	-	-	
<b>Total group restricted reserves</b>	<b>11,904</b>	<b>11,075</b>	<b>10,364</b>	<b>650</b>	<b>(852)</b>	<b>12,413</b>	
<b>Unrestricted reserves</b>							
Diocesan Central Funds	13,284	1,302	2,088	1,928	800	15,226	
Unrestricted designated reserves							
Parishes' Funds	49,335	9,621	7,146	53	52	51,915	
<b>Total charity and group unrestricted reserves</b>	<b>62,619</b>	<b>10,923</b>	<b>9,234</b>	<b>1,981</b>	<b>852</b>	<b>67,141</b>	
<b>Total group reserves</b>	<b>74,523</b>	<b>21,998</b>	<b>19,598</b>	<b>2,631</b>	<b>-</b>	<b>79,554</b>	
<b>Total charity reserves</b>	<b>69,337</b>	<b>13,163</b>	<b>10,531</b>	<b>2,631</b>	<b>-</b>	<b>74,600</b>	

#### Notes

(a) The Main Fund Restricted Funds received during the year were Schools' Contributions to the Department for Education All were fully expended during the year.

(b) Where income to the Management Fund is subsequently distributed to other funds that income is shown in the financial statements only as income of the ultimate recipient fund. The 'Incoming resources' to the Managed Fund shown above represents income of that fund re-invested into that same fund

(c) The transfers between funds represent the levy paid by parishes to the central activities of the Diocese.

## Notes to the financial statements

at 31 March 2013

### 24. St Cuthbert's Care

St Cuthbert's Care is a charitable company ultimately controlled by the Bishop of the Roman Catholic Diocese of Hexham and Newcastle. The company does not have any share capital and is limited by guarantee. The members of the company are the directors; their guarantee is limited to £1 each.

Right Reverend Seamus Cunningham, Bishop of Hexham and Newcastle and Trustee of the Diocese of Hexham and Newcastle Trust, is a member of the company.

The main contact for the company is Miss M Ashman, St Cuthbert's House, West Road, Newcastle upon Tyne, NE15 7PY.

The results of the company for the year ended 31 March 2013 were as follows:

	2013 £000	2012 £000
Incoming resources	8,182	-
Resources expended:		
Charitable activities	8,230	-
Costs of generating funds	170	-
Governance costs	24	-
Total resources expended	8,424	-
Net incoming resources(resources expended)	(242)	-
Funds brought forward	5,185	-
Funds carried forward at 31 March	4,943	-

Full statutory financial statements audited by PricewaterhouseCoopers LLP have been registered with the Charity Commissioners.

### 25. Youth Ministry Trust

The Youth Ministry Trust is a charitable company ultimately controlled by the Bishop of the Roman Catholic Diocese of Hexham and Newcastle. The company does not have any share capital and is limited by guarantee. The members of the company are the directors; their guarantee is limited to £1 each. The Youth Ministry Trust was incorporated on 6 February 2012 as a company limited by guarantee and registered as a charity with the Charities Commission. On 1 April 2012, the Roman Catholic Diocese of Hexham & Newcastle transferred the activities of the Youth Village to the Trust and the Trust began to operate from this date.

Right Reverend Seamus Cunningham, Bishop of Hexham and Newcastle and Trustee of the Diocese of Hexham and Newcastle Trust, is a member of the company.

The main contact for the company is Diocesan Youth Village, Allensford, County Durham, DH8 9BA.



## Notes to the financial statements

at 31 March 2013

### 25. Youth Ministry Trust (continued)

The results of the company for the year ended 31 March 2013 were as follows:

	2013 £000
Incoming resources	590
Resources expended:	
Charitable activities	589
Costs of generating funds	17
Governance costs	13
Total resources expended	619
Net outgoing resources and funds carried forward at 31 March	(29)

### 26. Sursum Corda Limited

Sursum Corda Limited is a wholly owned subsidiary of the Charitable Company, and operates the café at the Cathedral Church of St Mary in furtherance of the objects of the Charitable Company.

The company was incorporated on 5 May 2000, Company Registration Number 3986521, and a charitable covenant was made on that day to transfer any profits earned to the Charitable Company.

The results for the year ended on 31 March 2013 have been consolidated in the Group financial statements in compliance with FRS 2 Subsidiary Undertakings.

The results of Sursum Corda Limited have been treated as part of the Group but not part of the Charitable Company.

The results of Sursum Corda Limited for the year ended 31 March 2013 were as follows:

	2013 £000	2012 £000
Turnover	19	-
Cost of sales	8	-
Gross profit	11	-
Other operating income	12	-
Overhead costs	(24)	-
Operating profit/(loss) for the year	(1)	-
(Deficit)/surplus brought forward	1	-
Net trading surplus/(deficit) to carry forward	-	-

### 27. Capital commitments

Amounts contracted for at the year end but not provided in the financial statements amounted to £61k for parish building work.

## Notes to the financial statements

at 31 March 2013

### 28. Contingent liability

In the opinion of the Trustees there were no contingent liabilities in existence other than in the normal course of the activities of the Charitable Company as at 31 March 2013.

### 29. Pension commitments

The Charitable Company operates a defined contribution pension scheme administered by Prudential for its senior employees (no new members are admitted to this scheme). It is also a member of the Teachers Pension Scheme, continuing the contributions (on a defined contribution basis) of senior staff who are qualified teachers. A Group Personal Pension Scheme administered by Standard Life is operated for Diocesan Clergy. There is a Stakeholder Pension Scheme administered by Standard Life available for all employees. The assets of all of these pension schemes are held separately from those of the Charitable Company in independently administered funds. The unpaid contributions outstanding at the year end, included in 'tax and pensions creditor' (note 19), total £74k.

### 30. Analysis of net assets

	<i>Restricted funds</i>			<i>Unrestricted funds</i>			
	<i>Charity</i>	<i>Group</i>	<i>Total</i>	<i>Diocesan</i>	<i>Parochial</i>	<i>Total</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets	-	6,556	6,556	3,360	24,275	27,635	34,191
Investments	5,562	1	5,563	29,351	1,313	30,664	36,227
Net current assets/ (liabilities)	1,897	(1,222)	675	(17,485)	26,327	8,842	9,517
Creditors: due after more than one year	-	(381)	(381)	-	-	-	(381)
Total net assets	7,459	4,954	12,413	15,226	51,915	67,141	79,554

### 31. Acquisition of activities

On 1 April 2012 the assets, liabilities and activities of an unincorporated charity The Diocese of Hexham and Newcastle were transferred to this company. The assets acquired comprised the book value was considered to be the fair value for the purposes of the transfer:

	<i>£000</i>
Tangible assets	31,929
Investments	33,161
Debtors	1,948
Short term deposits	1,231
Unsecured short term loans	41
Cash at bank and in hand	9,647
Cash at bank – Schools projects	702
Creditors: amounts falling due within one year	(3,990)
Creditors: amounts falling due after more than one year	(146)
Net assets received	74,523

## **Notes to the financial statements**

**at 31 March 2013**

### **32. Liability**

The Charitable Company is a private company limited by guarantee. The liability of the members is limited and every member undertakes to contribute to the assets of the company, in the event of the Charitable Company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound.