

Diocesan Finance 2009

- at a glance

RESULTS

The following is a summary of the information as presented in the 2009 Financial Statements published by the Newcastle Diocesan Board of Finance on behalf of the Diocese of Newcastle.

The full accounts are on the Diocesan web pages at www.newcastleanglican.org/mission-and-ministry/parish-funding.

The key financial objectives for 2009 were as follows:

- 1. To continue to develop the financial strategy in line with the Diocesan Priorities and assess the availability of reserves to support future prospects.*
- 2. To provide for stipendiary posts in line with the National Church Allocation.*
- 3. To limit expenditure to that authorised in the budget.*
- 4. To achieve 94% receipt of Parish Share and maintain readily accessible reserves of at least £1.5 million.*



STATEMENT OF FINANCIAL ACTIVITIES

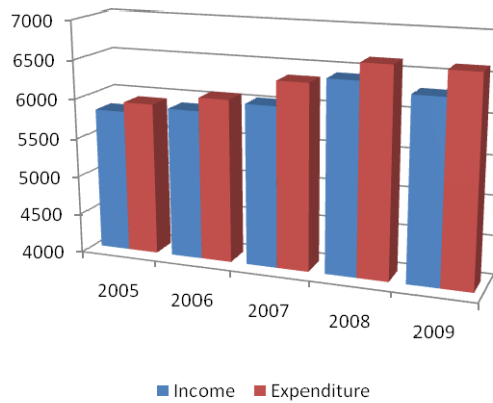
	Unrestricted Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total Funds 2009 £000's	Total Funds 2008 £000's
INCOME	6,226	66	15	6,307	6,427
EXPENDITURE	(6,536)	(89)	-	(6,625)	(6,643)
SURPLUS/DEFICIT	(310)	(23)	15	(318)	(216)
TRANSFERS	112	(112)	-	-	-
NET SURPLUS/DEFICIT	(198)	(135)	15	(318)	(216)
GAINS/LOSSES	96	-	99	195	(337)
SURPLUS/DEFICIT	(102)	(135)	114	(123)	(553)

Income reduced primarily due to fall in grants, donations and interest from investments.

Expenditure has fallen due to the change in method of accounting for depreciation on parsonages, which has removed £398K compared to 2008.

At an operational level the DBF incurred a deficit on general funds of £300K before any gains and losses which compared with a budget deficit of £51K. The main reasons for the difference were the additional shortfall of Parish share, plus the loss of investment income. A more detailed view is presented in the chart (above) and in the graph (on the right).

The graph on the right shows the trend over the last 5 years of income and expenditure before any other gains or losses. Expenditure has exceeded income for the past five years resulting in a cumulative operating deficit (for the five years) of £1,146K.

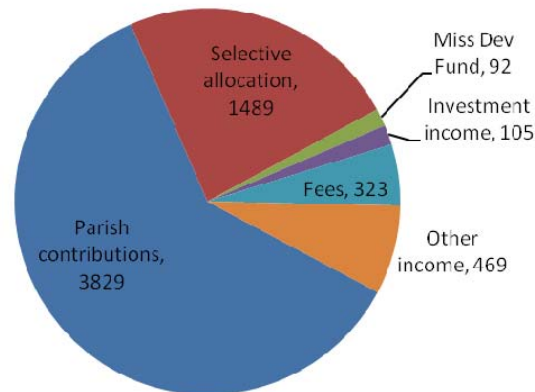


INCOME

The pie chart below shows the main sources of income in the year, with parish share and income from the Archbishops’ Council accounting for 84% of the total. Selective allocation from Church House, Westminster totalled £1,399K plus the DBF received £92K in Mission Development Funding and £90K additional support for clergy pensions, again from Church House, Westminster.

Other sources of income were statutory fees and chaplaincy income £323K, grants and donations £145K, and investment income totalling £105K.

SOURCES OF INCOME



COMPARISON AGAINST BUDGET FOR GENERAL FUNDS

The budget for 2009 was a deficit of £51K. The actual deficit amounted to £300K. The table to the right gives a comparison of actual against budget. The major variances from budget were a result of the following:

Stipends were higher than budget due to timing on movement of personnel.

Maintenance expenditure is down due to defraying of expenditure and capacity constraints.

Houses salaries are below budget due to the reduced headcount.

Admin salaries are higher due to redundancy costs and a budget shortfall.

Other administration costs include increased expenditure on postage, printing and stationery, repairs to the Caretaker's house heating system and unbudgeted maintenance contract costs.

HR expenditure was below budget due to delay in recruitment of personnel.

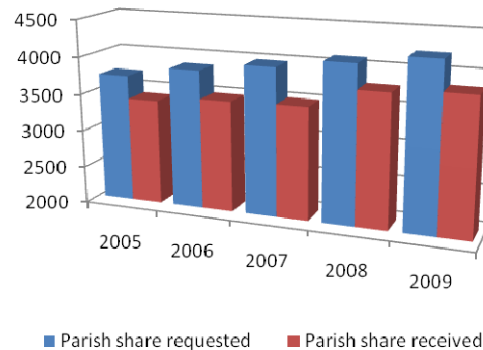


INCOME	2009	2009	VAR
	BUDGET	ACTUAL	
	£000	£000	£000
Parish share	3,975	3,829	(146)
Selective Allocation	1,399	1,399	-
Other income	138	225	87
	5,512	5,453	(59)
EXPENDITURE			
Parish Ministry			
Stipends & related costs	3,503	3,650	(147)
Ordination costs	25	35	(10)
Housing			
Lettings net income	(103)	(79)	24
Glebe maintenance	(26)	(19)	7
Maintenance	614	547	67
Salaries	92	64	28
Supp Min & Task Groups			
Communication	51	50	1
Parish giving	39	38	1
Youth & Childrens Work	97	99	(2)
CLfM	63	52	11
Interfaith	24	31	(7)
Other Groups and SM's	174	161	13
Lindisfarne	113	127	(14)
Education	70	78	(8)
Other Boards	77	74	3
Administration			
Staff costs	285	320	(35)
Other	55	92	(37)
IT	17	20	(3)
HR	26	4	22
Legal	59	70	(11)
National responsibilities	308	339	(31)
DEFICIT	(51)	(300)	(249)

PARISH SHARE

There was a shortfall in parish share collected of £518K, or to put it another way, the diocese received 90.6% of the total requested. The good news is that at the end of June 2010 parish share is keeping pace with where we were last year in percentage terms, with cash receipts up on the previous year.

The table shows the trend in Parish Share over the last 5 years and the increasing gap between the amounts requested and received. The total shortfall which the diocese has had to meet from reserves over this period amounts to £1,892K.



The following is an extract from Minutes of the Newcastle Diocesan Board of Finance Meeting held on 15th May 2010:

“The chair of the Board of Finance, Mr Simon Harper, gave a presentation on the theme of ‘Half Empty or Half Full’. Mr Harper emphasised that the diocese had received the largest amount value wise in parish share last year and thanked the generosity of those attending church in providing this. He did however point out that the diocese of Newcastle is significantly behind other dioceses in its level of average giving.

In 2007 national average was £9.38 per person per week as opposed to Newcastle at £6.57 per person per week.

Parish share will continue to be set in a three year cycle and will be based on the average parish share income of the last three years, attendance and clergy points. In order to reflect income as accurately as possible the chair highlighted the need for the parishes to provide last year’s figures to the diocese. Initial figures will be distributed in June, although these will be indicative only and will be further refined.”

INVESTMENT PERFORMANCE

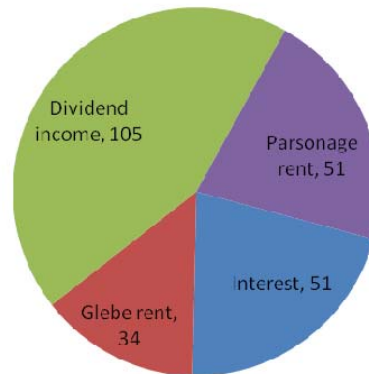
The DBF currently holds investments in glebe and shares. Total value of investments (excluding short term cash deposits) at end of 2009 was £3.19m due to revaluation of assets by £162K.

£1.43m of investments is held in glebe and this generated rental income to the diocese of £34K, a yield of 2.4%. During the year the DBF disposed of glebe land valued at £10K.

Listed investments totalled £1.75m, and interest received amounted to £105K.

Other than shares we received rental income from our parsonages of £51K, a reduction of 34% on 2008.

INVESTMENT INCOME



FUNDS

The funds of the DBF total £22.4m. However, not all of these funds are readily available for use by the DBF.

The total cash reserves amount to £2,698K and of this £209K is freely available to use to finance the activities of the Diocese.

The agreed reserves policy taking into consideration the risks is £1.5m so the DBF is currently showing a cash surplus of £591K.

During the year the DBF bought assets worth £739K. There were no disposals.

