

Diocesan Finance

RESULTS

The following contains 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 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 £1.5 million.

The Statement of Financial Activities (SOFA) as summarised below shows that income fell from £6.43m to £6.31m, and expenditure also fell from £6.64m to £6.62m. This resulted in a net deficit before any other gains of £318K for the year.

The table 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.

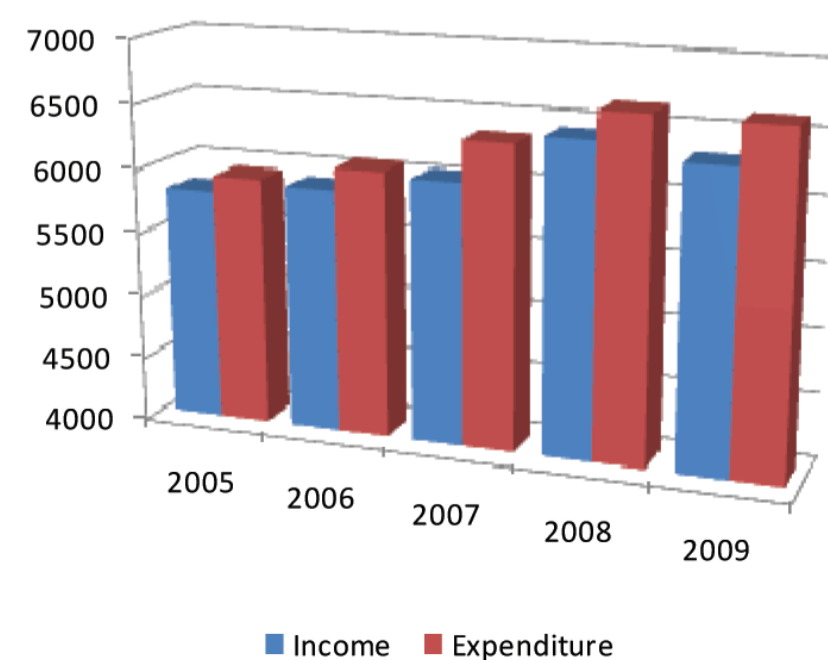
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2009	Total Funds 2008
	£000's	£000's	£000's	£000's	£000's
INCOME	6,226	66	15	6,307	6,427
EXPENDITURE	(6,536)	(89)	-	(6,625)	(6,643)
SURPLUS/DEFICIT	(310)	(23)	15	(318)	(216)
TRANSFERS	112	(112)	-	-	-
NET SURPLUS/DEFICIT	(198)	(135)	15	(318)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

After all gains and losses for the year, the net movement in funds amounted to £123K.

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 table and chart on the right.



INCOME

The pie chart 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 totalled £1,399K plus the DBF received £92K in Mission Development Funding and £90K additional support for clergy pensions.

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

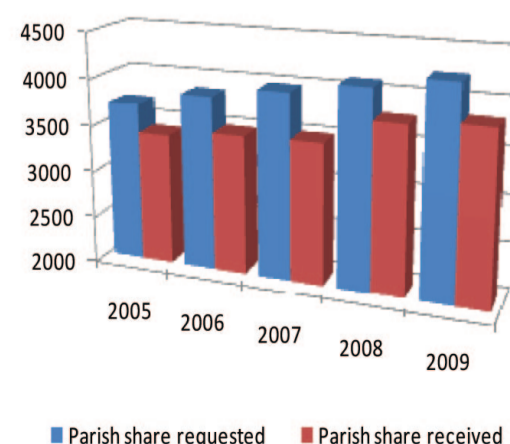
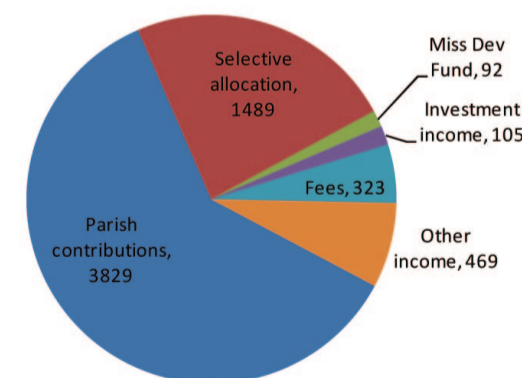
Rental income from the parsonages amounted to £51K.

PARISH SHARE

The Parish Share requested was £4,229K but the total received amounted to £3,711K or 87.7%, a shortfall of £518K. Arrears received from prior years amounted to £118K resulting in net parish contributions of £3,829K (2008: £3,776K), which was 90.6% of the total requested.

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 over this period amounts to £1,892K.

SOURCES OF INCOME



2009 - at a glance

COMPARISON AGAINST BUDGET FOR GENERAL FUNDS

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

INCOME	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)
CLM	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)

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.

INVESTMENT PERFORMANCE

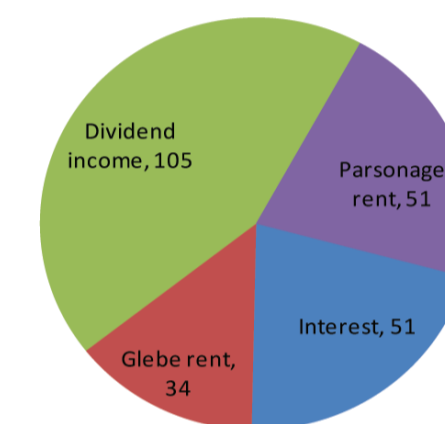
The DBF currently holds investments in glebe and shares. Total value of investments (excluding short term cash deposits) at end of 2009 was £3.19m due to revaluation of assets by £162K.

£1.43m of investments is held in glebe and this generated rental income of £34K, a yield of 2.4%. During the year the DBF disposed of 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 and are detailed by fund in the attached table. 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 £2,091K 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

FUNDS ANALYSIS

	2008	2009	Surplus	Reserves	Cash
	£000	£000	£000	£000	£000
General Fund	1,942	1,721	(221)	556	
Mary Wilkinson Fund	606	521	(85)	118	
DBF Houses Fund	1,457	1,557	100		
Bishop Bilbrough Fund	564	579	15		
Parsonages Leasing Fund	58	69	11		
Mission Development Fund	183	229	46		
Building Grants and Loans Fund	95	95	-	76	
EIG Fund	28	61	33	61	
PICA/Second Crop Fund	324	282	(42)		
New Church Building Fund	120	121	1		
Diocesan Pastoral Fund	1,357	1,264	(93)	1,252	
Winchester Project Fund	29	29	-		
Archdeacons Fund	66	63	(3)		
Hodgson Bequest Fund	27	28	1		
Stipends Capital & Glebe Fund	3,592	3,687	95	28	
Parsonages Houses Fund	12,017	12,033	16		
St Aidans Fund	32	35	3		
Total	22,497	22,374	(123)	2,091	