



DURHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2025

Company Number: 00192018
Charity Number: 248287

Durham Diocesan Board of Finance

(A company limited by guarantee)

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Reference and administrative details
Year ended 31 December 2025

Ex officio Members of the Board

The Bishop of Jarrow – Right Reverend SE Clark (Chair)
The Dean of Durham – Very Reverend Dr PJJ Plyming
The Archdeacon of Auckland – Venerable RL Simpson
The Archdeacon of Durham – Venerable EM Wilkinson
The Archdeacon of Sunderland – Venerable RG Cooper (until 25 January 2025);
–Venerable KJ Bagnall (from 29 September 2025)
The Chair of the House of Laity – Canon FR Stenlake
The Chair of the House of Clergy –Reverend PA Arnold
The Chair of the Finance Group – Canon ML Vaughan (Vice-Chair)

Elected Members of the Board

Reverend Canon KJ Bagnall (until 29 September 2025)
Mrs A Blackburn
Mr J Hall
Canon Dr JH Harrison
Mr PW Hobbs
Mrs UR Hicks
Reverend BT Huish
Mrs LM Jordan (from 18 December 2025)
Reverend MJ Levinsohn
Reverend DM Lindley (from 18 December 2025)
Mr SL Pickering
Canon FA Rogers
Canon NR Wyrley-Birch

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Reference and administrative details (continued) Year ended 31 December 2025

Secretary to the Board
Canon JJG Morgan

Diocesan Chancellor
The Worshipful A Iles
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Bishop Auckland
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Diocesan Registrar
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Chartered Accountants
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Company registration number
00192018

Registered charity number
248287

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Trustees' report (continued) Year ended 31 December 2025

The trustees of the Durham Diocesan Board of Finance ('the DDBF'), who are the members of the company and are directors for the purposes of company law, present their report together with the audited financial statements, for the year ended 31 December 2025.

The trustees have prepared this Trustees' Annual Report in accordance with the current Charities SORP (FRS 102), applicable for the year ended 31 December 2025.

Objectives of the DDBF

The DDBF exists to manage the financial affairs and hold legal title to the assets of the Diocese of Durham, enabling the mission and ministry of the Church of England across the Diocese. It was incorporated on 21 August 1923 as a charitable company limited by membership guarantees (No. 00192018) and is registered with the Charity Commission (No. 248287).

Each member of DDBF has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

The objectives of the DDBF as set out in the Memorandum and Articles of Association are to hold real and personal property for the purposes connected with the Church of England in the Diocese of Durham. The Board is the financial adviser and executive of the Diocesan Synod; it is responsible for the collection, custody, disbursement and account of the Synod's funds, and the employment of all persons in receipt of salaries paid directly from those funds.

The DDBF has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary. The Archdeacon of Durham and Head of Programme Delivery for Diocesan Transformation lead the staff team in supporting the Diocesan Bishop to develop the mission of the Church of England in the Diocese of Durham.

The Diocese of Durham also benefits from the services offered on a voluntary basis by a large number of members and supporters of the Church of England. These volunteers give of their time and expertise in many ways, including membership of the boards and committees needed to provide effective governance and ensure effective operation of the Diocese.

The Board would like to place on record its gratitude and thanks for all the support it has received from both staff and volunteers over the past year. The Board recognises the continuing challenges facing clergy, parishes and would like to thank all of those who have supported this work.

Strategic Aims and Objectives

The Diocese of Durham has adopted a vision to be:

**The Church of England from the Tyne to the Tees and the Dales to the Sea,
blessing our communities in Jesus' name for the transformation of us all.**

Following the Waymark conference in late 2019, the Diocese has developed a mission strategy for 2021-2026, approved at Diocesan Synod in January 2021. This focusses on four priorities:

- Energising Growth;
- Engaging with Children, Young People and 18-25s;
- Challenging Poverty; and
- Caring for God's Creation.

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Trustees' report (continued) Year ended 31 December 2025

The DDBF supports delivery of this strategy through stewardship of financial resources, investment in people and buildings, and oversight of diocesan programmes and partnerships, including the programme of Diocesan Transformation which supports missional work within our parishes in line with these priorities.

Achievements and performance

Operational Review

Trustees recognise the importance of demonstrating not only the activities undertaken during the year, but also the difference those activities make. Trustees receive regular performance reports covering financial position, safeguarding compliance, programme delivery and key risks. These reports are reviewed by the Bishop's Council and its sub-committees, including the Audit and Risk Committee, and inform strategic and budgetary decisions.

Effectiveness is assessed through a combination of:

- Quantitative indicators such as participation levels, vocational numbers, safeguarding compliance data, school inspection outcomes and financial performance against budget;
- Qualitative feedback from parishes, schools, project leads and beneficiaries; and
- Regular reporting to the Bishop's Council, Audit and Risk Committee and other governance bodies.

Clergy, lay leaders and church members play a central part in the life of churches and carry out important roles in our communities. The faithful Christian witness of our churches led to 1% growth in Sunday attendance in 2024. The Diocese of Durham has continued to work to see missional disciples living the way of Jesus.

In February 2024, the Right Reverend PR Butler retired from his role as Diocesan Bishop, and the discernment of the next Bishop of Durham commenced. The Vacancy-in-See Committee, chaired by the Acting Bishop of Durham, met to prepare the Diocesan Statement of Need, to arrange consultation with stakeholders from across the diocese, and to elect six diocesan members of the Crown Nominations Commission for Durham (CNC). The CNC nominated a candidate in November 2024, however in February 2025 it was announced that the nominee had withdrawn from the process. Therefore, in 2025 the CNC reconvened to nominate a new candidate in December 2025, and the Venerable RL Simpson, Archdeacon of Auckland, was announced as the nominee to be the next Bishop of Durham by the Prime Minister's office in February 2026. He is expected to become chair of the DDBF upon taking office after his confirmation of election later in the year. In January 2026 it was announced that the Bishop of Jarrow and Acting Bishop of Durham, the Right Reverend SE Clark, had been nominated to become the next Bishop of Ely. Following her confirmation of election, this will lead to a vacancy in the See of Jarrow.

The vacancy audit process is used to prepare parishes for the appointment of the next minister, and 20 (2024: 29) parishes completed the process in 2025. The full-time equivalent of nine clergy were appointed to stipendiary planned posts in the diocese in 2025. At the year end 81 full-time equivalent clergy were serving alongside non-stipendiary ministers and lay colleagues.

Durham Diocesan Board of Education (DDBE)

The work of the DDBE covers a wide range of areas: representing the diocese on a variety of committees and statutory bodies; liaising with local authority and other officers; supporting schools by providing help and in-service training on a wide range of issues including religious education and school worship, supporting and training governors, legal, land management and governance. The DDBE aims to facilitate the working together of governors, teachers, parents, church and other partners to ensure that the quality of education offered to the children in our church schools is the best it can be.

The DDBE seeks to:

- promote education within the faith and practice of the Church of England;

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Trustees' report (continued) Year ended 31 December 2025

- promote religious education and collective worship in schools;
- promote or assist in the promotion of church schools and advise the governors and trustees of church educational endowments and any other body or person concerned on any matter affecting church schools;
- promote co-operation with bodies or persons concerned in any respect with education in the diocese; and
- support parishes in all aspects of their work with children and young people.

The DDBE meets termly and receives updates from the Director of Education, who leads the Joint Education Team, which operates on behalf of both Durham and Newcastle Diocesan Boards of Education. The members of the DDBE bring a wide skill set including expertise from education, business and finance.

The DDBE has worked with all 57 church schools in the diocese throughout the year. These consist of 51 primary schools, one junior school and five secondary schools, one of which has a sixth form. The landscape has continued to shift with more schools becoming academies and joining Church of England or Mixed Multi-Academy Trusts (MATs). There are seven Voluntary Aided Schools and 14 Voluntary Controlled Schools within the diocese, and 36 schools now in academy trusts. Of those that have academised, one remains as Single Academy Trust and another as a single school within an 'empty MAT'.

Inspection outcomes are strong across the diocese for both Ofsted and SIAMS (Statutory Inspection of Anglican and Methodist Schools) inspections. At the end of 2025, 96.5% of Church schools were outstanding or good according to Ofsted. 100% of the schools inspected under the new SIAMS framework, which commenced in September 2023, have attained a 'Judgement 1' (the highest level) and are living up to their foundation as a church school.

Professional development courses are made available both online and in person, and cover a wide range of subjects and topics, including termly support for chairs of governors and ex-officio governors, and termly training for new foundation governors. In addition, the Summer conference (RE: Inspiring Curiosity), had over 150 delegates in attendance from both church and community schools, as well as both internal and external speakers. This year, the team has further supported schools and governors with the SIAMS framework, including exploration of what spirituality means in each context and the role of governance within this. Poverty Proofing, Courageous Advocacy, Christian Distinctiveness and subject leadership courses and preparation for the new OFSTED Inspection Framework have also been offered. Uptake is strong for all aspects of continuous professional development (CPD) with many courses being repeated due to demand. The team has also accessed CPD, including training on Mental Health and Well-Being, Safeguarding, Equality, Diversity and Inclusion, and SIAMS and Ofsted updates.

The Director of Education attends Bishop's Leadership Team, Diocesan Synod when requested and Bishop's Council, sharing the views of school leaders and pupils, as well as national conferences focusing on SEND, Inclusion and partnership opportunities. Current challenges for schools revolve around the increasing financial pressures, falling pupil roles due to low birth rate, increased challenges around inclusion with a decrease in funding and financial difficulties within Local Authorities, poverty, recruitment and retention of staff, and improving attendance, particularly for disadvantaged pupils. In addition, the Director of Education is a member of the diocese's Net Zero Working Group which is enabling all voluntary aided schools to move towards being carbon neutral by 2030. Linked to this, there is ongoing work to support governors with property issues and with the legal processes involved in academisation of schools.

Engaging with Children, Young People and 18-25s

Educational chaplaincy has continued to develop through strong national engagement, strategic leadership, and local delivery. The diocese is an active partner of the Growing Faith Foundation, with growing involvement in national networks, research, and leadership development, including participation in the Strategic Leaders Programme from January 2026. Strategic oversight is provided through the Education Chaplaincy Enabler, who contributes to national chaplaincy leadership and shapes diocesan priorities around vocation, formation, and training. Locally, chaplaincy provision is established or developing across a number of secondary and primary settings, with notable growth at Whitburn Church of England Academy and emerging provision at St Hild's, Hartlepool. This work is supported by strengthened school-church partnerships, Flourish projects, diocesan

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events such as pilgrimages and cathedral services, and the re-establishment of a diocesan education chaplaincy network. Together, these initiatives are embedding the Growing Faith model and strengthening sustainable chaplaincy across the diocese.

Children's ministry capacity has been strengthened through the appointment of a Mission Enabler – Children in November 2024, alongside a diocesan-wide listening exercise that identified significant needs around connection, resourcing and training for children's ministry workers and volunteers, particularly in relation to additional needs. In response, local children's ministry networks are being established to support shared learning and fellowship, with the first launching in Stockton Deanery and further networks planned for 2026, alongside the formation of a Diocese of Durham Children's Ministry Advisory Group to support more accessible and inclusive practice. Increased diocesan collaboration has also been demonstrated through the 2025 Year 6 Leavers' Service, which incorporated improvements in accessibility, interactivity and transition support, including leadership opportunities for older young people and signposting to ongoing youth provision. Alongside this, the Mission Enabler – Children has contributed to workforce development through academic leadership at Cranmer Hall, supported churches in developing children's ministry vision and strategy, and represented children and young people on the Durham Safeguarding Advisory Panel (DSAP) during a period of staff absence.

The appointment of the Young Adult Mission Enabler in March 2025 has strengthened diocesan engagement with young adults through research-led and pilot-based approaches. Between March and June, a strategic partnership was established with King's College London's Gen Z Role Models Project to explore young adults' perceptions of faith, spirituality and institutional religion, culminating in a research summit to be hosted in the Diocese of Durham in May 2026. This collaboration has raised the profile of the Growing Younger priority nationally and locally, including through media engagement, and has informed diocesan understanding of emerging patterns, with a survey of Jarrow Deanery indicating that 80% of churches are observing signs of renewed spiritual interest among young adults. Building on this insight, a young adult pilot project is being launched in Jarrow and Hebburn, focused on café-based Bible study and community for young adults experiencing isolation, with plans to connect with NHS social prescribing pathways. Further pilot projects are planned for 2026.

The Growing Younger programme continues to build diocesan capacity for youth ministry through training, events and targeted support. Launchpad, a clergy training programme designed to equip incumbents to initiate youth ministry within their congregations, has completed its first cohort, with ongoing termly learning community sessions now established. This has resulted in the creation of three new youth groups, the strengthening of three previously fragile youth groups, and the development of further projects planned for the coming year. Pulse, a diocesan youth event for young people from Year 6 to age 18, focuses on encounter with Christ and peer connection for those exploring faith; the first full event was held at All Saints', Newton Hall, following an initial listening event, and engaged approximately 50 participants, including young people, leaders and volunteers. Alongside these initiatives, tailored coaching, support and consultancy have been provided to clergy and lay leaders across at least 13 parishes, supporting both the establishment of new youth ministry and the development of existing provision.

Conversations are ongoing with clergy and church officers in locations identified as having potential to develop Youth Hubs. Alongside this, work is underway to articulate a clearer vision for the progression of young people. This comprises supporting healthy transition from children's ministry into youth engagement, and from youth into young adulthood. The Growing Younger team is also actively engaging with parishes to strengthen connections between them, fostering a collaborative approach to youth ministry, particularly where young people naturally move across parish boundaries.

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Growing Churches

The Growing Churches team has three key areas of work:

- Maturity – intentional discipleship
- Mission – evangelistic confidence
- Multiplication – raising leaders and establishing NWCs

In 2024, the decision was made to establish a new Growing Churches team to better achieve the goal of seeing growth in each of these three key areas. This has been a natural development from the work of the Cultivate team, previously focussed on the Diocesan vision of establishing 100 new worshipping communities by 2030. It was recognised that to widen the engagement of churches, there is a need to focus on preparation at an earlier stage of missional development, by supporting churches with the foundational ingredients of mission and discipleship to grow in depth and reach in order that they may then multiply in number.

A learning community pilot is underway with Darlington Deanery, with around 30 people from most churches represented. This encompasses all three aspects of the Growing Churches process – Maturity (Discipleship), Mission (Evangelism), and Multiplication (establishing New Worshipping Communities). This pilot process is a series of learning communities, huddles and coaching which, over an 18-month period, supports churches in embedding deep cultural change.

Growing Durham Diocese: Our Resourcing Churches are now approaching the end of the period through which they are funded by the National Church. There have been many positive outcomes in terms of congregational growth and diversity, as well as many new ministries to young people, vulnerable adults and to more economically deprived communities. The next phase of engagement with these churches will include robust planting plans, as well as discerning the place of Resourcing Churches in the wider church ecology of the diocese, in particular with the Growing Younger agenda, alongside an evaluation of the project.

Growing Hope: St Paul's Stockton and House of Hope, Thornley have received further funding to support their continued growth over the next three years. Having reached the end of its funded period, the Pennywell project, Hope4All, will continue to be funded by the DBF whilst it explores future possibilities during 2026. Hope4All continues to expand their offer of social action projects to the local community, with a number starting to explore faith. There are positive signs from a number of projects; in Hartlepool the recruitment of a new Mission Enabler is giving fresh energy and vision to the project and a revitalisation project is planned for St Columba's church; Vine Church, Wynyard have adapted their mission plan to develop discipleship practices and lay leadership roles, which is already being fruitful.

Transforming Growth: All of the churches involved in the coaching and resourcing provided through this project have now established New Worshipping Communities; some are now well established and are now in a process of refining and reworking their mission plans to engage more widely and deeply with their communities; St Alban's, Windy Nook are now actively engaged in the revitalisation of St Ninian's in Low Fell; and St Andrew's in Haughton-le-Skerne continues to thrive, regularly attracting 50-60 attendees.

The Foundations course had been developed in conjunction with Cranmer Hall, with around 20-25 attendees, to provide practical and theological training for lay leaders identified as either being engaged with, or planning towards, establishing new worshipping communities. It is hoped that this discernment, training and coaching will enable us to develop lay planters with missional confidence.

Growing Leadership

Leadership in its many forms is essential, and we are delighted to have had real success in developing both lay and ordained vocations. By the end of the year, we had 16 Durham sponsored candidates in training for ordained ministry (2024: 20). The diocese, having recently been able to export candidates, has now reverted back to its historic pattern of importing candidates for stipendiary ministry, though our self-supporting numbers remain strong.

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The numbers in training for Licensed Lay Ministry have remained strong. At the end of the year there were 20 readers in training (2024: 22). Numbers of vocations to lay pastoral ministry have grown, with three in training (2024: two). There are seven (2024: nine) candidates in training for authorised lay ministry of the word. The authorised lay children's leader pathway remains popular, and there are five people in training (2024:12). Most of the authorised and licensed lay ministries (reader, pastoral ministry, chaplaincy, and ministry of the word) are being trained through Lindisfarne College of Theology. Lay children's leaders are trained through courses provided by the DDBF.

Challenging Poverty

With financial support from Lord Crewe's Charity, the diocese has worked with Communities Together Durham (CTD) to help churches challenge poverty. 53% of parishes in Durham diocese are in the 20% most deprived parishes nationally. This priority has three areas of focus:

- Working together to address child and youth poverty

CTD supported 20 holiday clubs (2024: 14) with activities, based around food provision, reaching 500 children. 50% of these clubs were in the 10% most deprived parishes of the diocese.

In the Pennywell estate in Sunderland (5th centile index of multiple deprivation), we have been working alongside the local church to develop a project called 'youth voice.' Youth voice works with young people to create a platform to describe their experience of growing up in Pennywell and find appropriate platforms to share this with others. After initial support and relationship building, the young people are now creating a cafe with the support of their local church. The young people involved described the impact of the project on them as giving "purpose," "improving mental health," reducing "social isolation," increasing "personal motivation" and increasing "skills and employability."

A Personal, Social, Health and Economic education (PSHE) resource on the 'Negative Narrative' was developed to help clergy and congregations engage schools with issues of poverty. This supports Church of England schools to fulfil the requirement under the Statutory Inspection of Anglican and Methodist Schools (SIAMS) to demonstrate how 'the school's theologically rooted Christian vision creates an active culture of justice and responsibility.'

- Responding to isolation, particularly among the elderly

Churches across the diocese have continued to engage with warm spaces and places of welcome. Holy Trinity Murton (8th centile index of multiple deprivation) entered a partnership with CTD to relaunch 'Heart on the Terrace,' a shop front community space offering food provision, signposting and groups to combat loneliness and isolation. Since re-launch in October, an average of 100 people a week have accessed the project.

Work with County Durham Food Partnership has begun on a project called 'Beyond Foodbanks.' We identified the most common engagement with the Challenging Poverty priority as collecting for the local foodbank. While most churches in Durham Diocese engage with food insecurity, few have the resources to go further and see systemic change. By working with partner organisations we hope to offer churches alternative and more effective ways to tackle food insecurity, restoring dignity to those who benefit from the service as well as meeting their material needs. A key part of this initiative is encouraging churches to bring people together for food, such as community meals.

- Reaching out and responding to the needs and gifts of asylum seekers and refugees

Churches in all seven local authorities covered by the diocese have been involved in supporting refugees and asylum seekers located in their area. We continue to work to build links between these different drop ins alongside other agencies.

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St Andrew's Stanley (6th centile index of multiple deprivation) engages the community through a weekly warm space, in partnership with Durham County Council's refugee and asylum seeker provision (delivered separately by CTD). In 2025 there were 365 visits to the warm space.

More details of activities and their impact can be found on the CTD website at <https://communitiestogetherdurham.org.uk/>

Caring for God's Creation

It has now been five years since the adoption of Caring for God's Creation as a diocesan priority. In addition to a Diocesan Environmental Officer (DEO), we also have a Creation Care Officer (CCO) working on this priority alongside a parish role.

The diocese has actively encouraged churches to participate in the A Rocha award process. This recognises the efforts of churches in our diocese to undertake environmentally friendly actions, supporting the Diocesan commitment to Creation Care and efforts being made towards net zero carbon. There has been a significant uptake in churches engaging with the Eco Church scheme. We now have 113 churches registered, including 47 bronze awards, 10 silver and 2 gold.

The CCO has worked with churches on their Eco Church journeys and is encouraging new churches to sign up to the scheme. The CCO has also been producing resources for the diocese and is beginning to set up a broader Environmental Champions network. Both the CCO and DEO have attended some deanery synods and chapter meetings this year to promote the take-up of Eco Church, outline the net zero carbon plans and encourage positive environmental action in parishes.

The general synod target of Net Zero 2030 remains an important focus for activities. The Net Zero Working Group of representatives from across the diocese met quarterly and continues to be a useful platform for ensuring that progress is being made with the diocesan net zero action plan, as well as being a forum to discuss updates from the national net zero team. An update on net zero progress was presented to diocesan synod in November 2025. This showed a reduction to our carbon footprint by 11%.

The DEO and the Buildings for Mission Secretary have worked with the churches with the highest carbon emissions in the diocese to produce net zero action plans. Carbon footprint data is obtained through the online parish returns using the Energy Footprint Tool (EFT). This year, 94% of churches responded to the EFT, which is a great improvement from 62% in the prior year. Workshops were held with churches within the top 20% of carbon emissions to help their representatives consider how to lower their carbon footprint. The Buildings for Mission Secretary has continued to visit churches on request and advise them on low carbon heating options.

Safeguarding

In May 2025 the diocese underwent an independent safeguarding audit led by the INEQE safeguarding group. The auditors tested the sufficiency of safeguarding arrangements within Durham Diocesan Board of Finance (DDBF) and the Cathedral with a particular focus on the CofE's National Safeguarding Standards. Over 400 documents were collated and analysed. 931 anonymous survey responses were received and 42 separate engagement sessions reaching 111 people took place.

The auditors found that the DDBF is taking a robust and proactive approach to safeguarding. Many individuals reported feeling confident in raising safeguarding concerns without fear of reprisal, indicating a growing sense that safeguarding is becoming deeply embedded in practice. This positive trajectory is further supported by the dedication of Parish Safeguarding Officers, the Diocesan Board of Finance's desire for continuous improvement, and the compassionate leadership from the Acting Diocesan Bishop, the Diocesan Safeguarding Officer, and the wider senior team.

The audit identified that there is good training and support for Parish Safeguarding Officers, effective safer recruitment processes, good use of the Parish Dashboard and active promotion of awareness-raising activities. Partnership working is good and enhanced by the Diocesan Safeguarding Officer's proactive engagement in

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external safeguarding groups.

Furthermore, the auditors also identified evidence of good risk management and the sensible application of low thresholds, encouraging early reporting and engagement. Safety Plans are effectively and proportionately applied, and Safeguarding Case Management Groups are effectively utilised for complex cases. Victim and survivor support is thoughtfully addressed, with the auditors recognising evidence of the DSO advocating for and delivering trauma-informed processes and responses to disclosures.

The diocese has now published its action plan in response to the recommendations raised by INEQE.

DDBF staff and collaborative working

In the interests of delivering the best support services possible for our diocese, we have continued to develop opportunities to work in collaboration with other Church of England bodies. These include the well-established Joint Education Team, aspects of ministerial training and retreat house. The joint diocesan communications team has developed a regional voice to promote the voice of the Church of England aligned geographically to regional media organisations. We have also established links with Durham Cathedral and will work collaboratively with them, especially as regards safeguarding. The diocese has joined with neighbouring dioceses to obtain national church funding for a net zero fundraising officer to support parishes.

The number of staff employed by the DDBF was 50 (2024: 47) posts. This includes two (2024: two) chaplains who are employed by the DDBF on behalf of the organisations in which they serve. This also includes 23 (2024: 18) posts which are grant funded, and most of which are fixed term with renewal subject to further funding being available. This approach enables the DDBF to fulfil a wider range of provision than would be possible through its core staff, whilst allowing unrestricted funds to be focussed on ministry. Improvements have been made to several diocesan core systems and processes in order to maximise efficiency and keep costs to a minimum.

The Equality, Diversity & Inclusion Enabler coordinated a team of advisers and advocates to help drive the diocese forward in key areas including:

- Disability ministry;
- UKME;
- Gypsy, Roma and Traveller Ministry;
- Women's advocacy;
- LGBT+ advocacy;
- Deaf ministry;
- Racial and Social Justice.

Buildings for Mission and Diocesan Advisory Committee (DAC)

The diocese currently has 256 church buildings open for worship and of these 247 are under faculty jurisdiction.

The DAC met 10 times during 2025 and discussed a total of 126 (2024: 149) proposals from 92 (2024: 100) churches. Following discussion of the proposals by the DAC a total of 77 (2024: 90) faculties were issued for work to church buildings and churchyards. This included 5 interim faculties that were issued for urgent work including roof repairs and failed heating systems. The Archdeacons also issued a total of 95 (2024:115) written notices for work that can be carried out without a faculty. During 2025 a total of 33 (2024: 27) quinquennial inspections were conducted.

During the year funding from the Archbishop's Council was used to support work on church buildings with Minor Repair & Improvement grants of £70,000 offered to support projects with a total cost of £0.5m. In addition, the remainder of the £60,000 Quick Wins Grant was allocated to churches to support projects which reduce their carbon output. A further Quick Wins Grant of £100,000 has been confirmed for distribution during the next

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triennium.

The Church Building Support Officer has supported 23 churches to carry out maintenance and improvement work to their buildings and much of this support has been focused on grant funding obtaining £1.2M of external funding.

The Buildings for Mission Secretary has visited 73 churches for initial consultations around building projects and the team have provided 12 training sessions for parishes on the subject of building maintenance.

Looking ahead

In February 2024, we received confirmation of the second phase of a funding award from the National Church in support of our Diocesan Transformation programme. Coupled with the first phase award from 2023, this provides up to £11m to support the Transformation programme up to 2028 at which point it is anticipated that progress will be evaluated and a subsequent funding application will be submitted. This programme has formed a key part of the basis of the Diocese's Statement of Need which was used by the CNC in the discernment of the next Bishop of Durham who will be entrusted with leading the Transformation programme.

During 2025, the initial stages of delivery of the Transformation Programme have taken place. This has included pilot work to ensure that each of the interventions is well understood and that appropriate support can be provided to ensure that these work well. This means that the team is now focussed upon four areas, each with a Strategic Lead:

- Growing Mission;
- Growing Leadership;
- Growing Churches; and
- Growing Younger.

The DDBF's missional programme governance has also been aligned with the Diocesan priorities and Transformation programme, whilst ensuring that all our funded programmes are governed and held accountable in an appropriate way. The main areas of focus are:

- Missional Discipleship, Transforming Prayer;
- Church Planting and Revitalisation;
- Piloting Missional Hubs;
- Developing Missional Youth Chaplaincy;
- Resources for Local Change; and
- Support for Culture Change.

We have begun to see 'fruit' in some of our new worshipping communities. Some are already becoming significant contributors within their deaneries and we will continue to implement new aspects of the work facilitated by the Transformation Planning Group, which reports to our Bishop's Leadership Team. This work will develop over the next five years and includes ambitions to:

- plant or revitalise 100 churches;
- establish and resource church-based missional chaplaincy teams to work with the colleges of further education and with our Church of England secondary schools;
- support clergy to focus more fully on mission and discipleship;
- align appointments and clergy/lay leader training more explicitly to the Diocesan vision; and
- support new collaborative initiatives in places where developing mission in isolation would not otherwise be possible.

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Trustees' report (continued) Year ended 31 December 2025

Financial review

Financial conditions continue to remain challenging for parishes and the DDBF, with no overall recovery in parish share observed since the pandemic. Despite many parishes using reserves to fund parish share, the cash value of the DDBF's parish share receipts remained at £4.2m (2024: £4.2m), being 97% (2024: 95%) of the amount originally pledged by parishes. This is £2.5m (2024: £2.7m) below the amount required to meet the full cost of diocesan ministry including housing and pension costs during the year.

The DDBF agreed a budgeted operating deficit of £0.47m for 2025 (2024: £0.6m), after a transfer of £1.32m (2024: £1.8m) from the Stipends Capital Fund under the total return accounting policy.

The net movement in funds was a deficit of £1.8m (2024: surplus of £0.9m), which included a £1.4m unrealised loss on listed investments (2024: gain £0.8m), a £0.2m loss on agricultural land (2024: gain £0.3m), and a gain of £0.5m (2024: £0.5m) on disposal of property. Excluding these adjustments which are outside of the DDBF's operational budget, there was an underlying operating deficit of £0.8m (2024: £0.7m). After the transfer of funding for the total return on investment from the endowment fund to unrestricted funds of £1.3m (2024: £1.8m) this results in an unrestricted operating surplus of £0.4m (2024: £1.1m).

Grant funding of £0.6m (2024: £1.2m) was received during the year and is yet to be disbursed. This is primarily due to the receipt of funding in advance from the National Church.

- Income (excluding income received on the sale of property) was £12.0m (2024: £12.4m), including:
 - Contributions from parishes – "Parish Share" – of £4.2m (2024: £4.2m), £82k less than budget. The diocese is grateful to parishes for their contributions to parish share during a challenging year;
 - £2.0m (2024: £2.0m) of Lower Income Communities Funding, £1.3m (2024: £1.9m) of Strategic Development Funding grants, £0.3m (2024: £0.4m) of Strategic Ministry funding to support the cost of training curates and first incumbents and other grants from Archbishops' Council;
 - £0.7m (2024: £0.6m) of Property Income;
 - £0.3m (2024: £0.3m) from Lord Crewe's Charity to fund poverty alleviation, counselling and other projects.
 - Contributions were also received from donors such as Benefact Trust, St Hild Bede Trust, Marshalls Charity and Mercers Trust.
- The largest area of expenditure was on supporting parish ministry, comprising the stipends, pension and housing costs of clergy:
 - Stipend and salary related costs were £6.8m (2024: £7.2m)
 - Costs of providing clergy housing were £2.0m (2024: £2.1m).
- Net assets at the balance sheet date were £74.8m (2024: £75.6m). The DDBF's investments are held across several funds managed by CCLA. The DDBF administers several restricted and endowment funds which together comprise 92% (2024: 92%) of the assets.

Investment performance

The total value of investments (excluding short-term cash deposits) at the balance sheet date was £35.5m (2024: £37.0m). During the year, the net movement in value was a loss of £1.5m (2024: gain of £0.2m) being a 4% reduction in value. The trustees noted concern on the performance of the Investment Manager and are taking appropriate action.

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Trustees' report (continued) Year ended 31 December 2025

The glebe land held by the DDBF has been revalued downwards by £0.2m (2024: £0.3m) to reflect the market value at the balance sheet date.

The Board is custodian trustee for trust investment assets with a market value of £12.8m (2024: £13.6m). Detailed certificates of holdings are provided to parishes and managing trustees of the respective charities annually. The Board also acts as custodian trustee for certain Parochial Church Council (PCC) property. Each PCC is an independent charity and these assets are not recognised on the balance sheet of the DDBF.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church in accordance with an agreed formula, to cover a proportion of its central costs and the cost of training for ministry. The total paid to the National Church was £0.6m (2024: £0.5m).

Grants are paid to PCCs and to other charitable projects which appeal to the Board to support the furtherance of DDBF's objectives. These are set out in note 17.

Investment policies

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

- Ethical investment

This includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

- Long-term responsibilities

The directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a prudent approach to investment decisions.

These policies are currently achieved by holding all funds with CCLA Investments Limited in London, which invests in line with the Church of England's Ethical Investment Advisory Group's investment policies and in accordance with the motion passed by synod regarding divestment from fossil fuels.

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

Funds which may be needed for working capital in the short term are held as deposits with CCLA Investments and with deposit taking banks through an account managed through the Flagstone cash management platform.

Total returns policy

In 2025 an allocation of £1.7m (2024: £0.9m) has been made to the trust for investment during the year to ensure that the capital value of the trust for investment is maintained over time.

The trustees have made an allocation of £1.3m (2024: £1.8m) from unapplied total return during the year towards the unrestricted running costs of the diocese. This amount is shown as a transfer between funds within the statement of financial activities.

Other realised and unrealised gains and losses on the disposal and revaluations of investments and property amounted to a loss of £0.9m (2024: £0.9m) in the year which has been credited to the unapplied total return carried forward as at 31 December 2025.

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Trustees' report (continued) Year ended 31 December 2025

Reserves policy

The DDBF has agreed a reserves policy to maintain available free reserves within a range of three to six months' average unrestricted expenditure in the form of unrestricted (including designated) net current assets plus fixed asset investments to the extent that these can be exchanged for cash at less than one month's notice. The Board estimated that for 2025 this would equate to a range between £2.5m and £5.0m. At the balance sheet date, the DDBF's unrestricted (including designated) available free reserves were £4.2m (2024: £4.0m).

Future prospects

The trustees and diocesan synod have approved a budget for 2026, which after allowing for further planned investment from restricted reserves, and after applying a transfer of £0.9m under the total return accounting policy from the Stipends Capital Fund, leaves a net operating deficit of £0.8m.

Parish share pledges for 2026 of £4.3m (2025: £4.3m) have been received, which is unchanged compared to 2025 despite CPIH (Consumer Prices Index including owner occupiers' housing costs) inflation of 3.6% to December 2025. This increases financial pressures and has required a recognition that not all posts identified in deanery plans can be filled whilst maintaining a balanced budget. However, posts continue to be advertised notwithstanding the ongoing challenges in recruiting.

Against this challenging financial background, the DDBF continues to deliver and develop the mission and ministry of the church, and during 2026 will continue to fund ministry at parish level across the diocese. The lack of recovery in parish finances plus the inability of pledge income to keep pace with inflation means that prospects of a medium to long term recovery to pre-Covid levels continues to remain highly uncertain.

The diocese continues to try to address the decline in the value of parish income and the consequent effect upon share, supporting parishes in vacancy through the vacancy audit process, and offering support with stewardship through the generous giving team and the funding of a pilot post to help with parish accounts and administration in a deanery. Communication with parishes is ongoing, to ascertain the likely future levels of parish reserves and parish share.

The National Church has made funding available to help dioceses adjust to the increased level of stipend agreed by General Synod in 2025. The abolition of apportionment, introduction of the Ministry Training Fund and other changes arising from the Diocesan Finances Review are expected to take effect in 2026 and will have a net positive effect on the diocesan finances in the short-term. However, there remains uncertainty around the future of diocesan funding once the time-limited elements of this package expire.

The diocese will continue to benefit from the National Church's Strategic Development Fund through the Growing Durham Diocese, Growing Hope and Transforming Growth projects with Growing Durham Diocese reaching the end of its funded period in 2026 and proceeding to evaluation. The Strategic Mission and Ministry Investment Board has committed to funding for the first two phases of the 'Called to Fruitfulness' Transformation programme, and a range of other funding streams emerging from the latest triennium funding review will be explored in 2026.

The DDBF intends to increase support for clergy and lay leaders developing their ministry and discipleship and to encourage and nurture those exploring a vocation for public ministry in the Church of England with new training pathways under development in conjunction with our local Theological Educational Institutions.

Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share, it is anticipated that reserves will remain within the level

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set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

Although there are several challenges ahead as outlined above the diocese is confident that these can be managed and is enthusiastic about the changes that will take place over the next few years facilitated by the transformation process aided by funding from the National Church.

Risk management

The trustees confirm that the major risks to which DDBF is exposed have been reviewed and that mitigating actions have been put in place to manage those risks.

The Board maintains a risk register which is reviewed regularly by the Audit and Risk Committee, and this register has been updated during the year, with input from all DDBF functions.

During 2025 the most significant risks related to the operations of the DDBF have been:

- Church attendance and long-term financial sustainability;
- Safeguarding; and
- Capacity of senior leadership team during a period of extended vacancy in see.

Church attendance and long-term financial sustainability

These two risks are intrinsically linked and relate to the ability of Parochial Church Councils to maintain their own operations. In the face of national trends around declining congregation numbers this is a significant risk to the DDBF both from the adverse effect it has on delivery of mission but also from the knock-on effect it has on the ability to offer share to the DDBF which are financed through giving and fund-raising by church members, when PCCs are also facing increases in costs. Alongside inflation, this has exacerbated the extent to which the level of contribution from parishes is insufficient to maintain the current cost base of the DDBF. The parish share system continues to provide a 'Guided Pledge' to each parish, to give an indication of the level of pledge which would be required to ensure the DDBF could break even.

This Guided pledge system was designed to mitigate the decline in parish share that has been seen in real terms over the preceding decade. Parish share pledges have continued to decline from £4.5m in 2021 to £4.2m in 2025.

Certain external factors affect the Board's ability to meet its financial obligations, in particular the level of inflation, which leads to increases in stipends, salaries and building maintenance costs.

Despite some stipendiary and staff posts remaining vacant, there was a continuing operational deficit although financial restraint and challenges in recruitment for some posts led to this being within the budgeted deficit. Recruitment has taken place, following application of a vacancy audit process in the case of each parish vacancy. However, the trustees are aware that lengthy vacancies can place strain on clergy and staff, and efforts are being made to increase the rate of recruitment. The difficulty of recruitment is not limited to our diocese; it is a challenge faced across much of the country. We are taking steps to support the welfare of our clergy who are having to operate in these difficult circumstances by providing advice and counselling as and when necessary.

Safeguarding

It is of key importance to the DDBF to ensure appropriate mitigation of safeguarding risks arising from potential abusers targeting church settings within the diocese. There is a risk that strain on parish and/or diocesan resources may lead to vulnerability, and potential non-compliance with House of Bishop's Safeguarding Policy. Appointment processes are documented to ensure compliance with the requirements of Safer Recruitment and

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People Management.

The Board continued to be aware of the potential for safeguarding matters to be raised due to increased reporting and awareness of safeguarding issues (both current and historical). The Diocesan Safeguarding Advisory Panel meets regularly to ensure that the DDBF maintains appropriate controls to prevent, as well as identify and resolve, any issues that arise, and the Board welcomes the safeguarding audit from INEQE as part of the national programme of safeguarding audits, reported in August 2025 which provided an independent review of the DDBF's safeguarding processes and practices. Recommendations are being implemented as appropriate following this review.

Capacity of Leadership Team

The capacity of the senior leadership team was stretched during the period of episcopal vacancy being longer than originally anticipated alongside a series of short-term vacancies. Short-term measures were successfully implemented to support the team, including the appointment of three Assistant Archdeacons. The vacancy in the Archdeaconry of Sunderland was filled by the appointment of Ven. Katherine Bagnall in September 2025. In February 2026 it was announced that the Ven RL Simpson, Archdeacon of Auckland, had been nominated to be the next Bishop of Durham. Following the appointment of the Rt Revd SE Clark to become Bishop of Ely in January 2026, a vacancy will arise in the See of Jarrow alongside a vacancy in the Archdeaconry of Auckland. Further measures are being taken to ensure that capacity of the leadership team is strengthened during this period.

All of these factors are included in the Board's Risk Register.

Structure, governance and management

The diocese of Durham is one of the 41 English dioceses that, along with the diocese in Europe, make up the Church of England.

The Church of England is episcopally led (there are 108 bishops) and synodically governed. The General Synod consists of three houses, one of which comprises diocesan bishops and elected representatives from suffragan and area bishops, and two of which are elected from the laity and clergy of each diocese. It meets in London or York at least twice annually to consider legislation for the good of the Church.

Further details on the structure and governance of the Church of England can be found on its website: www.churchofengland.org. The financial transactions of the national church do not form part of these financial statements.

The Diocese of Durham stretches from the Tyne to the Tees and the Dales to the Sea covering an area of 2,530 square kilometres. There are 256 Anglican churches across 205 parishes, and two Bishops' Mission Orders (BMO's) and these are grouped into 13 deaneries and three archdeaconries. The mission of the Church of England is mainly carried out at parish level and the DDBF provides pastoral and financial support to the parishes. Each parish is governed by a Parochial Church Council (PCC), which is a corporate charity. Therefore, except where indicated otherwise, the transactions of PCCs do not form part of these financial statements.

Durham Cathedral is the mother church of the Diocese of Durham and legally is constituted as a separate entity with its own governance structures. Its financial transactions do not form part of these financial statements.

Governance

The diocese elects a Diocesan Synod, with representation from each deanery in accordance with the church representation rules and is governed by the Diocesan Bishop in synod. The Diocesan Synod normally meets twice a year. Many of the Diocesan Synod's responsibilities have been delegated to the Bishop's Council, which acts as the Diocesan Synod's Standing Committee. The day to day running of operations is delegated to

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the staff team lead by the diocesan secretary and other key management personnel as set out in note 19. All key management personnel report to the Diocesan Bishop.

Committee structure

The diocese is governed by the Bishop's Council, which co-ordinates the life and work of the diocese in support of the mission of the Church, in accordance with the priorities set by the Bishop and the Diocesan Synod.

In the Diocese of Durham, the membership of the Bishop's Council is coterminous with that of the DDBF and also the Diocesan Mission and Pastoral Committee.

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation in the diocese, taking account of available clergy numbers and making use of new patterns of ministry.

This arrangement means that the trustees of the DDBF have responsibility and oversight of all aspects of diocesan life and are therefore able to co-ordinate strategic, financial and operational decisions.

The Bishop's Council is supported by committees that can influence the operations of the Board.

- Finance Group

The DDBF delegates certain duties and responsibilities to the Finance Group including:

- Assisting the Board to deal with financial strategy and management;
- Authorising legal property or investment strategy conducted on behalf of the Board;
- Conducting urgent business of the Board between Board meetings;
- Overseeing the preparation of the annual DDBF budget and financial statements for submission to the Board;
- Receiving regular management accounting information; and
- Acting as the DDBF's HR Committee, overseeing the terms and conditions of the DDBF employees.

- Audit and Risk Committee

The DDBF Audit and Risk Committee maintains an oversight of the diocese's governance and risk management including:

- Adopting a risk-based approach and undertaking a planned programme of work examining areas of diocesan activity;
- Overseeing the external audit of the DDBF's trustees' report and financial statements;
- Considering internal control and stewardship of the DDBF's resources; and
- Reporting its findings annually to the Bishop's Council as a critical element of the Bishop's Council's annual reporting requirements.

- Investment Committee

DDBF has responsibility for the management of glebe property and investments which generate income to support the cost of stipends. It is also the diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. With the exception of major transactions, the DDBF delegates these responsibilities to the Investment Committee.

- Diocesan Safeguarding Advisory Panel

The Diocesan Safeguarding Advisory Panel is chaired independently and monitors safeguarding practice, including casework and training within the diocese. Its membership includes the Local Authority Designated

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Officer, Police and Victim/Survivor Voice representation.

- Church Buildings Panel

The Church Buildings Panel is a non-statutory group, which offers grants and loans to Parochial Church Councils for works to church buildings.

- Closed Churches Uses Panel

The Closed Churches Uses Committee is a non-statutory group, which was created to act on behalf of the Diocesan Mission and Pastoral Committee. It seeks appropriate alternative uses for churches in the diocese which have been declared closed for regular public worship.

- Strategic Mission Delivery Board

The Strategic Mission Delivery Board provides strategic oversight for mission programmes. It champions and monitors progress, acts as an escalation point for key issues, approves significant changes, approves communications and ensures reports are made to Bishop's Council. It is supported by Programme Boards as follows: Energising Growth; Engaging Children, Youth and Young Adults; Mission and Ministry Development; Caring for God's Creation; Challenging Poverty.

In addition, there are three statutory Committees and Boards that are not directly answerable to the Bishop's Council, but influence its operation:

- Diocesan Advisory Committee

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

- Diocesan Board of Patronage

The Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron of one benefice in the diocese.

- Diocesan Board of Education

The Diocesan Board of Education has responsibility for 57 church schools across the diocese (7 of which are Voluntary Aided, 13 are Voluntary Controlled, and 37 are Academies, which includes one academy Free School). It provides both educational and pastoral leadership support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils. The Board of Education is not incorporated and therefore financial accountability for the education agenda rests with the DDBF. The Board of Education operates as a statutory committee of the DDBF.

Public benefit statement

The directors and trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DDBF. The directors believe that, by promoting the work of the Church of England in the Diocese of Durham, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

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Trustees' report (continued) Year ended 31 December 2025

The trustees are custodian trustees in relation to certain PCC property.

Trustee recruitment, selection and induction

Trustees are also members of the Bishop's Council and are elected or appointed by the members of the Diocesan Synod in accordance with the rules for election. All trustees receive induction at the start of their term of office and receive additional induction where appropriate. Trustees are registered as directors at Companies House and are required to complete a declaration that they are eligible to serve as a director as well as an annual declaration of interest.

Remuneration of key management personnel

As the DDBF has delegated responsibility for human resource issues to the Finance Group, this group is responsible for agreeing the salary scales for all DDBF employees and for setting the remuneration for senior employees.

Related parties

The DDBF had one wholly owned subsidiary, the Diocese of Durham Educational Trust. It was dissolved on 21 January 2025 and did not trade in 2025 prior to that date.

Organisations with which the DDBF co-operates in furthering its aims

The DDBF works with a range of organisations which are either part of or associated with the Church of England, or other Christian denominations to achieve its objectives. Some of those are set out below, and in some cases, there are a non-controlling number of shared trustees between these organisations and the DDBF. The DDBF ensures that such common trusteeships are appropriately declared and conflicts of interest are mitigated when making decisions relating to such organisations.

- General Synod, Church Commissioners and Archbishops' Council

The DDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The DDBF is a recipient of funding from several different grant funding streams operated by the Archbishops' Council. The stipends and certain other costs of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

- Parochial Church Councils (PCCs)

The DDBF is required by Measure to be custodian trustee in relation to PCC property, but has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within DDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- Multi Academy Trusts (MATs)

The DDBF is a member of several MATs, including the Durham and Newcastle Diocesan Learning Trust. Until 1 September 2024, the Diocesan Director of Education was a director of the Durham and Newcastle Diocesan Learning Trust at which point he resigned as Director of Education to take up the role of CEO of the Trust as a full time role.

- Newcastle Diocesan Education Board Limited

The Newcastle Diocesan Education Board Limited (NDEB) has responsibility for 49 church schools (plus 2 affiliated schools with an anglican foundation) across the Diocese of Newcastle. Unlike its counterpart in Durham, NDEB is an incorporated charitable company and registered charity. The two dioceses operate a joint education team to manage the delivery of their objectives across the two dioceses, and until 1 September 2024, when they were transferred to the Joint Education Team LLP, this charity employed a team of 9 employees working jointly for NDEB and the DDBF.

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Trustees' report (continued) Year ended 31 December 2025

- Joint Education Team LLP
The Joint Education Team LLP is a Limited Liability Partnership between the DDBF and NDEB, which from 1 September 2024 jointly employs 9 employees to carry out the work of the diocesan boards of education in both Durham and Newcastle dioceses.
- Stirling Newall Trust
A registered charity whose objective is the advancement of the Christian religion by the provision of a house of retreat (Shepherds Dene Retreat House at Riding Mill, Northumberland) for members of the Church of England whether clerical or lay who are resident or working in the area comprising the dioceses of Durham and Newcastle.
- Lindisfarne College of Theology and Cranmer Hall, St John's College
The region's two theological educational institutions, both are registered charities whose objects included the promotion and delivery of education for both lay and ordained members of participating Christian churches and the provision of other theological and ministerial training to both lay and ordained people.
- Northumbrian Industrial Mission
A registered charity which organises the activities of around 40 associate chaplains who engage with people in their places of work. It also works with ministries in other sectors, in local churches and with other agencies.
- Hospital of God at Greatham
A registered charity which provides residential care and alms-houses for older people and makes grants to other charities within the area of benefit.
- Lord Crewe's Charity
A registered charity, one of whose principal aims is to assist necessitous clergy and their dependents in the dioceses of Durham and Newcastle, particularly for the education of their children, and to assist them in other demonstrable financial need, and which provides grant funding used by the diocese to fund its Challenging Poverty priority and to provide a clergy counselling service.
- St Hild and St Bede Trust
A charitable trust whose objectives include the advancement of further and higher education in the dioceses of Durham and Newcastle, with a focus on the advancement of education in accordance with the doctrines of the Church of England.
- Communities Together Durham
A charity which works with churches and communities to challenge social injustice and to enable communities to flourish.
- Durham Lesotho Diocesan Link
A registered charity which aims to develop educational, AIDS awareness and income generating projects in Lesotho. It also develops educational projects for schools and to raise awareness and support for initiatives in the Diocese of Durham which foster closer spiritual links between the Anglican Church in Lesotho and Durham.
- North East Churches Acting Together
A charity which works ecumenically to serve the churches of the North East through improving communication and developing partnerships and connections between churches of different denominations.

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- North East Religious Learning Resource Centre

A registered charity which aims to support religious education, literacy and learning in schools and churches across the North East of England through the provision of resources, training and networking opportunities.

Political contributions

No political contributions have been made during the year (2024: none).

Statement of disclosure to the auditor

So far as the trustees are aware:

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

Auditor

A resolution to reappoint UNW LLP as auditor for the 2026 financial year was tabled at the Board's Annual General Meeting.

In approving the directors' and trustees' report the directors of the company are also approving the strategic report as required under the Companies Act 2006.

On behalf of the Board



Canon Margaret Vaughan
Vice Chair
28 April 2026

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Statement of trustees' responsibilities Year ended 31 December 2025

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

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

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;

The directors 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.



Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion

We have audited the financial statements of Durham Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2025 which comprise the Statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2025 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

We obtain and update our understanding of the charitable company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the charitable company is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance with laws and regulations related to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pension legislation and UK tax legislation. In addition, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We considered the extent to which non-compliance with laws and regulations might have a material effect on the financial statements and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We also evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to posting inappropriate journal entries to manipulate financial results, management bias in accounting estimates, as well as improper revenue recognition which includes fraudulent posting of journal entries to revenue.

Audit procedures performed by the engagement team included:

- Inquiry of management and those charged with governance regarding actual and potential litigation or claims as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing meeting minutes to identify reported frauds and any potential non-compliance with laws and regulations;
- Identifying journal entries based on risk criteria and testing the identified entries to supporting documentation, in particular journal entries with unusual account combinations; and
- Challenging assumptions and judgments made by management in their significant accounting estimates and evaluating whether there was any evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.



Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of our report

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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne
28 April 2026

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of financial activities Year ended 31 December 2025

		Unrestricted funds 2025	Restricted funds 2025	Endowment funds 2025	Total funds 2025	Total funds 2024
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations:						
Parish Contributions	4	4,237	-	-	4,237	4,230
Archbishops' Council	5	1,916	2,665	-	4,581	4,393
Other	6	137	614	-	751	626
Charitable activities	7	478	-	-	478	631
Other trading activities	8	751	11	-	762	574
Investments	9	273	276	585	1,134	1,096
Other income	10	-	42	489	531	1,357
Total income and endowments		7,792	3,608	1,074	12,474	12,907
Expenditure on:						
Raising funds	11	33	-	-	33	55
Charitable activities:						
Contributions to Archbishops' Council	13	562	-	-	562	514
Resourcing ministry and mission	14	8,949	2,982	6	11,937	12,282
Resourcing education	15	240	-	-	240	241
Total expenditure		9,784	2,982	6	12,772	13,092
Net (expenditure)/income before net gains on investments		(1,992)	626	1,068	(298)	(185)
Net (losses)/gains on investments		(151)	(464)	(916)	(1,531)	1,097
Net income/(expenditure)		(2,143)	162	152	(1,829)	912
Transfers between funds	30	1,737	849	(2,586)	-	-
Net movement in funds		(406)	1,011	(2,434)	(1,829)	912
Reconciliation of funds:						
Total funds brought forward		5,927	13,397	56,308	75,632	74,720
Net movement in funds		(406)	1,011	(2,434)	(1,829)	912
Total funds carried forward	27	5,521	14,408	53,874	73,803	75,632

The notes on pages 31 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Summary income and expenditure account Year ended 31 December 2025

	Total funds 2025 £000	Total funds 2024 £000
	Note	
Income	11,400	11,798
Gains/(losses) on investments	(615)	277
Gross income in the reporting period	10,785	12,075
Less: Total expenditure	(12,766)	(13,078)
Net income/(expenditure) for the reporting period	(1,981)	(1,003)
Other comprehensive income		
Net assets transferred from endowments	30 2,586	2,559
Net comprehensive income for the year	605	1,556

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

The notes on pages 31 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Balance sheet Year ended 31 December 2025

	Note	2025 £000	2024 £000
Fixed assets			
Tangible assets	20	36,711	36,017
Investments	21	35,451	37,034
		72,162	73,051
Current assets			
Debtors	22	993	2,505
Cash on deposit	23	273	1,171
Cash at bank and in hand		1,299	1,106
		2,565	4,782
Creditors: amounts falling due within one year	24	(875)	(2,152)
Net current assets		1,690	2,630
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	25	(49)	(49)
Total net assets		73,803	75,632
Charity funds			
Endowment funds	27	53,874	56,308
Restricted funds	27	14,408	13,397
Unrestricted funds			
Designated funds	27	7	7
General funds	27	5,514	5,920
Total unrestricted funds	27	5,521	5,927
Total funds		73,803	75,632

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 28 April 2026 and signed on their behalf by:



Canon Margaret Vaughan
Chair

Company registered number: 00192018
The notes on pages 31 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of cash flows Year ended 31 December 2025

	Note	2025 £000	2024 £000
Cash flows from operating activities			
Net cash used in operating activities	31	<u>(1,685)</u>	<u>(2,301)</u>
Cash flows from investing activities			
Dividends, interests and rents from investments		1,134	1,096
Proceeds from the sale of tangible fixed assets		1,589	1,543
Purchase of tangible fixed assets		(1,795)	(1,302)
Proceeds from sale of investments		52	875
Net cash provided by/ (used in) investing activities		<u>980</u>	<u>2,212</u>
Cash flows from financing activities			
New loans advanced		-	22
Repayment of loans advanced		-	(21)
Net cash provided by/ (used in) financing activities		<u>-</u>	<u>1</u>
Change in cash and cash equivalents in the year		(705)	(88)
Cash and cash equivalents at the beginning of the year		2,277	2,365
Cash and cash equivalents at the end of the year	32	<u><u>1,572</u></u>	<u><u>2,277</u></u>

The notes on pages 30 to 65 form part of these financial statements

Durham Diocesan Board of Finance

(A company limited by guarantee)

Notes to the financial statements Year ended 31 December 2025

1. General information

Durham Diocesan Board of Finance is a charitable company limited by membership guarantee and incorporated and domiciled in England. The registered office address is Cuthbert House, Stonebridge, Durham, DH1 3RY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Durham Diocesan Board of Finance meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1,000.

2.2 Exemption from preparing group accounts

The charitable company was the controlling party of Diocese of Durham Educational Trust, a dormant subsidiary undertaking. In the opinion of the trustees, the size and assets of the subsidiary undertaking meant that the presentation of the combined results and financial position in consolidated financial statements was not material for the purpose of giving a true and fair view. These financial statements present the results and the position of the charitable company as a single entity and not as a group. The subsidiary was dissolved in January 2025.

2.3 Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty still remains, particularly over the recovery of parish income and the real-terms reduction in the value of parish share. The trustees are comfortable that the measures taken to date, and the managed budget deficit for 2026, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future notwithstanding the current restrictions.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Notes to the financial statements Year ended 31 December 2025

2. Accounting policies (continued)

2.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The principal source of income of the DDBF is parish share. The share monies are recognised in the statement of financial activities in the period in which they are received, and arrears are not shown as debtors since only constructive pressure can be applied to encourage parishes to pay any outstanding sums. Debts for parish share are not enforceable.

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the SOFA for the sake of greater clarity and simplicity in financial reporting. The Diocese adopts a total return approach to the investments in this fund and consequently recognises the income and any direct expenditure as endowed, and transfers an amount each year to unrestricted funds to cover the expenditure on stipends which this fund is held for.

Selective allocations from the Church Commissioners are credited to the Stipends and General Fund on a monthly basis and recognised in the SOFA as incoming resources.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is accounted for when receivable. Rental income for glebe and other property is shown separately. Incoming resources from charitable activities including clergy fees, chaplaincy income and guaranteed annuities are receivable on a monthly basis.

Other sundry income, including gains on disposal of properties, is recognised in the SOFA in the accounting period in which monies are receivable.

2.5 Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Expenditure is stated inclusive of irrecoverable VAT.

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

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Notes to the financial statements Year ended 31 December 2025

2. Accounting policies (continued)

2.5 Expenditure (continued)

Payments in support of services provided by the Archbishops' Council are regarded as grants and the annual amounts payable are divided into monthly instalments.

Resourcing ministry and mission costs are the costs incurred by the Board in maintaining resident clergy in numerous parishes throughout the Diocese. These include stipends, national insurance, housing, relocation, and a range of support costs.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

2.6 Pension contributions

The DDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pension Scheme. The pension costs charged as resources expended represent the DDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which the DDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DDBF also operates a stakeholder scheme and contributes to personal pension schemes for which contributions are charged to the SOFA as they fall due.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

Freehold and leasehold buildings

It is the DDBF's policy that in respect of many of its buildings, no depreciation is charged as any provision would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

The DDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residual properties is in accordance with the Repair of Benefices Building Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Annual impairment reviews are performed in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Where the recoverable amount is estimated to be less than the carrying amount, depreciation is charged in the financial statements.

School buildings

School buildings are occupied and, in the case of Voluntary Aided schools, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that DDBF trustees do not have the power to dispose of the buildings

Durham Diocesan Board of Finance

(A company limited by guarantee)

Notes to the financial statements Year ended 31 December 2025

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation (continued)

until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Any proceeds of sale would be subject to claw-back, by the Secretary of State, of related grant aid provided. The trustees consider the Board's ownership to be in the nature of custodianship of the assets and these are therefore not capitalised in the financial statements. Details of the Voluntary Aided schools can be obtained from the Joint Education Team.

Depreciation on other tangible fixed assets

Depreciation is provided in order to write off the cost (less any residual value) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Freehold and leasehold property	-	shorter of 50 years or lease term
Furniture and office equipment	-	33.3% per annum straight line
Installed Renewable Energy equipment	-	shorter of 25 years or currently expected useful economic life

2.8 Total return investment policy

The board passed a resolution on 1 December 2022 to adopt a total return policy in respect of the stipends capital endowed funds. This approach allows any increase in the value of an investment to be used as income. The decision was taken to ensure that Diocese invests in a way that has appropriate regard to the furtherance of its aims both now and in the future.

The board identified the relevant funds and apportioned it into the value of the original endowment (which forms the Investment Fund) and the unapplied investment return (which forms the unapplied total return). The calculation of the value of the investment fund on the date of adoption was based upon the book value of assets at 1 January 1997, adjusted for inflation and additions since that date.

All endowed investment returns are designated as unapplied total return until Trustees decide how it is to be used. At the discretion of the board, some of the total unapplied return may be allocated to the income fund each year to be spent on its aims.

Trustees may allocate an amount of the unapplied total return to the investment funds. The amount that can be allocated to the investment fund is capped. The cap is calculated by using the rise in inflation from a particular date, being either the date of resolution if no previous allocation has been made or date of the last allocation to the investment fund.

2.9 Investments

Investments in agricultural holdings, commercial properties and investment securities are shown at their market value on the balance sheet date. All gains and losses on investments are recognised in the SOFA. Investments held by the DDBF as custodian trustee are not included in these accounts. Investments in unlisted investments and the subsidiary are stated at cost less provision for impairment. Investments also include long term loans made by the DDBF under concessionary terms.

Durham Diocesan Board of Finance

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Notes to the financial statements Year ended 31 December 2025

2. Accounting policies (continued)

2.10 Financial instruments

Loans

Loans made by the DDBF to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

Cash on deposit includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the DDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Equity share loan

The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS 102 this loan has been recognised at fair value and is revalued at each reporting date. Any gains and losses arising at each year-end are recognised in the SOFA.

2.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2.12 Funds

Balances are split between general, designated, restricted and endowment funds.

- **General** funds represent funds which are expendable at the discretion of the directors in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

- **Designated** funds are amounts which have been put aside at the discretion of the directors and are therefore not available for other purposes. All of the unrestricted funds apart from the General Fund are now regarded as designated. These are included with the unrestricted funds column in the SOFA.

- **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. The largest restricted fund is the Pastoral Account.

- **Endowment** funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, and Parsonage Houses Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Durham Diocesan Board of Finance

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Notes to the financial statements Year ended 31 December 2025

2. Accounting policies (continued)

2.12 Fund accounting (continued)

The board has adopted a total return approach to investments held within the Stipends Capital Fund. Assets are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation. An allocation is made each year from unapplied total return to trust for investment to ensure that the capital value of assets in trust are not eroded over time.

Trusts where the DDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

3. Critical accounting estimates and areas of judgment

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

Key areas subject to estimation are as follows:

Fair value on investment property

The DDBF holds investment property comprising agricultural land at fair value. The DDBF uses an independent external qualified surveyor to assess the value of this land based on a site by site consideration of the assets and the market conditions existing at the balance sheet date.

Fair values estimated for equity share loan

The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As required by FRS102 this loan has been stated in accordance with an estimate of fair value. The DDBF makes use of internal experts in arriving at this fair value. This loan is repayable on the earlier of the death of the borrower or the sale of the related property and therefore the timing of its repayment is uncertain. Therefore, this loan is measured as a proportion of the fair value at each reporting date and has not been discounted.

Other estimates included within these financial statements include depreciation charges. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

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

Durham Diocesan Board of Finance

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Notes to the financial statements Year ended 31 December 2025

4. Parish contributions

	Total funds 2025 £000	Total funds 2024 £000
Unrestricted general fund - parish share		
Contributions pledged and paid	4,201	4,181
Contributions from previous years	36	49
	<u>4,237</u>	<u>4,230</u>
Current year parish share receipts (excluding contributions from prior years) as a proportion of total amounts pledged	<u>96.9%</u>	<u>95.0%</u>

5. Archbishops' Council

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Lower income communities fund	1,916	-	1,916
Strategic development fund	-	2,157	2,157
Moving towards net zero	-	146	146
Strategic ministry funding	-	325	325
Ordinands' training grant	-	37	37
	<u>1,916</u>	<u>2,665</u>	<u>4,581</u>
	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Lower income communities fund	1,998	-	1,998
Strategic development fund	-	1,864	1,864
Moving towards Net Zero	-	74	74
Strategic ministry funding	-	429	429
Ordinands' training grant	-	28	28
	<u>1,998</u>	<u>2,395</u>	<u>4,393</u>

Durham Diocesan Board of Finance

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Notes to the financial statements Year ended 31 December 2025

6. Other donations

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Benefact Trust	113	64	177
Lord Crewe's Charity	-	250	250
Other grants and donations	24	300	324
	137	614	751

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Benefact Trust	135	60	195
Lord Crewe's Charity	-	340	340
St Hild and St Bede Trust	-	13	13
Other grants and donations	39	39	78
	174	452	626

7. Income from charitable activities

	Total funds 2025 £000	Total funds 2024 £000
Statutory fees	356	387
Chaplaincy	47	45
St Hild and St Bede Trust	-	9
Miscellaneous income	75	190
	478	631

Durham Diocesan Board of Finance

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Notes to the financial statements Year ended 31 December 2025

8. Income from other activities

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Rental income from parsonages	668	-	668
Education service level agreements	-	11	11
Miscellaneous income	83	-	83
	751	11	762
	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Rental income from parsonages	557	-	557
Education service level agreements	4	11	15
Miscellaneous income	-	2	2
	561	13	574

9. Income from investments

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Income from UK listed investments	98	267	585	950
Interest receivable	120	9	-	129
Rents receivable	55	-	-	55
	273	276	585	1,134
	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Income from UK listed investments	84	250	587	921
Interest receivable	102	16	-	118
Rents receivable	57	-	-	57
	243	266	587	1,096

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Notes to the financial statements Year ended 31 December 2025

10. Other income

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Gain on disposal of properties	-	42	489	531
	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Gain on disposal of properties	21	-	522	543
Pension Surplus on scheme closure (note 37)	-	814	-	814
	21	814	522	1,357

11. Fundraising costs

	Unrestricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Glebe agents fees	14	-	14
Glebe investment costs	19	-	19
	33	-	33
	Unrestricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Glebe agents fees	19	-	19
Glebe investment costs	33	3	36
	52	-	55

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Notes to the financial statements Year ended 31 December 2025

12. Analysis of expenditure by activities

	Activities undertaken directly 2025 £000	Grant funding of activities 2025 £000	Support costs 2025 £000	Total funds 2025 £000
Contributions to Archbishops' Council (note 13)	-	562	-	562
Resourcing ministry and mission (note 14)	9,874	515	1,548	11,937
Resourcing Education (note 15)	240	-	-	240
	10,114	1,077	1,548	12,739

	Activities undertaken directly 2024 £000	Grant funding of activities 2024 £000	Support costs 2024 £000	Total funds 2024 £000
Contributions to Archbishops' Council (note 13)	-	514	-	514
Resourcing ministry and mission (note 14)	9,950	358	1,974	12,282
Resourcing Education (note 15)	241	-	-	241
	10,191	872	1,974	13,037

13. Contributions to Archbishops' Council

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Training for ministry	221	-	221
National Church responsibilities	259	-	259
Grants and provisions	106	-	106
Pooling of ordinand candidates	(24)	-	(24)
	562	-	562

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Notes to the financial statements

Year ended 31 December 2025

13. Contributions to Archbishops' Council (continued)

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Training for ministry	223	-	223
National Church responsibilities	249	-	249
Grants and provisions	120	-	120
Pooling of ordinand candidates	(78)	-	(78)
	<u>514</u>	<u>-</u>	<u>514</u>

14. Expenditure on resourcing ministry and mission

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Stipends and national insurance	3,844	131	-	3,975
Clergy pension	699	17	-	716
Housing costs	1,955	23	-	1,978
Removal, resettlement and other grants	142	5	-	147
Mission: stipendiary, staff and activity costs	694	1,929	-	2,623
Strategic development costs	-	370	-	370
Other expenses and grants	392	188	-	580
Support for parish ministry (see note 16)	1,223	319	6	1,548
	<u>8,949</u>	<u>2,982</u>	<u>6</u>	<u>11,937</u>

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Notes to the financial statements Year ended 31 December 2025

14. Expenditure on resourcing ministry and mission (continued)

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Stipends and national insurance	3,496	549	-	4,045
Clergy pension	791	130	-	921
Housing costs	2,076	26	-	2,102
Removal, resettlement and other grants	114	11	-	125
Mission: stipendiary, staff and activity costs	552	1,571	-	2,123
Strategic development costs	-	200	-	200
Other expenses and grants	480	312	-	792
Support for parish ministry (see note 16)	1,483	480	11	1,974
	<u>8,992</u>	<u>3,279</u>	<u>11</u>	<u>12,282</u>

15. Resourcing education

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Administration	<u>240</u>	-	<u>240</u>

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Administration	<u>241</u>	-	<u>241</u>

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Year ended 31 December 2025

16. Analysis of support costs

	Total funds 2025	Total funds 2024
	£000	£000
Central staff costs	763	936
Central office and premises	98	255
Technology and communication	171	179
Depreciation	43	43
Legal and registry costs	182	169
Synod, Board and Committee expenses	60	60
External audit	34	29
Other support costs	41	196
Other costs	156	107
	1,548	1,974

17. Analysis of grants made

	Individuals £000	Institutions £000	Total 2025 £000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	-	456	456
Other grants made:			
NECAT	-	8	8
Lesotho	-	25	25
Training for Ministry Grants	194	-	194
Resettlement and First Appointment Grants	142	-	142
Ordinands' Grants	106	-	106
Basic Clergy Development Grants	24	-	24
Small Grants	-	11	11
Church building committee grants	-	80	80
PCCs	-	31	31
	466	611	1,077

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Notes to the financial statements Year ended 31 December 2025

17. Analysis of grants made (continued)

	Individuals £000	Institutions £000	Total 2024 £000
From unrestricted funds for			
National Church responsibilities:			
Contributions to Archbishops' Council	-	394	394
Other grants made:			
NECAT	-	8	8
Northumbrian Industrial Mission	-	2	2
Lesotho	-	25	25
Training for Ministry Grants	74	-	74
Resettlement and First Appointment Grants	114	-	114
Ordinands' Grants	120	-	120
Basic Clergy Development Grants	19	-	19
Small Grants	27	-	27
Church building committee grants	-	64	64
PCCs	-	25	25
	354	518	872

18. Auditor's remuneration

	2025 £000	2024 £000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	34	30
Fees payable to the charitable company's auditor in respect of: All non-audit services not included above	-	-
	-	-

19. Staff costs

	2025 £000	2024 £000
Employee costs during the year were as follows:		
Wages and salaries	1,903	1,796
National insurance contributions	233	179
Pension costs	247	300
	2,383	2,275

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Notes to the financial statements Year ended 31 December 2025

19. Staff costs (continued)

	2025 £000	2024 £000
The average monthly number of employees during the year were as follows:		
Staff	50	47

The number of higher paid employees was:	2025 No.	2024 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2025 they were:

Diocesan Secretary	Mr J James G Morgan
Director of Mission, Discipleship & Ministry Head of Transformational Delivery	The Venerable Elizabeth M Wilkinson Mrs Amy H Burns

Remuneration, pensions and employer's national insurance contributions for the above employees amounted to £253,665 (2024: £221,868).

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Year ended 31 December 2025

19. Staff costs (continued)

Trustees' emoluments

No trustee received any remuneration for services as trustee (2024: £nil). During the year, 7 trustees (2024: 7) received travelling, subsistence and incidental costs, totalling £6,948 (2024: £12,644) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

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

	Stipend	Housing
The Bishop of Jarrow – Right Reverend SE Clark	No	Yes
The Archdeacon of Auckland – Venerable RL Simpson	Yes	Yes
The Archdeacon of Durham – Venerable EM Wilkinson	Yes	Yes
The Archdeacon of Sunderland – Venerable RG Cooper	Yes	Yes
The Archdeacon of Sunderland – Venerable KJ Bagnall	Yes	Yes
Reverend BT Huish	Yes	Yes
Reverend MJ Levinsohn	Yes	Yes
Reverend L Sutherland	Yes	Yes
Reverend PA Arnold	Yes	Yes
Reverend Canon D Tolhurst	Yes	Yes

The DDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The DDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.

The DDBF paid an average of 128 (2024: 135) stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2025 £000	2024 £000
Stipends	3,600	3,736
National insurance contributions	405	335
Pension costs - current year contributions	765	853
	4,770	4,924

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Notes to the financial statements Year ended 31 December 2025

20. Tangible fixed assets

	Property £000	Office equipment £000	Parsonages £000	Glebe Property £000	Total £000
Cost or valuation					
At 1 January 2025	3,845	101	19,759	13,284	36,989
Additions	-	37	362	1,396	1,795
Disposals	-	-	(807)	(260)	(1,067)
Transfers between classes	-	-	595	(595)	-
At 31 December 2025	<u>3,845</u>	<u>138</u>	<u>19,909</u>	<u>13,825</u>	<u>37,717</u>
Depreciation					
At 1 January 2025	217	98	407	250	972
Charge for the year	34	4	2	3	43
On disposals	-	-	(9)	-	(9)
Transfers between classes	-	-	-	-	-
At 31 December 2025	<u>251</u>	<u>102</u>	<u>400</u>	<u>253</u>	<u>1,006</u>
Net book value					
At 31 December 2025	<u>3,594</u>	<u>36</u>	<u>19,509</u>	<u>13,572</u>	<u>36,711</u>
At 31 December 2024	<u>3,628</u>	<u>3</u>	<u>19,352</u>	<u>13,034</u>	<u>36,017</u>

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Notes to the financial statements Year ended 31 December 2025

21. Fixed asset investments

	Listed investments £000	Loans to associates £000	Agricultural land £000	Total £000
Cost or valuation				
At 1 January 2025	33,592	29	3,413	37,034
Additions	-	-	-	-
Disposals	-	(4)	(48)	(52)
Revaluations	(1,351)	-	(180)	(1,531)
At 31 December 2025	<u>32,241</u>	<u>25</u>	<u>3,185</u>	<u>35,451</u>
Net book value				
At 31 December 2025	32,241	25	3,185	35,451
At 31 December 2024	<u>33,592</u>	<u>29</u>	<u>3,413</u>	<u>37,034</u>
Historic cost at 31 December 2025	<u>26,482</u>	<u>25</u>	<u>394</u>	<u>26,901</u>

Agricultural land held as investment properties

The estimate of the value of Glebe land and properties held as investments at the end of the year has been prepared by Savills on a Desk Top valuation as at 31 December 2025.

Long term loans

The DDBF loaned £15,000 to Stirling Newall Trust for the installation of a new fire alarm system in 2021 with an additional loan of £10,000 being made during 2023. Both loans are repayable in annual instalments over 10 years with interest charged at 3% per annum.

Subsidiary undertakings

Unlisted investments are held at cost and relate to DDBF's wholly owned subsidiary undertaking, The Diocese of Durham Educational Trust, a company limited by guarantee (company registration number 08816527).

The Diocese of Durham Educational Trust was incorporated in 2013 to provide the Diocese with a vehicle to manage its education responsibilities. It was a dormant company which acted as a corporate member for a number of multi academy trusts, but was wound up in January 2025.

Joint venture

The company has a joint venture limited liability partnership with Newcastle Diocesan Education Board (NDEB). The entity, Joint Education Team LLP, commenced trading on 1 September 2023.

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Notes to the financial statements Year ended 31 December 2025

22. Debtors

	2025 £000	2024 £000
Due after more than one year		
Church Buildings loan	94	140
Church workers pension scheme surplus (see note 37)	117	451
Equity share loan	134	134
	<u>345</u>	<u>725</u>
Due within one year		
Church Buildings loans	2	3
Church workers pension scheme surplus (see note 37)	344	257
Other debtors	176	1,408
Prepayments and accrued income	126	112
	<u>648</u>	<u>1,780</u>
Total	<u>993</u>	<u>2,505</u>

The historic cost of the equity share loan included in loans receivable is £16,000 (2024: £16,000).

23. Current asset investments

	2025 £000	2024 £000
Short term investments	<u>273</u>	<u>1,171</u>

24. Creditors: amounts falling due within one year

	2025 £000	2024 £000
Trade creditors	230	166
Other creditors	4	18
Accruals and deferred income	641	1,968
	<u>875</u>	<u>2,152</u>
	£000	£000
Deferred income at 1 January	1,897	1,116
Resources deferred during the year	-	1,897
Amounts released from previous periods	(1,341)	(1,116)
	<u>556</u>	<u>1,897</u>

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Notes to the financial statements Year ended 31 December 2025

25. Creditors: amounts falling due after more than one year

	2025 £000	2024 £000
Loans	<u>49</u>	<u>49</u>

Loans included in creditors due in more than one year comprise £49,000 (2024: £49,000) owing to Church Commissioners relating to property purchased to house clergy spouses, which becomes repayable on sale of the property once it falls vacant.

26. Summary of funds

Summary of funds - current year

	Balance at 1 January 2025 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2025 £000
Designated funds	7	-	-	-	-	7
General funds	5,920	7,792	(9,784)	1,737	(151)	5,514
Endowment funds	56,308	1,074	(6)	(2,586)	(916)	53,874
Restricted funds	13,397	3,608	(2,982)	849	(464)	14,408
	<u>75,632</u>	<u>12,474</u>	<u>(12,772)</u>	<u>-</u>	<u>(1,531)</u>	<u>73,803</u>

Summary of funds - prior year

	Balance at 1 January 2024 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2024 £000
Designated funds	7	7	(7)	0	0	7
General funds	5,798	7,851	(9,792)	1,995	68	5,920
Endowment funds	56,952	1,109	(14)	(2,559)	820	56,308
Restricted funds	11,963	3,940	(3,279)	564	209	13,397
	<u>74,720</u>	<u>12,907</u>	<u>(13,092)</u>	<u>0</u>	<u>1,097</u>	<u>75,632</u>

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Notes to the financial statements Year ended 31 December 2025

27. Statement of funds – current year

	Balance at 1 January 2025 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2025 £000
Designated funds						
Bequests Fund	7	-	-	-	-	7
Unrestricted funds						
General	5,920	7,792	(9,784)	1,737	(151)	5,514
Restricted funds						
Parsonages Building Fund	1,829	52	-	-	(70)	1,811
Durham Closed Schools Fund	884	77	-	(89)	(30)	842
Pastoral Fund	9,028	427	(209)	1,269	(344)	10,171
Ministry and Preordination Training Fund	-	37	(37)	-	-	-
Lord Crewe's Charity	142	250	(328)	-	-	64
Strategic Development Fund - Resourcing Churches	27	425	(425)	-	-	27
Strategic Development Fund II -Communities of Hope	4	421	(421)	-	-	4
Strategic Development Fund III -Transforming Growth	-	372	(372)	-	-	-
Restructuring Fund - Renewal & Reform	1	-	-	-	-	1
Durham Capacity Fund	(3)	57	(62)	-	-	(8)
Strategic Capacity Grant fund	2	-	-	-	-	2
Strategic Ministry Fund	-	325	-	-	-	325
Archbishops' Council - Net Zero	25	60	(34)	(27)	-	24
Archbishops' Council - Called to Fruitfulness	-	742	(741)	-	-	1
Archbishops' Council - Building for Mission	-	52	(47)	-	-	5
Benefact Trust- Cultivate funding	13	40	(53)	-	-	-
Archbishops' Council -Giving Adviser funding	-	24	(24)	-	-	-
Pension surplus restricted fund	708	-	-	(247)	-	461
Other	737	247	(229)	(57)	(20)	678
	13,397	3,608	(2,982)	849	(464)	14,408
Endowment funds						
Parsonages Houses Fund	19,322	491	(2)	(313)	-	19,498
Stipends Capital Fund	36,986	583	(4)	(2,273)	(916)	34,376
	56,308	1,074	(6)	(2,586)	(916)	53,874
Total of funds	75,632	12,474	(12,772)	-	(1,531)	73,803

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27. Statement of funds (continued)

Bequests Fund

This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund to support the diocesan priority of 'Challenging Poverty'.

General fund

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

Parsonages Buildings fund

The Parsonages Buildings fund is held by the DDBF to pay for repairs and maintenance of parsonage houses. This fund also holds the net proceeds from the sale of any previous parsonages which have been ring fenced for the provision of a replacement parsonage as and when necessary.

Durham Closed Schools Fund

The Closed Schools Improvements Fund represents the pooled sale proceeds of closed church schools in the Diocese in accordance with Section 287 (2) of the Education Act 1993. The capital and income can be used for the building, extension and maintenance of church schools. The income alone can be spent on the management and administration of church schools.

Pastoral Fund

The pastoral account includes the proceeds of redundant churches and parsonages and was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the diocesan stipends fund income or capital accounts.

Ministry and Preordination Training Fund

This is a restricted fund set up to provide assistance for ministry and training.

Lord Crewe's Charity Restricted Fund

This fund provides support for necessitous clergy and gives resources for the mission and ministry of parishes in the most deprived parts of the Diocese

Strategic Development Fund - Resourcing Churches

This national church funded project set up the first four Resourcing Churches in major population centres within the Diocese, and supports training of ministry experience volunteers.

Strategic Development Fund – Communities of Hope

This national church funded project is to develop Communities of Hope, which are Christian small scale social enterprise projects in areas with high levels of social deprivation, alongside two further Resourcing Churches and ministry experience volunteers.

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Notes to the financial statements Year ended 31 December 2025

27. Statement of funds (continued)

Strategic Development Fund - Transforming Growth

This national church funded project supports a Resourcing Church in Darlington and church planting activity across the Diocese.

Restructuring Fund

The Church Commissioners awarded the Diocese a one-off allocation to allow the Diocese to adapt to a reduction in funding resulting from the replacement of Selective Allocation by Lower Income Communities Funding. This funding is restricted as it must be used in line with an agreed plan.

Miscellaneous Restricted Income Fund

This restricted fund relates to grants received for one off smaller activities which have been made available for specific restricted activities within the Diocese.

Durham Capacity Fund

This fund provides support for the Diocese through the process of developing a transformational strategy and missional design.

Strategic Capacity Fund - Church planting

Provides capacity for the administration and management of church planting within the Diocese.

Strategic Ministry Fund

Provides support to assist with funding the curates.

Archbishops' Council - Net Zero

Awarded towards helping the Diocese work towards their net zero targets.

Archbishops' Council - Called to Fruitfulness

Increasing capacity, regeneration of parishes for mission, missional chaplaincies

Benefact Trust - Cultivate

Funding to support the Diocese's 'Cultivate' church planting strategy.

Archbishops' Council - Giving Adviser Fund

National church funding to provide diocesan support for parishes around generous giving and stewardship.

Pension

A fund holding the pension asset arising from the closure of the Church Worker Defined Benefit Scheme to be offset against future staff pension liabilities.

Other grants

This restricted fund relates to grants which support a wide range of projects related to the four Diocesan priorities.

Parsonage Houses Fund

The Parsonage Houses Fund represents the value of the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

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Notes to the financial statements Year ended 31 December 2025

27. Statement of funds (continued)

Stipends Capital Fund

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

Transfers between funds

Further details are given in note 30.

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Notes to the financial statements Year ended 31 December 2025

27. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January		Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31
	2024 £000	Income £000				December 2024 £000
Designated funds						
Bequests Fund	7	7	(7)	-	-	7
Unrestricted funds						
General	5,798	7,851	(9,792)	1,995	68	5,920
Restricted funds						
Parsonages Building Fund	1,741	49	-	-	39	1,829
Durham Closed Schools Fund	1,030	40	(1)	(205)	20	884
Pastoral Fund	8,080	215	(174)	769	138	9,028
Ministry and Preordination						
Training Fund	146	28	(174)	-	-	-
Lord Crewe's Charity	142	340	(340)	-	-	142
Strategic Development Fund - Resourcing Churches	27	467	(467)	-	-	27
Restructuring Fund - Renewal & Reform	5	-	(4)	-	-	1
Strategic Development Fund II - Communities of Hope	4	601	(601)	-	-	4
Misc Restricted Fund (Misc Income for projects)	173	31	(27)	-	-	177
Durham Capacity Fund (Restricted)	(3)	57	(57)	-	-	(3)
Strategic Capacity Grant fund	-	69	(67)	-	-	2
Strategic Ministry Fund	-	429	(429)	-	-	-
Strategic Development Fund - Transformation Growth	-	200	(200)	-	-	-
Archbishops' Council - Giving Adviser funding	-	24	(24)	-	-	-
Archbishops' Council - Net Zero	25	30	(30)	-	-	25
Archbishops' Council - Called to Fruitfulness	-	332	(332)	-	-	-
Benefact Trust- Cultivate funding	43	60	(90)	-	-	13
Archbishops' Council – Building for Mission	-	36	(36)	-	-	-
Pension restricted fund	-	814	(106)	-	-	708
Other	550	118	(120)	-	12	560
	11,963	3,940	(3,279)	564	209	13,397
Endowment funds						
Parsonages Houses Fund Stipends Capital Fund	19,662	432	(3)	(769)	-	19,322
	37,290	677	(11)	(1,790)	820	36,986
	56,952	1,109	(14)	(2,559)	820	56,308
Total of funds	74,720	12,907	(13,092)	-	1,097	75,632

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Notes to the financial statements Year ended 31 December 2025

28. Total return on investment

	Trust for investment 2025 £000	Unapplied total return 2025 £000	Total Stipend Capital fund 2025 £000
As at 1 January 2025	10,518	26,468	36,986
Movements in year			
Allocation to trust for investment	1,685	(1,685)	-
Investment return: dividends and interest	-	583	583
Investment return: gains on sale of property	-	-	-
Investment return: realised and unrealised gains and (losses)	-	(916)	(916)
Addition of capital	-	-	-
Transfer to Parsonage Fund	(956)	-	(956)
Less: costs of maintaining properties		(4)	(4)
	729	(2,022)	(1,293)
Unapplied total return allocated to income	-	(1,317)	(1,317)
Net movement in the year	729	(3,339)	(2,610)
As at 31 December 2025	11,247	23,129	34,376

On 1 December 2022 the Trustees agreed to adopt a total return approach to accounting for the stipend capital endowments of the Diocese. The full details of policies adopted are set out in the accounting policies in note 1. The date of adoption for the purposes of calculating the original value of the trust for investment was 1 January 1997, with all additional gifts since that date added and inflation included to arrive at the value of the Trust for investment as at 1 January 2023.

On 31 December 2025 a proportion of the resulting unapplied total return was allocated to income for the year, as shown above.

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29. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Tangible fixed assets	1,995	1,633	33,083	36,711
Fixed asset investments	4,281	10,990	20,180	35,451
Debtors due after more than one year	591	(247)	1	345
Current assets	105	1,452	663	2,220
Creditors due within one year	(991)	116	-	(875)
Creditors due in more than one year	-	-	(49)	(49)
Total	5,981	13,944	53,878	73,803

Analysis of net assets between funds - prior year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Tangible fixed assets	1,965	1,665	32,387	36,017
Fixed asset investments	4,286	9,177	23,571	37,034
Debtors due after more than one year	591	133	1	725
Current assets	38	3,621	398	4,057
Creditors due within one year	(953)	(1,199)	-	(2,152)
Creditors due in more than one year	-	-	(49)	(49)
Total	5,927	13,397	56,308	75,632

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Notes to the financial statements Year ended 31 December 2025

30. Analysis of significant transfers between funds

Analysis of significant transfers between funds – current year

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Transfer of Parsonage Houses to Pastoral Account	-	1,269	(1,269)	-
Transfer of restricted Closed School fund to Unrestricted	89	(89)	-	-
Transfer from Stipends Capital to Parsonage Houses	-	-	956	-
Transfer from Stipends Capital to Parsonage Houses	-	-	(956)	-
Total Return transfer from Stipends Capital	1,317	-	(1,317)	-
Total pension transfer from Restricted to Unrestricted funds	247	(247)	-	-
Other transfers from Restricted to Unrestricted fund	84	(84)	-	-
Total	1,737	849	(2,586)	-

Analysis of significant transfers between funds – prior year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Transfer of Parsonage Houses to Pastoral Account	-	769	(769)	-
Transfer of Schools funds from Restricted to Unrestricted fund	105	(205)	-	-
Total Return transfer from Stipends Capital	1,790	-	(1,790)	-
Total	1,895	564	(2,559)	-

Transfers from endowment funds of £1,269k represent transfers from the Parsonage Houses fund to restricted funds following the sale of certain properties, according to the terms imposed on the endowed asset.

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30. Analysis of significant transfers between funds (continued)

Transfer of £89k from the restricted Durham closed schools fund to unrestricted funds were made to fund educational spend, in line with the terms of the restrictions.

Transfer of £1,317k has been made from endowment funds to unrestricted funds representing the allocation of unapplied total returns (see note 28).

Transfer of £956k has been made from the Stipend Capital fund to the Parsonage Houses fund within endowed funds.

In addition, a transfer of £247k has been made from the restricted Church Workers Defined Benefit Scheme asset surplus to unrestricted funds following the drawdown of this balance against pension contributions.

31. Reconciliation of net movement in funds to net cash flow from operating activities

	2025	2024
	£000	£000
Net income for the year (as per Statement of Financial Activities)	(1,829)	912
Adjustments for:		
Depreciation charges	43	43
Losses/(gains) on investments	1,531	(1,097)
Dividends, interests and rents from investments	(1,134)	(1,096)
Decrease/(increase) in debtors	1,512	(1,138)
(Decrease)/increase in creditors	(1,277)	618
Profit on sale of fixed assets	(531)	(543)
Net cash used in operating activities	(1,685)	(2,301)

32. Analysis of cash and cash equivalents

	2025	2024
	£000	£000
Cash in hand	273	1,171
Notice deposits (less than 3 months)	1,299	1,106
Total cash and cash equivalents	1,572	2,277

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33. Analysis of changes in net debt

	At 1 January 2025 £000	Cash flows £000	At 31 December 2025 £000
Cash at bank and in hand	1,106	193	1,299
Debt due after 1 year	(49)	-	(49)
Liquid investments	1,171	(898)	273
	<u>2,228</u>	<u>(705)</u>	<u>1,523</u>

34. Operating lease commitments

At 31 December 2025 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2025 £000	2024 £000
Not later than 1 year	7	8
Later than 1 year and not later than 5 years	-	-
	<u>7</u>	<u>8</u>

35. Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pensions Fund** for lay staff.

Church of England Funded Pensions Scheme

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £765,000 in 2025 (2024: £853,000), plus any figures arising from contributions in respect of the Scheme's deficit (see below).

A valuation of the Scheme is carried out once every three years. The 2021 valuation showed the Scheme to be fully funded. The most recent Scheme valuation completed was carried out at as 31 December 2024, and also showed the Scheme to be fully funded; as such in 2025, the deficit contributions paid were £nil (2024: £nil).

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35. Pensions (continued)

The December 2024 valuation revealed a surplus of £560m, based on assets of £2,570m and a funding target of £2,010m, assessed using the following assumptions:

- An average discount rate of 6.0% p.a;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.7% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S4NA_L tables, with allowance for improvements in mortality rates from 2017 in line with the CMI2023 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 and 2021 data of 20% (i.e. $w = 20\%$).

The 2024 valuation reflects the benefit improvements that the General Synod agreed in principle in July 2025 (and confirmed in February 2026).

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there were no deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2024 and 31 December 2025 is nil.

Church Workers Pension Fund

DDBF participates in the Defined Benefits Scheme section of CWPF for lay staff, which is now closed to future accrual. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

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

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35. Pensions (continued)

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

In 2024, the Board entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF. It was also agreed that some employers could use assets in the DBS in lieu of contributions to Pension Builder Classic. Over the year to 31 December 2025, £247,072 of surplus assets from the DBS has been used to fund contributions in Pensions Builder Classic for Durham DBF (DBS).

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2024 or 31 December 2025.

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

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable 2025: £247k (2024: £300k).

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

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2026, the Board chose to grant a discretionary bonus of 10% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 1997 service so that the pension increase was also 10% (where usually it would be calculated based on inflation up to an annual cap of 5% for pensions in payment in respect of service prior to April 2006 and 2.5% for pensions in payment in respect of service post April 2006). This followed improvements in the funding position over 2025. There is no requirement for deficit payments at the current time.

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35. Pensions (continued)

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The Church of England Pensions Board has agreed that some employers could use assets in the DBS of the CWPF in lieu of contributions to Pension Builder Classic and/or Pension Builder 2014. You will see this information on your DBS statement which will be sent separately.

The next valuation is being carried out as at 31 December 2025.

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

36. Custodian funds

The Board act as custodian trustee responsible for trust funds held on behalf of others. The movement on these funds during the year is set out below:

	2025 £000	2024 £000
Balance at 1 January	13,531	13,578
Funds received	925	834
Payments made	(1,115)	(1,013)
Revaluation of investments held	(509)	132
Balance at 31 December	12,832	13,531

The funds held by the DDBF as custodian trustees comprise deposits and investments. The funds are held on behalf of the PCCs within the Diocese, in separate bank and investment funds.

37. Contingent asset

During the prior year, the Pensions Board confirmed that the DDBF's section of the Church Workers Defined Benefit Scheme was in an asset position on closure, and usable assets of £814k were attributed to the DDBF and recognised as income in that year. These assets were recorded as debtors to be drawn down against future pension liabilities.

During the year, the DDBF drew down £247k of this balance against pension contributions. The remaining balance of £461k continues to be held as a debtor at the reporting date.

The Pensions Board has not provided any further update regarding the final settlement of scheme liabilities. There remains a possibility that additional assets may be attributed to the DDBF once the final liabilities of the scheme have been confirmed; however, no reliable estimate of any further amount can yet be made. Accordingly, no additional income has been recognised in the current year.

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38. Related party transactions

As set out in note 21, the Diocese is a member of Joint Education Team LLP, a joint venture with Newcastle Diocesan Education Board in which it has a 50% stake. During the year to December 2025 the DDBF contributed £240,000 (2024: £240,000) to the running costs of this entity. At the year end £nil (2024: £36,664) is included in debtors owing from JET LLP.