

Roman Catholic Diocese and Parishes of Clogher

Annual Financial Report

Financial Year Ended 31 December 2019

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TRUSTEES AND OTHER INFORMATION

Trustees

Bishop Larry Duffy
Rev Joseph McGuinness
Rev Shane McCaughey
Rev Peter O'Reilly

Ex Officio Trustees

Each Parish Priest

Finance Committee

Bishop Larry Duffy
Rev Joseph McGuinness
Rev Shane McCaughey
Rev Peter O'Reilly
Mrs Aileen Hughes
Mr Eamon McArdle
Mr Michael Duffy
Mr Martin McVicar
Mr Fintan Timoney
Mr Cormac Meehan

Financial Administrator

Mrs Aileen Hughes

Principal Office

Clogher Diocesan Office
Bishop's House
Co. Monaghan

Registered Charity Number

20014452

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

Diocesan Solicitors

Mason Hayes & Curran
South Bank House
Barrow Street
Grand Canal Dock
Dublin 4

Morgan McManus Solicitors

The Diamond
Crossmoyle
Clones
Co. Monaghan

Diocesan Bankers

Bank of Ireland
College Green
Dublin 2

First Trust Bank head office
92 Ann Street
Belfast
BT1 3HH

Investment Advisors

State Street Global Advisors
2 Park Place
Upper Hatch Street
Dublin 2

TRUSTEES' REPORT

BACKGROUND

A diocese is composed of distinct parts known as parishes being communities of the Christian faithful established and entrusted to a pastor under the authority of the diocesan bishop.

The Roman Catholic Diocese of Clogher is located in the north of Ireland. Its territory includes all of the County of Monaghan and parts of Counties Fermanagh, Tyrone, Donegal, Louth and Cavan. The Diocese is almost evenly divided by the border between Northern Ireland and the Republic of Ireland. The seat of administration of the Diocese is in Monaghan. Address: Diocesan Office, Bishop's House, Monaghan, Co. Monaghan.

The Diocese is made up of 37 parishes - 20 in the Republic of Ireland, 15 in Northern Ireland and 2 which are divided by the border.

STRUCTURE

The Trust Deed of the Roman Catholic Diocese and Parishes of Clogher comprises three elements – (1) the Diocesan Trust, (2) the Parish Trusts and (3) the Diocesan Companies (currently St Macartan's Diocesan Trust and St Michael's Diocesan Trust). These are bare trusts by which the property of the Diocese and the Parishes is held.

The Diocesan Curia is the central administrative body of the Diocese, which supports the Objects and Activities as outlined below.

The Diocese of Clogher accounts for 2019 provide an overview of the funds held by the Diocese of Clogher and the use of these funds in 2019. These are curial and parish accounts and includes the financial activities and balance sheet of the curia and parishes of the Diocese.

CHARITABLE OBJECTS AND ACTIVITIES

The Charitable Objects of the Diocesan Trust are the advancement of the Roman Catholic religion in the Diocese and the advancement of charitable purposes congruent with the advancement of religion and which are supported by the Church throughout the world or in any part of the world.

In furtherance exclusively of the foregoing Charitable Objects, the Diocesan Trust shall have the following subsidiary objects:

- a) to promote the advancement of religion by enabling the Bishop to fulfil his Canon Law responsibilities in relation to the advancement or maintenance of the Roman Catholic Religion in any way which he considers appropriate including but not limited to:
 1. advancement of religion;
 2. advancement of education;
 3. provision of Priests and other clergy;
 4. promotion of Catholic ethos in all walks of life;
 5. relief of poverty; and
 6. provision of physical infrastructure including but not limited to churches, parish centres, schools, hospitals, hostels for the homeless, places of accommodation, cemeteries and office premises whether directly or through any other charitable body or company and to encourage, promote, set up and support activities, buildings, institutions and services of a pastoral kind and nature in the Diocese including but not limited to the following services:

TRUSTEES' REPORT - continued

CHARITABLE OBJECTS AND ACTIVITIES – continued

- a. the development and renewal of any parish or parishes;
 - b. marriage counselling and tribunal services;
 - c. vocations for the priesthood and religious life (for example by providing financial assistance for seminaries, seminarians, deacons, religious institutes and religious);
 - d. faith development;
 - e. communications;
 - f. services to the travelling people;
 - g. assistance to emigrants and immigrants;
 - h. religious education;
 - i. diocesan committees, commissions and councils;
 - j. chaplaincies;
 - k. the provision of safeguarding services and training;
 - l. the provision of training of pastoral workers and volunteers;
 - m. supporting the work of the Irish Catholic Bishops' Conference (also known as the Irish Episcopal Conference); and
 - n. supporting the work of Trócaire.
- in each case in accordance with Canon Law.

The Charitable Objects of a Parish Trust are the advancement of the Roman Catholic religion within the jurisdiction of each Parish in the Diocese; and the advancement of charitable purposes congruent with the advancement of religion and which are supported by the Church throughout the world or in any part of the world.

ACTIVITIES

The activities of the Trust at Parish and Diocesan level are centred on pastoral ministry of the priests of the Diocese to the people in their parishes including making provision for public worship and the celebration of the sacraments. Important elements of this are the rites of Baptism, Confirmation, Marriage and Funerals, as well as the regular celebration of the Eucharist and the care of the sick. This work is supported by many lay people who undertake ministerial and administrative roles, mostly on a voluntary basis (see below).

At a Diocesan level, much of this work is supported by Diocesan bodies such as the Council of Priests, the Chapter of Canons and the Diocesan Finance Committee. Pastoral support is also provided by bodies such as the Diocesan Education Advisers, the Youth Ministry Group (*Clogher don Óige*), Safeguarding of Children and Vulnerable Adults Committee and the Diocesan Liturgy Commission. The staff at diocesan level support the work of these bodies in various ways, including administratively and through the creation of resources as needs determine.

2019 was a momentous year for the Roman Catholic Diocese and Parishes of Clogher. On 8 December 2018 it was announced that Pope Francis has nominated Monsignor Lawrence Duffy, PP, VG, Carrickmacross, to be Bishop of Clogher. This followed a period of *Sede Vacante* which had lasted from 1 October 2016, during which time the governance of the diocese was overseen by Monsignor Joseph McGuinness as Diocesan Administrator. Monsignor Duffy's ordination as bishop was fixed for Sunday 10 February 2019. The ordination, both in its planning and in its celebration, was a magnificent occasion for the Diocese of Clogher. It brought together priests and people of all ages from all over the diocese, and they were joined by most of the bishops of Ireland to witness the ordination of the new Bishop of Clogher by the Archbishop of Armagh and Primate of All Ireland, assisted by the Bishop of Down and Connor and the Apostolic Nuncio to Ireland. The organisation of the event was a major task in terms of planning, logistics and marketing. This was coordinated by a committee at diocesan level, working alongside the Diocesan Liturgy Commission and the Cathedral Parish team, all supported administratively through the Diocesan Curia. Moreover, the event brought together people from different parishes and diocesan groups as well as representatives of other Christian Churches and Civic leaders. Above all, the liturgy and the day itself marked a new beginning for the diocese.

With a new bishop in place, the clergy and people of the diocese began to look at ways of having a structured dialogue about the future and how the mission of the Church in this area, can be carried out and lived in the world of today, taking into account the changes in the Church and in wider society. Following consultation with the Council of Priests and the Diocesan Chapter of Canons, Bishop Duffy brought together a core group of clergy and lay people to devise and structure pathways to a dialogue which would, with the help of the Holy Spirit, enable people in all parishes to be consulted as to how the living Church of today and the Gospel of Jesus Christ can be transmitted joyfully into the

TRUSTEES' REPORT - continued

future. This process would lead to a series of meetings across all seven Pastoral Areas in early 2020 to consider how 'we as a Church continue to sustain living parishes now and going into the future of Clogher Diocese.'

The ongoing work of the Diocesan Youth Ministry organisation, *Clogher don Óige*, included the organisation of summer camps, pilgrimages and leadership training. In July 2019, over 60 members of *Clogher don Óige* took part in the Diocesan Pilgrimage to Lourdes where they gave outstanding service, support and friendship to the assisted pilgrims. There was also a pilgrimage to the ecumenical shrine of Taizé in France in which over 40 young people took part. Other activities included a Faith Camp at Todd's Leap in County Tyrone. Action in the area of social justice, homelessness in particular, was a feature of some of the activities undertaken in 2019. In March 2019 a "Sleep-Out" of over 40 young people took place at St Macartan's Cathedral in aid of the Fr Peter McVerry Trust. On Sunday, December 8, 2019, representatives of *Clogher don Óige* participated in a televised Mass on RTÉ One TV. Leadership training is a key component of the work of *Clogher don Óige* and 2019 also saw the emergence of additional group leaders who will help steer this organisation into the future. Social media facilities for the organisation continued to be developed and these were linked to the main diocesan website in a way which demonstrates the unity of purpose across all the agencies of the diocese.

The Annual Diocesan Pilgrimage to Lourdes took place from the 5th - 10th July 2019 and involved over 300 pilgrims from across the Diocese. The National Shrine of Pilgrimage at Lough Derg, which is under the direction of the Diocese, continued to offer opportunities for retreat, reflection and prayer. The Annual Pilgrimage Season (May-October 2019) attracted 5,248 pilgrims, and 5,891 attended one day retreats including special Days of Reflection devoted to issues such as Suicide, Ecumenism, Family, etc. The day-to-day management and direction of the Shrine is undertaken by the Prior, under the auspices of the Bishop of Clogher.

During 2019, a process of review of the role of pilgrimage in the life of the church and the world today, and Lough Derg's unique place in this, was undertaken. This involved engagement with key stakeholders in developing a vision and mission for this special place in the life of the diocese and much further afield. A report on the matter will be forthcoming to the bishop and decisions will be made in due course.

The diocese continued to promote vocations to the priesthood and the permanent diaconate. In June 2019, Rev Kevin Connolly was ordained to the priesthood by Bishop Duffy in St Macartan's Cathedral. This was another day of great joy for the diocese. This brought to six, the number of priests ordained for the diocese since 2013 and this compares very favourably with other dioceses. The news of his ordination was coupled with the news that a seminarian was commencing studies for the priesthood in the diocese at St Patrick's College, Maynooth while another was beginning a propaedeutic year of discernment in Valladolid in Spain. Also, one candidate continued in formation for the permanent diaconate. It is envisaged that the permanent diaconate will take its place in collaboration with the ministry of priests and in conjunction with the significant range of lay ministries exercised in the diocese.

Another special moment of joy for the diocese in 2019 was the celebration of the 65th anniversary of the ordination to the priesthood of Monsignor Gerard McSorley PE, Ballybay (Tullycorbet). Ordained in Rome in 1954, Monsignor McSorley is the longest-serving priest in the diocese and is a former Prior of Lough Derg.

The Clergy Conferences and the Diocesan Clergy Forum in 2019 explored the importance of support for clergy in today's world and the reality of parish life today. Formation of laity continued to be provided through the Diocesan Liturgy Commission and *Clogher don Óige*. The Diocesan Financial Administrator and staff continued to provide support to priests and parish personnel in working towards full compliance with Charities Legislation.

The Diocesan Director of Communications ensured that priests, deacons and parishes were kept informed of developments and supports in a timely fashion and that the work of the diocese in promoting the Gospel was made known to as wide an audience as possible, using both local and national media and also social media platforms. The new diocesan website was updated regularly and in a manner in which it could be accessed in a user-friendly format. The use of the promotion of the Charities message through social media platforms was another important development in 2019. More parishes began to use Facebook and Twitter as means of communication with parishioners about the Gospel message, prayer and other information. During 2019, several parishes installed webcams for livestreaming liturgies.

In October and November 2019 diocesan staff along with staff of associated bodies engaged in training on the EU and national legislative requirements resulting from the General Data Protection Regulations (GDPR). The training, which was delivered by Sytorus – a leader in data and privacy management - included an overview of existing

TRUSTEES' REPORT - continued

legislation and its practical implications. The Diocese of Clogher is working alongside the Diocese of Raphoe with regard to this matter.

Work on restoring the fabric of St Macartan's Cathedral began in 2019. This involved work on parts of the roof in several areas of the building. In 2019, funding of €50,000 towards this project was received from the Irish Heritage Council through Monaghan Co Council. Further works were carried out in 2020 which included the replacement of defective guttering and the repair to prevent further water ingress to the south transept of the Cathedral. This initial phase of the restoration project is concentrated on the parts of the building most in need of critical attention.

One of the major projects undertaken in the diocese over recent years has been the extensive renovations of St Mary's Church in Castleblayney, Co Monaghan, at a total cost of €2.1m. This work transformed the sanctuary of the church as well as providing for greater access and comfort for the whole assembly during liturgies. It was therefore a moment of great joy when Bishop Duffy re-dedicated the church on the afternoon of Sunday 8 December 2019, in the presence of many parishioners and clergy.

Other important activities in the Diocese included:

- Conferences and Retreats for Priests
- Ecumenical events, e.g., Week of Prayer for Christian Unity, Pentecost Sunday Ecumenical Prayer Service held at St Molua's Church in Magheracloone, local ecumenical initiatives, etc.
- Training Days and Parish support for the Safeguarding of Children and Vulnerable Adults
- The Clogher Justice and Peace and Integrity of Creation Group continued to further the protection of creation and the vision set out by Pope Francis in his encyclical *Laudato Si*. The theme of the General Conference in October 2019 was devoted to this topic and, especially, how parishes can contribute to the care of the earth through employing better practices in a number of areas.
- Fundraising and support for other charitable organisations, e.g., Trócaire, St Vincent de Paul, Special Appeals e.g., relief to areas affected by natural disasters
- Resourcing and Support for Parents, Staff, Students and Boards of Management of Schools through the work of Diocesan Advisers as well as dedicated events such as Catholic Schools Week in January 2019
- Promotion of Vocations to Priestly Ministry and Religious Life
- Collaborative work on Church initiatives through the Irish Episcopal Conference (IEC) and inter-diocesan contacts.

COVID 19 Assessment of Risk and Un certainties

The first case of COVID-19 was reported in Ireland on 29 February, over the course of the following weeks, actions were put in place to protect the health, safety, and well-being of all citizens. The first of these measures which impacted the charity sector was on 12 March, the day after the virus was declared a pandemic. The Taoiseach announced that all schools, colleges, and childcare facilities were to remain closed until 29 March, these measures have since been extended and further protection measures have been introduced to protect the most vulnerable in our society.

The introduction of social distancing and the restrictions on social gatherings had an immediate effect on the sector and the pandemic has presented a unique challenge to the charity industry in 2020. We have considered the risks that COVID-19 poses to both the Diocese and the parishes and the actions we are taking to mitigate the impact. Our priority is the safety and wellbeing of our staff and members. As a result, the Diocesan offices were partially closed from 28th March 2020 and staff were requested to work from home where possible. However, officers of the Roman Catholic Diocese and Parishes of Clogher can be categorised as 'religious personnel', an essential service for the purposes of the restrictions introduced by the Government of Ireland (under the Defence and Administration category), to fight the Coronavirus Covid-19 and therefore the Diocesan Offices reopened for essential staff on 5th May 2020 and remained opened thereafter.

TRUSTEES' REPORT - continued

We have no experience of a similar crisis therefore there is no way of predicting the full effect that COVID 19 will have on our organisation in general, our members and the resulting demand for our services.

The charity has had to adapt to the realities of a global pandemic and its impact on the world.

The carrying out of the day-to-day ministry of the diocese and its parishes had to take account of the public health regulations put in place by the Government of Ireland and by the Northern Ireland Executive. The fact that the Diocese of Clogher is divided by the border meant that there were two sets of regulations governing various aspects of the carrying out of religious ministry in the diocese. Nonetheless, the Diocese of Clogher took its lead from the guidance issued by the Irish Catholic Bishops' Conference, which covers the whole island.

On Thursday 12 March 2020, the Irish Catholic Bishops' Conference issued norms to guide each diocese during the time of pandemic. On the following day, Bishop Larry Duffy issued specific guidance for the Diocese of Clogher regarding the celebration of Masses and other liturgies across the diocese. The guidance was very specific in what it set out to achieve:

‘Our response to this situation must have, at all times, the pastoral care of parishioners and priests through

(1) the measures we take to curtail the spread of the virus and,

(2) offering pastoral support to people through the provision of adequate opportunities for them to participate in the sacramental life of the Church insofar as possible and with due regard to public health.’

From 13 March 2020 all parishioners were dispensed from the obligation to physically attend Mass.

In terms of the financial impact of Covid-19 on the finances of the charity;

Income derived from all sources, whether it be donations and legacies, charitable activities or investments has been hugely impacted. Public worship ceased from 13th March 2020 and resumed with a restriction placed on congregation numbers on 29 June until early late September/early October 2020. The impact on our weekly offertory is two-fold, limited numbers attending worship and also the standard system of passing a basket from one to another stopped. Weekly offertory collections provide the means for most of the income collected under Donations and legacies. A lot of work has been carried out by Parishes to mitigate the impact of this loss of income. Guidelines for Clergy, Bookkeepers and Finance Committees regarding Financial Resources during the Covid 19 crisis in Ireland, were issued from the Financial Administrator on 31st March 2020 on how to encourage donations and reduce costs during this period. Areas such as setting up standing orders, using iDonate and setting up secure donation's boxes and locations in within the Church. All of these have worked well, and we estimate that we have maintained 60% of the donations and legacies income levels previously experienced.

Complying with the Diocesan Cash Handling policy has been disrupted during this period with many members of parish count teams isolating and, in some way, the irregular means by which parishioners have made donations, e.g., dropping weekly offerings through the letter box of a parochial house. The rigorous cash handling procedure has not always been appropriate during this period.

Charitable activities have been a greater challenge as all retreats moved on-line and a lot of the retreats cancelled altogether, e.g., Lourdes pilgrimage, 3-day Lough Derg pilgrimage. It is expected that little or no income has been derived from these activities and the associated costs reduced. However, in the case of St. Patrick's Purgatory-Lough Derg, the island, and the buildings still need to be maintained.

Our investments are mainly ethically managed and fossil free funds with State Street Global Advisors. The return over the 2020 period fluctuated over the year but finished strong with investments returning 0.8% for the financial year 2020.

The letter issued on the 31st March 2020 also covered the areas of costs which may be reduced over this period. Wages costs were to be reduced and government incentives for both Northern and Southern Ireland to be used to help with this cost. Light, heat, and electricity to be reduced to a minimum which was relatively easy in the spring and summer months but again a challenge for autumn and winter. 75% of our churches are listed buildings and as such

TRUSTEES' REPORT - continued

need to be maintained carefully. All altar requisites to be reduced to a minimum and at diocesan level an insurance rebate on premiums was sought from Allianz.

As a result of the measures outlined above, the Trustees are able to ensure that the Roman Catholic Diocese and Parishes of Clogher will have adequate cash to fund its operations and meet financial obligations as they fall due for the period of at least 12 months from signing the financial statements.

There will be many challenges to our working practices as the full impact of COVID-19 becomes apparent, and we are putting plans in place to protect our staff and members, and to ensure that we comply with various Government restrictions and guidelines. We are confident that as an organisation we have the ability to manage through this challenging time.

After making enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

FINANCIAL REVIEW

The results for the year are set out on page 16-18.

The net movement in funds for 2019 was a gain of €2.5m.

Overall, income and endowments totalled €13.1m, an increase of €0.6m on the previous year. Expenditure was €13.1m, a decrease of €0.3m on the previous year.

The most significant contribution towards this gain comes from the unrealised return on investments in the year of €2.4m. This is a non-cash item. In 2018 the Diocese experienced an unrealised loss on these investments of €0.6m but happy that the markets have returned such a high yield for 2019. The return for 2020 fluctuated over the year but finished strong with investments returning 0.8% for the financial year 2020.

Funding sources are detailed in note 3 on page 24.

Donations and legacies income have increased overall by €0.1m on the previous year. Included under this category of income is fundraising in respect of renovations, which accounts for the largest increase. In 2019 parishes such as Castleblayney, Brookboro, Derrygonnelly and Bundoran continued to successfully fundraise in this area.

Income from charitable activities includes School Capital Grants for Catholic Maintained Schools in Northern Ireland. Under the current process, these schools must make a claim for capital grants to the Department of Education (NI) through their parish and, as such, each parish within Northern Ireland is required to keep a school bank account to record this type of funding and include this in the annual financial statements. Applications for capital works are submitted by schools to the Education Authority and following a process of consultations approval may be given. In that event and the work is carried out, payment of invoices is approved by the Department of Education's Estate Operations Team and the funds are transferred to the parish school bank account for payment within a specified period. Therefore, School Capital Grant income is normally offset by payments on School Capital/Projects recorded under Expenditure on Charitable Activities. In 2019 this income was marginally greater than the expenditure as one parish received previous years school grant money that they were not expecting and had written off the cost as education expenditure in previous years. The School Capital Grant income and expenditure was greater in 2019 than 2018 due to more grant applications being made.

Income from charitable activities also includes income from Other Activities which are mainly income from Grants or Wage Subsidies received from DEASP under the Wages Subsidy Scheme. In 2019 Monaghan Parish was successful in an application made to Monaghan County Council Historical Structure Grant and received €50,000 in grant aid for work to be carried out on St. Macartan's Cathedral, Monaghan. An additional €50,000 was received by Monaghan Parish in October 2020 to complete the grant awarded in full of €100,000.

Other income includes income not reported in the specific areas mentioned above. These are income streams that we do not rely on to achieve our charitable objectives. During 2019, there were 4 sales of properties: a parochial

TRUSTEES' REPORT - continued

house in Maghercloone, a house in Derrygonnelly, a small piece of land in Ballanaleek, Arney (Cleenish parish) and a small piece of land in Brookboro. The properties sold were vested in Diocesan Trust Companies, but the proceeds are retained by the individual parishes for the furtherance of their charitable objectives. There were no significant insurance claims. (2018 had 2 significant insurance reclaims amounting to €0.4m).

Expenditure is detailed in note 4 on pages 25 to 26.

Expenditure levels are closely monitored in relation to both recurring costs and one-off projects. Every effort is made to keep costs at a minimum. Costs have reduced in 2019. The biggest reduction in expenditure was on charitable activities. However, there are variations within the expense category. The most notable increases are:

a) School capital payments in 2019 were €2.1m as opposed to €1.2m in 2018. This increase is directly related to the income mentioned above in School Capital Income.

b) Foreign exchange loss/(gain), has been a gain for 2019 of €0.3m, albeit reported with expenditure. This is due to a significant movement in the exchange rate at the 31st December 2019 (Euro to GBP 0.85080) compared to the 31st December 2018 (Euro to GBP 0.89453), which favourably affects the restating of GBP balances in our accounts. (2018 Foreign Exchange loss was €0.04m.)

c) Administrative and support costs were €3.1m in 2019 compared to €2.9m in 2018. There have been 7 new members of staff in 2019 and some staff have had an increase in their working hours.

d) General repairs and maintenance costs increased in 2019, Insurance being a significant factor here, Insurance Premiums have increased by €0.1m in total over the diocese. There have also been increases in ground maintenance due to the upgrade maintenance of various graveyard paths and graveyard layouts.

The most notable cost decreases are:

f) Renovation work, which in 2019 amount to €1.2m compared to €2.4m in 2018; the large-scale project of the refurbishment of St. Mary's Church, Castleblayney was completed in 2018 and in 2019 no such large-scale projects were undertaken. The largest refurbishment project in 2019 was St Sinnell's Oratory at Belcoo in Cleenish parish which cost €0.2m.

g) Education/Catechetical/ Vocation payments have reduced by €0.1m in 2019; there was an additional payment in the 2018 accounts for a Clerical Student for his 5 years student fees.

INVESTMENTS

Investments are managed to provide an appropriate level of liquidity in suitable investments for short term needs. There are limited funds held for long term investment. Changes in investment are notified to the Finance Committee. This committee invests whatever amount that it has available on term deposits or with State Street Global Advisers.

Investments performed exceptionally well during 2019, delivering an unrealised gain of €2.5m, compared to a loss of €0.6m in 2018. The investment committee examines all investments and outcomes. A policy in relation to investments is being drafted at present.

RESERVES

In line with best practice, the Diocesan Finance Committee and the Parish Trustees have prepared the financial statements for the year ended 31 December 2019 with reference to the Statement of Recommended Practice (SORP). The SORP requires a charity to state its reserves policy within its annual report. This policy is included on page 20. The Committee and the Trustees have examined the charity's requirements for reserves considering the main risks to the organisation in determining the amount of reserves to be carried.

TRUSTEES' REPORT - continued

PLANS FOR FUTURE PERIODS

The work of the Roman Catholic Diocese and Parishes of Clogher, in furtherance of the objectives of the charity, will continue in 2020 and beyond. During 2020 the following work will be included among the projects undertaken:

Appointment of Director of Permanent Diaconate

In January 2020, Bishop Duffy appointed Rev Deacon Martin Donnelly to be the Director of the Permanent Diaconate in the Diocese of Clogher. In this role, he will promote the diaconate and be a support to deacons and those aspiring to that ministry. He will also liaise with the Down and Connor/Clogher formation team. In addition, he will be working closely with the Diocesan Director of Vocations and the Vocations Team in the diocese.

Cathedral Committee

As noted above, work on the assessment of the condition of St Macartan's Cathedral continued in 2020 and the Cathedral Committee has worked closely with the Diocesan Finance Committee and the Chapter of Canons with regard works during 2019 and 2020. There are more significant plans for the future works. There are currently two options being considered; a full restoration of the Cathedral or a much smaller project that would make safe and retain the Cathedral for the next 20 years. Due to Covid 19 progress has been paused in relation to the direction the project is going.

Pastoral Areas

Provision of pastoral care to the people of the diocese will remain our chief priority. This will continue to be developed through the Pastoral Areas. Meetings of priests and laity at the Pastoral Area level will be held. In addition, diocesan staff, diocesan bodies, such as the Council of Priests, Diocesan Liturgy Commission, Clogher don Óige, and the work of diocesan staff will ensure that the priests and lay volunteers at parish and pastoral area level are supported appropriately. In 2019, Bishop brought together a group of clergy and laity with a view to having a structured dialogue on the whole question of how the living Church can be sustained into the future. Known as "Clogher Diocese in Dialogue" this process began in early March 2020 and further initiatives and consultations will follow.

FUNDS

The funds of the Diocese are identified as **Restricted** or **Unrestricted**.

Restricted Funds comprise

- i. Monies donated or bequeathed to the Diocese for specific purposes, and which may only be used strictly for these purposes. Examples of these Restricted Funds include the Diocesan Clerical Fund (for the care and support of sick and retired priests), the Education and Vocations Fund (for the support of Catholic Schools and the education of students for the priesthood) and the Cathedral Fund (for the maintenance of the Diocesan Cathedral and its services).
- ii. Parish funds. Since each parish is an individual and autonomous entity, with the Parish Priest as Trustee, parish funds are by their nature restricted to the use of the parish. No parish funds are at the disposal of the Diocese or any other parish, unless by agreement between the Parish Trustee and the Diocesan Trustees, as is the case for Diocesan Levies, and then only where the purpose of these contributions is clearly defined and in accordance with the Charitable Objects.

Unrestricted Funds include monies donated or bequeathed to the Diocese for use at the discretion of the Bishop for the administration of the Diocese and the forwarding of the charitable Objects and Activities of the Diocese. Unrestricted funds are used to cover the running costs of the diocese.

Details of reserves held at year end are disclosed in note 14.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The governance of the Diocese is established by arrangements set out in the Trust Deed (signed 23 November 2016). The Diocesan Trustees are currently the Bishop, the Diocesan Secretary and the two Vicars General of the Diocese.

TRUSTEES' REPORT - continued

The Trustees meet annually to receive the Annual Report and financial statements. The Trustees met during 2019:

Trustee	14 June	18 October	5 November	18 November
Fr Joseph McGuinness		✓		
Fr Shane McCaughey		✓	✓	✓
Fr Peter O'Reilly	✓	✓	✓	✓
Bishop Larry Duffy	✓	✓	✓	✓

Unless otherwise stated, the Trustees were in office up to the date of approval of the financial statements.

The Trustees are advised and guided in the financial management and stewardship of the Charity by the Diocesan Finance Committee, a non-executive Committee comprising of ten members, six lay people and four senior clergy. Unless otherwise stated, the Finance Committee members were in office up to the date of approval of the financial statements.

Each parish is managed by a member of clergy who has been appointed with responsibility for that parish. Parishes are managed by a Parish Priest, or by a Priest Administrator. As required by Canon Law, he is assisted and advised by a Parish Finance Committee.

All Trustees are selected by the Bishop. The Bishop ensures that the trustees are given the training and resources to conduct their role appropriately. This is done in a number of ways, briefings, circulars, seminars, deanery conferences and the annual general conference.

INTERNAL CONTROL AND RISK MANAGEMENT

The Trustees are responsible for providing reasonable assurance that:

- the Diocese complies with relevant laws and regulations;
- the Diocese is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained, and financial information used within the Diocese or for publication is reliable; and
- the systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement of loss. They include:
 - a finance committee in place in every parish;
 - a number of guidelines are in place in parishes to ensure best practice in the relevant area is followed.
 These include child protection policies, administrative guidelines and HR and volunteer policies

The Diocesan and Parish Trustees are committed to becoming fully compliant with all charities regulations and to adopting and implementing required reporting standards.

The Auditors have made the Trustees aware of the need to strengthen cash controls in all parishes. In the light of this advice a standardised cash control policy was formulated and agreed upon. During 2017 all parishes were issued with the policy and also attended a workshop on how to implement practically the cash handling policy. The main objective of introducing the cash handling policy was to demonstrate control and good governance over collections taken up in churches. The cash handling policy provides for the collection and storage of cash in churches using pre-numbered tamper-proof bags and introduces a number of layers of segregation and rotation of duties throughout the cash counting, storage and lodgement process. It also introduced various physical safeguards, including CCTV in certain parishes.

Most parishes implemented the cash handling policy during 2017 with the remainder complying during 2018. However, it was noted as part of the audit findings during the 2018 external audit that while the new policies have been implemented in the vast majority of parishes, the documentation and evidence retained to support certain aspects of the cash control policy was not yet sufficient for audit purposes in a number of parishes and these would need to be adequately strengthened and documented for future audits. Workshops for parish teams were arranged for November and December 2019 to focus on the documentation and demonstration of the cash handling policy that will be fit for audit. Parishes have made huge progress in this area and the cash handling has been tested by the Auditors this year again. We had anticipated that the documentation for the 2019 would improve, however it was late

TRUSTEES' REPORT - continued

in 2019 when these workshops are taking place and it was our hope that 2020 would be the year that cash controls would be adequate for audit purposes. As mentioned below under the “financial impact of Covid-19”, complying with the Diocesan Cash Handling policy has been disrupted during 2020 and therefore while actions were taken by parishes early in 2020 to improve the cash handling in individual parishes in line with the procedures agreed at the workshops, the disruption caused by COVID-19 meant that it was more difficult to implement these measures fully, and therefore we envisage that it will be 2021 before parishes are fully compliant. As such it is our expectation that the historical qualification in relation to these matters which is referenced in the audit opinion will remain in place in the 2019 financial statements.

THE ROLE OF VOLUNTEERS

Volunteers are essential to parish life as they fulfil a wide variety of roles. These include formal ministries stemming from Vatican II, such as Extraordinary ministers of the Eucharist and Ministers of the Word. In recent years baptism teams have developed to support and guide parents at the time of their child's initiation into the church. Another feature of recent years has been the emergence of Funeral Teams in some parishes, to assist clergy and the bereaved in arranging funeral liturgies and providing bereavement support. In a different way, volunteers serve on committees such as parish pastoral councils and advise and assist priests in meeting the pastoral needs of the parish. In addition, the finance committee supports the priest by advising on financial, property and even employment and contractual matters in some cases. Other volunteers help manage parish centres and deliver services in the parish. Some volunteers have a less formal role such as cleaners, groundskeepers and florists. Many of these roles are time-consuming and in some cases are carried out by paid employees.

Post balance sheet

Coronavirus disease 2019 (COVID-19) is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The disease was first identified in 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing 2019–20 coronavirus pandemic. The earliest known infection occurred on 17 November 2019 in Wuhan, China. The World Health Organization (WHO) declared the 2019–20 coronavirus outbreaks a Public Health Emergency of International Concern (PHEIC) on 30 January 2020 and a pandemic on 11 March 2020. Covid 19 is considered to be a non-adjusting post balance sheet event.

We have considered the risks that coronavirus poses to the organisation and the actions we are taking to mitigate the impact, and these have been outlined in the extended COVID 19 – risks and uncertainties note, which has been included above in the trustees' report. We are satisfied that the various post balance sheet impacts of these risks have been adequately described. We are expecting a reduction in reserves for 2020, as income will have reduced but yet many costs remain. Despite early indications that investments will fall, in 2020 they have actually returned 0.8%. Other than COVID 19 there have been no significant events affecting the Charity since the financial year end.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for the preparation of the financial statements of the Charity which are set out on pages 16 to 31 in accordance with generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

The Trustees are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Charity and fund movements for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in FRS 102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

TRUSTEES' REPORT - continued

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Charity and to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by:

Larry Duffy
Bishop Larry Duffy

Shane McCaughey
Fr. Shane McCaughey

Date: 31/3/2021

Date: 31/3/2021

Independent auditors' report to the Trustees of the Roman Catholic Diocese and Parishes of Clogher

Report on the audit of the financial statements

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, the Roman Catholic Diocese and Parishes of Clogher's financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its net movement in funds and cash flows for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

We have audited the financial statements, included within the Annual Financial Report, which comprise:

- the Balance Sheet as at 31 December 2019;
 - the Statement of Financial Activities for the year then ended;
 - the Statement of Cash Flows for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for qualified opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

As disclosed in Note 3, Church collections and offerings, Trócaire income, renovation fundraising, Education and catechetics fundraising, parish draws and missalettes/books/shrines are significant sources of cash income for the Roman Catholic Diocese and Parishes of Clogher. The Roman Catholic Diocese and Parishes of Clogher has determined that in the year ended 31 December 2019 it was not possible to establish adequate controls over the collection of cash raised from these sources prior to entry into its financial records. Accordingly, as controls over completeness of such cash income were not adequate, we could not rely on these controls for the purpose of our audit. There were no other satisfactory audit procedures that we could adopt to confirm independently that all such cash income due to the charity was properly received.

Independence

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Financial Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities set out on page 12 and 13, the Trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (Ireland) 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 IAASA website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustees and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the charity, save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers
Chartered Accountants
Dublin
Date: 31 March 2021

STATEMENT OF FINANCIAL ACTIVITIES
Financial Year Ended 31 December 2019

		Unrestricted	Restricted	Total 2019	Total 2018
	Notes	€	€	€	€
Income and endowments from:					
Donations and legacies	3	4,971	7,711,044	7,716,015	7,606,564
Charitable activities	3	664	5,288,519	5,289,183	4,179,561
Investments	3	-	135,627	135,627	35,868
Other Income		-	51,829	51,829	638,665
Total		5,635	13,187,019	13,192,654	12,460,658
Expenditure on:					
Charitable activities	4	1,301	12,702,538	12,703,839	12,987,404
Raising funds	4	-	190,817	190,817	178,208
Other	4	-	-	-	57,430
Bank charges	4	44	54,929	54,973	53,829
Loan interest	4	-	111,916	111,916	96,354
Total		1,345	13,060,200	13,061,545	13,373,225
Net unrealised/realised (loss)/gain on investments		927	2,407,406	2,408,333	(636,220)
Net (expenditure)		5,217	2,534,225	2,539,442	(1,548,787)
Transfers between funds					-
Other gains/(losses)					-
Net movement in funds	14	5,217	2,534,225	2,539,442	(1,548,787)
Reconciliation of funds:					
Total funds brought forward		71,894	40,005,874	40,077,768	41,626,555
Total funds carried forward	14	77,111	42,540,099	42,617,210	40,077,768

BALANCE SHEET
As at 31 December 2019

	Notes	31 December 2019 Unrestricted Funds €	31 December 2019 Restricted Funds €	31 December 2019 Total Funds €	31 December 2018 Total Funds €
Fixed assets					
Tangible assets	6	-	10,178,033	10,178,033	11,037,958
Investments	7	<u>7,277</u>	<u>17,547,263</u>	<u>17,554,540</u>	<u>15,232,414</u>
		7,277	27,725,296	27,732,573	26,270,372
Current assets					
Debtors and prepayments	8	-	1,390,985	1,390,985	1,434,106
Cash at bank and in hand	12	<u>69,834</u>	<u>17,036,618</u>	<u>17,106,452</u>	<u>16,065,980</u>
Total current assets		69,834	18,427,603	18,497,437	17,500,086
Liabilities					
Creditors (amounts due within one year)	9	<u>-</u>	<u>(1,073,670)</u>	<u>(1,073,670)</u>	<u>(877,461)</u>
Net current assets		<u>69,834</u>	<u>17,353,933</u>	<u>17,423,767</u>	<u>16,622,625</u>
Total assets less current liabilities		77,111	45,079,229	45,156,340	42,892,997
Creditors (amounts due in more than one year)	10	<u>-</u>	<u>(2,539,130)</u>	<u>(2,539,130)</u>	<u>(2,815,229)</u>
Net assets		<u>77,111</u>	<u>42,540,099</u>	<u>42,617,210</u>	<u>40,077,768</u>
The funds of the charity					
General funds	14	<u>77,111</u>	<u>42,540,099</u>	<u>42,617,210</u>	<u>40,077,768</u>

Approved by:

+ Larry Duffy
Bishop Larry Duffy

Shane McCaughey
Fr Shane McCaughey

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2019

	Notes	2019 €	2018 €
Cash flows from operating activities:			
Net cash flows generated from operating activities	11	<u>962,464</u>	<u>(863,959)</u>
Cash flows from investing activities:			
Proceeds from the sale of property, plant and equipment		306,730	218,082
Purchase of property, plant and equipment		(69,566)	(389,632)
Purchase of investments/increase in investments		<u>96,557</u>	<u>136,872</u>
Net cash flows generated from/(used in) investing activities		<u>333,721</u>	<u>(34,678)</u>
Cash flows from financing activities:			
Cash inflow from new borrowings		82,426	1,522,393
Repayment of borrowings		<u>(338,139)</u>	<u>(507,857)</u>
Net cash flows used in financing activities		<u>(255,713)</u>	<u>1,014,536</u>
Net Increase in cash and cash equivalents		1,040,472	115,899
Cash and cash equivalents at beginning of the year	12	<u>16,065,980</u>	<u>15,950,081</u>
Cash and cash equivalents at end of the year	12	<u><u>17,106,452</u></u>	<u><u>16,065,980</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information and statement of compliance

(a) General information

The financial statements of the Roman Catholic Diocese and Parishes of Clogher includes the financial information for the curia and Parishes of the Diocese.

The CHY number is 7075. The CRA number is 20014452.

The entity name is registered under the name Parishes and Schools of the Diocese. The CRA register does not currently reflect the Trust Deed name of the organisation being The Roman Catholic Diocese and Parishes of Clogher.

The Roman Catholic Diocese of Clogher is located in the north of Ireland. Its territory includes all of the County of Monaghan and parts of Counties Fermanagh, Tyrone, Donegal, Louth and Cavan. The Diocese is almost evenly divided by the border between Northern Ireland and the Republic of Ireland. The seat of administration of the Diocese is in Monaghan. Address: Diocesan Office, Bishop's House, Monaghan, Co. Monaghan.

The Diocese is made up of 37 parishes - 20 in the Republic of Ireland, 15 in Northern Ireland and 2 which are divided by the border.

The governance of the Diocese is established by arrangements set out in the Trust Deed.

(b) Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the UK Financial Reporting Council. The entity financial statements comply with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Some but not all of the provisions of the Statement of Recommended Practice have also been applied to these financial statements.

2 Summary of significant accounting policies

(a) Basis of preparation

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the trustees to exercise their judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in the notes to these financial statements.

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The financial statements have been prepared in line with some but not all of the provisions of Charities SORP FRS 102.

(b) Going concern

The organisation meets its day to day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over the level of donations received. After making and having considered the impact of COVID-19 on our detailed cash forecasts for the period of at least 12 months from signing the financial statements, the trustees have a reasonable expectation that the Diocese and parishes has adequate resources to continue in operational existence for the foreseeable future. Therefore, these entity financial statements have been prepared on a going concern basis, applicable in the UK and Republic of Ireland' (FRS 102). Some but not all of the provisions of the Statement of Recommended Practice have also been applied to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(c) Fund accounting

The Diocese maintains various types of funds as follows:

Unrestricted funds

This represents unrestricted income which is expendable at the discretion of the trustees in the furtherance of the objects of the Diocese.

Restricted funds

Restricted Funds comprise

- (i) Monies donated or bequeathed to the Diocese for specific purposes, and which may only be used strictly for these purposes. Examples of these Restricted Funds include the Diocesan Clerical Fund (for the care and support of sick and retired priests), the Education and Vocations Fund (for the support of Catholic Schools and the education of students for the priesthood) and the Cathedral Fund (for the maintenance of the Diocesan Cathedral and its services).
- (ii) Parish funds. Since each parish is an individual and autonomous entity, with the Parish Priest as Trustee, parish funds are by their nature restricted to the use of the parish. No parish funds are at the disposal of the Diocese or any other parish, unless by agreement between the Parish Trustee and the Diocesan Trustees, as is the case for Diocesan Levies, and then only where the purpose of these contributions is clearly defined and in accordance with the Charitable Objects.

(d) Revenue recognition

(i) Donated income

Donations are recognised when received or receivable. Where the donor has requested the donation is spent for a particular purpose the income is included in the Statement of Financial Activity when the required performance criteria is met. Where the donation is unrestricted the income is included in the Statement of Financial Activity when received or receivable.

(ii) Bequest income

For bequests, entitlement is taken as the earlier of the date on which either: The Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the Charity has been notified of the executor's intention to make a distribution. Where bequests have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the bequest is treated as a contingent asset and disclosed if material.

(iii) Income from charitable activities

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

(iv) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. Please refer to the Trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(e) Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are included in the Statement of Financial Activity.

The value of financial instruments traded in active markets (such as publicly traded equities) is based on quoted market prices at the balance sheet date. The market valuations are provided to the investment advisors by a third-party pricing source. The value of the remaining financial instruments that are not traded in an active market is the lower of (a) the valuation as determined by the investment advisors using valuation techniques or (b) the estimated recoverable amount as determined by the Trustees.

(f) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions.

Gains and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the income and expenditure account.

(g) Expenditure and irrecoverable VAT

Certain expenditure is directly attributable to specific activities and has been included in those cost categories.

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of generating funds are those costs incurred in attracting voluntary income.
- Charitable activities include expenditure associated with the mission of the church and include both the direct costs and support costs relating to these activities together with primary purpose trading activities that raise funds.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents.

(i) Taxation

The Charity is exempt from taxation due to its charitable status.

(j) Tangible fixed assets

(i) Free hold land

Where ownership has been established, land is valued at fair value based on the current use value of the land as the Charity is in the not-for-profit sector. There is no land or buildings held for investment.

(ii) Free hold buildings: functional buildings (i.e., that are for the purpose of the charity and are still in use)

The original cost of buildings was not available therefore the Charity based its accounting policy on the insurance value of these assets as at 31 December 2017 which was then discounted back to the year of acquisition or construction using the consumer price index (the CPI was benchmarked at the earliest date available 1922) to arrive at the estimate of the acquisition cost. Where ownership has been established, this acquisition cost was then depreciated over the buildings useful life to arrive at its current net book value. This does not reflect the insurance value or the current market value of these assets.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(j) **Tangible fixed assets - continued**

(iii) **Computers and equipment, fixtures and fittings**

The Charity adopted a fixed asset accounting policy for the first time in 2017. Computers and equipment, fixtures and fittings are carried at cost or valuation less accumulated depreciation and impairments. Fixtures and fittings costing in excess of €5,000 are capitalised and depreciated over a period of 5 to 10 years. Computer equipment costing in excess of €1,000 is capitalised and depreciated over a period of 5 years.

Where the original cost of the assets was not readily available the Charity has based its opening book value, on the current insurance valuation of assets, discounted back to an estimate of cost using the relevant consumer price index.

(iv) **Heritage assets**

Heritage assets consist of assets that have a historic and artistic significance such as chalices, ciborium, treasures and works of art. A reliable cost is not available for these works of art and historic treasures and the Trustees believe that the cost of carrying out such an exercise would outweigh the benefit of this information to the user of the accounts therefore in accordance with SORP and FRS102 these assets have not been capitalised. These assets are not held for investment. They are part of the Charity's overall objectives to advance the Roman Catholic faith. They are not held for investments and the Charity does not actively seek to acquire or dispose of these assets.

(v) **Depreciation**

Land is not depreciated. Depreciation on the other assets is calculated using the straight –line method over the estimated useful lives, as follows:

	Years
Church	100 years
Freehold buildings	50 years
Office equipment, computer equipment and fixtures and fittings	10-5 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate at the end of each financial year.

(k) **Critical accounting estimates and assumptions**

The Trustees make estimates and assumptions concerning the future in the process of preparing the Charity's financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) **Useful economic lives of tangible fixed assets**

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 6 for the carrying amount of the tangible fixed assets and note 2 (j) for the useful economic lives for each class of tangible fixed assets.

(b) **Impairment of debtors**

The Trustees make an assessment at the end of each financial year of whether there is objective evidence that a debtor is impaired. When assessing impairment of debtors, the Trustees consider factors including the historical experience of cash collections from the debtor.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

(I) Financial instruments

The Charity has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases, and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including other creditors, and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other creditors, bank loans, and financial liability from arrangements that constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Income	2019 Unrestricted €	2019 Restricted €	2019 Total funds €	2018 Total funds €
(i) Donations and legacies				
Church collections and offerings	-	6,757,850	6,757,850	6,735,550
Renovation fundraising	-	872,060	872,060	739,678
Bequests	4,971	44,147	49,118	76,882
Education and catechetics fundraising	-	36,987	36,987	54,454
Total donations and legacies	4,971	7,711,044	7,716,015	7,606,564
(ii) Income from charitable activities				
Schools capital grants/(NI)	-	2,076,700	2,076,700	1,192,950
Retreats (including St. Patrick's Purgatory, Lough Derg)	664	1,116,241	1,116,905	1,122,371
Parish draws	-	499,211	499,211	493,053
Missalettes/books/shrines	-	513,639	513,639	453,181
Rental income	-	326,744	326,744	272,294
Lourdes	-	245,403	245,403	237,513
Trócaire income	-	285,958	285,958	275,905
Clogher don Oige events	-	48,350	48,350	29,840
Other activities	-	176,273	176,273	102,454
Total charitable activities	664	5,288,519	5,289,183	4,179,561
(iii) Investment income				
Investment income	-	135,627	135,627	35,868
(iv) Other income				
Sale of fixed assets	-	40,032	40,032	213,436
Other income	-	11,797	11,797	425,229
	-	51,829	51,829	638,665

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Analysis of expenditure	2019 Unrestricted €	2019 Restricted €	2019 Total funds €	2018 Total funds €
(i) Expenditure on charitable activities				
General repairs and maintenance	246	2,362,689	2,362,935	2,149,405
Payment for Schools capital/projects (NI)	-	2,088,829	2,088,829	1,231,008
Administration and support costs	-	3,087,794	3,087,794	2,865,914
Renovation projects	-	1,195,596	1,195,596	2,379,751
Clerical payments (incl sick & retired)	-	1,971,322	1,971,322	1,878,862
Foreign exchange loss/(gain)	-	(309,220)	(309,220)	44,501
Deprecation	-	662,793	662,793	663,956
Trócaire	-	298,854	298,854	293,657
Lourdes	-	268,816	268,816	249,373
Courses/retreats	-	210,200	210,200	224,398
Special appeals payments	1,055	97,431	98,486	157,015
Missalettes/booklets	-	131,966	131,966	140,029
Clogher don Óige events	-	53,080	53,080	30,372
Education/Catechetical/				
Vocation payments	-	77,994	77,994	186,199
Up-keep of Diocesan Houses	-	98,627	98,627	68,859
Shrine/statue maintenance	-	63,364	63,364	58,317
Episcopal conference	-	63,315	63,315	59,381
Accord, marriage tribunal, cura	-	48,264	48,264	33,457
Safeguarding	-	10,249	10,249	14,944
Pastoral/resources	-	64,051	64,051	60,346
Other charitable activities	-	156,524	156,524	197,660
	<u>1,301</u>	<u>12,702,538</u>	<u>12,703,839</u>	<u>12,987,404</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Analysis of expenditure – continued	2019 Unrestricted €	2019 Restricted €	2019 Total funds €	2018 Total funds €
(ii) Fundraising costs				
Parish draw costs/prizes	-	190,817	190,817	178,208
(iii) Other expenses				
Other expenses	-	-	-	57,430
(iv) Bank charges				
Bank fees	44	54,929	54,973	53,829
(v) Loan interest				
Loan interest	-	111,916	111,916	96,354

5 Trustees, employees and related party transactions

(i) Payroll: wages and salaries	2019 €	2018 €
Gross wages and salaries	1,660,388	1,436,760
Employer's National Insurance Contributions	146,735	126,972

The average number of employees, (both full-time and part-time), by the charity during the year was 218 (2018: 211):

	2019	2018
Parish	112	103
Other	106	108
	218	211

Voluntary workers

In addition to employees, the Charity has a number of unpaid volunteers who help in the year.

Priests

In addition to employees, there were 72 priests (2018: 72) attached to the Diocese of which 61 (2018: 60) were in active ministry.

Key management personnel

The key management personnel of the Charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the Trustees.

Trustees do not receive any remuneration by virtue of their positions as trustees. Trustees who are Roman Catholic priests of the Diocese of Clogher are housed and remunerated in their parishes and are reimbursed expenses for carrying out their priestly duties in the same way as priests who are not trustees.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Trustees, employees and related party transactions - continued

Trustees received no travel expenses in their capacity as trustees during the year.

No employees were paid annual remuneration in excess of €70,000 during the period.

There were no loans advanced to Trustees during the year and no loans outstanding on 31 December 2019.

Voluntary workers

In addition to employees, the Charity has a number of unpaid volunteers who help in a number of capacities.

6 Tangible fixed assets	Land and Buildings	Computers and equipment, fixtures and fittings	Total
	€	€	€
Cost or valuation			
At 31 December 2018	29,338,340	3,224,830	32,563,170
Additions	37,627	31,938	69,565
Disposals	(371,224)	(41,248)	(412,472)
At 31 December 2019	<u>29,004,743</u>	<u>3,215,520</u>	<u>32,220,263</u>
Accumulated depreciation			
At 31 December 2018	19,208,001	2,317,211	21,525,212
Depreciation charge for the financial year	429,500	233,293	662,793
Depreciation on disposals	(104,531)	(41,244)	(145,775)
At 31 December 2019	<u>19,532,970</u>	<u>2,509,260</u>	<u>22,042,230</u>
Net book value amount			
Net book value at 31 December 2018	<u>10,130,339</u>	<u>907,619</u>	<u>11,037,958</u>
Net book value at 31 December 2019	<u>9,471,773</u>	<u>706,260</u>	<u>10,178,033</u>

7 Investments	2019 €	2018 €
The analysis of investments is as follows:		
Curia	16,154,897	14,092,884
Parish	<u>1,399,643</u>	<u>1,139,530</u>
Investments	<u>17,554,540</u>	<u>15,232,414</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Debtors	2019 €	2018 €
Prepayments	243,668	214,862
Other debtors	1,147,316	1,219,244
	<u>1,390,984</u>	<u>1,434,106</u>

€

Bad debt provision

At 31 December 2018

-

At 31 December 2019

-

Interest free loans

At 31 December 2018

175,000

At 31 December 2019

254,000

The loans are granted to Boards of Management of local schools and are expected to be repaid by 2022.

9 Creditors: amounts falling due within one year	2019 €	2018 €
Current bank loans	(445,278)	(424,894)
Accruals	(242,642)	(94,383)
Trade creditors	(17,640)	(15,415)
Third party loans	(90,000)	(90,000)
Other creditors	(228,603)	(210,636)
Payroll taxes	(49,507)	(42,133)
	<u>(1,073,670)</u>	<u>(877,461)</u>

10 Creditors: amounts falling due after one year	2019 €	2018 €
Long term bank loans	<u>(2,539,130)</u>	<u>(2,815,229)</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued

11 Reconciliation of (expenditure)/net income to net cashflow from operating activities	2019	2018
	€	€
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,539,441	(1,548,785)
Adjustments for:		
Depreciation charges	662,793	663,956
Gain/(loss) on investments	(2,408,333)	636,220
Dividends	(10,352)	-
Profit on the sale of fixed assets	(40,032)	(213,436)
Decrease/(increase) in debtors	43,121	(393,805)
Increase/(decrease) in creditors	175,826	(8,109)
Net cash generated by/(used in) operating activities	962,464	(863,959)

12 Analysis of cash and cash equivalent	2019	2018
	€	€
Cash in hand	9,785,570	9,624,480
Notice deposits	7,320,882	6,441,500
	17,106,452	16,065,980

13 Comparative figures

Certain 2018 figures have been amended to reflect classification changes for comparative purposes.

14 Reserves			2019 €	2018 €
Total opening funds			40,077,768	41,626,555
Net movement in funds			2,539,442	(1,548,787)
General funds carried forward			<u>42,617,210</u>	<u>40,077,768</u>
Split as follows:				
Unrestricted			77,111	71,894
Restricted			<u>42,540,099</u>	<u>40,005,874</u>
			<u>42,617,210</u>	<u>40,077,768</u>
	Unrestricted €	Restricted €	2019 €	2018 €
Reserves	<u>77,111</u>	<u>42,540,099</u>	<u>42,617,210</u>	<u>40,077,768</u>
Parish (incl. Lough Derg)	-	22,965,297	22,965,297	22,789,027
Curia	<u>77,111</u>	<u>19,574,802</u>	<u>19,651,913</u>	<u>17,288,741</u>
	77,111	42,540,099	42,617,210	40,077,768

15 Parish Priests in the Diocese of Clogher as at 31 December 2019

Parish of Monaghan – Rev Patrick McGinn Adm.
Parish of Arney – Rev Seamus Quinn P.P.
Parish of Aughnamullen East – Rev Shane McCaughey Adm.
Parish of Ballybay – Rev Owen J. McEneaney P.P.
Parish of Belleek-Garrison – Rev Tiernach Beggan P.P.
Parish of Brookeboro – Rev Brendan Gallagher P.P.
Parish of Bundoran – Rev Ramon Munster P.P.
Parish of Carrickmacross – Rev Joseph McGuinness Adm
Parish of Castleblaney – Rev Shane McCaughey P.P.
Parish of Clogher – Rev Noel McGahan P.P.
Parish of Clones – Rev Richard Mohan P.P.
Parish of Clontibret – Rev Paudge McDonnell P.P.
Parish of Corcaghan – Rev Adrian Walshe P.P.
Parish of Derrygonnelly – Rev Cathal Deery P.P.
Parish of Donagh – Rev Hubert Martin P.P.
Parish of Donaghmoyne – Rev Michael Daly P.P.
Parish of Dromore – Rev Patrick MacEntee P.P.
Parish of Ederney – Rev Frank McManus P.P.
Parish of Enniskillen – Rev Peter O'Reilly P.P.
Parish of Errigal Truagh – Rev John Flanagan P.P.
Parish of Eskra – Rev Noel McGahan P.P.
Parish of Fintona – Rev James Moore P.P.
Parish of Inniskeen – Rev Martin Treanor P.P.
Parish of Irvinestown – Rev Kevin Duffy P.P.
Parish of Killanny – Rev Martin Treanor P.P.
Parish of Killeevan – Rev Peter Corrigan P.P.
Parish of Latton – Rev Owen J. McEneaney Adm.
Parish of Lisnaskea – Rev Jimmy McPhillips P.P.
Parish of Magheracloone – Rev Joseph McGuinness Adm.
Parish of Newtownbutler – Rev Jimmy McPhillips Adm.
Parish of Pettigo – Rev Laurence Flynn Adm.
Parish of Rockcorry – Rev Owen J. McEneaney Adm.
Parish of Roslea – Rev John Chester P.P.
Parish of Tempo – Rev John Halton P.P.
Parish of Trillick – Rev Pdraig McKenna P.P.
Parish of Tydavnet – Rev Stephen Joyce P.P.
Parish of Tyholland – Rev Patrick McGinn Adm Rev Joseph McGuinness Adm.

16 Post balance sheet

Coronavirus disease 2019 (COVID-19) is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The disease was first identified in 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing 2019–20 coronavirus pandemic. The earliest known infection occurred on 17 November 2019 in Wuhan, China. The World Health Organization (WHO) declared the 2019–20 coronavirus outbreaks a Public Health Emergency of International Concern (PHEIC) on 30 January 2020 and a pandemic on 11 March 2020. Covid 19 is considered to be a non-adjusting post balance sheet event.

As mentioned in the Trustees Report above, we have considered the risks that coronavirus poses to the organisation and the actions we are taking to mitigate the impact. We are satisfied that the various post balance sheet impacts of these risks have been adequately described. We have reviewed our forecasts and are expecting a reduction in reserves for 2020, as income will have reduced but yet many costs remain e.g., Insurance, Heating of listed buildings, Churches etc. Investments have returned an unrealised gain of 0.8% for the year to December 2020 and have continued to perform strongly in 2021. Other than COVID 19 there have been no significant events affecting the Charity since the financial year end.

17 Approval of financial statements

The financial statements were approved and authorised for issue by the board of trustees on 30 MARCH 2021 and were signed on its behalf on that date.