

Roman Catholic Diocese and Parishes of Clogher

Annual Financial Report

Financial Year Ended 31 December 2021

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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 Michael Duffy
Mr Martin McVicar
Mr Fintan Timoney
Mr Cormac Meehan
Mr Eamonn McArdle (Resigned on 12 Oct 2021)
Mrs Caitriona Loneragan (Appointed on 30 Mar 2021)
Mr Tom McGrade (Appointed on 30 Mar 2021)

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

Davy

Davy House
49 Dawson 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 2021 provide an overview of the funds held by the Diocese of Clogher and the use of these funds in 2021. These are curial and parish accounts and includes the financial activities and balance sheet of the curia and parishes of the Diocese.

CHARITABLE OBJECTIVES 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 OBJECTIVES 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 the promotion of the Catholic faith and its teaching, encompassing the pastoral ministry of the clergy of the Diocese to the people in their parishes through the provision for public worship and the celebration of the sacraments. Important elements of this are the regular celebration of the Eucharist and the care of the sick as well as celebration of the rites of Baptism, Confirmation, Marriage, and Funerals. This work is supported by many lay people who undertake ministerial and administrative roles, mostly on a voluntary basis.

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. Parishes are encouraged to have structures in place so as to give expression to the collaborative nature of ministry in practical terms and enable co-responsibility for the life of the parish between clergy and lay faithful. This is becoming more important all the time.

Since March 2020 and throughout much of 2021, the onset of the Coronavirus Covid-19 severely hampered the activities of the diocese and all its parishes and associated bodies. It forced a complete re-appraisal of the way in which our liturgies were celebrated and outreach to parishioners and others is undertaken. It also hampered the financial aspects of diocesan and parish life.

The structured dialogue about the future and how the mission of the Church in this can be delivered and grown took on a new lease of life with the announcement in March 2021 by the Irish Catholic Bishops that the Church would embark on a Synodal Pathway. The word 'synod' means a journeying together in discernment. Therefore, the synodal pathway is a journey forward in which the People of God will discern where the Holy Spirit is leading the Church into the future and what steps need to be taken to enable that. This is an inclusive process which will take several years and will include much dialogue and reflection at all levels. It will also correlate to a similar synodal initiative which Pope Francis has inaugurated for the universal Church, a process that will bring the local consultations and discernment to continental and universal levels during the next number of years. The fact that this discernment is

TRUSTEES' REPORT - continued

ACTIVITIES - continued

happening at local, national, continental, and universal levels, is an important support for what will be happening here in the Diocese of Clogher as we reflect on what God wants of us and his Church.

This new pathway built on the 'Clogher Diocese in Dialogue' initiative inaugurated locally by Bishop Duffy in 2020. A new Steering Group was established to bring this forward in the diocese. This Steering Group consisted of some of those who were involved with the earlier initiative, thus enabling a degree of continuity. To these were added others with particular gifts and expertise in dialogue and reflection as well as experience in strategizing. This new Steering Group is chaired by a lay woman. The Bishop also appointed a priest to be the Director of the Synodal Pathway in 2021.

The ongoing work of the Diocesan Youth Ministry organisation, *Clogher don Óige*, included the organisation of summer camps, pilgrimages and leadership training was again severely impacted by Covid-19. Nonetheless, the Director played a key role in collaborating with others in providing prayer and other resources to young people and through assistance in organising another virtual pilgrimage to Lourdes, due to the fact that the annual Lourdes Pilgrimage was again cancelled due to the pandemic. Some *Clogher don Óige* personnel took part in the concluding liturgy of this virtual pilgrimage.

As noted above, the annual pilgrimage to Lourdes was cancelled for 2021, (the pilgrimage to Lourdes was also cancelled for 2022 as circumstances did not allow safe travel and care for assisted pilgrims). The virtual pilgrimage was conducted via a dedicated website – www.lourdes2clogher.com and social media platforms. The Masses and other pilgrimage events were held in churches around the diocese and livestreamed. This once again demonstrated the huge potential of social communications to the life of the diocese.

A completely new development in 2021 was the developing and delivery of an online Way of the Cross during Lent. This digital production was produced by members of the Diocesan Liturgy Commission and the Director of Communications and featured a range of people from a variety of churches around each of the 7 Pastoral Areas of the Diocese. It enabled people to join in prayerful meditation of the Passion and Death of our Saviour, Jesus Christ. It provided an opportunity for many lay people to lead us in prayer and it allowed people from all over the diocese to get to know and see online some of the beautiful churches we have. There was a very positive response to the prayer moment, with numbers viewing it reaching in excess of 20,000. Such was the response, that the moment was repeated on Good Friday 2021. All of this shows that the place of prayer and the local Church in our communities is still important and especially so in times of special need.

The annual pilgrimage season at Lough Derg had to be cancelled again for 2021. Instead, and in keeping with the ancient tradition, the Prior went to the island at the beginning of June and remained there for each day of the pilgrimage season, praying for the intentions of pilgrims. The pilgrimage around the lakeshore was held again in 2021. This pilgrimage takes the form of an ancient walkway being used by pilgrims, just as was the case in days past when Catholics were prevented from going to Lough Derg through persecution. During 2021, Lough Derg explored lots of alternative ways of reaching out to pilgrims, developing its digital communications strategy. A restricted residential retreat was offered during 2021, with only 4 such retreats offered. These were 4-day retreats, numbers catered for did not exceed 16 and 2 out of the 4 retreats were designed for young adults.

The ongoing work of the Diocesan Youth Ministry organisation, *Clogher don Óige*, included the organisation of summer camps, pilgrimages and leadership training was again severely impacted by Covid-19. Nonetheless, the Director played a key role in collaborating with others in providing prayer and other resources to young people and through assistance in organising another virtual pilgrimage to Lourdes, due to the fact that the annual Lourdes Pilgrimage was again cancelled due to the pandemic. Some *Clogher don Óige* personnel took part in the concluding liturgy of this virtual pilgrimage.

Another important development in the area of faith formation was the inception in 2021 of "Hearts on Fire", an online catechetical tool for young adults and their parents/guardians in preparation for the Sacrament of Confirmation. This was pioneered by St Michael's Parish, Enniskillen in conjunction with the Diocesan Liturgy

TRUSTEES' REPORT - continued

ACTIVITIES - continued

Commission. There was an almost 100% uptake on this by parishes. To complete the process, Bishop Duffy led an online Service of Light in St Macartan's Cathedral in April 2021.

There was a huge increase in the capital projects for Catholic Maintained Schools in Northern Ireland. The School Capital Grant income and expenditure was much greater in 2021 than 2020, reflecting the return to school after the closures experienced in 2020 due to Covid-19 restrictions. The work carried out generated income (and expenditure) from School Capital Projects of c€4.6m a substantial increase on the works carried out in 2020 of c€1.6m. All 15 parishes in Northern Ireland and the 2 parishes which are divided by the border carried out capital projects on their schools. The spend ranged from St Macartan's Primary School (PS), in Clogher parish spending c€4,000 to all schools in Aghalurcher Parish – St. Mary's PS c€155,500 on school adaptations and traffic management; St. Kevin's College c€2m on various upgrades to buildings and new prefabs; and St. Ronan's PS, c€427,800 on extensions to the school and a special educational needs hygiene room.

Work on restoring the fabric of St Macartan's Cathedral which began in 2019 continued in 2021. St Macartan's Cathedral was built between 1861 and 1892 and the grounds were completed in the 1940s. It is a Protected Structure of regional significance. The restoration work involves vital repairs to parts of the roof. During 2019 and 2020, funding of €100,000 towards this project was received from the Irish Heritage Council through Monaghan Co

Council. This initial phase of the restoration project is concentrated on the parts of the building most in need of critical attention. In May 2021 the Historical Structures Fund 2021 announced a further €160,000 award to the Cathedral to be phased over 2 years and to be used towards restoration of the "Rose Window" over the main entrance to the Cathedral.

Other important activities in the Diocese included:

- 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 question of climate change is central to the Gospel. The Season of Creation in September and early October of each year is marked in parishes across the Diocese.
- 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 2021
- Promotion of Vocations to Priesthood, Diaconate and Religious Life
- Collaborative work on Church initiatives through the Irish Episcopal Conference (IEC) and inter-diocesan contacts.

Assessment of Risk and Uncertainties

During the period of restrictions imposed by the Covid 19 pandemic every action was taken to protect the safety and wellbeing of our staff and members. These restrictions continued into 2021 and have left a lasting effect on public worship with many elderly and vulnerable members not returning to public worship. Community life had become fractured by the pandemic and people are still hesitant about meeting. The impact on the congregation has been felt by their absence. 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 2021 however there has been a strong emphasis that this situation must be corrected and that the precise cash handling rules must return in 2022.

Our investments are ethically managed and fossil free funds with State Street Global Advisors and Davys. The return over the 2021 has been strong as we bounced back from Covid, investment returning 14% for the financial year 2021 (see note 7 in the Notes to the Financial Statements below). The outlook for 2022 is very poor with uncertainty rife

TRUSTEES' REPORT - continued

in the markets as a result of the ongoing war in Ukraine and the energy crisis, returns to the end of October 2022 at (10%).

Assessment of Risk and Uncertainties – continued

Strong management of overheads continued in 2021 and significant challenges lie ahead in the coming years when we consider the impacts the war in Ukraine is having on markets and the current energy crisis we are all facing. The increased costs are making it financially difficult for parishes to continue heating buildings used not only by worshippers but also community groups and charities. 75% of our churches in the Diocese are listed buildings and as such have vast maintenance requirements within very stringent preservation rules. The Diocesan Finance Committee are currently reviewing measures that could be considered to soften the impact of these costs on Parishes and the Catholic bishops have called for State energy supports announced as part of the Budget to be extended to include community facilities which are not grant aided, including parish centres, community halls and church building themselves.

Notwithstanding some of the challenges outlined above, the Trustees have reasonable confidence 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.

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 2021 was €4m. This is an increase of €4.7m on the 2020 result (2020 loss of €0.7m).

In the year that continued to be affected by Covid-19, the result for 2021 is one that is greatly appreciated and was not forecast.

Overall, income and endowments totalled €14.4m, an increase of €4.1m on the previous year. Expenditure was €13.2m, an increase of €2m on the previous year. however, it is better to look at income in more detail as there has been a huge increase in income (and spend) for School Capital Grants for Northern Irish Schools from the Dept of Education NI. The works have already been mentioned in the Trustees Activity Report above. It is useful to isolate these income and expenditure figures from the results as they inflate the financial results.

Also worth considering is that of the €4m movement of funds, unrealised return on investments in the year was €2.7m. This is an increase of €2.6m on 2020 unrealised returns. Indications during 2021 had been very positive and a strong finish for the financial year 2021 was expected and delivered with a return of c14% on most investments. These returns are unrealised, non-cash items. These investments are monitored closely and after the difficulties of 2020 returned exceptionally well for 2021 however the markets in 2022 are as unsettled as those in 2020 albeit for different reasons and markets are volatile, as at the 31 of October 2022 the returns on these investments are a negative 10%.

Funding sources are detailed in note 3 on page 26.

TRUSTEES' REPORT - continued

FINANCIAL REVIEW - continued

When we adjust the income figure for School Capital Projects and the unrealised gain on investments the results are:

Income and endowments from:	<u>2021</u>	<u>2020</u>
Donations and legacies	6,931,390	6,441,095
Charitable activities	2,546,512	2,249,838
Investments	12,746	23,790
Other Income	<u>302,626</u>	<u>59,356</u>
Total	9,793,274	8,774,079
Expenditure on:	<u>2021</u>	<u>2020</u>
Charitable activities	8,198,803	9,247,029
Raising funds	153,494	160,608
Other	-	20,000
Bank charges	44,938	45,952
Loan interest	<u>91,940</u>	<u>104,852</u>
Total	8,489,175	9,578,441
Net unrealised gains/(losses) on investments	-	-
Net income (expenditure)	1,304,099	(804,362)

Donations and legacies income have increased overall by €0.5m on the previous year. Included under this category of income is the church collections and offerings which accounts for the increase. Historically this income has been generated by taking up the traditional basket collection (i.e. a basket sent around the congregation during the "Liturgy of the Eucharist-the Offertory prayers" part of the mass celebration). With Covid restrictions in place from March 2020, attendance at the Mass celebration were prohibited for a time and afterwards the numbers attending Mass were curtailed. This had a massive impact on the income from "church collections and offerings" for 2020 (€5.4m) and has since improved for 2021 (€6m) albeit not to the pre-Covid levels of income of (c€6.7m). Alternative means were found to assist with collections, e.g., fixed collection points installed in churches, standing orders set up by Parishioners, online donations such as "iDonate". It is uncertain if the Diocese will return to pre-Covid income levels generated via church collections and offerings.

Income from charitable activities have increased overall by €3.3m on the previous year.

As mentioned previously, included in this category of income is School Capital Grants for Catholic Maintained Schools in Northern Ireland. The income generated was €3m greater in 2021 than 2020. The School Capital Grant income and expenditure was much greater in 2021 than 2020, reflecting the need to return to school after the closures experienced in 2020 due to Covid-19 restrictions. 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

TRUSTEES' REPORT - continued

FINANCIAL REVIEW - continued

normally offset by payments on School Capital/Projects recorded under Expenditure on Charitable Activities. In 2021 this income was marginally less than the expenditure as one parish received a bill that had been previously granted but the invoice had not been paid until 2021. These differences occur from time to time.

The figures adjusted in page 8 above reflect the charitable activities income adjusted for School Capital Grants, this changes the figures to reflect an increase year on year of €0.3m.

Trócaire income falls into this category of income from charitable activities, this income increased by €0.14m. As a Diocese, we are committed to supporting Trócaire. During 2021 we took up the annual Lenten Trócaire collection and a second East Africa Emergency Appeal in November 2021. This second collection was to support Trócaire in providing life-saving aid to vulnerable communities in East Africa and DRC, where millions of people are being pushed to the edge of starvation. In 2020 there was only one collection, the annual Lenten Trócaire collection. This money is transferred to Trócaire as early as possible, generally in the year of receipt.

Income from charitable activities also includes income from Other Activities which are mainly grants or wage subsidies received from DEASP under the Wages Subsidy Scheme and Revenue/HMRC under the Covid-19 Wages Subsidy Schemes, this income remained strong and similar to that of 2020 increasing by €0.07m in 2021. Along with Lough Derg/St Patrick's Purgatory and the Curia Office there were 12 other Parishes that continued to receive these grants. In ROI the full rate of Employers PRSI was reinstated on 1 March 2022 and Employer Wages Subsidy Scheme ended 30 April 2022. In NI the Coronavirus Job Retention Scheme ended on 30 September 2021.

In May 2021 the Historical Structures Fund 2021 announced a further €160,000 award to the Cathedral to be phased over 2 years and to be used towards restoration of the "Rose Window" over the main entrance to the Cathedral, €0.09m was received in 2021 and the remainder is due for allocation by the Historical Structures Fund in 2022.

Income from Interest on Investment, this income which is a small amount based on dividends received and bank interest on savings and on current accounts. Banks have moved to charge negative interest on bank balances so there has been a drive to move cash balances at banks to Investments such as State Street and Davys.

Expenditure is detailed in note 4 on pages 27 to 28.

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 increased in 2021, however they are lower compared to 2021 income of €14.4m (unlike the 2020 expenditure of €11.1m against €10.3 income). The biggest increase in expenditure was on charitable activities which accounts for all of the increase and more as there were some reductions within charitable activity expenditure. The most notable increase in spend was School capital payments which has been explained above.

Figures adjusted on page 8 to reflect results when we adjust for School capital expenditure this figure show an overall decrease in expenditure of €1.1m and the majority of this decrease to be found in the adjusted Charitable Activities.

The most notable cost decreases are:

- a) Administrative and support costs were €2.4m in 2021 compared to €2.5m in 2020. There have been savings again this year in staff related costs due to the Covid-19 restrictions.
- b) Lourdes pilgrimage in 2021 as the pilgrimage was cancelled.
- c) Few retreats, mainly Lough Derg/St. Patrick's Purgatory took place and online alternatives offered; this cost reduced again in 2021.
- d) Renovation costs also reduced in 2021 given the uncertainty over the ability to generate income most new renovations were put on hold in 2021. Renovation costs were €0.7m in 2021 compared to €1.1m in 2020.

TRUSTEES' REPORT - continued

FINANCIAL REVIEW - continued

e) Foreign exchange gain, was €0.4m for 2021 against a loss of €0.3m for 2020 (in 2021 the gain is reported with expenditure). This is due to a significant movement in the exchange at the 31st December 2021 (Euro to GBP

0.84028) compared to the 31st December 2020 (Euro to GBP 0.89903), which favourably affects the restating of GBP balances in our accounts.

The most notable increase is:

f) General repairs and maintenance costs increased in 2021, in 2021 they were €2.3m compared to €2.1m in 2020. Increases are due to return to providing services even though the numbers attending were restricted. Included in repairs and maintenance costs is electricity charges which also increased in price in 2021. The electricity price rise is linked to the increase of wholesale energy prices globally which started in 2021 in the wake of the Covid-19 pandemic and the growing international demand.

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 in 2021, delivering an unrealised gain of €2.7m. This return is reflected in the actions taken by the investment houses and the markets bouncing back after the poor returns caused in 2020 by the Covid-19 pandemic. The investment committee examines all investments and outcomes. A policy has been drawn up in line with the Laudato Si' Movement which encourages the Catholic community to make prophetic decisions like aligning one's investment policy with the teachings of the Church on the need to move away from fossil fuels. There is an acknowledgement that the investments and the Diocese at large must examine the carbon footprint we are leaving on the earth, and this must be addressed sooner rather than later.

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 2021 with reference to most of the recommendations of 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.

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 2022 and beyond, subject to the general health situation resultant from the pandemic. During 2022 the following work will be included among the projects undertaken:

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. Subject to the health restrictions, 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.

TRUSTEES' REPORT - continued

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.

The Trustees meet annually to receive the Annual Report and financial statements. The Trustees met during 2021:

Trustee	31 March	9 June	12 October	15 December
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 several 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;

TRUSTEES' REPORT - continued

INTERNAL CONTROL AND RISK MANAGEMENT – continued

- 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. As mentioned above every effort was made during the last number of years to comply with the cash control policy. It is hoped that in 2022 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 2021 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

As mentioned above the war in Ukraine and the energy crisis has placed the Diocesan investments in a very precarious state with investment market very volatile at the moment. We have sought assurances from our investment advisors during September 2022 and have been advised that the long-term outlook is still strong, however unstable the short-term seems.

The energy crisis is also under consideration as much will have to be done. Irish inflation has increased by 8.6% in the year to September 2022 and it is estimated that energy inflation is away above that are c38%. This will have a huge financial impact on parishes and action taken to limit this will be addressed.

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 30 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


STATEMENT OF TRUSTEES' RESPONSIBILITIES - 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:


Bishop Larry Duffy


Fr. Shane McCaughey

Date: 18/11/2022

Date: 18/11/2022



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 2021 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 2021;
 - 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 to the financial statements, Church collections and offerings, Trócaire income 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 2021 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

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 charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

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

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

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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
22 November 2022

STATEMENT OF FINANCIAL ACTIVITIES
Financial Year Ended 31 December 2021

		Unrestricted	Restricted	Total 2021	Total 2020
	Notes	€	€	€	€
Income and endowments from:					
Donations and legacies	3	-	6,931,415	6,931,415	6,441,095
Charitable activities	3	-	7,164,408	7,164,408	3,820,489
Investments	3	-	12,746	12,746	23,790
Other Income		-	302,625	302,625	59,356
Total		-	14,411,194	14,411,194	10,344,730
Expenditure on:					
Charitable activities	4	1,000	12,871,403	12,872,403	10,812,491
Raising funds	4	-	153,494	153,494	160,605
Other	4	-	0	0	20,000
Bank charges	4	501	44,436	44,937	45,952
Loan interest	4	-	91,940	91,940	104,852
Total		1,501	13,161,273	13,162,774	11,143,900
Net unrealised/realised gain on investment		959	2,708,135	2,709,094	139,792
Net Income/(Expenditure)		(542)	3,958,056	3,957,514	(659,378)
Transfers between funds		-	-	-	-
Other gains/(losses)		-	-	-	-
Net movement in funds	14	(542)	3,958,056	3,957,514	(659,378)
Reconciliation of funds:					
Total funds brought forward		77,007	41,880,825	41,957,832	42,617,210
Total funds carried forward	14	76,465	45,838,881	45,915,346	41,957,832

BALANCE SHEET
As at 31 December 2021

	Notes	31 December 2021 Unrestricted Funds €	31 December 2021 Restricted Funds €	31 December 2021 Total Funds €	31 December 2020 Total Funds €
Fixed assets					
Tangible assets		-	9,098,233	9,098,233	9,678,872
Investments	7	8,287	23,441,863	23,450,150	19,354,263
		<u>8,287</u>	<u>32,540,096</u>	<u>32,548,383</u>	<u>29,033,135</u>
Current assets					
Debtors and prepayments	8	-	1,056,484	1,056,484	1,229,145
Cash at bank and in hand		68,178	15,269,365	15,337,543	15,289,265
Total current assets		<u>68,178</u>	<u>16,325,849</u>	<u>16,394,027</u>	<u>16,518,410</u>
Liabilities					
Creditors (amounts due within one year)	9	-	(963,691)	(963,691)	(1,261,879)
Net current assets		<u>68,178</u>	<u>15,362,158</u>	<u>15,430,336</u>	<u>15,256,531</u>
Total assets less current liabilities		76,465	47,902,254	47,978,719	44,289,666
Creditors (amounts due in more than one year)	10	-	(2,063,373)	(2,063,373)	(2,331,834)
Net assets		<u>76,465</u>	<u>45,838,881</u>	<u>45,915,346</u>	<u>41,957,832</u>
The funds of the charity					
General funds	14	<u>76,465</u>	<u>45,838,881</u>	<u>45,915,346</u>	<u>41,957,832</u>

Approved by:

Bishop Larry Duffy

Larry Duffy

Shane McCaughey
Fr Shane McCaughey

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2021

	Notes	2021 €	2020 €
Cash flows from operating activities:			
Net cash flows generated from operating activities	11	<u>1,623,777</u>	<u>233,991</u>
Cash flows from investing activities:			
Proceeds from the sale of property, plant and equipment		273,965	414
Purchase of property, plant and equipment		(84,683)	(166,396)
Purchase/(sale) of investments		<u>(1,377,704)</u>	<u>(189,020)</u>
Net cash flows (used in)/generated from investing activities		<u>(1,188,422)</u>	<u>(355,002)</u>
Cash flows from financing activities:			
Cash inflow from new borrowings		58,895	-
Repayment of borrowings		<u>(445,972)</u>	<u>(224,883)</u>
Net cash flows used in financing activities		<u>(387,077)</u>	<u>(224,883)</u>
Net (decrease)/increase in cash and cash equivalents		48,278	(345,894)
Cash and cash equivalents at beginning of the year		<u>15,289,265</u>	<u>15,635,159</u>
Cash and cash equivalents at end of the year		<u><u>15,337,543</u></u>	<u><u>15,289,265</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 long-term impact of COVID-19 and on how the numbers attending worship have not returned to pre-covid levels, considering the impact of the war in Ukraine and the energy crisis, 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

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Summary of significant accounting policies - continued

not all of the provisions of the Statement of Recommended Practice have also been applied to these financial statements.

(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 those 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	2021 Unrestricted €	2021 Restricted €	2021 Total funds €	2020 Total funds €
(i) Donations and legacies				
Church collections and offerings	-	5,955,159	5,955,159	5,383,865
Renovation fundraising	-	850,299	850,299	879,415
Bequests	-	89,375	89,375	147,595
Education and catechetics fundraising	-	36,582	36,582	30,220
Total donations and legacies	-	6,931,415	6,931,415	6,441,095
(ii) Income from charitable activities				
Schools' capital grants/(NI)	-	4,617,922	4,617,922	1,570,651
Retreats (including St. Patrick's Purgatory, Lough Derg)	-	319,731	319,731	342,204
Parish draws	-	489,517	489,517	444,627
Missalettes/books/shrines	-	437,235	437,235	395,434
Rental income	-	297,736	297,736	246,117
Lourdes	-	8,507	8,507	25,707
Trócaire income	-	339,112	339,112	196,491
Clogher don Oige events	-	419	419	4,134
Other activities	-	654,229	654,229	595,124
Total charitable activities	-	7,164,408	7,164,408	3,820,489
(iii) Investment income				
Investment income	-	12,746	12,746	23,790
(iv) Other income				
Sale/(loss) on fixed assets	-	271,138	271,138	(1,236)
Other income	-	31,487	31,487	60,592
	-	302,625	302,625	59,356

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Analysis of expenditure	2021 Unrestricted €	2021 Restricted €	2021 Total funds €	2020 Total funds €
(i) Expenditure on charitable activities				
General repairs and maintenance	-	2,252,504	2,252,504	2,077,922
Payment for Schools capital/projects (NI)	-	4,673,599	4,673,599	1,565,463
Administration and support costs	1,000	2,394,602	2,395,602	2,541,504
Renovation projects	-	658,786	658,786	1,081,334
Clerical payments (incl sick & retired)	-	1,718,723	1,718,723	1,736,993
Foreign exchange (gain)/loss	-	(398,050)	(398,050)	335,941
Depreciation	-	662,495	662,495	663,909
Trócaire	-	340,298	340,298	197,857
Lourdes	-	-	-	18,571
Courses/retreats	-	30,914	30,914	33,122
Special appeals payments	-	37,236	37,236	20,782
Missalettes/booklets	-	73,622	73,622	79,260
Clogher don Óige events	-	4,116	4,116	5,034
Education/Catechetical/				
Vocation payments	-	92,124	92,124	89,902
Up-keep of Diocesan Houses	-	35,051	35,051	34,550
Shrine/statue maintenance	-	56,720	56,720	55,949
Episcopal conference	-	40,785	40,785	55,869
Accord/marriage tribunal	-	18,006	18,006	32,032
Safeguarding	-	7,134	7,134	16,325
Pastoral/resources	-	47,634	47,634	52,653
Other charitable activities	-	125,104	125,104	117,519
	<u>1,000</u>	<u>12,871,403</u>	<u>12,872,403</u>	<u>10,812,491</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Analysis of expenditure – continued	2021 Unrestricted €	2021 Restricted €	2021 Total funds €	2020 Total funds €
(ii) Fundraising costs				
Parish draw costs/prizes	-	153,494	153,494	160,605
(iii) Other expenses				
Other expenses	-	-	-	20,000
(iv) Bank charges				
Bank fees	501	44,436	44,937	45,952
(v) Loan interest				
Loan interest	-	91,940	91,940	104,852

5 Trustees, employees and related party transactions

(i) Payroll: wages and salaries	2021 €	2020 €
Gross wages and salaries	1,376,125	1,364,911
Employer's National Insurance Contributions	75,687	74,913

The average number of employees, (both full-time and part-time), by the charity during the year was 135 (2020: 142).

	2021	2020
Parish	108	116
Other	27	26
	135	142

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 70 priests (2020: 71) attached to the Diocese of which 54 (2020: 57) 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 2021.

6 Tangible fixed assets	Land and Buildings	Computers and equipment, fixtures and fittings	Total
	€	€	€
Cost or valuation			
At 1 January 2021	29,133,050	3,226,117	32,359,167
Additions	73,732	10,950	84,682
Disposals	(63,605)	(7,067)	(70,672)
At 31 December 2021	<u>29,143,177</u>	<u>3,230,000</u>	<u>32,373,177</u>
Accumulated depreciation			
At 1 January 2021	19,937,743	2,742,552	22,680,295
Depreciation charge for the financial year	429,203	233,292	662,495
Depreciation on disposals	(60,778)	(7,068)	(67,846)
At 31 December 2021	<u>20,306,168</u>	<u>2,968,776</u>	<u>23,274,944</u>
Net book value amount			
Net book value at 31 December 2020	<u>9,195,307</u>	<u>483,565</u>	<u>9,678,872</u>
Net book value at 31 December 2021	<u>8,837,009</u>	<u>261,224</u>	<u>9,098,233</u>

7 Investments	2021 €	2020 €
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The analysis of investments is as follows:

Curia	19,882,731	16,291,226
Parish	3,567,419	3,063,037
Investments	<u>23,450,150</u>	<u>19,354,263</u>

Reconciliation of movement in investments during the year	2021 €	2020 €
Fair value of investment assets at beginning of year	19,354,263	19,025,833
Additions (cost value)	1,654,775	399,732
Disposals (market value)	(277,070)	(210,711)
Dividends	1,744	5,080
Foreign Exchange gain/ (loss)	7,344	(5,463)
Net unrealised gain/ (loss) on revaluation of investment assets	<u>2,709,094</u>	<u>139,792</u>
Fair value of investment assets at end of year	<u>23,450,150</u>	<u>19,354,263</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Debtors	2021	2020
	€	€
Prepayments	171,018	215,413
Other debtors & interest free loans	885,466	1,013,732
	<u>1,056,484</u>	<u>1,229,145</u>
		€
Bad debt provision		
At 31 December 2020		-
At 31 December 2021		-
Interest free loans		
At 31 December 2020		155,531
At 31 December 2021		<u>66,500</u>

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	2021	2020
	€	€
Current bank loans	(320,763)	(427,657)
Accruals	(344,429)	(488,781)
Trade creditors	(18,349)	(17,799)
Third party loans	(90,000)	(90,000)
Other creditors	(145,610)	(129,472)
Payroll taxes	(44,540)	(108,170)
	<u>(963,691)</u>	<u>(1,261,879)</u>

10 Creditors (amounts due in more than one year)	2021	2020
	€	€
Long term bank loans	<u>(2,063,373)</u>	<u>(2,331,834)</u>

11 Reconciliation of income/(expenditure) net cash inflow from operating activities	2021	2020
	€	€
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	3,957,515	(659,378)
Adjustments for:		
Depreciation charges	662,495	663,909
Gains on investments	(2,716,438)	(134,334)
Dividends	(1,744)	(5,080)
(Profit)/loss on the sale of fixed assets	(271,138)	1,236
Decrease in debtors	172,611	161,840
(Decrease)/increase in creditors (excluding bank loans)	(179,574)	205,798
Net cash generated operating activities	<u>1,623,777</u>	<u>233,991</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Analysis of cash and cash equivalent	2021 €	2020 €
Cash in hand	11,696,964	10,745,393
Notice deposits	3,640,579	4,543,872
	<u>15,337,543</u>	<u>15,289,265</u>

13 Comparative figures

Certain 2020 figures have been amended to reflect classification changes for comparative purposes.

14 Reserves	2021 €	2020 €
Total opening funds	41,957,832	42,617,210
Net movement in funds	3,957,514	(659,378)
General funds carried forward	<u>45,915,346</u>	<u>41,957,832</u>
Split as follows:		
Unrestricted	76,465	77,007
Restricted	45,838,881	41,880,825
	<u>45,915,346</u>	<u>41,957,832</u>

	Unrestricted €	Restricted €	2021 €	2020 €
Reserves	<u>76,465</u>	<u>45,838,881</u>	<u>45,915,346</u>	<u>41,957,832</u>
Parish (incl. Lough Derg)	-	25,335,188	25,335,188	22,480,063
Curia	76,465	20,503,693	20,580,158	19,477,769
	<u>76,465</u>	<u>45,838,881</u>	<u>45,915,346</u>	<u>41,957,832</u>

15 Parish Priests in the Diocese of Clogher as at 31 December 2021

Parish of Monaghan – Rev Patrick McGinn Adm.
 Parish of Arney – Rev Seamus Quinn P.P.
 Parish of Aughnamullen East – Rev Adrian Walshe P.P.
 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 Shane McCaughey P.P.
 Parish of Castleblayney – Rev Adrian Walshe P.P.
 Parish of Clogher – Rev Noel McGahan P.P.
 Parish of Clones – Rev James Moore P.P.
 Parish of Clontibret – Rev Adrian Walshe P.P.
 Parish of Corcaghan – Rev Patrick McGinn P.P.
 Parish of Derrygonnelly – Rev Cathal Deery P.P.
 Parish of Donagh – Rev Hubert Martin P.P.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Parish Priests in the Diocese of Clogher as at 31 December 2021 - continued

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 Patrick MacEntee 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 James Moore P.P.
Parish of Latton – Rev Owen J. McEneaney P.P.
Parish of Lisnaskea – Rev Jimmy McPhillips P.P.
Parish of Magheracloone – Rev Shane McCaughey P.P.
Parish of Newtownbutler – Rev Jimmy McPhillips P.P.
Parish of Pettigo – Rev Laurence Flynn Adm.
Parish of Rockcorry – Rev Owen J. McEneaney P.P.
Parish of Roslea – Rev John Chester P.P.
Parish of Tempo – Rev Peter O'Reilly P.P.
Parish of Trillick – Rev Padraig McKenna P.P.
Parish of Tydavnet – Rev Stephen Joyce P.P.
Parish of Tyholland – Rev Patrick McGinn Adm.

16 Government grants

As a result of the impact of the COVID-19 pandemic on the entity, the entity availed of the Temporary Wage Subsidy Scheme and the UK Furlough Scheme in relation to wage subsidies during the year. The net subsidies of €458,410 (2020: €363,577) received by the entity under these schemes have been recorded as other income in the Statement of Financial Activities. At the balance sheet date, the amounts received by the entity in excess of subsidies payable to staff and recognised as a current liability amounted to €Nil (2020: €56,895).

17 Post balance sheet

As mentioned above the war in Ukraine and the energy crisis has placed the Diocesan investments in a very precarious state with investment market very volatile at the moment. We have sought assurances from our investment advisors during September 2022 and have been advised that the long-term outlook is still strong, however unstable the short-term seems.

The energy crisis is also under consideration as much will have to be done. Irish inflation has increased by 8.6% in the year to September 2022 and it is estimated that energy inflation is away above that at c38%. This will have a huge financial impact on parishes and action taken to limit this will be addressed.

18 Approval of financial statements

The financial statements were approved and authorised for issue by the board of trustees on 18 November 2022 and were signed on its behalf on that date.