

Charity registration number NIC105256

DERRY DIOCESAN TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

DERRY DIOCESAN TRUST

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DERRY DIOCESAN TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Corporate Trustee	St. Columb's Diocesan Trust	NI012385
Directors of the Corporate Trustee	Most Reverend Donal McKeown Reverend Michael Canny Reverend Paul McCafferty Mr Shaun McElhinney Mr Sean O'Kane Reverend Michael McCaughey Ms Aine Gallagher Mr Ciaran Hampson Ms Fiona Schlindwein Ms Brenda Morris	
Charity number	NIC105256	
Registered office	Bishop's House St. Eugene's Cathedral Francis Street Derry	
Auditor	Moore (NI) LLP 21/23 Clarendon Street Derry/Londonderry BT48 7EP	
Bankers	Bank of Ireland 27 Culmore Road Derry BT48 8JB	
Solicitors	Napier & Sons 1-9 Castle Arcade High Street Belfast BT1 5DF Hasson & Company Solicitors 39-41 Clarendon Street Derry BT48 7ER Clarendon Legal Solicitors 48 Clarendon Street Derry BT48 7ET	

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of the Corporate Trustee present their report and financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's constitution, the Charities Act (Northern Ireland) 2008 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The principal objects of the charity are:

- the advancement of the Roman Catholic religion in the Roman Catholic Diocese of Derry subject to any future curtailment or addition of area made in accordance with the laws and regulations of the Roman Catholic Church; and
- the advancement of any charitable purpose supported by the Roman Catholic Church throughout the world or in any part of the world.

The territory covered by the Diocese of Derry is made up of 51 Parishes across parts of Counties Derry, Tyrone and Donegal and a very small part of County Antrim.

The Church in Derry, in union with the Catholic Church worldwide, seeks to achieve its objectives through activities including the following:

- Proclamation of the Gospel
- Worship of God
- Provision of Clergy and pastoral personnel
- Formation and development of parish communities
- Support for families
- Provision of educational, pastoral and youth ministries
- Provision and maintenance of places of worship
- Aid for impoverished and needy communities worldwide.

The means used to fulfil the purposes of the Diocesan Trust are constantly monitored and reviewed in order to ensure that the principal aims and objectives of the charity are adhered to.

Statement that the Corporate Trustee has had regard to the Charity Commission for Northern Ireland public benefit requirement statutory guidance

The Corporate Trustee confirms that it has paid due regard to the public benefit guidance issued by the Charity Commission for Northern Ireland in determining the activities undertaken by the charity.

Proclamation of the Gospel and Worship of God

Within the Diocese religion is normally advanced through the provision of places of worship, the facilitation of religious practice and through community celebration of Mass. There is a public celebration of Mass every day in the majority of Parishes and on every weekend several community Masses are celebrated in public in every Parish. All such celebrations are open to the public without any restrictions.

Other activities of the charity include conducting religious ceremonies (such as baptisms, weddings and funerals), running programmes pertaining to spiritual formation and development, encouraging and supporting inter-church relationships and maintaining places of worship, many of which are listed and contain religious works of art and other artefacts all of which form part of our national heritage. As these places of worship are open to the general public, people of all faiths or none, they provide a public benefit for the whole community and for many people they are spaces which offer the opportunity for quiet reflection and for spiritual contemplation.

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

It is within Parishes that people experience what it is to be a member of the Catholic Church and where faith is nurtured and given expression. Parishes, through various means, provide for the moral and spiritual wellbeing of parishioners. Practical expressions of faith are manifested through the means of Parish organised pastoral, social and educational activities, many of which rely on the voluntary involvement of parishioners.

As well as pastoral care and the provision of the Sacraments to the members of parish communities, the Diocese offers chaplaincy services to those who cannot be part of a regular parish community. Hospital Chaplains are available at all the major hospitals within the Diocese of Derry. The Chaplains are regularly available to patients, patients' relatives and staff and are on call to attend in emergencies. The Diocese also provides chaplaincy services in penal institutions.

The important role played by volunteers who participate in the various activities of the Parish cannot be overstated and their contribution is vital in enabling the Diocese to continue to fulfil and develop its stated objectives. Volunteers generously give of their time serving in various ministries, caring for and visiting the sick, the housebound and those on the margins of society. They play a significant role in helping to maintain Parish property and assisting in financial and other administrative duties, such as through membership of Parish Pastoral, Finance and Safeguarding Committees. Such parishioners are the lifeblood of their communities and their contribution is significant. The Diocese has around 1,100 volunteers who provide a voluntary contribution to the Diocese within their respective Parishes on a regular basis.

Although the charity relies principally on donations from parishioners for its funding, access to religious services is never restricted on the grounds of financial contributions. In addition, members of the Catholic community are encouraged, as a consequence of their faith commitment, to contribute towards creating a better society by becoming active volunteers within their local area through membership of charities, local societies and community groups.

Alongside the work accomplished in the Parishes, the Curia, the central administrative office of the Diocese, coordinates and carries out a number of essential functions necessary for the advancement of Catholic religion at local, national and international level. In order to do this, the Curia operates through Diocesan Committees and through various personnel charged with specific responsibilities.

Provision of Clergy

Central to Parish life is the relationship between the Parish Priest, Curates and parishioners. Clergy are not employees of the Diocese, however, in Canon Law the care and welfare of incardinated Priests of the Diocese is mandatory and is, therefore, part of the charity's ongoing commitments.

Support for Families

Family Ministry within the Diocese is dedicated to strengthening marriage and families by coordinating pastoral programs and ministries that have faith as their foundation and Christ as their goal. By responding to the needs of today's families, as they strive to live in a very challenging culture and a rapidly changing world, 'Family Ministry' serves as a resource for families, clergy and parish communities.

Education

The Diocese of Derry continues to dedicate personnel who support the work of the 139 schools which are in Catholic Trusteeship within the Diocese of Derry. This programme not only engages with classroom teachers, schools leadership and Governors but also promotes strong links with the local parish communities in the interest of a rounded education.

Criteria for measuring progress against aims and objectives

The nature of the objectives and activities of the Diocesan Trust are such that it is difficult to measure and assess success using quantitative or other similar measurement methodologies. However the Diocesan Trust is satisfied that it has continued to engage in levels of activity that safeguard the achievement of its core objectives which in turn continue to sustain the promotion and practice of Catholic faith within and beyond the Diocese. The Diocese has succeeded in providing clergy, pastoral personnel and resources to sustain the structure and activities of parishes. It has succeeded in maintaining programmes of activity in supporting faith-based education, providing pastoral support to communities, families, young people and people who have become marginalised in society. It has succeeded in maintaining in good condition the buildings and properties that it holds to resource its key objectives in current times and into the long-term future.

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Achievements and performance

Pastoral Development after Covid

Covid restrictions continued through the early part of 2022. By May 2022, most restrictions had been lifted, enabling the Diocese, supported by the Derry Diocesan Trust, to continue more fully its work in providing pastoral support to the communities and families in the 51 parishes of the Diocese, responding to the needs of local people. The Diocese has sought to continue to use some of the new methods of engaging with its congregations which were brought into use during Covid, for example webcams and other on-line platforms.

Continuing Synod Preparation 2021-2023

In late 2021, Pope Francis had called the entire People of God to journey together and answer the call to participate in preparation for the 2023 Synod of Bishops, through a two-year process of consultation with parishioners; this is a process of journeying together, listening to each other, dialoguing and discerning, so as to arrive at decisions which will render the church's mission of service more effective in recognising and responding to the needs of people, both locally and universally.

Guided by a Diocesan Synod Working Group, a listening process was established for parishioners of this Diocese, enabling their voices, concerns, needs and challenges to be heard. The Diocese's Youth Ministry team engaged with youth across the Diocese, and the Diocesan Catechetical Centre reached out to all Catholic primary and post-primary students and teachers.

Information and facilitation training was managed by two professional facilitators with expertise in restorative justice in the community and church, and in the theology of Synodality. Parishes held 'listening gatherings' in an atmosphere of prayer, welcome and hospitality, aiming to reach out to all - young and old, small groups, organisations schools and those on the margins or alienated. Through this process, there has been a recognition of change in local communities and of the need for a new model within Church; there is a clear realisation of the need to empower people to engage in the church community, with increasing co-responsibility of lay people and local clergy for parish development and in the Diocese as a whole. Formation and training needs have been identified to build the necessary confidence which will encourage everyone in parishes to use the full range of gifts that they have within and for the local parish community. The development of a programme of adult faith formation is already well underway in the Diocese. To this end, clergy, staff and volunteers have already been able to deliver in-person pastoral programmes and leadership training in a number of parishes, to empower members of the local parish communities to engage in greater co-responsibility. Bishop McKeown has appointed a person to the new diocesan role of 'Training in Evangelisation and Adult Faith Formator', in support of this process, to work alongside the existing Diocesan Pastoral Coordinator.

On-going engagement with Youth and Schools in the Diocese

The Diocese, supported by the Derry Diocesan Trust, continues to assist the work of the primary and post-primary schools which are in Catholic Trusteeship. In May 2022 the Derry Diocesan Catechetical Centre organised the first post-Covid in-person 'Fan the Flame' gathering in Celtic Park. Over 3,500 pupils from throughout the Diocese of Derry attended. This was the largest such event ever held by the Diocese.

Structural Change for more effective Outreach

Having reviewed alongside the clergy of the Diocese, who are most directly affected, Bishop McKeown has proposed creating missionary pastoral communities with the current aim of at least two priests in each pastoral community. The purpose is to carry out more effectively the outreach mission of the Diocese. The first three of these areas have been established. This model will give parishes more of an opportunity of working cooperatively with their neighbours, sharing their gifts, talents and resources. Parishes, while retaining their individual parish identity, will share clergy. There will be a gradual introduction of these areas over a period of years.

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Maintenance of buildings and property

The Diocesan Trust has actively continued to manage and safeguard the condition of the buildings and properties that it holds in trust to meet its charitable objectives including churches, parish halls and parochial houses. The Trust aims to maintain all properties in a good state of repair and has completed a number of substantial repair and refurbishment projects during the year. Projects of this nature are financed through a mix of parish financial reserves, project fundraising programmes and collections and special-purpose donations. The maintenance and refurbishment of property and buildings assists in safeguarding the ongoing activities of the Diocese and also benefits the broader community through the protection and safeguarding of the built environment and heritage buildings.

Funding of parishes

The Diocesan Trust relies largely on donations from parishioners to fund its pastoral programmes, to maintain its buildings and properties and to meet its running costs. Covid impacted adversely on the level of income received by Parishes and the Diocese and presented significant financial challenges. Although the financial pressures arising directly from Covid have now ended, income generated remains below pre-Covid levels. The Diocesan Trust has provided advice and support to Parishes where financial difficulties have been most acute. Going forward, the Diocesan Trust is now starting to explore new methods of receiving donations which would involve the use of modern technology and reflect the way in which, for many people, the use of cash is becoming close to redundant.

Laudato Si and Environmental Strategy

In his 2015 encyclical *Laudato Si*, Pope Francis made a great call for the practical care of our planet, our common home, especially in this time of climate change. He challenged both the church and the entire world to engage with the environmental challenges presented by climate change. Over the past few years since the presentation of *Laudato Si*, the Diocese of Derry has been engaging with the issues raised, moving towards both a diocesan strategy and, crucially, its implementation. Thus, the Trust is involved actively in education and practical engagement with the environmental challenges facing the planet.

Investment policy and performance

The Diocesan Trust has an Investment Policy which sets out assessment criteria for investments including levels of risk and performance. The primary financial objective of the Diocesan Trust is to ensure that the current and future financial and pastoral obligations of the Diocese of Derry can be met. The Trust seeks to produce the best financial return within an acceptable level of risk, maintaining a balance between long term capital growth and income growth. The investment objective is to generate a return as specified in the Trust's Investment Policy over a rolling three-year period. A moderate amount of risk can be taken in order to achieve this objective. The Diocesan Trust's investments satisfied risk criteria in 2022. Investment performance in 2022 fell below specified target returns but the Trustee Board are satisfied that this reflected general market conditions in 2022 and did not illustrate unsatisfactory performance in the Diocesan investment portfolios compared to market trends and suitable comparators.

Financial review

Details of the income and expenditure for the current and previous financial years are shown in the Statement of Financial Activities on pages 14 - 15. Although total income in 2022 has fallen below 2021 total income, donations from parishioners (being the primary source of funding for the Diocese) have increased from £7,526,294 in 2021 to £7,987,032 in 2022 as the Diocese emerged from Covid. However parishioner donations remain below pre-Covid levels.

Total income for the year was £11,931,514 of which £9,563,760 was generated by Parishes and £2,368,754 was generated by central Curia funds. The principal funding source of the Diocesan Trust in 2022 has continued to be donations from parishioners which have been used primarily to fund the costs of pastoral activity, maintenance of buildings and administration in the particular parishes in which the donations were received.

Modest residual amounts of Covid-related funding totalling £5,928 (2021: £578,175) were received.

Total expenditure for the year was £12,053,977 of which £9,450,355 was expended by Parishes and £2,603,622 was expended from central Curia funds.

Therefore expenditure exceeded income for the year by £122,463. There were net losses on revaluation of investments to market value of £1,997,844 (2021: net gains of £1,897,045) which combined with sterling-euro exchange adjustments resulted in net outgoing resources for the Diocese of £2,128,240.

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Diocesan Trust holds reserves of £76,163,970 at 31st December 2022 (2021: £78,292,210) comprising restricted reserves of £71,014,644 (2021: £72,839,831) and unrestricted reserves, which exclude parish reserves, of £5,149,326 (2021: £5,452,379). Details of the amounts and purposes of restricted reserve funds are included in note 20 in the accounts.

Reserves policy

The Diocesan Trust recognises that its income arises primarily from voluntary donations and that accordingly it is important to seek to carry adequate levels of reserves to ensure its ability to meet future expenditure commitments as they arise. Parishes are encouraged to maintain adequate short-term reserves to ensure that they can meet operating costs in the short-term and to build longer-term reserves that will be available if substantial commitments, such as buildings refurbishment projects, arise in the future. The Diocese centrally aims to maintain adequate levels of reserves to meet Diocesan operating costs in the short- to medium-term and to provide for any significant expenditures and contingencies that may arise at future dates. The policy of maintaining significant long-term reserves is considered consistent with the expectation that the Diocese of Derry will continue to exist in perpetuity.

The Diocesan Trust aims to hold reserves equating to at least the average amount of operating expenditure for three months as Free Reserves. Free Reserves are defined as Unrestricted Funds less Tangible Fixed Assets. Funds invested in Tangible Fixed Assets are excluded from Free Reserves as these funds cannot be released without undermining the Diocese's ability to fulfil its principal charitable objectives. At 31 December 2022, Free Reserves were £4,493,478 (2021: £4,782,305) and represented 5.71 months (2021: 5.99 months) of Total Operating Expenditure. Total Operating Expenditure takes into account Parish expenditure and is measured against central Curia free reserves. The Trustee considers that this level of Free Reserves is reasonable, especially at the present time, to enable the Diocese to fulfil its immediate financial obligations and commitments and to plan for future investment requirements.

Principal risks and uncertainties

The Corporate Trustee engages in a continuous process of monitoring and identifying risk and seeks to implement measures to address the risk and mitigate the impact of any negative outcomes. The Corporate Trustee is satisfied with the charity's ability to continue as a going concern.

Risk Management

The Trust Council actively reviews all major strategic and operational risks to which the charity is exposed and confirms these have been reviewed and that strategies and systems are established to manage exposure to these risks. The main areas of risk identified and monitored by the Trust Council include:

- Safeguarding
- Compliance with Health & Safety and listed buildings legislation
- Reduction in active clergy members
- Reduction in voluntary income
- Increasing costs for the care of sick and retired clergy
- Reduction in central reserves due to capital projects and long term commitments
- Compliance with data protection regulations
- Risks in relation to fraud
- Diminishing numbers in weekly worshipping congregations

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Plans for future periods

The Diocese of Derry recognises that its core objectives of advancement of the Catholic faith and proclamation of the Gospel remain constant over time and accordingly it aims to maintain its existing activities into the future. At the same time the Diocese recognises the changing environment in which it exists and accordingly reviews its pastoral and operational programmes and plans on an ongoing basis in an effort to ensure that it continues to meet its primary objectives in the context of a changing environment. The Diocese is carrying out a process of review involving broad consultation to plan how it will succeed in delivering its pastoral work in the future given the challenges that exist in terms of numbers of clergy, participation of lay people in church life and finance. The Diocese is actively responding to initiatives put in place by Pope Francis including work to incorporate the principles of *Laudato Si* into the life and work of the Diocese and its parishes and Synodality programmes.

In 2018 the Diocese published a Diocesan Pastoral Plan for 2018-2021 entitled "God is Love". The Pastoral Plan set out the path that the Diocese hoped to take in every parish community over the course of the three-year period 2018-2021. The Plan was framed by three pastoral themes: Building Welcoming and Inclusive Communities; Being Disciples of Jesus Christ, Growing in Faith Together; Working to Make Jesus Known and Loved. The Diocese continues to strongly promote and support the work of Parish Pastoral Councils. The Diocese has continued to develop the themes of the Diocesan Pastoral Plan in 2022 and continues to do so in 2023 and beyond.

On-going engagement with Youth and Schools in the Diocese

In 2023, the Diocese plans to host its second Religious Education Conference for primary and post-primary school teachers in the Diocese. Organised by the Catechetical Centre, it is planned to be held in Saint Columb's College, Derry with, as main topics, 'Building Communities of Dialogue', 'Forgiveness and Catholic Schools as Essential Places of Evangelisation'. Part of the conference will include an evening gathering of parishes in the Diocese, focussed on 'Building Parish Life'. Reaching out to young people and a commitment to youth ministry remains a top priority of the Diocese and a significant financial investment by the Derry Diocesan Trust.

Laudato Sí and Environmental Strategy

A Diocesan group developed a draft Environmental Strategy which was put out for consultation. The Trust's Board of Directors has reviewed the draft Environmental Strategy and plans to adopt this as a Diocesan Environmental Strategy. The document is available at:

https://www.derrydiocese.org/index.php?preview=1&option=com_dropfiles&format=&task=frontfile.download&catid=75&id=188&Itemid=100000000000

This strategy provides concrete objectives, as well as practical proposals, in terms of land usage, food, energy usage, design and management of diocesan and parish properties, water and waste management, and transport, as well as the crucial matters of implementation and monitoring. The areas are focussed on actions by the Diocese and parishes, and by groups or individuals. Four parishes or clusters of parishes have begun pilot projects. It is considered that implementation is more important than launch of the strategy. Therefore, successful pilots will be rolled out across other parishes.

Education and awareness of environmental issues are essential. A month-long 'Season of Creation' will continue to be promoted in every parish between September and October annually.

Structure, governance and management

The Roman Catholic Diocese of Derry exists in civil law as the registered charity Derry Diocesan Trust, a charitable trust established by a Trust Deed dated 20th July 2009. On 7th July 2016, Derry Diocesan Trust became registered as a charity with the Charity Commission for Northern Ireland under charity registration number NIC 105256. For tax purposes, Derry Diocesan Trust is also registered with HM Revenue and Customs as holding charitable tax status. The sole Corporate Trustee of the charity is St Columb's Diocesan Trust, a company limited by guarantee. The Corporate Trustee is authorised by the Lord Chief Justice of Northern Ireland to act in any charitable or ecclesiastical trust as a trust corporation. The Diocesan Trust is currently carrying out a review of its governance structures and arrangements with the support of an independent professional firm.

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The operation of the charity is overseen by the Corporate Trustee. The Directors of the Corporate Trustee are appointed by the Bishop of Derry who is Chair of the Board (Trust Council). The Corporate Trustee which served during the year and up to the date of signature of the financial statements was:

St. Columb's Diocesan Trust

The directors which served on the Board of the Corporate Trustee during the year and up to the date of signature of the financial statements were:

Most Reverend Donal McKeown
Reverend Michael Canny
Reverend Paul McCafferty
Mr Shaun McElhinney
Mr Sean O'Kane
Reverend Michael McCaughey
Ms Aine Gallagher
Mr Ciaran Hampson
Ms Fiona Schlindwein
Ms Brenda Morris

Recruitment and appointment of Trustees

Recruitment of Directors is based upon their knowledge of the local Church and their having the professional skills and experience necessary for overseeing the affairs of the charity by ensuring it is solvent, well run, and that it delivers the outcomes for which it is established.

Induction and training of Trustees

New members of the Trustee Board are given an introduction to the structure and governance arrangements of the Diocesan Trust and to the roles and responsibilities of the Trustee Board and its Committees upon appointment. In addition the Diocesan Trust has provided a number of training days for Trustee Board members and will continue to do this. Training days are delivered by external professional firms with relevant expertise and focus on developments in charity law and practice and on charity governance and management.

Organisational structure

Reflecting Canon Law, the activities of the charity are separated in this report into Parish and Curia functions.

Parishes

The Diocese is divided into Parish communities. Parish Priests/Administrators and Curates are appointed by the Bishop to provide pastoral care for Parish communities and to manage Parishes in all juridical affairs thus ensuring Parishes are administered in accordance with the norms of Canon and Civil Law while fulfilling the aims of the charity.

Each Parish is required by Canon Law to have a Finance Committee to assist the Parish Priest/Administrator in the administration of the Parish. Parish Finance Committees include parishioners with knowledge and experience in finance, property management and administration. The Diocesan Trust is currently reviewing and updating its publication Financial and Administrative Guidelines for Parishes in order to ensure that there is clear and meaningful guidance in place for Parish Priests, Administrators and Parish Finance Committees.

Curia

The Diocesan Curia consists of those institutions and persons which furnish assistance to the Bishop and Trust Council in the governance of the entire Diocese, especially in directing pastoral activity, in providing for the administration of the Diocese and in exercising judicial power. It also includes all who participate in the overall administration of the Diocese, especially those who direct Diocesan activities such as pastoral support, youth work, educations, family life, liturgy, laity and other facets of the local Church's life.

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Delegation of management

In the day to day management of the charity, the Bishop refers ecclesiastical-related matters to the Chancellor of the Diocese, the Diocesan Secretary, the Vicars General and other appropriate officials. Civil administrative matters are referred to the executive staff employed by the charity.

The Trust Council delegates oversight of the Diocese's financial, property, investment and administration matters to the suitably qualified clergy and staff within the Curia. The Trustee Board delegates day-to-day management of the charity (other than areas of a canonical and pastoral nature which are managed by a number of Diocesan clergy) to the following Diocesan staff members:

Kevin McCauley BSc FCA – Executive Director, Derry Diocesan Trust
Teresa McMenamin – Administrative and Financial Secretary, Derry Diocesan Trust
Oonagh Robinson – Diocesan Trust Officer, Derry Diocesan Trust
Finola Downey – Administrative Officer, Derry Diocesan Trust

Remuneration policy

The process of setting pay and remuneration of the Diocesan Trust's key management personnel is undertaken by the Bishop of the Diocese (who is the Chair of the Trustee Board) in consultation with the Diocesan Personnel Committee and the Trustee Board.

Statement of Corporate Trustee's responsibilities

The Corporate Trustee is responsible for preparing the Corporate Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Northern Ireland requires the Corporate Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the Corporate Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Corporate Trustee is responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act (Northern Ireland) 2008, the Charity (Accounts and Reports) Regulations (Northern Ireland) 2015 and the provisions of the trust deed. The Corporate Trustee 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.

DERRY DIOCESAN TRUST

CORPORATE TRUSTEE'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Corporate Trustee's report was approved by the Board of the Corporate Trustee.



Most Reverend Donal McKeown

Director of St Columb's Diocesan Trust - Corporate Trustee of Derry Diocesan Trust

Dated: 27 October 2023

DERRY DIOCESAN TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE CORPORATE TRUSTEE OF DERRY DIOCESAN TRUST

Opinion

We have audited the financial statements of Derry Diocesan Trust (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the The Charities Act (Northern Ireland) 2008.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Corporate Trustee's report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

DERRY DIOCESAN TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE CORPORATE TRUSTEE OF DERRY DIOCESAN TRUST

Responsibilities of Corporate Trustee

As explained more fully in the statement of Trustees' responsibilities, the Corporate Trustee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporate Trustee determines 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 Corporate Trustee 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 Corporate Trustee either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 65(2) of the Charities Act (Northern Ireland) 2008 and report on accordance with the Act and relevant regulations made or having effect thereunder.

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Based on our understanding of the charity and its operating environment, we determined that the most significant frameworks which have a direct impact on the preparation of the financial statements are those related to the reporting framework, (FRS 102, the Charities Act (Northern Ireland) 2008, The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015, and the Charity SORP). Compliance with these laws and regulations was assessed as part of our procedures.

Other laws and regulations of which non-compliance may have a material effect on the financial statements, e.g. through fines or litigation, were identified as regulations in relation to employment law and regulations in relation to holding charitable status with the Charity Commission for Northern Ireland. Our required procedures in these areas are limited to inquiry of trustees and other management and inspection of any regulatory or legal correspondence. These limited procedures did not identify any actual or suspected non-compliance.

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur, including evaluating management's incentives and opportunities to manage or influence the reported results. From the results of our assessment, we determined that the principal risks of fraud relate to posting inappropriate journal entries and use of charity funds for purposes outside of restrictions imposed by the donor. In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override.

DERRY DIOCESAN TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE CORPORATE TRUSTEE OF DERRY DIOCESAN TRUST

Audit response to risks identified

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. Audit procedures performed by the engagement team included:

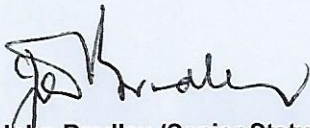
- We obtained an understanding of the charitable company's internal control systems in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- We obtained an understanding of how the charity complies with relevant laws and regulations, including those as a result of its registration with the Charity Commission for Northern Ireland and charitable status with HM Revenue & Customs, by making enquiries of management and those charged with governance.
- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims.
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.
- Auditing the risk of use of charity funds outside of restrictions imposed by the donor by review of funding letters of offer to identify restrictions, and review of funding claims prepared by management to check compliance with restrictions.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment through collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



John Bradley (Senior Statutory Auditor)
for and on behalf of Moore (NI) LLP

27 October 2023

Chartered Accountants
Statutory Auditor

21/23 Clarendon Street
Derry/Londonderry
BT48 7EP

Moore (NI) LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

DERRY DIOCESAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

Current financial year

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
<u>Income and endowments from:</u>					
Donations and legacies	3	637,067	9,588,494	10,225,561	9,204,514
Charitable activities	4	-	193,600	193,600	980,663
Investments	5	28,096	224,803	252,899	232,771
Other income	6	491,011	768,443	1,259,454	1,812,123
Total income		1,156,174	10,775,340	11,931,514	12,230,071
<u>Expenditure on:</u>					
<u>Charitable activities</u>					
Parishes	7	-	9,450,355	9,450,355	9,567,204
Curial	7	959,392	1,644,230	2,603,622	1,599,485
Total charitable expenditure		959,392	11,094,585	12,053,977	11,166,689
Net (losses)/gains on investments	10	(301,809)	(1,696,035)	(1,997,844)	1,897,045
Net (outgoing)/incoming resources before transfers		(105,027)	(2,015,280)	(2,120,307)	2,960,427
Gross transfers between funds	22	(209,559)	209,559	-	-
Net (outgoing)/incoming resources		(314,586)	(1,805,721)	(2,120,307)	2,960,427
<u>Other recognised gains and losses</u>					
Other gains or losses	12	11,533	(19,466)	(7,933)	20,158
Net movement in funds		(303,053)	(1,825,187)	(2,128,240)	2,980,585
Fund balances at 1 January 2022		5,452,379	72,839,831	78,292,210	75,311,625
Fund balances at 31 December 2022		5,149,326	71,014,644	76,163,970	78,292,210

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

DERRY DIOCESAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

Prior financial year				
		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
	Notes			
<u>Income and endowments from:</u>				
Donations and legacies	3	589,347	8,615,167	9,204,514
Charitable activities	4	-	980,663	980,663
Investments	5	48,118	184,653	232,771
Other income	6	953,000	859,123	1,812,123
Total income		1,590,465	10,639,606	12,230,071
<u>Expenditure on:</u>				
<u>Charitable activities</u>				
Parishes	7	-	9,567,204	9,567,204
Curial	7	612,398	987,087	1,599,485
Total charitable expenditure		612,398	10,554,291	11,166,689
Net gains/(losses) on investments	10	150,324	1,746,721	1,897,045
Net (outgoing)/incoming resources before transfers		1,128,391	1,832,036	2,960,427
Gross transfers between funds	22	(177,954)	177,954	-
Net (outgoing)/incoming resources		950,437	2,009,990	2,960,427
Other recognised gains and losses				
Other gains or losses	12	(19,715)	39,873	20,158
Net movement in funds		930,722	2,049,863	2,980,585
Fund balances at 1 January 2021		4,521,657	70,789,968	75,311,625
Fund balances at 31 December 2021		5,452,379	72,839,831	78,292,210

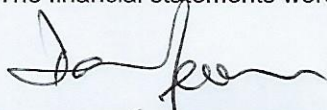
DERRY DIOCESAN TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13	32,158,040		32,538,883	
Investments	14	18,228,244		20,037,877	
		<u>50,386,284</u>		<u>52,576,760</u>	
Current assets					
Debtors	15	3,871,586	3,985,176		
Cash at bank and in hand		23,680,383	23,243,230		
		<u>27,551,969</u>	<u>27,228,406</u>		
Creditors: amounts falling due within one year	17	<u>(658,672)</u>	<u>(621,879)</u>		
Net current assets		<u>26,893,297</u>		<u>26,606,527</u>	
Total assets less current liabilities		<u>77,279,581</u>		<u>79,183,287</u>	
Creditors: amounts falling due after more than one year	18	<u>(390,611)</u>	<u>(527,147)</u>		
Provisions for liabilities	19	<u>(725,000)</u>	<u>(363,930)</u>		
Net assets		<u>76,163,970</u>		<u>78,292,210</u>	
Income funds					
Restricted funds	20	71,014,644	72,839,831		
Unrestricted funds		5,149,326	5,452,379		
		<u>76,163,970</u>	<u>78,292,210</u>		

The financial statements were approved by the Corporate Trustee on 27 October 2023



Most Reverend Donal McKeown

Director of St Columb's Diocesan Trust - Corporate Trustee of Derry Diocesan Trust

DERRY DIOCESAN TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	25		(309,724)		(662,888)
Investing activities					
Purchase of tangible fixed assets		-		(200,868)	
Proceeds on disposal of tangible fixed assets		850,049		2,318,039	
Purchase of investments		(250,270)		(274)	
Proceeds on disposal of investments		54,107		786,824	
Interest received		252,899		232,771	
Net cash generated from investing activities			906,785		3,136,492
Financing activities					
Proceeds from borrowings		-		80,000	
Repayment of borrowings		(18,150)		(186,145)	
Repayment of bank loans		(136,536)		(39,807)	
Net cash used in financing activities			(154,686)		(145,952)
Net increase in cash and cash equivalents			442,375		2,327,652
Cash and cash equivalents at beginning of year			23,177,161		20,849,509
Cash and cash equivalents at end of year			23,619,536		23,177,161
Relating to:					
Cash at bank and in hand			23,680,383		23,243,230
Bank overdrafts included in creditors payable within one year			(60,847)		(66,069)

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Charity information

Derry Diocesan Trust is a registered charity in Northern Ireland. The charity operates in Northern Ireland and Republic of Ireland. The address of the registered office is given in the charity information. The nature of the charity's operations and principal activities are:

- 1) the advancement of Roman Catholic religion in the Roman Catholic Diocese of Derry subject to any future curtailment or addition of area made in accordance with the laws and regulations of the Roman Catholic Church; and
- 2) the advancement of any charitable purpose supported by the Roman Catholic Church throughout the world or in any part of the world.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's constitution, the Charities Act (Northern Ireland) 2008 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Corporate Trustee has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Corporate Trustee continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Corporate Trustee in furtherance of their charitable objectives.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

The charity occasionally receives grants in respect of running costs and upkeep of properties. Income from grants is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income, dividend and rent income recognised as the charity's right to receive payment is established and is included when the amount can be measured reliably. Where it is not practical to identify investment management costs incurred within a scheme with reasonable accuracy, the investment income is reported net of these costs.

1.5 Resources Expended

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 on charitable activities includes the costs services undertaken to further the purposes of the charity by Parishes and Curia.

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

Grants payable to third parties are within charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance, then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Parish property and contents	1% straight line
Curia land and buildings	2% straight line

Freehold land included within Curia land and buildings is not depreciated.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

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

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

Derry Diocesan Trust is a charity and is recognised as such by HM Revenue & Customs. As a result, there is no liability to taxation on any of its income.

1.12 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Foreign exchange

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Corporate Trustee is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Property

Curial land and buildings and Church property and contents are stated at cost, where the cost can be identified. Prior to 1996, the accounting policy applied was for capital expenditure to be written off in full as incurred. As a result of that policy, the original costs and accumulated depreciation of most curial land and buildings and Church property and contents held then was not available. The Corporate Trustee's view was that a reasonable approximation of the net book value of the curial property held at 31 December 2016 would be established through discounting the insurance values of these assets at that date by 90%.

Key sources of estimation uncertainty

Provisions for liabilities and charges - legal claims

The charity has provided for the expected financial outcome of claims and the associated legal costs that have been notified to the Corporate Trustee. The Corporate Trustee has taken advice from the solicitors engaged in the claims to arrive at the amount provided. The details of the amounts provided are included in note 19.

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Parishes - offertories, donations and legacies	-	7,987,032	7,987,032	-	7,526,294	7,526,294
Curia - donations, legacies and gifts	55,462	953,485	1,008,947	52,698	445,475	498,173
Levy income	581,605	258,492	840,097	536,649	238,509	775,158
Parishes fundraising	-	389,485	389,485	-	404,889	404,889
	637,067	9,588,494	10,225,561	589,347	8,615,167	9,204,514

4 Charitable activities

	Parishes	Curia	Total 2022	Parishes	Curia	Total 2021
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Grants received	193,600	-	193,600	947,303	33,360	980,663
Grants received						
HMRC Coronavirus Job Retention Scheme	-	-	-	171,862	33,360	205,222
Revenue Commissioners TWSS/EWSS	5,928	-	5,928	155,667	-	155,667
Dept for Communities COVID Charities fund	-	-	-	217,286	-	217,286
Church refurbishment grants	115,579	-	115,579	327,488	-	327,488
Other	72,093	-	72,093	75,000	-	75,000
	193,600	-	193,600	947,303	33,360	980,663

DERRY DIOCESAN TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

5 Investments	Unrestricted funds		Restricted funds		Total		Unrestricted funds		Restricted funds		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£	£	£	£	£	£	£	£	£	£	£	£
Rental income	26,740	190,826	190,826	18,500	217,566	143,161	18,500	143,161	161,661	28,027	2,377	30,404
Income from Parochial investments	-	5,315	5,315	1,591	5,315	39,115	28,027	39,115	30,404	1,591	40,706	40,706
Interest receivable	1,356	28,662	28,662	48,118	30,018	184,653	48,118	184,653	232,771			
	<u>28,096</u>	<u>224,803</u>	<u>224,803</u>	<u>48,118</u>	<u>252,899</u>	<u>184,653</u>	<u>48,118</u>	<u>184,653</u>	<u>232,771</u>			

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Other income

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Net gain on disposal of tangible fixed assets - Parishes	-	338,310	338,310	-	339,758	339,758
Net gain on disposal of tangible fixed assets - Curial	491,011	-	491,011	953,000	-	953,000
Other income	-	18,299	18,299	-	175,920	175,920
Income from solar panels and NIE	-	3,514	3,514	-	955	955
Income from insurers	-	101,881	101,881	-	16,382	16,382
Income from candles and printed material	-	306,439	306,439	-	326,108	326,108
	<u>491,011</u>	<u>768,443</u>	<u>1,259,454</u>	<u>953,000</u>	<u>859,123</u>	<u>1,812,123</u>

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Charitable activities

	Parishes	Curial	Total	Parishes	Curial	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Gross salaries and employers national insurance costs	1,822,438	445,923	2,268,361	1,813,827	442,317	2,256,144
Depreciation and impairment	339,320	28,747	368,067	339,020	28,747	367,767
Consumables and administration costs	719,555	33,194	752,749	706,178	38,823	745,001
Clergy stipends	773,273	-	773,273	814,778	-	814,778
Pastoral costs	192,220	100,915	293,135	228,283	98,063	326,346
Donations	92,547	838,992	931,539	89,092	201,068	290,160
Premises costs including insurance	1,614,348	44,103	1,658,451	1,223,894	50,472	1,274,366
Repairs and maintenance	2,747,701	322	2,748,023	3,375,397	1,316	3,376,713
Diocesan levy	840,097	-	840,097	775,158	-	775,158
Pilgrimages and retreats, conferences and events	65,980	-	65,980	2,544	-	2,544
Bank charges and interest	74,425	1,170	75,595	64,012	1,156	65,168
Accountancy fees	35,061	10,440	45,501	46,565	10,440	57,005
Professional and consultancy fees	96,745	17,487	114,232	43,311	8,106	51,417
Miscellaneous and sundry expenses	36,645	4,931	41,576	45,145	9,855	55,000
Legal claims and associated costs	-	361,070	361,070	-	-	-
Retired priests stipends and expenses	-	163,294	163,294	-	168,839	168,839
Clerical students' fees and ongoing formation	-	76,474	76,474	-	109,270	109,270
Safeguarding costs	-	45,401	45,401	-	50,048	50,048
Pastoral Centre activities	-	95,859	95,859	-	105,437	105,437
Catechetical Centre activities	-	179,705	179,705	-	147,369	147,369
Regional Marriage Tribunal	-	29,916	29,916	-	25,150	25,150
Irish Hierarchy	-	125,679	125,679	-	103,009	103,009
	9,450,355	2,603,622	12,053,977	9,567,204	1,599,485	11,166,689
Analysis by fund						
Unrestricted funds	-	959,392	959,392	-	612,398	612,398
Restricted funds	9,450,355	1,644,230	11,094,585	9,567,204	987,087	10,554,291
	9,450,355	2,603,622	12,053,977	9,567,204	1,599,485	11,166,689

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Corporate Trustee

The Corporate Trustee (nor any persons connected with them) did not receive any remuneration or benefits from the charity during the year in respect of the role of Trustee.

9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Curial employees	13	15
Parish employees	184	202
Total	<u>197</u>	<u>217</u>
Employment costs	2022	2021
	£	£
Wages and salaries	<u>2,268,361</u>	<u>2,256,144</u>

There were no employees whose annual remuneration was £60,000 or more.

10 Net gains/(losses) on investments

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	as restated Restricted funds	as restated Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Revaluation of investments	<u>(301,809)</u>	<u>(1,696,035)</u>	<u>(1,997,844)</u>	<u>150,324</u>	<u>1,746,721</u>	<u>1,897,045</u>

11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

12 Other gains or losses

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Foreign exchange gains	<u>11,533</u>	<u>(19,466)</u>	<u>(7,933)</u>	<u>(19,715)</u>	<u>39,873</u>	<u>20,158</u>

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

	Parish property and contents	Curia land and buildings	Total
	£	£	£
Cost			
At 1 January 2022	33,932,040	1,437,344	35,369,384
Disposals	(13,446)	-	(13,446)
At 31 December 2022	<u>33,918,594</u>	<u>1,437,344</u>	<u>35,355,938</u>
Depreciation and impairment			
At 1 January 2022	2,613,825	216,676	2,830,501
Depreciation charged in the year	339,320	28,747	368,067
Eliminated in respect of disposals	(670)	-	(670)
At 31 December 2022	<u>2,952,475</u>	<u>245,423</u>	<u>3,197,898</u>
Carrying amount			
At 31 December 2022	<u>30,966,119</u>	<u>1,191,921</u>	<u>32,158,040</u>
At 31 December 2021	<u>31,318,215</u>	<u>1,220,668</u>	<u>32,538,883</u>

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Fixed asset investments

	Parishes investments £	Curia investments	Total £
Cost or valuation			
At 1 January 2022	5,793,908	14,243,969	20,037,877
Additions	270	250,000	250,270
Valuation changes	(604,161)	(1,393,685)	(1,997,846)
Service fees	-	(7,950)	(7,950)
Disposals	(54,107)	-	(54,107)
	<u>5,135,910</u>	<u>13,092,334</u>	<u>18,228,244</u>
Carrying amount			
At 31 December 2022	<u>5,135,910</u>	<u>13,092,334</u>	<u>18,228,244</u>
At 31 December 2021	<u>5,793,908</u>	<u>14,243,969</u>	<u>20,037,877</u>

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Other debtors	<u>3,871,586</u>	<u>3,985,176</u>

16 Loans and overdrafts

	2022 £	2021 £
Bank overdrafts	60,847	66,069
Bank loans	447,431	583,967
Other loans	365,546	383,696
	<u>873,824</u>	<u>1,033,732</u>
Payable within one year	483,213	506,585
Payable after one year	<u>390,611</u>	<u>527,147</u>
Amounts included above which fall due after five years:		
Payable by instalments	<u>163,331</u>	<u>299,867</u>

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	117,667	122,889
Other borrowings		365,546	383,696
Other taxation and social security		-	35,593
Accruals and deferred income		175,459	79,701
		<u>658,672</u>	<u>621,879</u>

18 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	16	<u>390,611</u>	<u>527,147</u>

19 Provisions for liabilities

	2022 £	2021 £
Legal claims and associated costs	<u>725,000</u>	<u>363,930</u>

Movements on provisions:

	Legal claims and associated costs £
At 1 January 2022	363,930
Additional provisions in the year	<u>361,070</u>
At 31 December 2022	<u>725,000</u>

The charity has made a provision in the financial statements of £725,000 (2021: £363,930) in relation to ongoing legal claims and associated costs. The charity has quantified the likely financial outcome based on legal advice received. There is scope for amounts ultimately payable in respect of legal claims to be mitigated by insurance cover.

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2021	Movement in funds				Balance at 1 January 2022	Movement in funds				Balance at 31 December 2022
		Incoming resources	Resources expended	Transfers	Revaluations, gains and losses		Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	
	£	£	£	£	£	£	£	£	£	£	£
Parishes	57,117,832	9,827,809	(9,583,598)	47,516	534,166	57,943,725	9,556,760	21,642	(627,579)	57,444,193	
Bishop's Fund	463,201	1,583	(12,659)	-	48,725	500,850	4,237	-	(24,586)	465,387	
Derry Catholic Building Fund	1,781,849	3,029	(25)	(18,332)	124,739	1,891,260	1,249	(21,642)	(62,846)	1,796,092	
Formation and Education Fund	3,004,741	36,589	(129,216)	-	429,272	3,341,386	72,013	-	(213,214)	3,102,893	
Holy Land	21,475	17,890	(22,647)	-	16,718	16,718	22,838	-	-	16,726	
Lenten Alms	4,956	2	(28)	-	(15)	4,915	633,595	-	2,289	4,802	
Peter's Pence	30,740	47,192	(54,701)	-	298	23,529	51,276	-	(108)	23,543	
Propagation of Faith/Third World Fund	389,342	77,915	(78,170)	-	58,333	447,420	84,532	-	(31,468)	418,294	
Colmcille											
Educational Trust	1,481,918	1,090	(21,750)	(7,000)	81,064	1,535,322	559	(11,000)	(134,364)	1,361,725	
Fund for Retired Priests	4,805,023	201,798	(63)	(114,000)	470,142	5,362,900	28,521	(120,000)	(605,513)	4,665,855	
Derry Diocesan Pastoral Centre	46,019	33,350	(98,181)	32,000	-	13,188	10,986	71,425	-	7,361	
Derry Diocesan Catechetical Centre	543,179	45,467	(146,794)	123,770	4,940	570,562	40,517	149,134	-	580,508	
Diocesan Retirement Fund	839,294	340,444	(404,655)	114,000	34,930	924,013	266,442	120,000	(18,112)	870,944	

DERRY DIOCESAN TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

20 Restricted funds	(Continued)										
	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 1 January 2022	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 31 December 2022
	£	£	£	£	£	£	£	£	£	£	£
Lourdes Pilgrimage Fund	260,396	5,448	(1,804)	-	-	264,040	1,815	(9,537)	-	-	256,318
	(70,789,968)	10,639,606	(10,554,291)	177,954	1,786,594	72,839,831	10,775,340	(11,094,585)	209,559	(1,715,501)	71,014,644

The details of restricted funds are as follows:

Parishes

Funds held under parishes represent total net assets held by individual parishes of the Diocese for use in those individual parishes.

Bishop's Fund

The fund is maintained to provide for charitable payments to both individuals and organisations in need and deserving of support.

Derry Catholic Building Fund

The fund is used for the development of churches and buildings.

Formation and Education Fund

The fund is maintained to finance the costs of formation and education of students for the priesthood of the Derry Diocese, the ongoing formation of Diocesan clergy and other educational activities.

Holy Land

The fund is used to administer the annual collection for the Holy Land within the Diocese of Derry and other receipts of a similar nature.

Lenten Aims

The fund is used to administer the annual Lenten Trocaire collection within the Diocese of Derry and other receipts of a similar nature.

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Restricted funds

(Continued)

Peter's Pence

The fund is used to administer the annual collection for Vatican purposes within the Diocese of Derry and other receipts of a similar nature.

Diocesan Propagation of the Faith and Third World Fund

The fund is used to support missionary activities in Third World countries. From 2010 onwards the fund is used to administer the annual Missions Sunday collection within the Diocese of Derry.

Colmcille Educational Trust

The fund is a Trust under the trusteeship of St Columb's Diocesan Trust and forming part of Derry Diocesan Trust. The purpose of the fund is to support Catholic education in the Diocese of Derry.

Fund for Retired Priests

The fund is maintained as a reserve fund to assist the Diocesan Retirement Fund with the costs of supporting retired priests.

Derry Diocesan Pastoral Centre

The Diocesan Pastoral Centre provides a range of services to support the Diocese and the parishes of the Diocese. The Diocesan Safeguarding Office, the Derry Office of the Armagh Inter-Diocesan Marriage Tribunal and Accord (Derry) are located in the Pastoral Centre. The Pastoral Centre provides administrative and pastoral support to the Diocesan Pilgrimage Committee, the Priest's Reading Group, the Diocesan Vocations Council and the Derry Diocesan Society. The Pastoral Centre also assists the work of various Diocesan Commissions and Committees on both a regular and occasional basis, depending on the nature and needs of the various bodies.

Derry Diocesan Catechetical Centre

The Derry Diocesan Catechetical Centre was founded in 2004 at the request of the Diocesan Bishop to devise and implement a strategic plan for catechesis and evangelisation throughout the Diocese of Derry. The vision of the Diocesan Catechetical Centre is to enable young people, families, schools and parish communities to grow in their relationship with Jesus in the Body of Christ, the Church. The Centre endeavours to meet the challenges in the church and society today with the message of Jesus, proclaimed in a simple, enthusiastic way. This allows all, especially the young to engage with Christ and experience His presence and love in their lives.

Diocesan Retirement Fund

The fund pays wages and retirement benefits to retired priests and housekeepers and general expenses for retired priests and Bishops. The income of the fund is generated from a Diocesan annual levy on parishes.

Lourdes Pilgrimage Fund

This fund administers the annual collection for the pilgrimage to Lourdes.

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Analysis of net assets between funds

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Fund balances at 31 December 2022 are represented by:						
Tangible assets	655,848	31,502,192	32,158,040	670,074	31,868,809	32,538,883
Investments	2,573,743	15,654,501	18,228,244	2,875,553	17,162,324	20,037,877
Current assets/(liabilities)	2,644,735	24,248,562	26,893,297	2,270,682	24,335,845	26,606,527
Long term liabilities	-	(390,611)	(390,611)	-	(527,147)	(527,147)
Provisions	(725,000)	-	(725,000)	(363,930)	-	(363,930)
	<u>5,149,326</u>	<u>71,014,644</u>	<u>76,163,970</u>	<u>5,452,379</u>	<u>72,839,831</u>	<u>78,292,210</u>

22 Transfers between funds

There have been transfers between funds during the year totalling £209,559 (2021: £177,594) from unrestricted reserves to restricted reserves, which represents central Curia funding towards Parishes and Pastoral and Catechetical Centre activities.

23 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).

24 Amounts held as agent

There are various collections taken up during the year within the Diocese that are collections undertaken as agent on behalf of other organisations. These funds are lodged to the bank and then paid to the individual organisations. The asset and liability are not recognised within these financial statements.

The amount of funds held by the charity at the year end as an agent was £46,070 (2021: £45,174).

25 Cash generated from operations

	2022 £	2021 £
(Deficit)/surplus for the year	(2,120,307)	2,960,427
Adjustments for:		
Investment income recognised in statement of financial activities	(252,899)	(232,771)
Foreign exchange differences	(7,933)	20,158
Gain on disposal of tangible fixed assets	(829,321)	(1,252,758)
Fair value gains and losses on investments	1,997,844	(1,897,045)
Depreciation and impairment of tangible fixed assets	368,067	367,767
Movements in working capital:		
Decrease/(increase) in debtors	113,590	(630,746)
Increase in creditors	60,165	2,080
Increase in provisions	361,070	-
Cash absorbed by operations	<u>(309,724)</u>	<u>(662,888)</u>

DERRY DIOCESAN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

26 Analysis of changes in net funds

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	23,243,230	437,153	23,680,383
Bank overdrafts	(66,069)	5,222	(60,847)
	<u>23,177,161</u>	<u>442,375</u>	<u>23,619,536</u>
Loans falling due within one year	(440,516)	18,150	(422,366)
Loans falling due after more than one year	(527,147)	136,536	(390,611)
	<u>22,209,498</u>	<u>597,061</u>	<u>22,806,559</u>