

Dromore Diocesan Trust

Registered Charity Number 105046

Report and Financial Statements

For the year ended
31 December 2017

Dromore Diocesan Trust

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Dromore Diocesan Trust

Legal and administrative information

Trustee

Diocese of Dromore Trustee

(a company limited by guarantee, registration number NI609968)

Registered Office, Bishop's House, 44 Armagh Road, Newry, BT35 6PN

Directors and Officers of Diocese of Dromore Trustee

Most Reverend Philip Boyce, OCD, Apostolic Administrator. (appointed 26 March 2018)

Most Reverend John McAreavey (Bishop of Dromore) (resigned 1 March 2018)

Very Reverend Liam Stevenson

Reverend Feidhlimidh Magennis

Mr Brendan Jackson

Mr Cathal McAnulty

Mrs Nuala McKeagney

Mr Michael Gillen

Mr Mark McNally

Mrs Anna McVeigh (Resigned 12th March 2018)

Registered Office

Bishop's House, 44 Armagh Road, Newry, BT35 6PN

Company Secretary

Reverend Feidhlimidh Magennis

Finance and Compliance Officer

Mrs Rosaleen Conway FCA

Auditor

Hill Vellacott, Chartered Accountants, 22 Great Victoria Street, Belfast, BT2 7BA

Bankers

First Trust Bank, 42-44 Hill Street, Newry, BT34 1AU

Investment Managers

Davy Asset Management, Davy House, 49 Dawson Street, Dublin 2

Solicitors

Napier & Sons, 1-9 Castle Arcade, High St, Belfast BT1 5DF

Luke Curran & Co, 6 Marcus Square, Newry, Co. Down, BT34 1AY

BLM, 51 Adelaide Street, Belfast, BT2 8FE

Dromore Diocesan Trust

Report of the Trustee

The Trustee presents its Annual Report and the audited financial statements of the Charity, Dromore Diocesan Trust, for the year ended 31 December 2017

Constitution and aims

The Roman Catholic Diocese of Dromore was established through the reorganisation of the Irish Church in the late twelfth century. It is one of the smaller dioceses in Ireland and covers portions of Counties Down, Armagh and Antrim with its cathedral located in the city of Newry.

The Dromore Diocesan Trust is a charitable trust, established by a trust deed dated 1 November 2010. On 20th April 2016, Dromore Diocesan Trust was registered as a charity with the Charity Commission for Northern Ireland and given the registration number NIC105046. For tax purposes, Dromore Diocesan Trust is also registered with HM Revenue and Customs - reference number XT27177. The sole Trustee of the Charity is a Corporation, Diocese of Dromore Trustee. The Company is limited and was registered on 17th November 2011 registration number NI609968. On 13th January 2012 the Lord Chief Justice of Northern Ireland authorised Diocese of Dromore Trustee to act in any Charitable or Ecclesiastical Trust as a Trust Corporation.

Objectives and activities

The principal objects of the Charity are:

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

The Diocese of Dromore, 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 Dromore Diocesan Trust are constantly monitored and reviewed in order to ensure that the principal aims and objectives of the charity are adhered to.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

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

The Trustee confirms it has complied with the requirements of Section 4 (6) of the Charities Act (Northern Ireland) 2008 to have due regard to the public benefit guidance published by the Charities Commission for Northern Ireland in determining the activities undertaken by the Charity. Throughout this Annual Report the Trustee seeks to demonstrate that the Charity's aims and objectives are for the public benefit.

Structure, Governance and Management

Ecclesiastical Law requires certain structures to be in place within the Diocese. Structures in the Diocese of Dromore include: Diocesan Consultors (fulfilled by the Cathedral Chapter), a Council of Priests and a Finance Council. The Bishop is also assisted in ecclesiastical governance by a Chancellor, a Vicar General and a Finance Administrator.

The overall operation of the Charity, including financial and legal responsibility in civil law, is overseen by the Trustee, the directors of which are appointed by the Bishop, who is chair of the Board. Recruitment of the directors is based on their knowledge of the local Church and having the professional skills and experiences necessary for overseeing the affairs of the Charity by ensuring it is solvent, well-run, and that it delivers the outcomes for which it was established. The Board is composed of a mixture of clergy and lay members of the Church.

On appointment, new directors receive induction and are introduced to their role and responsibilities by the Chancellor, the Finance Administrator and the Finance and Compliance Officer of the Diocese. They are provided with copies of the Trust Deed and the latest financial information and reports. Directors attend formal and informal training sessions as required.

The day-to-day business of the Diocese is managed through the Diocesan Curia. The Bishop refers ecclesiastical related matters to the Chancellor and other appropriate officials. Civil administrative matters are referred to the Finance Administrator and the Finance and Compliance Officer. The Council of Priests also assists the Bishop in the governance of the Diocese according to the norm of law 'so that the pastoral welfare of that portion of the people of God entrusted to the Bishop may be most effectively promoted' (Code of Canon Law, canon 495). Reflecting Canon Law, the activities of the Charity are separated in this Report into Parish and Curia functions.

On 1 March 2018, Bishop John McAreevey resigned as Bishop of Dromore. Pope Francis accepted the resignation of Bishop John McAreevey as Bishop of Dromore on 26th March 2018 and appointed Bishop Philip Boyce OCD, Bishop Emeritus of Raphoe, as the Apostolic Administrator "sede vacante" (vacant See) of Dromore. As Apostolic Administrator, Bishop Philip Boyce OCD will oversee the pastoral needs of the faithful of the diocese. An Apostolic Administrator is appointed to temporarily govern a diocese when special or serious circumstances warrant such an appointment. Bishop Boyce governs in the name of the Holy Father and has all the powers and duties of a diocesan bishop.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

Parishes

The Diocese is divided into parish communities. The parishes in the Diocese are established and operate under the Church's Code of Canon Law which bestows on them separate canonical status which explains their treatment in the following financial accounts specifically through the columnar layout. Under Canon Law, each parish must have a finance committee to advise the parish priest in regard to the administration of the parish. Parish finance committees include parishioners with knowledge and experience in finance, property management and administration.

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 that parishes are administered in accordance with the norms of Canon and Civil Law while fulfilling the aims of the Charity.

As encouraged by The Directory for the Pastoral Ministry of Bishops (*Apostolorum Successores*), the Bishop, in consultation with priests and laity, reviews on a regular basis the parish structure to ensure the long term pastoral sustainability of the parishes.

Curia

The Diocesan Curia consists of those institutions and persons which furnish assistance to the Bishop in the governance of the entire Diocese, especially, in directing pastoral activity, in providing for the administration of the Diocese and in exercising juridical 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, education, family ministry, liturgy and other facets of the local Church's life.

The Trustee Board delegates oversight of the Diocese's day to day financial, property and administration matters to the personnel within the Curia. The remuneration of key personnel is disclosed in the Financial Statements. All employment matters and remuneration issues are overseen by the Trustee Board and reviews are undertaken periodically.

Risk Management

The Trustee Board, aware of the various risks to which the Diocesan Trust is exposed, particularly those relating to the operation and finances of the Trust, have published and promulgated internal controls for use throughout the Diocese. The implementation of these controls continues to be monitored and an ongoing assessment is being undertaken to ensure that systems are in place to manage the exposure to major risks.

The main areas of risk identified and monitored by the Board include:

- Safeguarding
- Compliance with health & safety, employment and other legislation
- Reduction in active clergy numbers
- Reduction in voluntary income
- Increasing costs for the care of sick and retired clergy
- Reduction in reserves due to capital projects and other long-term commitments
- Compliance with data protection regulations.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

Achievements and performance

The territory covered by the Diocese of Dromore has a total population of approximately 190,000 people of whom approximately 90,000 are Catholics. The Diocese consists of twenty-two parishes, clustered into five pastoral areas. Each pastoral area consists of a number of adjoining parishes united in the interests of promoting and realising the objects and the mission of the Diocese of Dromore within their local communities.

Proclamation of the Gospel and Worship of God

Within the Diocese, religion is advanced through the provision of places of worship, the facilitation of religious practice, and in particular the community celebrations of Mass. In most parishes, there is a public celebration of Mass every day; and on every weekend there are several community Masses celebrated in each parish over Saturday evening and Sunday morning. All such celebrations are open to the public without any restrictions on attendance. In some parishes, where there is a declining number of clergy available, other forms of worship have been introduced such as Liturgies of the Word and Eucharistic Adoration, led by members of religious communities or lay personnel.

Other activities of the Charity in this category include the celebration of other religious ceremonies (including baptisms, weddings and funerals), running programmes in relation to spiritual formation and development, and encouraging and supporting inter-church relationships. As many of the places of worship within the Diocese are listed and some contain significant religious works of art and other artefacts which form part of our national heritage, these places are open to the general public and provide a public benefit to the whole community. They offer spaces for quiet reflection and spiritual contemplation.

It is within the parish community that people experience what it is to be a member of the Catholic Church. It is in this context that faith is nurtured and given expression. Hence parishes provide, in various ways, for the moral and spiritual wellbeing of all parishioners. Opportunity is given for practical manifestations of faith in various pastoral, social and educational activities many of which rely wholly on the voluntary involvement of parishioners. In the last year for which statistics are currently available (2016), there were 1,347 Baptisms, while 1,271 children made their First Holy Communion and 1,318 young people received the Sacrament of Confirmation. A total of 314 marriages were officiated in the same period.

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. A Hospital Chaplain is assigned to Craigavon Area Hospital, while other clergy and lay pastoral visitors regularly visit other hospitals and nursing homes in the area frequented by members of the Diocese.

Each year, priests and people of Dromore journey to ancient pilgrimage sites within the diocese and beyond. The annual Diocesan pilgrimage to Lourdes took place in May 2017 with 468 people from the parishes of the Diocese, and the annual pilgrimage to Knock took place in June. These organised pilgrimages provide much appreciated support for the sick who participate, as well as for all those volunteers who give so much of their time and energy. They become model experiences of the Church as the pilgrim People of God. Many people also travelled in groups or singly to Lough Derg during the summer season, and growing numbers are also taking part in the Camino di Santiago in Spain.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

The important role played by the many volunteers who are active in their parishes cannot be overstated, and their contribution is vital to enabling the Diocese to continue to fulfil and develop its stated objectives. Volunteers give generously of time and energy, serving in various ministries as part of the worshipping community and also caring for and visiting the sick, the housebound and those on the margins of our society. They play a significant role in helping to maintain parish properties and assisting in financial and other administrative duties such as through membership of parish and diocesan pastoral, finance and safeguarding committees. Such volunteers are often the lifeblood of their communities. It is not possible to quantify the number and range of volunteers active throughout the Diocese, nor is it possible to put a financial value on their involvement.

Although the Charity relies on the donations from parishioners for its funding, access to religious services is never restricted on the grounds of ability to pay. 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 promoters of the Common Good within their local area through membership of other charities, local societies, community groups and by volunteering in all sorts of ways to benefit society in general.

Besides the work accomplished at parish level, the Curia (the central administration of the Diocese) coordinates and carries out a number of essential functions necessary to the advancement of the Catholic religion at local, national and international level. In order to do so, the Curia operates through a range of diocesan commissions, committees and through various personnel charged with specific responsibilities.

The Diocesan Commissions include the Diocesan Ecumenical Commission, the Diocesan Liturgy Commission, the Diocesan Vocations Commission and the Diocesan Youth Commission.

The Diocesan Committees include the Diocesan Education Committee, the Diocesan Faith Development Committee, the Diocesan Safeguarding Committee and the Diocesan Special Needs Committee.

Personnel with specific responsibilities include the Diocesan Coordinator of Adult Faith Development, the Diocesan Pilgrimages Director, the Co-ordinator of Pastoral Care for Migrants, the Co-ordinator of the Permanent Diaconate and the Diocesan Vocations Director.

Provision of clergy and pastoral personnel

Central to parish life is the relationship between the priests, deacons and people. 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 on-going commitments.

For the main part, priests ministering in parishes organise, animate and motivate the local faith communities. They constantly strive to be witnesses of hope and authentic shepherds for their people. The provision of dedicated, well-qualified and competent clergy to serve in parishes and other ministries remains a priority for the Diocese. Through means of regular conferences, retreats, courses, workshops and sabbaticals the priests of the Diocese are kept informed and provided with guidance in regard to current issues and developments in all aspects of ministry and mission. A key to sustaining the advancement of the Catholic religion is the promotion and support of vocations to the priesthood. It is a major concern that in 2017, there are no students in formation for the priesthood.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

In recent years, the Diocese introduced the Permanent Diaconate: two new deacons were ordained to service in the Diocese in June 2017. The role of the Permanent Deacon is to be a helper to the bishop and priests, to proclaim by his life the Church's call to serve the needs of others, to proclaim the Gospel message, to live a life of fidelity to Christ and the Church and to lead the community in building a Kingdom of grace, faith, justice and compassion. The Diocese has commenced a new cycle of discernment and training in September 2017 for candidates for the Permanent Diaconate.

The general well-being and care of clergy in active ministry is coordinated by the Diocesan Curia. Priests' stipends and related matters are overseen and regulated by a Clergy Remuneration Committee. Equally important is the welfare of priests who are sick or retired. Their welfare is the responsibility of a committee that administers the Clerical Provident Fund. During 2017, 11 priests received assistance from the Fund which necessitated a total spend of £111,549.

The Diocese continues to engage with men and women who wish to undertake discernment in regard to vocations to the priesthood, the permanent diaconate and the religious and consecrated life. The Diocesan Vocations Director, along with the Diocesan Vocations Commission, coordinates this essential mission mostly through the means of discernment groups, prayer vigils, discernment retreats and chaplaincy work in the post-primary schools of the Diocese.

The objectives of the Charity are greatly supported, and the life of the Diocese is enriched, by the contribution made by the many members of Religious Institutions, Secular Institutions and/or Societies of Apostolic Life serving in the Diocese. The Diocese of Dromore expresses its sincere gratitude to these men and women of faith for their ministries of generous service and sacrifice.

Support for families

Family Ministry within the Diocese is dedicated to strengthening marriage and families by coordinating programmes 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. In collaboration with other groups, Family Ministry offers services and practical resources to assist people, at all stages of life, in order to help them experience more fully the love and compassion of God in the ordinary events of life.

Among the various services provided by the Diocese are: ACCORD Catholic Marriage Care Service, Marriage Encounter, Engaged Encounter, Families First (Parenting Skills). Within the Diocese in 2017, extensive preparations were made for the 9th World Meeting of Families, held in Dublin in August 2018. A series of preparatory events were held to heighten awareness of the central role of the family in the life of the Church.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

Provision of educational, pastoral and youth ministries

Catholic schools within the Diocese

A key aspect of the contribution of the Diocese to the local community is the large network of Catholic Schools. There are nine nursery schools, thirty-seven primary schools and twelve post-primary schools in the Diocese with a total enrolment of approximately 22,000 pupils. The Diocese participates in celebrating this contribution in Catholic Schools Week, an event held throughout Ireland in January/February of each year.

The Diocese of Dromore remains fully committed, through its Catholic Schools, to maintaining, by way of a holistic methodology, the highest standards in learning and thus continuing to offer academic excellence and faith-filled education to all young people. Many non-Catholic parents choose to educate their children in Catholic Schools, not least, because of the excellent education on offer but also the identifiable ethos of trust, mutual respect and recognition of responsibility to those in need.

Youth Ministry

The Dromore Youth Commission develops faith services to young people across the Diocese. Developing and nurturing leadership skills is a key facet of its work, as the leaders of tomorrow are to be found in the ranks of today's young people. Parental participation and contribution is encouraged as drawing the family into this youth work, draws them closer to God. The organisation of this ministry is led by the Diocesan Youth Director who coordinates over 75 volunteers across the Diocese. Volunteers undergo appropriate safeguarding vetting and training to prepare them for ministry, as well as specialist preparation for particular programmes hosted by the Commission. The Diocesan Youth Director maintains active engagement with the schools of the Diocese to support their work in the spiritual development of pupils. The Diocesan Youth Commission maintains active collaboration with other agencies such as the Education Authority Youth Service, YouthLink and the Dominican Community Youth Camp in Co. Cork.

Key programmes offered by the Youth Commission are: 'Growing in Faith Together' (GIFT) offered to pupils after receiving the Sacrament of Confirmation, the Pope John Paul II Award offered to approximately 200 school-leavers in the period covered by this report, and school retreats which engaged approximately 1,000 pupils in 2017. The Commission also coordinates diocesan participation in the World Youth Day (WYD) celebrations: in 2017 when there was no WYD event, other pilgrimages to Croagh Patrick and Knock were organized for young people. The Youth Commission also contributes to Family Ministry by its parental engagement activities.

Diocesan Strategic Working Group

In June 2017, Bishop McAreavey inaugurated a new initiative to review and plan the pastoral strategy of the Diocese in coming years. The Working Group has the following objectives:

- to identify the way forward for sustaining Catholic life in the Diocese
- to communicate with priests and people of the Diocese as the Diocese introduces changes and developments
- to develop a strategic plan for the pastoral mission of the Diocese
- to coordinate with other agencies of the Diocese on possible financial and administrative implications of the strategic plan

Dromore Diocesan Trust

Report of the Trustee (*continued*)

The Group held several meetings in 2017 and began a process of consultation with parish pastoral councils. It has identified two key areas for focus in its deliberations: the development of a diocesan pastoral council, and the continuing needs of pastoral care for clergy.

Safeguarding

The Diocese is committed morally and legally to upholding the rights of children, young people and vulnerable adults. The Diocesan Safeguarding Office continues to co-ordinate and build upon the existing good work of safeguarding throughout 2017. The Diocesan Safeguarding Office is led by Mrs Patricia Carville (Director of Safeguarding and Diocesan Liaison Person). Safeguarding information is readily accessible through the diocesan website.

The role of the Safeguarding Office is to develop and oversee the implementation of safeguarding practices for the Diocese, for both child protection and adult safeguarding, and to liaise with the statutory agencies in relation to the management of cases and the development of best practice. All the safeguarding personnel in the Diocese work to a Code of Practice in line with the National Board for Safeguarding Children in the Catholic Church in Ireland (NBSCCCI) Standards and Guidance Document. In 2017, Child Safeguarding training was completed for some 120 volunteers and clergy to introduce the updated 2016 NBSCCCI guidelines. Adult Safeguarding training was also delivered to 25 volunteers involved in the Diocesan pilgrimage to Lourdes: a further 30 clergy and safeguarding committee members attended leadership training.

A Diocesan Safeguarding Committee meets regularly to review and support the work of the Safeguarding Office and is accountable to the Bishop. The Diocese has opted to use, as its Advisory Panel, the National Case Management Committee of the National Board for Safeguarding Children (based in Maynooth) because of the expertise of the group and the fact that they are independent of the Diocese and objective in their perspective: the Diocesan Liaison Person meets with them twice each year to discuss case management.

Much has been achieved, particularly, by having so many dedicated people providing exemplary support. It is important to note that the safeguarding parish structures comprise of Local Safeguarding Councils made up of representatives who themselves are vetted and trained. These dedicated volunteers continue to maintain a unique and robust safeguarding structure designed to ensure that best practice is driven and maintained at parish level where children, young people and vulnerable adults participate in parish activities.

In 2018 a police investigation commenced to look into allegations of historical abuse by a deceased priest of the Diocese. The Diocese and the Safeguarding Committee are co-operating fully with this investigation.

Provision and maintenance of places of worship

Churches play a central role in the spiritual life of parishioners and along with parochial houses and other associated parish buildings they are often significant landmarks within the wider local community. Public benefit is provided through the provision of safe and worthy places of worship and assembly for not only the Catholic community but for those who wish to make use of them for personal or spiritual contemplation. Many of the Churches and associated buildings are listed as being of special or historical architectural interest. The proper care of these buildings can be onerous but they are essential for the on-going realisation of the principal object of the Charity, the advancement of the Catholic religion.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

General maintenance, minor and major schemes of renewal and projects of construction with regard to church buildings and properties often require major outlays which are essential if these important structures, which form part of our national heritage, are to be maintained not just for present use but for future generations. The management of this responsibility is on-going and is carefully regulated and professionally monitored so that legitimate requests for new works, renovations and adaptations can be readily assessed and progressed.

The Diocese has in place insurance cover in respect of all its buildings so that public access should not be unduly restricted by lack of funds to repair or restore buildings harmed as a result of accidental or other damage.

Aid to impoverished and needy communities worldwide

Trócaire is the official overseas development agency of the Catholic Church in Ireland. It was established by the Irish Bishops' Conference in 1973 as a means through which people contribute to overseas emergency relief and development aid programmes. Its dual mandate is to support the most vulnerable people in the developing world while, also, raising awareness of injustice and global poverty. The Diocese of Dromore, despite its small size, is a significant contributor to the charitable work of Trócaire, and in the year under review contributed over £283,149.

Future plans

This brief overview reflects the work of the charity in the current year and also indicates its on-going commitment in regard to fulfilling the principal aims and objectives of the Charitable Trust into the future.

The Diocese of Dromore will continue to build upon and develop the initiatives and activities outlined in the narrative above and so continue to fulfil the principal aims of the Charity. In addition a primary focus of the Trustee is to secure the long term financial stability of the Diocese. The appointment of Bishop Philip Boyce, as Apostolic Administrator, means that the Diocese continues to manage the issues facing the Charity. Periodically the Trustee undertakes a review exercise in respect of all aspects of the activities of the Charity through reports from Parish Priests, Parish Administrators and the various bodies which are constituent parts of the Diocese.

Management of Resources

The Diocesan Finance Committee meets quarterly to consider all aspects of the Charity's finances including cash flow, budgets, investments and banking issues. The Committee reports and discusses its deliberations at the meeting of Trustee directors.

A Buildings Sub-Committee meets annually or as necessary to consider all capital expenditure budget requests which are ratified at a meeting of the Diocesan Finance Committee.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

Review of Financial Performance

The detailed financial results for the year ended 31 December 2017 are set out in the financial statements that accompany this report.

The table below summarises the financial activities of the Diocese:

	2017 £'000	2016 £'000
Parishes		
Income	4,489	4,541
Expenditure	(3,061)	(3,183)
Net income before assessment and transfers	1,428	1,358
Diocesan Assessment and other transfers	(689)	(795)
Fixed asset gain and losses	(3)	(218)
Increase in reserves	736	345
Curia		
Income	175	218
Expenditure	(1,862)	(818)
Diocesan assessment and other transfers	689	795
Deficit before investment gains	(998)	195
Fixed asset (losses)	-	(2)
(Decrease) / increase in reserves	(998)	193
Total (decrease) / increase in parish and Curia reserves	(262)	538

Complete details of the income and expenditure are shown in the statement of financial activities on page 18 and in the notes to the accounts.

Dromore Diocesan Trust

Report of the Trustee (*continued*)

Review of transactions and financial position of the Charity

The reserves of the Charity at 31 December 2017 total £27.5m (2016 £27.8m) and of this total £26m relate solely to the assets and activities of individual parishes and are not available for the non-parish general purposes of the Charity. Curia reserves total £1.5m at the year-end of which (£0.36m) are unrestricted with £2.27m of this relating to fixed assets.

Most of the income received by parishes is through the Sunday offertory and other donations. This source of income is 81% of the parish total. This decreased from £3.68m in 2016 to £3.66m in 2017. Total expenditure decreased from £3.18m in 2016 to £3.06m in 2017.

Total Curia income fell from £0.22m in 2016 to £0.18m in 2017. Total expenditure increased from £0.82m in 2016 to £1.86m in 2017. The increase is the result of the provision for claims increasing in the current year.

Investment Policy and Performance

The Trust Deed authorises the Trustee to make and hold investments. The Trustee has appointed Davy Charities as Investment Managers. The managers have full discretion to invest, subject to the parameters laid down by the Trustee. There is a regular review of information from the Investment Managers which monitors the performance of the portfolio and the investment strategy. Further details are set out at note 13.

Reserves Policy

Unrestricted funds are not all freely available, should the charity need immediate access to reserves. In order to ensure that the organisation has access to funds it is necessary to adjust unrestricted reserves as recommended by SORP 2015 by excluding Fixed Assets as it would be unlikely that the organisation would be able to liquidate the fixed assets in a timely manner. The Charity recognises that by excluding Fixed Assets it has a negative unrestricted reserves balance. This is, however, an improving figure. The Charity will continue to monitor this position and actively take steps to address this position by realising assets and reducing costs. The Charity's targeted policy is to maintain 6 months unrestricted expenditure as free reserves and it will continue to work to achieve this position of liquidity.

Signed on behalf of the Trustee on 25 October 2018:

+ Philip Boyce *o/p*

Most Reverend Philip Boyce, OCD, Apostolic Administrator

Feidhlimh TMy

Reverend Feidhlimidh Magennis

Dromore Diocesan Trust

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements of the Dromore Diocesan Trust 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 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 period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Signed on behalf of the Trustee on 25 October 2018

Philip Boyce, ocd

Most Reverend Philip Boyce, OCD, Apostolic Administrator

Feidhlimidh TM

Reverend Feidhlimidh Magennis

Independent auditors' report to the Trustee of Dromore Diocesan Trust

Opinion

We have audited the financial statements of Dromore Diocesan Trust (the "charity") for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the cash flow statement and 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).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017, and of its total incoming resources and expenditure 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 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

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

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

Independent auditors' report to the Trustee of Dromore Diocesan Trust (continued)

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the Trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 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.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 14, the Trustee is responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the 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 Trustee is 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 Trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the Trustee of Dromore Diocesan Trust
(continued)

Auditor's responsibilities for the audit of the financial statements

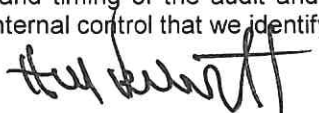
We have been appointed as auditor under section 65(2) of the Charities Act (Northern Ireland) 2008 and report in accordance with regulations made under section 66 of that Act.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Hill Vellacott
Chartered Accountants and Statutory Auditor
22 Great Victoria Street, Belfast, BT2 7BA

25 October 2018

Hill Vellacott is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Dromore Diocesan Trust

Statement of financial activities Year ended 31 December 2017

	Note	Parishes		Total funds	Unrestricted Funds	Curia Restricted funds	Total funds	2017 Total funds	2016 Total funds
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:									
Donations and legacies	2	2,737	917	3,654	-	2	2	3,656	3,683
Investment income	3	27	-	27	32	82	114	141	115
Other income	4	10	-	10	-	-	-	10	4
Charitable activities	5	758	40	798	1	58	59	857	957
Total:		3,532	957	4,489	33	142	175	4,664	4,759
Expenditure on:									
Cost of raising funds	7	17	-	17	-	1	1	18	-
Charitable expenditure	8	2,499	545	3,044	1,620	241	1,861	4,905	4,001
Total		2,516	545	3,061	1,620	242	1,862	4,923	4,001
Net income (expenditure)	10	1,016	412	1,428	(1,587)	(100)	(1,687)	(259)	758
Transfers between funds	18	(542)	(147)	(689)	496	193	689	-	-
Other recognised gains and losses									
Net gain / (losses) on disposals of assets	6	474	265	739	(1,091)	93	(998)	(259)	758
		(3)	-	(3)	-	-	-	(3)	(220)
Net movement on funds	18	471	265	736	(1,091)	93	(998)	(262)	538
Fund balances brought forward	18	24,839	452	25,291	737	1,758	2,495	27,786	27,248
Fund balances carried forward	18	25,310	717	26,027	(354)	1,851	1,497	27,524	27,786

The notes on pages 21 to 42 form part of these financial statements.

Dromore Diocesan Trust

Balance sheet
31 December 2017

	Note	Parishes £'000	2017 Curia £'000	Total £'000	2016 Total £'000
Fixed assets					
Tangible fixed assets	12	26,626	1,262	27,888	28,511
Investments	13	-	1,006	1,006	897
Current assets					
Debtors	14	505	10	515	1,046
Cash at bank and in hand		4,253	1,376	5,629	6,729
Creditors - amounts falling due within one year					
Bank overdraft	15	4,758	1,386	6,144	7,775
Other creditors and accrued expenses		(5,251)	-	(5,251)	(7,821)
		(106)	(427)	(533)	(681)
Net current assets / (liabilities)		(599)	959	360	(727)
Total assets less current liabilities					
		26,027	3,227	29,254	28,681
Provisions for liabilities and charges	17	-	(1,730)	(1,730)	(895)
Total assets less current liabilities					
		26,027	1,497	27,524	27,786
Unrestricted funds	18	25,310	(354)	24,956	25,576
Restricted funds	18	717	1,851	2,568	2,210
Total assets less current liabilities and parish loan accounts					
		26,027	1,497	27,524	27,786

The financial statements were approved by the Trustee on 25 October 2018 and signed on its behalf by:

+ Philip Boyce, OED
Most Reverend Philip Boyce, OCD
Director


Reverend Feidhlimidh Magennis
Director

The notes on pages 21 to 42 form part of these financial statements.

Dromore Diocesan Trust

Statement of cash flows

31 December 2017

	2017 £'000	2016 £'000
Cash flow from operating activities		
Net incoming resources	(259)	758
Investment income	(140)	(115)
Bank interest	98	211
Depreciation	508	504
Decrease in debtors	858	(390)
(Decrease) in creditors	(475)	145
Increase in provisions	835	-
	<hr/>	<hr/>
Net cash from operating activities	1,425	1,113
	<hr/>	<hr/>
Cash flows from investing activities		
Investment income received	34	26
Interest paid	(101)	(210)
Purchase of tangible assets	(213)	(801)
Proceeds from sale of tangible assets	325	1,376
	<hr/>	<hr/>
Net cash from investing activities	45	391
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,470	1,504
Cash and cash equivalents at 31 December 2016	(1,092)	(2,596)
	<hr/>	<hr/>
Cash and cash equivalents at 31 December 2017	378	(1,092)
	<hr/>	<hr/>
Cash and cash equivalents consists of:		
Cash at bank and in hand	5,629	6,729
Bank overdrafts	(5,251)	(7,821)
	<hr/>	<hr/>
	378	(1,092)
	<hr/>	<hr/>

Dromore Diocesan Trust

Notes

1 Accounting policies

Summary of significant accounting policies

General information and basis of preparation

Dromore Diocesan Trust is a registered charity in the United Kingdom. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are:

The advancement of the Roman Catholic religion in the Roman Catholic Dromore Diocesan Trust subject to any future curtailment or addition of area made in accordance with the laws and regulations of the Roman Catholic Church.

The advancement of any charitable purpose supported by the Roman Catholic Church throughout the world or in any part of the world.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and UK Generally Accepted Practice as it applies from 1 January 2016.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £000.

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgments (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Tangible assets

Church property within the parishes and curia property is stated at cost less accumulated depreciation and the Trustee will exercise judgement when identifying the useful life and the residual value of those assets.

Dromore Diocesan Trust

Notes *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Revaluation of investment properties

The charity carries the investment properties at fair value with changes in fair value being recognised in the SoFA. The Trustee has used available expertise to determine the fair value, based on market value of the investment properties. Further information is available at note 12.

Provisions for liabilities and charges – legal claims

The charity has provided for the value of claims and the associated legal costs that have been notified to the Trustee. The Trustee has taken advice from the solicitors engaged in the claims to arrive at the amount provided. The details of the amount provided is included in note 17.

Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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 cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity

Dromore Diocesan Trust

Notes *(continued)*

has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example, the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustee's Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in respect of running costs and upkeep of properties. Income from government and other grants are 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. If entitlement is not met then these amounts are deferred.

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

Other income includes the conversion of endowment funds into income which arises when capital funds are released to an income fund from expendable endowments or when a charity has authority to adopt a total return approach to its permanent endowment fund. It also includes other income such as gains on disposals of tangible fixed assets.

Dromore Diocesan Trust

Notes *(continued)*

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes cost of fundraising from within the Parish and Curia.
- Expenditure on charitable activities includes administration costs, bank fees, depreciation and premises expenses.
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the 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.

Resources expended

Resource expended are included in the statement of financial affairs on the basis of the amounts payable for work done and services provided in the year.

The costs of activities in the furtherance of the charity's objectives consist of all expenditure directly related to the objectives of the Diocese.

The costs of generating funds consist of expenditure incurred by the charity in encouraging others to make contributions to it.

Governance costs include those incurred in the governance of its assets and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets

Curia buildings

The Trustee's view was that a reasonable approximation of the net book value of the curial property held at 31 December 2014 would be established through discounting the insurance values of these assets by 90%.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its estimated useful economic life at 2% or 10% straight line.

Dromore Diocesan Trust

Notes *(continued)*

Parish land

Parish land is divided into different categories and has been valued by the Trustee using a value per acre, depending upon the type of land that is held, to arrive at deemed cost.

Church property and contents

Prior to 2015, 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 all church property and contents held then was not available. The Trustee's view was that a reasonable approximation of the net book value of the church property and contents held at 31 December 2014 would be established through discounting the insurance values of these assets by 90%. This was the policy employed to include the assets on the balance sheet at estimated historic cost net of accumulated depreciation. Of the 22 parishes, all will have a church and a presbytery and some will have oratories and halls.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life at 2% straight line.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Additions are capitalised where the value exceeds £1,000. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	25% straight line (curia)
	2% straight line (parishes)

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in 'net gains / (losses) on investments' in the SoFA.

Investments

Investments are recognised initially at market value at the balance sheet date which is normally the transaction price excluding transaction costs.

Current asset investments are short term highly liquid investments and are held at fair value. These include cash on deposit and cash equivalents with a maturity of less than one year.

Dromore Diocesan Trust

Notes *(continued)*

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Concessionary loans

Concessionary loans include those receivable / payable which are interest free or below market interest rates and are made to advance charitable purposes. Where the loan is repayable more than one year, the loan is initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SoFA unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Dromore Diocesan Trust

Notes *(continued)*

Foreign currency

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.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Tax

The Trustees consider that the Charity is largely exempt from income tax under the provisions of the Income and Corporation Taxes Act 1988 and the Taxation of Taxable Gains Act 1992. Recovery is made of tax deducted from Income and from receipts under Gift Aid. The charity is not able to recover Value Added Tax. Expenditure is recorded in the accounts inclusive of VAT.

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Dromore Diocesan Trust

Notes *(continued)*

2 Voluntary income

Parishes

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Offertories, donations and legacies	2,737	917	3,654	3,681
	<u>2,737</u>	<u>917</u>	<u>3,654</u>	<u>3,681</u>

The amount of voluntary income in parishes in 2016 was £3.681m of which £2.712m was attributable to unrestricted and £0.969m was attributable to restricted funds.

Curia

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Donations and gifts	-	2	2	2
Other income including gift aid returns	-	2	2	2
	<u>-</u>	<u>2</u>	<u>2</u>	<u>2</u>

The amount of voluntary income in Curia in 2016 was £0.002m of which £0.002m was attributable to unrestricted.

Dromore Diocesan Trust

Notes (continued)

3 Investment income

Parishes

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Bank interest	27	-	27	20
	<u>27</u>	<u>-</u>	<u>27</u>	<u>20</u>
	<u>27</u>	<u>-</u>	<u>27</u>	<u>20</u>

The amount of investment income in parishes in 2016 was £0.020m of which £0.020m was attributable to unrestricted funds.

Curial and pastoral

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Listed investments	32	82	-	114	95
	<u>32</u>	<u>82</u>	<u>-</u>	<u>114</u>	<u>95</u>
	<u>32</u>	<u>82</u>	<u>-</u>	<u>114</u>	<u>95</u>

The amount of investment income in the Curia in 2016 was £0.095m of which £0.027m was attributable to unrestricted funds and £0.068m was attributable to restricted funds.

4 Other Income

Parishes

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Insurance Claims	10	-	10	4
	<u>10</u>	<u>-</u>	<u>10</u>	<u>4</u>
	<u>10</u>	<u>-</u>	<u>10</u>	<u>4</u>

The amount of other income in the parishes in 2016 was £0.004m and this was all attributable to unrestricted funds.

Dromore Diocesan Trust

Notes (continued)

5 Incoming resources from charitable activities

Parishes

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Fundraising	341	-	341	427
Booklets and pilgrimages	265	-	265	253
Other incoming resources from charitable activities	152	-	152	132
Capital grants received	-	26	26	7
Youth Ministry	-	14	14	16
	<u>758</u>	<u>40</u>	<u>798</u>	<u>835</u>

The amount of income from the charitable activities in parishes in 2016 was £0.835m of which £0.781m was attributable to unrestricted and £0.054m was attributable to restricted funds.

Curial

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Youth Commission Income	-	41	41	75
Other donations	-	1	1	38
Bank Interest received	-	-	-	1
Profit on foreign exchange	1	-	1	1
Dromore Diocesan Clerical Provident Society	-	16	16	7
	<u>1</u>	<u>58</u>	<u>59</u>	<u>122</u>

The amount of income from charitable activities in the Curia in 2016 was £0.122m of which £0.002m was attributable to unrestricted and £0.120m was attributable to restricted funds.

Dromore Diocesan Trust

Notes (continued)

6 Net gains / (losses) on disposals of fixed assets

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Profit / (loss) on sale of tangible fixed assets				
Parishes	(3)	-	(3)	(218)
Curial	-	-	-	(2)
	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(220)</u>

The amount of net gain on disposals of fixed assets in parishes in 2016 was £0.218m of which £0.218m was attributable to unrestricted funds.

The amount of net gain on disposals of fixed assets in the Curia in 2016 was £0.002m of which £0.002m was attributable to restricted funds.

7 Costs of generating funds

Parishes

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Fundraising costs	17	-	17	-
	<u>17</u>	<u>-</u>	<u>17</u>	<u>-</u>

Curial and pastoral

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Fundraising costs	-	1	1	-
	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>

Dromore Diocesan Trust

Notes (continued)

8 Costs of activities in furtherance of charitable activities

Parishes

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Administration costs	108	-	108	107
Parish centre costs	123	-	123	66
School payments	8	-	8	28
Priest welfare payments	-	520	520	592
Premises costs including insurance	598	-	598	599
Repairs and maintenance	241	25	266	232
Gross salaries and employer's national insurance costs	463	-	463	460
Votives and liturgical costs	198	-	198	201
Depreciation	504	-	504	501
Cemetery maintenance	176	-	176	87
Other costs	80	-	80	310
	<u>2,499</u>	<u>545</u>	<u>3,044</u>	<u>3,183</u>

The amount of cost of activities in furtherance of charitable activities in parishes in 2016 was £3.183m of which £2.540m was attributable to unrestricted and £0.643m was attributable to restricted funds.

Curial and pastoral

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Gross salaries and employers' NIC costs	91	41	132	84
DCPS Payments	-	112	112	122
Administration costs	21	8	29	20
Child protection costs	67	-	67	92
Bank interest	101	-	101	210
Claims provision increase	1,179	-	1,179	-
Other costs	161	80	241	290
	<u>1,620</u>	<u>241</u>	<u>1,861</u>	<u>818</u>

The amount of cost of activities in furtherance of charitable activities in Curial in 2016 was £0.818m of which £0.523m was attributable to unrestricted and £0.295m was attributable to restricted funds.

Dromore Diocesan Trust

Notes (continued)

9 Governance costs

Curial and pastoral

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Fees paid to external auditors for audit	23	-	23	19
	<hr/>	<hr/>	<hr/>	<hr/>
	23	-	23	19
	<hr/>	<hr/>	<hr/>	<hr/>

The amount of governance costs in Curial in 2016 was £0.019m of which £0.019m was attributable to unrestricted reserves.

10 Net income / (expenditure)

Net income / (expenditure) is stated after charging:

	2017 £'000	2016 £'000
Auditors' remuneration – audit	23	19
Depreciation – unrestricted funds	508	504
	<hr/>	<hr/>

Dromore Diocesan Trust

Notes (continued)

11 Staff numbers, costs and pension contributions

The average number of employees during the year was:

	2017 Number	2016 Number
Curia employees	8	8
Parish employees	76	62
	<hr/>	<hr/>
	84	70
	<hr/>	<hr/>

The aggregate payroll costs for the above were as follows:

	2017 £'000	2016 £'000
Wages and salaries	568	514
Social security costs	26	29
Employer pension contributions	1	1
	<hr/>	<hr/>
	595	544
	<hr/>	<hr/>

There are no employees (2016 – no employees) who received employee benefits excluding employer pension costs of more than £60,000 in the year.

Dromore Diocesan Trust

Notes (continued)

12 Tangible fixed assets

Parishes

	Church Building & Contents £'000	Land £'000	Fixtures, fittings and equipment £'000	Total £'000	Freehold investment properties £'000
Cost or calculation					
At 1 January 2017	21,618	2,570	3,415	27,603	1,105
Additions	83	20	109	212	-
Disposals	-	-	-	-	(328)
At 31 December 2017	21,701	2,590	3,524	27,815	777
Depreciation					
At 1 January 2017	1,259	-	203	1,462	-
Charge for year	434	-	70	504	-
At 31 December 2017	1,693	-	273	1,966	-
Net book value					
At 31 December 2017	20,008	2,590	3,251	25,849	777
At 31 December 2016	20,359	2,570	3,212	26,141	1,105

The investment properties have been valued by the Trustee on the basis of market value.

Dromore Diocesan Trust

Notes *(continued)*

12 Tangible fixed assets (continued)

Curia

	Land and buildings	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
Cost or calculation			
At 1 January 2017	1,275	2	1,277
Additions	-	1	1
	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,275	3	1,278
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2017	10	2	12
Charge for year	4	-	4
	<hr/>	<hr/>	<hr/>
At 31 December 2017	14	2	16
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2017	1,261	1	1,262
	<hr/>	<hr/>	<hr/>
At 31 December 2016	1,265	-	1,265
	<hr/>	<hr/>	<hr/>

Dromore Diocesan Trust

Notes (continued)

13 Investments

	Quoted investments £'000
At 1 January 2017	897
Net income	1
Recognised gains	108
	<hr/>
At 31 December 2017	1,006
	<hr/>

14 Debtors

	Parishes £'000	2017 Curia £'000	Total £'000	2016 £'000
Gift aid recoverable	330	-	330	324
Trade debtors	7	1	8	11
Other debtors and prepayments	125	9	134	677
Schools' debtor	43	-	43	34
	<hr/>	<hr/>	<hr/>	<hr/>
	505	10	515	1,046
	<hr/>	<hr/>	<hr/>	<hr/>

15 Creditors - amounts falling due within one year

	Parishes £'000	2017 Curia £'000	Total £'000	2016 £'000
Accruals and deferred income	65	158	223	288
Trade creditors	23	-	23	24
Other creditors	17	269	286	368
Other taxes and social security costs	1	-	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	106	427	533	681
	<hr/>	<hr/>	<hr/>	<hr/>

Dromore Diocesan Trust

Notes *(continued)*

16 Statement of control

The charity is controlled by the Diocese of Dromore Trustee, a company limited by guarantee, registered in Northern Ireland.

17 Provisions

The trust has made a provision in these financial statements of £1,730,000 (2016: £895,000) to cover legal claims and costs. The Trustee has made this provision in this year's financial statements based upon legal advice on the likely outcome of these cases.

	£'000
Opening balance	895
Payments made in the year	(344)
Increase in provision	1,179
	<hr/>
Closing balance	1,730
	<hr/> <hr/>

Dromore Diocesan Trust

Notes (continued)

18 Movement in funds

	Opening balance £'000	Income £'000	Expenditure £'000	Other gains / (losses) £'000	Transfers £'000	Closing balance £'000
Unrestricted funds						
Parishes	24,839	3,532	(2,516)	(3)	(542)	25,310
Curia	737	33	(1,620)	-	496	(354)
Total unrestricted funds	25,576	3,565	(4,136)	(3)	(46)	24,956
Restricted funds						
Parishes	452	957	(545)	-	(147)	717
Diocesan Clerical Provident Society	1,092	16	(123)	-	115	1,100
Youth Commission	13	40	(82)	-	45	16
Family Care	-	-	(15)	-	15	-
Education of Priests	-	-	(4)	-	4	-
Bequests	653	82	-	-	-	735
General	-	4	(18)	-	14	-
Total restricted funds	2,210	1,099	(787)	-	46	2,568
Total funds	27,786	4,664	(4,923)	(3)	-	27,524

Dromore Diocesan Trust

Notes *(continued)*

18 Movement in funds (continued)

The unrestricted funds within the Curia are in deficit at 31 December 2017 and the Trustee has considered the deficit and is developing a plan to address this deficit over a reasonable period.

The details of the restricted funds are as follows:

Parishes

This fund reflects collections taken by the parishes for specific purposes.

Diocesan Clerical Provident Society

This fund provides support for sick and retired secular priests of the Diocese who may need financial assistance.

Youth Commission

This fund is used to support the operation of the Dromore Diocesan Youth Commission office.

Family Care

This fund is used to support agencies involved in family ministry within the Diocese and at a national level.

Education of Priests

This fund is used to support the education, training and living costs of seminarians and clergy of the Diocese.

Bequests

These funds are legacy bequests and are restricted for the purposes stipulated in the will of the testator or testatrix.

General

These funds are small donations received for specific purposes to defray costs incurred.

19 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 trust at 31 December 2017 was £117,047.

Dromore Diocesan Trust

Notes (continued)

20 Net Assets

	2017				2016			
	Unrestricted £'000	Parishes Restricted £'000	Total £'000	Unrestricted £'000	Curia Restricted £'000	Total £'000	Unrestricted £'000	Curia Restricted £'000
Tangible fixed assets	25,849	-	25,849	155	1,107	1,262	157	1,108
Investment properties	777	-	777	-	-	-	-	-
Fixed asset investments	-	-	-	271	735	1,006	244	653
Bank balances / (overdraft and loans)	(1,715)	717	(998)	1,230	146	1,376	1,491	116
Other net current assets / (liabilities)	399	-	399	(280)	(137)	(417)	(260)	(119)
Provisions	-	-	-	(1,730)	-	(1,730)	(895)	-
TOTAL NET ASSETS	<u>25,310</u>	<u>717</u>	<u>26,027</u>	<u>(354)</u>	<u>1,851</u>	<u>1,497</u>	<u>737</u>	<u>1,758</u>
	Unrestricted £'000	Parishes Restricted £'000	Total £'000	Unrestricted £'000	Curia Restricted £'000	Total £'000	Unrestricted £'000	Curia Restricted £'000
Tangible fixed assets	26,141	-	26,141	157	1,108	1,265	157	1,108
Investments properties	1,105	-	1,105	-	-	-	-	-
Fixed asset investments	-	-	-	244	653	897	244	653
Bank balances / (overdraft and loans)	(3,151)	452	(2,699)	1,491	116	1,607	1,491	116
Other net current assets / (liabilities)	744	-	744	(260)	(119)	(379)	(260)	(119)
	-	-	-	(895)	-	(895)	(895)	-
TOTAL NET ASSETS	<u>24,839</u>	<u>452</u>	<u>25,291</u>	<u>737</u>	<u>1,758</u>	<u>2,495</u>	<u>737</u>	<u>1,758</u>

Dromore Diocesan Trust

Notes *(continued)*

21 Trustee remuneration

The Trustee neither received nor waived any emoluments nor made a claim for expenses incurred relating to duties carried out for the trust. Two directors of the Trustee received stipends, in aggregate, totaling £39,600 for the year to 31st December 2017 (2016 - £39,600). These stipends were paid to them in respect of their role as serving Ministers of the Church in Dromore and not as a result of their Trustee role. No pension contributions were paid on their behalf. Accommodation is provided for them exclusively as a consequence of their ministries within the Diocese.

22 Key management personnel

The charity considers that the directors of the Trustee are the key management personnel and the remuneration of the key management personnel is set out in note 21.