



THE ARCHDIOCESE *of* BIRMINGHAM

Birmingham Diocesan Trust
Annual report and financial statements
for the year ended 31 December 2021

Charity Registration No. 234216

Birmingham Diocesan Trust

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Birmingham Diocesan Trust

Legal and administrative information

Name

The name of the charity is Birmingham Diocesan Trust. The charity, in its day to day dealings, is also known as the Archdiocese of Birmingham or "the Diocese". The charity registration number is 234216.

Principal Office

Cathedral House
St Chad's Queensway
Birmingham
B4 6EU

Website: www.birminghamdiocese.org.uk

Trustees

Birmingham Roman Catholic Diocesan Trustees Registered

Comprising:

Most Rev. B Longley MA STL (Archbishop of Birmingham) *(9) #
Rt. Rev. W Kenney CP KCHS Fil k and STL PhD (hc) (Auxiliary Bishop) *(1) (2) # Resigned 23 July 2021
Rt. Rev. D McGough LSS STL (Auxiliary Bishop) *(1) (2) (4) (5) # Resigned 23 July 2021
Rt. Rev. S Wright LLB, STL (Auxiliary Bishop) *(1) (2) (6) (8) (9) #
Rt. Rev. D Evans (Auxiliary Bishop) *(1) (2) (10) #
Rev. R Walker (Vicar General) (1) (2) (3) (7) (8) #
Rev. J Veasey STL*(Director of the Diocesan Education Service) (5) (7) (10) #
Ms. H Bardy *(10) Resigned 18 October 2021
Mr. C Loughran DL FBCS CITP * (1) (2) (5) (6) (9)
Prof. D Kelly CBE DL *(8) (9)
Ms. J Francis *(7)
Ms. S Pain BA ACMA * (1) (6) (10)
Mr. P Vince MRICS *(2) (5)
Mr. P Vella * (4) (6) (7)
Mr. T Piotrowski * (2) Appointed 28 January 2022

*(1) Member of the Finance Sub-Committee

*(2) Member of the Property Sub-Committee

*(3) Member of Care of Clergy Sub-Committee

*(4) Member of Communications Sub-Committee

*(5) Member of Education Sub-Committee

*(6) Member of Investment Sub-Committee

*(7) Member of Remuneration Sub-Committee

*(8) Member of the Safeguarding Commission

*(9) Member of the Safeguarding Response Group

*(10) Member of the Maryvale Institute Sub-Committee

Member of the Board of Trustees with a clerical Diocesan role (e.g., Priest, Bishop etc.) receiving a stipend in connection with that role, and which is not connected to their voluntary work as a Trustee.

The Committee membership shown above reflects the position as at the date of the signing of the Report and Accounts.

PROFESSIONAL ADVISERS

AUDITOR

RSM UK Audit LLP
Chartered Accountants
10th Floor
103 Colmore Row
Birmingham
B3 3AG

BANKERS

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Birmingham
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INSURANCE BROKERS

PIB Insurance Brokers
Popleton Grange
Low Popleton Lane
York
YO2 6AZ

INVESTMENT MANAGERS

Evelyn Partners
103 Colmore Row
Birmingham
B3 3AG

PROPERTY CONSULTANTS

Reeves & Partners Limited
2 Euston Place
Leamington Spa
Warwickshire
CV32 4LE

SOLICITORS

Charles Russell Speechlys
Compass House
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GL50 2QJ

Breakwells Solicitors
Allium House
36 Water Street
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B3 1HP

Birmingham Diocesan Trust

Trustees' report

For the year ended 31 December 2021

Introduction

Archbishop Bernard Longley – Chair of Trustees

We give thanks that 2021 saw us all begin our journey back to normality as we have moved away from the impact of Covid-19 on all of our lives. The Archdiocese is no exception and there have been opportunities for us as well as challenges in the way that we have sought to live out the Catholic life across our parishes, schools and chaplaincies.

I am grateful that parishes have emerged from lockdown to be able to fulfil our mission to spread the good news of Christ to so many people across our Archdiocese. We have done this at a time when two important aspects of our diocesan life have emerged for all of us to participate in actively.



The first is the implementation of the Diocesan Vision which is entitled *Unfolding God's Plan*. The future of our Archdiocese is dependent on all of us working together to achieve the building up of God's kingdom and our Vision establishes how we will progress this. Our Vision reminds us that "We are called to be a Catholic diocese which is: faithful to the mission entrusted to us by Jesus Christ, full of missionary disciples who work together co-responsibly in vibrant communities of faith, joyful in their service of God and neighbour."

Work has begun on making this vision a reality. It may already be apparent that our deaneries have changed: we have fewer of them, but they are organised to enable clergy to support each other and to prepare future working arrangements between parishes. This is just the start; our clergy will ensure that all of us, the baptised Children of God, are involved in shaping our parishes to be ready to face the challenges of the future while fostering vibrant, outward-facing parishes that are part of the wider community.

The second important aspect of diocesan life to emerge is the Synodal Pathway, instigated by Pope Francis to begin conversations about the future of the Church. I am delighted that there has been such a positive response to the Synodal process, and I thank all those who have been involved across all aspects of our diocesan family, from parishes, schools, outreach groups as well as ecumenical and other faith partners in making our own Synodal Synthesis an example of effective co-responsibility. Over 90% of our parishes replied, with over a hundred schools, 29 groups and 271 individuals. They were all gratefully received, read and understood as the Synodal Synthesis was produced.

As we look to the future, our Diocesan Vision will rely ever more on effective co-responsibility: where we give due respect to the voices of individuals and distinctive groups and as we look beyond our immediate contribution to the Synodal Pathway at national level we need to capture these voices and insights within our own diocesan vision and planning. When individuals and communities recognise their particular contributions, it encourages further engagement in the diocesan dialogue.

During this year we have much to thank God for, including five ordinations to the permanent diaconate.

I am very proud of all the work that the Archdiocese has undertaken throughout 2021 and I hope that you will find the full report informative.

With every blessing
Archbishop Bernard

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Eric Kirwan – Chief Operating Officer

During 2021 we continued to experience the challenges presented by the pandemic. Mass attendance recovered as the year progressed and restrictions were gradually relaxed. We continue to work hard for the return of all parishioners, in particular the young families and children who as a group have returned less quickly.



We continued to make progress with our diocesan plan, completing the restructure of our deaneries. The deaneries will play a vital role in the next phase of the diocesan plan in consulting and determining the future shape of the deanery and how parishes will work together to respond to the challenges of falling clergy numbers and changing demographics. The vision is to create vibrant and joyful communities full of missionary disciples, and this will be our guide in making decisions.

Several changes were initiated during the year including Maryvale Institute withdrawing from offering higher education qualifications. Aston Hall is to close as a place for retired clergy in 2022. The vocations, formation, evangelisation and marriage and family life teams were reorganised under the leadership of the Vocations Director.

There have been a number of changes in the curia administrative team as we seek to further reduce costs and make the curia more responsive to the needs of the parishes as they work towards implementing the changes referred to above.

We have continued to make progress with the academisation of schools to ensure all schools are in a family of schools aligned to the vision and that no schools, particularly vulnerable and small rural primary schools are left behind or isolated.

Across the archdiocese there were numerous examples of parish and school communities giving both time and financial support to support their local communities and groups in need of practical or financial support. We are particularly pleased with the progress made by our climate group with 97% of our 246 schools signing up to the CAFOD Live Simply Programme.

Whilst there are plenty of challenges including the energy crisis and wider economic concerns, we remain excited and optimistic about our ability to fulfil our vision.

Finally, I would like to express my gratitude to clergy, staff and our amazing volunteers for all they do for the Archdiocese in support of our Vision and Mission.

Eric Kirwan

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

The trustees present their annual report and the audited financial statements for the year ended 31 December 2021. The financial statements have been prepared in accordance with the 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

Structure, governance and management

Birmingham Diocesan Trust is a charitable Trust constituted by a Declaration of Trust dated 3 July 1931. By a certificate dated 20 October 1931, the trustees of Birmingham Diocesan Trust are registered as a body corporate known as Birmingham Roman Catholic Diocesan Trustees Registered. All property assets are vested in the name of the body corporate. In order to update the constitution, the Declaration of Trust was amended by Resolution on 22 September 2017 and a Deed of Variation dated 26 January 2018. A copy of the Trust Deed is available on request.

The Archdiocese of Birmingham, the name by which the trust is more commonly known, is made up of 217 registered parishes when measured in financial terms. This figure therefore excludes Mass centres and order parishes, the latter of which are also subject to the liturgical direction of the Archbishop but which report financially to other organisations including various religious orders etc. The Archdiocese geographically covers the West Midlands, Staffordshire, Worcestershire, Warwickshire and Oxfordshire.

Certain trustees also serve on the Boards of other registered charities with objectives congruent to those of the Archdiocese including:

Father Hudson's Society	(Social care)
St Mary's College, Oscott	(Seminary)
The Kenelm Youth Trust Ltd	(Youth services)
Barberi and Newman Academy Trust	(Education)

A uniting direction given by the Charity Commissioners is in force in respect of various small trust funds as set out in Note 17. These trust funds are represented by 2 separate registered charities, and 7 other separate funds, and have been donated to the Charity by the donor. The assets of the funds are represented by investment in the Diocesan Unit Scheme. The capital cannot be spent, and any income generated must be spent in line with the various donors' instructions. These funds have been classed as endowment funds.

The Trustees are mindful of the need to review and report on Governance in the light of the Charity Governance Code issued in July 2017 and have considered each of the seven sections of the Code.

Work is continuing to implement the guidance contained in the Code although in some areas the requirements of Church Canon Law preclude the adoption of the Code in full. In particular the Chair of Trustees is not an elected position – as the Code would recommend.

The Archbishop of Birmingham is the ex-officio Chair of Trustees and is the Charity's Chief Executive Officer. He is appointed to that position by the Holy See rather than by the trustees. In addition, certain trustees - Auxiliary Bishops, and Vicar General also hold the office of trustee in an ex-officio capacity, rather than being appointed by the other trustees.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Objectives and activities

The objectives of the Trust are set out in the Diocesan Trust Deed, under which the Trust furthers its charitable purposes for the public benefit. They can be summarised as:

- Evangelisation and Catechesis
- Outreach work with disadvantaged and vulnerable members of society
- Provision of support to the elderly, particularly at parish level by providing essential community gathering places, organised activities, support and advice
- Assisting with mental and other health issues through our hospital and prison chaplains
- Working with those struggling financially to supply basic needs for their families such as clothing and food, by providing support through the activities of organisations such as the Society of St Vincent De Paul and food and clothing banks
- Family and Marriage guidance, and family support.
- The provision of religious services
- The provision, maintenance and upkeep of churches, presbyteries and schools
- The maintenance and support of clergy during their active service and in retirement
- The provision of education and youth services for children attending Diocesan schools and young members of the Church
- The provision of education and training for clergy and those wishing to be ordained
- The relief of the poor and those in need
- Generally, for any such charitable purpose or purposes as in the opinion of the Archbishop may be conducive to the advancement or maintenance of the Roman Catholic Religion in the Archdiocese.

These objectives are achieved primarily through the parishes and Catholic schools together with a considerable number of Catholic societies and organisations based within the Archdiocese. There are numerous other pastoral activities, the more significant of which are referred to under "Achievements and Performance" below.

The church is reliant on the contribution of many volunteers to help achieve its mission and is encouraging increased co-responsibility between clergy and lay volunteers. It is estimated that during the year, approximately 607,500 hours (2020: 663,000) were provided by some 4,500 volunteers (2020: 4,400) in our parishes. In our schools and multi academy companies we have 1700 volunteer governors or directors. If this is valued at £11.00 per hour, the volunteer contribution amounts to some £6.68m (2020: £7.3m) which is not included in the financial statements.

In all of the activities undertaken by the Archdiocese, the trustees continue to be very grateful for the work done by so many people, both paid staff and volunteer helpers. The trustees also take the opportunity to thank the members of the many Religious Orders who assist in numerous parishes and other parts of the Archdiocese. Without the help of so many people, the Archdiocese could not carry out its important work of spreading the Good News of Jesus Christ.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

TRUSTEES

The trustees who served during the year are listed on page 1.

The affairs of the charity are governed by the trustees, who are recruited from the senior clergy and suitably qualified and experienced lay faithful of the Archdiocese. New trustees are introduced to their role and responsibilities by the Diocesan Treasurer at which time relevant Charity Commission literature is issued together with copies of the trust deed and the latest financial information available. As and when required, trustees attend formal and informal training sessions. The trustees normally hold meetings on a quarterly basis to conduct the operations of the charity, to review the minutes of Sub-Committee meetings and implement other policies. Sub Committees include the following:

- Safeguarding
- Finance
- Property
- Care of Clergy
- Education
- Investment
- Remuneration & Communication
- Maryvale Institute

The pastoral oversight of the charity is conducted by the Archbishop in regular consultation with the Archbishop's Council. This body assists the Archbishop in all decisions affecting the life of the Archdiocese. A majority of members of the Archbishop's Council are also Diocesan Trustees.

The Board of Trustees fulfils the Canonical role of the Diocesan Finance Committee as set out in the requirements in Canon Law in Canon 492. The Vicar General's Office, situated in the registered office, has a defined canonical role. The Vicar General, an ex officio Trustee, is responsible for personnel issues relating to the clergy in the Archdiocese. Appointments to parishes and other diocesan offices are made by the Archbishop in consultation with the Vicar General and the Archbishop's Council.

The day to day legal and financial affairs of the charity are administered from the registered office (known within the Archdiocese as the "Curial Office"). The Chief Operating Officer oversees the work of the Safeguarding, Finance, Property, Human Resources, Communications, Fundraising, Legal and Planning functions.

Also based at the Registered Office is the Diocesan Tribunal, which deals mainly with marriage annulment petitions, the office of the Chancellor who deals with other Canonical matters, and the Historic Churches Committee office, which is responsible for the supervision of works carried out to our buildings of historic importance.

The Council of Priests meets twice per year with the Archbishop to discuss and give advice on a wide range of issues. The Council is composed of approximately 35 priests of the Archdiocese, with a representative of each deanery together with ex officio priests with diocesan responsibilities and the members of the Archbishop's Council.

Each Diocesan Bishop is empowered to appoint a Chapter of Canons to take responsibility for the organisation and maintenance of his Cathedral. Within the Archdiocese of Birmingham, 16 senior priests constitute the Chapter of Canons and are consulted by the Archbishop on important Diocesan matters (Code of Canon Law 503ff). They have also been constituted as "The College of Consulters" to fulfil the legal requirements of Canon 495ff.

At parish level, the parish priest is responsible for all aspects of running his parish. Parish priests are not employees; in HM Revenue and Customs terms they are Holders of Religious Office and effectively act as agents for the Trustees in all but the purchase and disposal of property and investment assets.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Trustees (continued)

Each parish is required to have a finance committee which meets at least twice per year to support and advise the priest, particularly in the areas of finance and property. A comprehensive manual of "Parish Financial and Administration Guidelines" is issued by the Archdiocese to parishes. This is updated regularly. An "ad clerum" is issued by the Archbishop regularly through which policies are communicated to priests covering both liturgical/pastoral and, when required, financial and administrative matters. Further support is also available from Deans and the Archdiocese.

The Diocesan Education Service deals with all issues concerning Catholic primary and secondary schools within the Archdiocese. This includes administration of all school building projects, liaison with school governors, admittance appeals procedures, policies for teacher appointments and the establishment of a policy for conversion of schools to Academy status. It also works in conjunction with Government Agencies including Department of Education, Education Skills and Funding Agency & Ofsted to provide consistency and equality of Catholic education. The office is situated in Coleshill.

GOING CONCERN

The Trust's activities, together with the factors likely to affect its future development, principal risks and uncertainties facing the Trust and its availability of unencumbered cash reserves are set out within the Trustees' Report on the following pages.

Its financial position in terms of the year's results, its assets and liabilities and movement in cash is set out in the primary financial statements on pages 23 to 26. While there has been some depletion of cash reserves in 2021, it is important to note that there are fixed asset investments which are readily available to defray these if required. The Trust has considerable financial resources, mainly in the form of investments and property, and whilst it recognises that offertory income is declining, it has taken steps to mitigate this by reviewing the deanery structure including strategic planning to respond to demographic changes, and to investigate additional income streams, including external grant funding and planned giving within parishes.

The Trustees believe that there are no material uncertainties about the Trust's ability to continue as a going concern. The Trustees therefore have a reasonable expectation that the Trust has adequate resources to continue its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have a formal risk management process to assess risks and implement risk management strategies. This involves the identification of the types of risk faced by the charity, assessing the likelihood and potential impact of occurrence and identifying means of mitigation. Risks have been categorised under five broad headings: Governance, Operational, Financial, External and Compliance.

These are assessed as to the likelihood of their occurring and the severity of the effects of the risk leading to a potential overall impact calculation in order to give a scale of relative importance/urgency to each one.

The current highest overall adverse impact risks identified are; to income through reducing Mass attendances generally and specifically as a consequence of COVID-19; an increasingly ageing and therefore reducing number of clergy who are expected to undertake ever more administrative responsibilities; adverse publicity and financial impact of historic abuse cases; data protection and security and the continued challenge of maintaining property. The Trust has taken steps to mitigate these risks, by recruiting priests from overseas, amalgamating small parishes where possible, and in encouraging collaboration where it is in the best interest of the community the parish serves. With regards to safeguarding, the team now comprises professional social workers, and policies and procedures are in keeping with recent changes in legislation and good practice.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Our Diocesan Vision

In Summer 2021 Archbishop Bernard Longley invited us to focus on our *Diocesan Vision, Unfolding God's Plan* and how we will individually respond to God's call to be missionary disciples in the Church and in our local communities, working joyfully together to spread the Word and the work of God.

The vision has four themes, Evangelisation, Formation, Liturgy and Worship and Social Outreach. There is a particular focus on engaging young people and families in the vision and future of the Archdiocese; in encouraging and embedding co-responsibility in our parishes and in a commitment to care for creation.

Having completed the deanery restructure in 2021, the expectation is that during 2022 and 2023 parishes will begin consultation and dialogue on how to organise the new deaneries to enable the vision to be fulfilled. This is expected to lead to parishes ultimately working in groups or clusters to reflect the reduced number of clergy and a consequent review of property needs.

Parishes

As well as being the focal point for the celebration of the liturgy and the provision of spiritual and pastoral care our parishes also provide much other unseen and unheralded charitable work to enrich the local communities which they serve. Throughout covid and latterly in response to the economic climate they have continued to provide support financial and practical support to many via foodbanks and other facilities.

Weekly average Mass attendance was approximately 22,000 (2020: 22,800), including both adults and children. During the year there were 2,067 baptisms and receptions (2020: 2,068) 204 marriages (2020: 203) and 3,641 funerals (2020: 3,695).

Mass count in 2021 compared to 2020 fell by 1%, and when compared to pre-covid attendance recorded in 2019 (53,300) there has been a fall of over the two year period of 59% (2020:42% fall). Parish offertories and other collections (excluding tax reclaims) increased to £6.4m (2020: £5.4m). The average offertory giving amount per head (including children) increased by £0.90p to £5.56 per week (2020: £4.66). This indicates that whilst numbers attending mass have yet to recover, we are still receiving income from this group, and both these and those attending mass have responded generously. In addition, parishes raised more than £0.55m (2019: £0.44m) on behalf of other religious and charitable organisations.

Performance review

Diocesan Curia

The day to day legal and financial affairs of the Archdiocese are administered by the curia, with the Chief Operating Officer (Finance Officer in Canon Law) overseeing the work of Safeguarding, Finance, Property, Human Resources, Education Services, Communications, Fundraising, Legal and Planning functions.

The curia's role is to provide services, guidance and professional advice to support the Archdiocese and specifically parishes, schools and communities in fulfilling the Archbishop's vision and in meeting the charitable objects.

During 2021 the curia team has continued to evolve in response to the needs of the diocesan plan and restructured where appropriate to reduce costs.

Performance review (continued)

Safeguarding

Providing a safe environment for **all** is the responsibility of **all** persons employed or involved in the Archdiocese. The Safeguarding department provides support for any person who has suffered abuse as well as education, training, guidance and support for clergy and lay members of our community. Safeguarding is the most important support function in our diocese, parishes and schools and the safeguarding team has been provided with the appropriate resources and full support of the Archbishop and Trustees.

Recent years have seen the recruitment of a professional safeguarding team to respond to the Independent Inquiry into Child Sexual Abuse (IICSA) As well as other national enquiries. In 2021 we restructured our trustee committee structure to comply with the requirements of the new Catholic Safeguarding Standards Agency (CSSA). In parallel we have developed improved systems and protocols for managing allegations. Significant efforts have been put into engaging with and learning from those who have suffered abuse. Our intent is to be able to focus the majority of our time and resources on education and prevention.

We retain the services of Barnardo's as an independent body to review the Head of Safeguarding and safeguarding practises. Barnardo's were also employed to independently manage the investigation into the Joseph Quigley case with all findings and recommendations being accepted and acted on by the Archbishop and Trustees.

We continue to recognise the hurt that abuse has caused to so many in the church and whilst we have made progress, we also remain constantly aware of the need for continuous improvement.

Diocesan Education Service

The Diocesan Education Service (DES), based in Coleshill, represents the interests of the charity in relation to the 240 maintained Catholic schools within the diocese. Of these, 237 schools (203 schools for children aged 4-11 and 34 schools for those aged 11-16/19) operate under the charity's trust deed and 3 operate under separate trust deeds of religious congregations. No capital expenditure is made by the charity in relation to the latter 3 schools; however, the Service does provide some advisory services to them. As part of our mission and aims the DES remains committed to providing the best possible service to all of our schools and academies in order that they are able to deliver the best possible Catholic education to all of our children and young people across the diocese.

After the retirement of the Director of Education in 2021 the decision was taken to fully align the Education Service with the curia with the new Director of Education when appointed reporting to the Chief Operating Officer. With the vision calling for increased engagement with young people and families, our schools will continue to have a very significant role to play as we move forward.

We have continued to make progress with our academy strategy with 149 schools now in one of our 16 Multi Academy families of schools. We continue to support our remaining Voluntary Aided (VA) schools in achieving the vision for all to be in a family of schools.

The DES play an important role in securing funding for building repairs and replacements and secured £12.83 million for capital works in our schools.

The Service administered a building programme of 55 different projects. Of these 3 had a value of more than £1m. Almost £1 million was secured for diocesan schools for work to help address the climate emergency. As explained on page 31, a significant proportion of this programme is conducted on an agency basis and is therefore not included in these accounts.

A strategic review of school buildings and land and future pupil numbers has been started to inform future planning and ensure the efficient utilisation of property.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Performance review (continued)

Youth activities

All provision for young people was amalgamated under The Kenelm Youth Trust Limited (KYT) in 2016. KYT receives significant funding from the Archdiocese to maintain provision of the Diocesan youth services.

Two of the trustees of the Archdiocese also served as trustees of KYT in 2021, providing the strategic links with the Archdiocese.

KYT provides a comprehensive and unified ministry for 7-25 year olds, which includes the residential retreat centre at Alton Castle in Staffordshire, The Soli Centre for Youth Ministry which is a residential centre for those aged 15-25 located next to Alton Castle, the Birmingham Catholic Youth Service (BCYS) which works within parishes, and the School Chaplaincy Project, working closely with the Diocesan Education Service in schools within the Archdiocese.

Further information on the work undertaken by KYT can be found on the Kenelm Youth Trust website.

Property

The diocese is responsible for over 1,000 properties, including school, parish and investment buildings. The diocesan plan calls for a review of how we use this property, which to retain and which to dispose of. The property team will be working closely with deaneries and parishes in 2022 and 2023 to create greater clarity around this point and to inform the planning process.

A key requirement is to identify ways of meeting our climate objectives and with this in mind the property team fully engaged with the Diocese Climate Action Group, and we are also liaising with the Guardians of Creation Project Team in Salford Diocese.

Good progress has been made by parishes with regards to Health and Safety, but with an ageing property portfolio and increased legislation we still have significant work to do in this area. A significant part of the team's work and our property costs is managing properties for retired priests with demand growing in recent years and expected to increase further in the next 5-10 years. A review of diocesan properties is underway to identify opportunities for sale or re-purposing, including both Aston Hall and Maryvale House.

Development & Fundraising

The *Charities (Protection and Social Investment) Act 2016* requires those charities subject to auditing to disclose in their Financial Statements their fundraising activities.

The Trust ensures the highest ethical standards with a dignified approach. This is rooted in respect for our donors and parishes and follows the principles of Christian stewardship. The Trust accomplishes these standards within a truly transparent and efficient framework. The Trust does not use external fundraisers, allowing for all parishioners to donate, secure in the knowledge that their contributions will be used to enable the Church to continue playing a major role in their communities, encompassing buildings, worship, prayer, catechesis and pastoral care.

The Trust actively encourages the use of Gift Aid and promotes and ensures fully inclusive information to support donors concerning their tax status. The Trust places no pressure on our Church communities but works towards creating a culture of giving where possible, allowing for diverse and inclusive methods of donating including Time and Talent. The Trust is keenly aware of the ethical and moral implications of accepting donations and are committed to ensuring the emotional and physical health of those donating.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Performance review (continued)

The Trust is registered with the Fundraising Regulator whose code of Fundraising Practice provides a framework within which the Trust operates to ensure that its fundraising practices meet the moral, compliance and professional standards expected of a charity. The Trust has, to its knowledge, fully complied with the Fundraising Regulator's code of Fundraising Practice, and there have been no complaints to the Trust in regard to its fundraising activities.

With the funding landscape fundamentally changing and facing severe challenges we were very pleased to secure funding (excluding school funding grants and Covid-19 funding) totalling £762k via thirty successful grant applications. (2020: £1m over 49 applications)

Projects for which funding was secured included:

- A complete renovation and refurbishment of the church community hall at Our Lady and St Joseph's Church in Alcester
- The establishment of a thriving 'drop in' café, advice and support centre and furniture recycling shop at St Gerard's in Castle Vale, Birmingham.
- Our local SVP were able to reach out and support over 2,000 individuals and 926 families at a time when they most needed help.
- National Lottery Covid Recovery Fund provided financial support for ongoing volunteer development at Harvington Hall.

Communications

The Communications Team supports and promotes the work of curial departments, parishes and schools in a variety of ways, utilising the website, social media channels, diocesan publications and media outlets. It also responds to media enquiries and supports parishes, clergy and staff in their dealings with the media.

In 2021 the Communications Team played a crucial role in supporting the Vision and The Synod through a mixed programme of communications. Going forward they will develop a communication plan to ensure all stakeholders are aware of activities related to the four themes of the vision, as well as initiatives to engage young people and families and to encourage increased commitment to co-responsibility and to raise awareness of actions being taken to address the climate emergency.

Maryvale Institute

The Institute continued to offer all of its courses online throughout 2021. The decision has been taken to cease recruitment to all FE/HE courses from 2022 in order to focus more on catechesis, with arrangements made for existing students to complete their courses under a 'teaching out' phase.

Vocations Office and Clergy Training Fund (CTF)

The Vocations Office primary purpose is to promote vocations to the priesthood, the diaconate and the religious life.

The fund also finances the cost of clergy who are doing further studies and events organised for the ongoing formation of clergy. In the academic year 2021/22 there were no seminarians at the Royal English College in Valladolid, Spain, five seminarians for the priesthood at St Mary's College, Oscott, and four seminarians at the Venerable English College, Rome. In this academic year there were also fourteen men in formation for the permanent diaconate.

The Guild of St Stephen for Altar Servers is also run from the Vocations Office, and this provides a confraternity for Altar Servers around our Archdiocese. Events for Altar Servers are planned by the Vocations Office, and these include, the annual Mass at St Chad's Cathedral, a retreat for Altar Servers and a training day. These are also further opportunities to raise an awareness of discerning God's call for the young servers of the archdiocese.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Performance review (continued)

The CTF supports the Vocations Director, and during 2021/22 the department was re-structured to include evangelisation, formation, marriage and married life

The fund's main sources of income are the annual second collection in parishes on Vocations Sunday and a regular giving scheme organised through parish CTF secretaries. Regular parish appeals are made throughout the year to increase the revenue and donors are encouraged, where appropriate, to Gift Aid their contributions. They are also asked to consider including a bequest in their wills. In the past year, the CTF has been encouraging people to take out standing orders for their donations and increasing the number of Gift Aid donations.

Birmingham Diocesan Lourdes Pilgrimage

In 2021 as restrictions persisted on overseas travel a virtual pilgrimage was held with masses and events live streamed from Lourdes, using a mixture of social media and live streaming platforms. The virtual pilgrimage was held over 6 days, and held over 773 hours of content, with 21 videos and live streams.

Investments

Investments held by the charity were acquired in accordance with the powers available to the trustees and are held under the nominee name of its Investment Managers, Tilney Smith & Williamson Investment Management LLP (re-branded as Evelyn Partners June 2022). The Diocesan Investment Scheme allows individual parishes to benefit from the opportunities available from investing in the stock market, this activity generates income for these parishes, which in turn aids their charitable work by providing additional resources for use in the parish and wider community. The charity's investment managers professionally manage the underlying investment portfolio, the performance of which is regularly reviewed by the Diocesan Investment Sub-Committee. The investment managers are also responsible for the safe custody of these assets. Included in the value of investments is a significant unrealised surplus and this figure will vary year on year as property and stock market values fluctuate. The trustees have adopted a "total return" approach to the charity's investments in order both to generate further funds for charitable activity and also to ensure the best possible overall return on its investments by allowing its brokers to take advantage of capital growth opportunities.

In the year to 31 December 2021 the value of Diocesan stock market investments, in line with stock markets generally increased. This is reflected in these accounts. The trustees consider the total return on investments to be reasonable over the years, when measured against the various published indices used to monitor performance and the prevailing market conditions. The fair value of the Diocesan Investments at 31 December 2021 amounted to £33.1m (2020: £33.1m).

This includes some realisation of investments to fund property acquisitions and the increase in value on revaluation as shown in these accounts of £3.7m (2020 increase of £1.1m). Income from stock market investments in the year was £0.75m (2020 £0.84m). Sales of assets may be required in 2022/23 to compensate for reduced income and increased costs in parishes in 2022/23, fuelled by the difficult UK and global economy and inflationary effects.

Investment policy

The trustees intend that the real value of their assets be maintained and enhanced over the long term by investment in a portfolio comprising equities, fixed interest stocks and cash. The portfolio is managed on a discretionary basis. The current investment criterion is that a balance should be maintained between income and longer-term capital appreciation within the framework of a low/medium attitude to risk.

Performance review (continued)

Ethical Investment Policy

The trustees wish to invest in accordance with the teachings of the Catholic Church and have adopted an ethical investment policy in the light of Church teaching and the Charity Commission's guidance on ethical and responsible investment. The trustees are aware that ethical restrictions limit the scope to invest and may affect the level of income and the total return generated by investments, thereby potentially reducing the income available to fulfil the Charity's objectives. The policy seeks to balance the long-term needs of the investment portfolio performance with the desire to invest within ethical industries and avoid investment in organisations operating in conflict with Church teaching. The policy applies only to companies held directly within the portfolio, but the policy includes the proviso that investment managers should seek to exclude from the portfolio funds with major investments in prohibited areas on a best endeavours basis. A copy of the full policy can be found on the Diocesan website.

The Archdiocese has changed its policy to exclude investments in any company which derives more than 5% of its revenues from fossil fuels and is joining the ranks of all those who have committed to attaining net zero carbon emissions by 2030. Divestment in fossil fuels is one of the first steps of many which we will take to ensure that we will not fund the industries which destroy God's creation and impact the poor.

We are pleased to be part of the global divestment announcement to be made by the World Council of Churches, the Laudato Si' Movement, Operation Noah, Green Anglicans and GreenFaith on October 25, joining four Catholic dioceses and many other faith organisations from around the world who have announced their commitment to ethical investment.

Fossil fuel divestment is a powerful act of faith that hundreds of religious institutions around the world have taken to respond to the climate emergency. It increases pressure on governments and financial institutions to end financing for the fossil fuel industry. Furthermore, an increasing number of faith investors are investing in solutions to the climate crisis, and providing access to clean, affordable energy, including zero-carbon energy solutions for the 800 million people without access to electricity.

External factors affecting performance

The Charity as part of the worldwide Catholic Church

The charity forms part of the wider Catholic Church throughout the world and as such is answerable ultimately to the Pope and the Vatican. Therefore, policies or situations and activities involving the wider church, which of course includes other Dioceses in the UK, will have an effect on the policies, strategies and performance of the charity. In managing its affairs, the charity must also be mindful of the requirements of Canon Law as promulgated by the church authorities.

The impact of Government policy on Catholic Schools

The charity's spending on schools will also inevitably be influenced by Government policy.

Public benefit

Much consultation has been had between the Charity Commission and religious charities in relation to the question of public benefit. We are encouraged that the Commission acknowledges the intangible spiritual benefits that the charity works to provide. Jesus said, "you shall love your neighbour as yourself". Our parishes and retreat centres etc. reach out beyond their own congregations locally, nationally and indeed internationally, via all sorts of initiatives from simple collections at the end of Mass, to more practical assistance such as assisting the disabled, bereavement counselling and visiting the sick at home and in hospital. Catholic schools are increasingly populated with non-Catholic children whose parents value not

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Performance review (continued)

just their proven educational excellence, but also the moral codes and practices which support it. The young adults leaving our schools will go on to become valued members of society. Our churches etc. and the services of our clergy are open to all who wish to explore whether the Catholic Church can help them to enrich their spiritual lives.

The Trustees believe that they have complied with the duty in Section 17 of the 2011 Charities Act to give due regard to the various guidance notes published by the Commission.

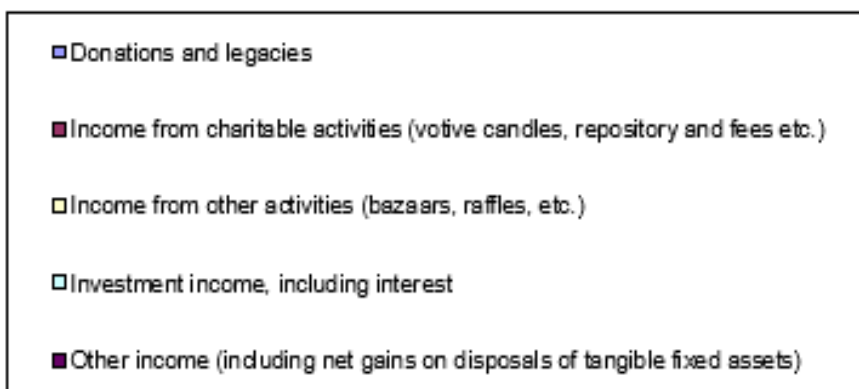
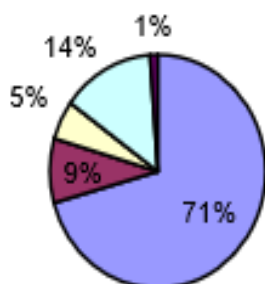
FINANCIAL REVIEW

The financial statements reflect the activities of the parishes within the Archdiocese, the central support activities, the Diocesan Education Services, youth services and the operation of various centres of religious activities. The financial statements also include the transactions, assets and liabilities of those charities and trust funds detailed in Note 17 to the financial statements. The figures do not include the operation of parish clubs, nor do they include separately registered Roman Catholic charities within the Archdiocese, other than those listed in Notes 17 & 18 to the financial statements.

The Statement of Financial Activities of the Archdiocese for the year ended 31 December 2021 on pages 23 and 24 shows income of £18.3m (2020: £19.5m) analysed as follows:

	%	£	%	£
	2021	2021	2020	2020
Donations and legacies (offertories, donations, legacies, Gift Aid, etc.)	71%	12.93	58%	11.29
Income from charitable activities (votive candles, repository and fees etc.)	9%	1.63	8%	1.64
Income from other activities (bazaars, raffles etc.)	5%	0.99	5%	0.94
Investment income, including interest	14%	2.54	14%	2.66
Other income (including net gains on disposals of tangible fixed assets)	1%	0.21	15%	2.95
		18.30		19.48

Income 2021



Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

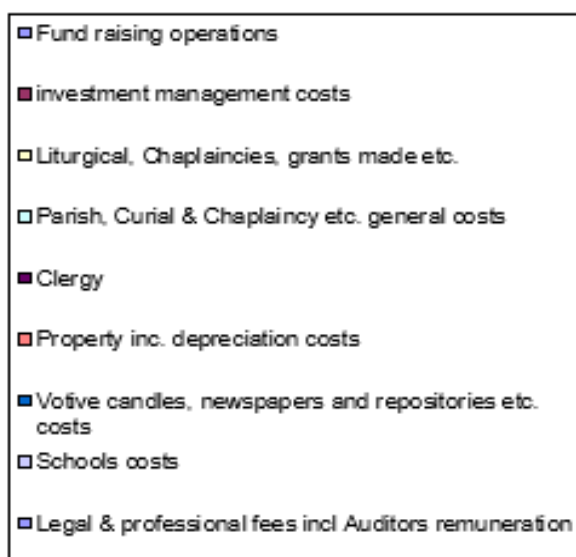
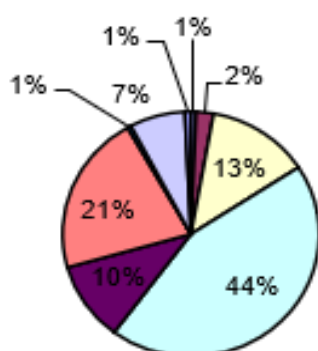
Financial review (continued)

Expenditure amounted to £22.87m (2020: £23.85m) analysed as follows: -

	%	£	%	£
	2021	2021	2020	2020
Expenditure on raising funds:				
Fundraising operations	1%	0.15	1%	0.15
Investment management costs	2%	0.5	2%	0.46
Charitable Activities:				
Liturgical, Chaplaincies, grants made etc.	13%	2.97	14%	3.38
Curial, Parish and Chaplaincies** etc. general and administrative costs	44%	10.15	43%	10.27
Clergy costs	10%	2.38	11%	2.53
Property (including depreciation and impairment)	21%	4.84	22%	5.29
Votive candles, newspapers and repositories costs	0%	0.11	1%	0.15
Schools' costs	7%	1.6	5%	1.2
Legal and professional fees (including auditor's remuneration)*	1%	0.17	2%	0.42
		<u>22.87</u>		<u>23.85</u>

**Chaplaincy etc. general costs include Diocesan activities relating to university and other chaplaincies catering for specific communities and groups within the Archdiocese.

Expenditure 2021



This resulted in:

An **operating deficit** (i.e., **before** considering the impact of gains and losses on investments and other assets) of £4.6m {£3.93m loss on unrestricted funds, £0.63m loss on restricted and endowment funds} (2020: £4.4m loss {£4.9m loss on unrestricted funds, £0.48m surplus on restricted and endowment funds}).

An **overall surplus** for the year of £2.86m **after** investment gains on the stock market, and investment property gains. {£2.9m surplus on unrestricted funds, £0.041m loss on restricted and endowment funds, and before transfers} (2020: £1.821m loss {£2.432m loss on unrestricted funds, £0.611m surplus on restricted and endowment funds, and before transfers}).

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Financial review (continued)

The investments held by the parishes and the Archdiocese (mainly quoted investments) again produced substantial income to defray running costs, however there were realised and unrealised gains amounting to £3.779m {£3.341m gain on unrestricted funds, £0.438m gain on restricted funds and endowments} (2020: £1.05m gains {£0.921m gain on unrestricted funds, £0.129m gain on restricted funds and endowments}) as a result of positive market conditions in the year. Realised and unrealised gains on investment properties amounted to £3.7m (2020: £1.5m gain).

The net effect of the above is that, over the year, the funds of the charity increased by £2.86m (2020: £1.82m decrease) to £122.70m (2020: £119.84m).

Weekend Mass attendance figures reduced by 1% (42% in 2020). Mass offertory increased by 18.5% (2020: decreased by 23.9%). Overall income from offertory, legacies and donations increased by £1.6m. There was an increase in the overall value of legacies of £0.95m, to £1.66m in 2021 (2020: £0.7m). Grants decreased in 2021 by £0.3m to £1.1m (2020: £1.4m). The net decrease in grants was partly due to the Government's Coronavirus Job Retention Scheme ceasing. Other grant income reduced because of funding being withdrawn for projects that were not COVID-19 related.

Cash reserves

The charity's total cash reserves decreased by £1.2m to £5.1m (2020: £3.1m increase to £6.3m). Cash was used for legal and professional costs of £0.06m (2020: £0.2m) and repairs, purchase and improvements to functional properties. Unrestricted cash reserves in parishes decreased by £1.2m to £4.3m (2020: £0.7m decrease to £5.5m) whilst Diocesan unrestricted cash reserves decreased by £1.1m to a deficit position of £16.4m (2020: £0.7m increase to £15.3 deficit). This movement being in the main a historic legacy of spending on schools and also during 2021 a reflection on the timing of the receipt of various grants, together with increased central costs, property purchases for retired priests and grants made to other charities as referred to above.

Reserves policy

Unencumbered reserves, for this purpose defined as unrestricted stock market investments and cash - £24.7m (2020: £24.2m), are approximately 108% of annual unrestricted expenditure (2020: 102%).

The trustees would not normally wish to see unencumbered reserves of less than 100% of annual unrestricted expenditure but they recognise that this figure may be exceeded because of the nature of the charity's activities and short to medium term spending exigencies that can arise from parish properties (the timing of which is often based on individual parish reserve levels rather than diocesan led policy) and schools that can vary considerably from year to year.

Fixed assets

In order to fulfil its charitable objectives, the Archdiocese needs a considerable number of properties. Any property which becomes surplus to requirements will be sold but the remainder, although unrestricted, cannot be realised without undermining the work of the Archdiocese.

The fixtures and fittings, and other contents of the properties and the motor vehicles are similarly all used in the work of the charity.

A very small proportion of the fixed assets are already represented by Restricted Funds (Note 18). The trustees also consider it appropriate that the value of other functional buildings and the contents of fixed property assets should be held for charity use and as these assets are therefore unavailable for other uses, they are shown in a designated fund representing the value of these assets (see Note 19).

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

Key management personnel and remuneration

The trustees consider the Board of Trustees, including the Auxiliary Bishops, the Vicar General and the Diocesan Treasurer, together with the Chief Operating Officer are the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give their time freely, and no trustee receives any remuneration in respect of the work undertaken in the role of trustee. There are members of the Board of Trustees who are also members of the senior clergy of the Archdiocese, and as with other members of the clergy receive a stipend for the work, they undertake in their clerical role only. These trustees are identified in the list of trustees on page 1.

Details of key management personnel remuneration and trustee expenses; and related party transactions are disclosed in Notes 10 and 24 (respectively) to the accounts. Trustees are required to disclose all relevant interests and register them with the Diocesan Treasurer and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

PLANS FOR THE FUTURE

The intention for the future is to continue to meet the objectives of the charity as outlined on page 6, in addition to ensuring that the charity continues to meet its statutory obligations, and in particular, the findings of the report from IICSA and the Charity Commission Statutory Inquiry.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' 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 England and Wales requires the trustees 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 for that period. In preparing financial statements, the trustees are 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 business.

The trustees are responsible for keeping proper accounting records which 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 2011, the Charity (Accounts and Reports) Regulations 2008 and provisions of the Trust Deed.

They are 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.

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Birmingham Diocesan Trust

Trustees' report (continued)

For the year ended 31 December 2021

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware.

Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved at the trustees' meeting held on 21st October 2022 and signed on behalf of the trustees.

Most Rev. B Longley, MA, STL
Archbishop of Birmingham

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BIRMINGHAM DIOCESAN TRUST

Opinion

We have audited the financial statements of Birmingham Diocesan Trust (the 'charity') for the year ended 31 December 2021 which comprise Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 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 Charities Act 2011.

Basis for opinion

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BIRMINGHAM DIOCESAN TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 18, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework, that the charity operates in and how the charity is complying with the legal and regulatory framework;

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BIRMINGHAM DIOCESAN TRUST

- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities Act 2011, the charity's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting any correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Safeguarding, the Data Protection Act 2018, and Canon Law. We performed audit procedures to inquire of management and those charged with governance whether the entity is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://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 the Charities Act 2011. 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 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
10th Floor
103 Colmore Row
Birmingham
B3 3AG

Date **27 October 2022**

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Birmingham Diocesan Trust

Statement of financial activities

for the year ended 31 December 2021

Note	PAROCHIAL			DIOCESAN			TOTAL			TOTAL		
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 £000	2020 (Note 8) £000	
INCOME AND ENDOWMENTS FROM:												
Donations, legacies and grants	1	10,624	1,397	-	329	578	-	10,953	1,975	-	12,928	11,294
Charitable activities	2	501	-	-	1,128	4	-	1,629	4	-	1,633	1,636
Other trading activities	3	886	78	-	24	-	-	910	78	-	988	941
Investment income	4	2,127	7	30	335	19	26	2,462	26	56	2,544	2,663
Other income												
Profit on sale of tangible fixed assets		97	-	-	-	-	-	97	-	-	97	2,085
Other income	5	105	-	-	-	-	-	105	-	-	105	68
Disposal of school buildings		-	-	-	-	-	-	-	-	-	-	799
Total		14,340	1,482	30	1,816	601	26	16,156	2,083	56	18,295	19,486
EXPENDITURE ON												
Raising funds												
Fund raising operations		107	32	-	4	9	-	111	41	-	152	149
Investment management costs	6	490	-	-	6	-	-	496	-	-	496	455
Charitable activities	7	12,235	721	30	7,253	1,954	26	19,488	2,675	56	22,219	23,249
Total		12,832	753	30	7,263	1,963	26	20,095	2,716	56	22,867	23,853
Net (expenditure)/income before gains on investment assets		1,508	729	-	(5,447)	(1,362)	-	(3,939)	(633)	-	(4,572)	(4,368)
Gains on investment assets												
Gains, losses and revaluations on investment properties	12	3,338	-	-	317	-	-	3,655	-	-	3,655	1,496
Gains, losses and revaluations on other investments	12	2,331	65	138	1,010	206	29	3,341	271	167	3,779	1,050
Total		5,669	65	138	1,327	206	29	6,996	271	167	7,434	2,546
Net income/(expenditure)		7,177	794	138	(4,120)	(1,156)	29	3,057	(362)	167	2,862	(1,821)

Birmingham Diocesan Trust

Statement of financial activities (continued)
for the year ended 31 December 2021

Note	PAROCHIAL			DIOCESAN			TOTAL			TOTAL	
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 £000	2020 (Note 8) £000
Net income/(expenditure)	7,177	794	138	(4,120)	(1,156)	29	3,057	(362)	167	2,862	(1,821)
Transfers between funds	18	(2,997)	(89)	30	2,843	213	-	(154)	124	30	-
Net movement in funds	4,180	705	168	(1,277)	(943)	29	2,903	(238)	197	2,862	(1,821)
Reconciliation of funds											
Total funds brought forward	95,031	3,010	1,590	12,605	6,905	694	107,636	9,915	2,284	119,835	121,656
Total funds carried forward	99,211	3,715	1,758	11,328	5,962	723	110,539	9,677	2,481	122,697	119,835

All of the charity's activities are continuing.

2020 comparatives for the above are analysed in Note 8.

Birmingham Diocesan Trust

Statement of financial position

At 31 December 2021

charity number 234216

	Note	2021 £000	2021 £000	2020 £000	2020 £000
FIXED ASSETS:					
Tangible assets	11		51,029		49,749
Investments	12		67,655		66,553
Total fixed assets			<u>118,684</u>		<u>116,302</u>
CURRENT ASSETS:					
Debtors due in under one year	13	3,226		2,407	
Debtors due in more than one year	13	80		80	
Total Debtors	13	<u>3,306</u>		<u>2,487</u>	
Cash at bank and in hand		5,138		6,287	
Total current assets		<u>8,444</u>		<u>8,774</u>	
CURRENT LIABILITIES:					
Creditors: Amounts falling due within one year	14	(4,395)		(5,205)	
NET CURRENT ASSETS			<u>4,049</u>		<u>3,569</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>122,733</u>		<u>119,871</u>
Creditors: Amounts falling due after more than one year	15		(36)		(36)
NET ASSETS	20		<u>122,697</u>		<u>119,835</u>
THE FUNDS OF THE CHARITY:					
Endowment funds	17		2,481		2,284
Restricted funds	18		9,677		9,915
Unrestricted funds:					
Designated income funds	19	50,371		49,454	
General income funds	19	60,168		58,182	
			<u>110,539</u>		<u>107,636</u>
TOTAL CHARITY FUNDS			<u>122,697</u>		<u>119,835</u>

These financial statements were approved and authorised for issue at the trustees' meeting held on 21st October 2022 and signed on behalf of the trustees by:

Most Rev. B Longley, MA, STL
Archbishop of Birmingham

Birmingham Diocesan Trust

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Cash flows from operating activities:					
Net cash used in operating activities	21		(7,561)		(4,258)
Cash flows from investing activities					
Interest received		2		30	
Interest /dividends from investment in the stock market		756		841	
Rental income from investment property		1,786		1,792	
Purchase of tangible fixed assets		(1,378)		(1,659)	
Proceeds of disposal of fixed assets		97		2,350	
Purchase of investments		(3,437)		(1,437)	
Proceeds of sale of investments		7,100		4,921	
Net movement attributable to endowment funds		197		55	
Proceeds of sale of investment properties		1,486		500	
Net cash provided by investing activities			6,609		7,393
Cash flows from financing activities					
Net movement attributable to endowment funds		(197)		(55)	
Net cash used in financing activities			(197)		(55)
Net (decrease)/increase in cash and cash equivalents			(1,149)		3,080
Cash and cash equivalents at the beginning of the year			6,287		3,207
Cash and cash equivalents at the end of the year			5,138		6,287
Analysis of changes in net debt					
		At start of year £000	Cash flows £000		At end of year £000
Cash		6,287	(1,149)		5,138
Loans		(36)	-		(36)
Total		6,251	(1,149)		5,102

Birmingham Diocesan Trust

Accounting policies for the year ended 31 December 2021

The Birmingham Diocesan Trust ("the Archdiocese", "the charity" or "the Trust") is a charity registered with the Charity Commission of England and Wales, charity number 234216. The address of the Trust's registered office and principal place of operations is Cathedral House, St Chad's Queensway, Birmingham, B4 6EX.

The Trust's principal activity is to provide spiritual and pastoral guidance and care to Catholics and the wider community within the geographical area it covers in central England, in the main the West Midlands, Staffordshire, Worcestershire, Warwickshire and Oxfordshire.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

BASIS OF PREPARATION AND ASSESSMENT OF GOING CONCERN

Basis of accounting

The financial statements have been prepared in accordance with the accounting policies set out below and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP (FRS102)). The Trust constitutes a public benefit entity as defined by FRS102.

The financial statements have been drawn up under the historical cost convention as modified by the revaluation of investments and are presented in sterling, (£'000 except where otherwise noted) which is also the functional currency of the Trust.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Charities SORP (FRS102), rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

The Trustees continue to adopt the going concern basis of preparation of the financial statements. Management have revisited the financial budget for 2022 taking into account the potential impact of COVID-19 on projected income and expenditure. They continue to monitor the cash position on a regular basis (£5.1m at year end). The Diocese also has a significant investment portfolio (£33.2m at year end) that has continued to perform reasonably well, despite the stock market turbulence in March 2022 and other global and economic forces, the unrestricted element of which provides an extra buffer to be utilised if necessary. Based on the forecasts prepared the Trustees are satisfied that the Diocese has sufficient cash resources to continue in operation for the foreseeable future and can confirm that there are no material uncertainties in relation to the going concern basis of preparation of the financial statements.

The financial statements incorporate the activities of the parishes within the Archdiocese, the central support activities, the Diocesan Schools Commission, youth services and other centres of religious activities. The financial statements also include the transactions, assets and liabilities of those charities and other trust funds detailed in Note 17 to the financial statements. The figures do not include the operation of parish clubs, nor do they include the activities of separately registered Roman Catholic charities within the Archdiocese other than those listed in Notes 17 and 18.

Special and other charitable collections on behalf of other charities have not been included in the Statement of Financial Activities as they are not regarded by the trustees as being funds of the Archdiocese. Where any balance has not been paid to the respective organisation concerned, it has been included in creditors.

Birmingham Diocesan Trust

Accounting policies (continued)

for the year ended 31 December 2021

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Trust's accounting policies, the trustees are 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees do not consider that there are any estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

FUND ACCOUNTING

The charity maintains various types of funds as follows:

Restricted funds

These represent funds received which are allocated by the donor for specific purposes. They cannot be used for purposes other than those specified by the donor. The aim and use of the restricted funds is set out in the notes to the financial statements.

Endowment funds

These represent various trust funds which have been donated to the charity. The capital cannot be spent, and any income generated must be spent in line with the donor's instructions.

Unrestricted General and Designated funds

These represent unrestricted income which is expendable at the discretion of the trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment. However, whilst these funds are unrestricted, they include amounts which have been invested in fixed assets and cannot therefore be realised without undermining the ongoing work of the charity. Such funds have been classified as designated funds by the trustees (see Note 19).

INCOME

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met and there is reasonable assurance of receipt and there being reasonable certainty as to amount. Where a claim for repayment of income tax has been or will be made, such income is grossed up for the tax recoverable. The following accounting policies are applied to income:

Donations, legacies and grants

Offertories and donations are included in income when receivable. Legacies are included in income upon the receipt becoming probable. Probability of receipt occurs where there is a grant of probate, the executors have established there are sufficient assets to pay the legacy and any conditions attached to the legacy are either within the control of the charity or have been met. Gifts in kind, if material, are included at an estimate of fair value. Included here also are grants receivable. Grants are recognised in the Statement of Financial Activities when the grant conditions have been complied with.

Birmingham Diocesan Trust

Accounting policies (continued)

for the year ended 31 December 2021

Income (continued)

Charitable activities

Includes income from votive candles and newspapers etc., mainly in parishes, together with chaplaincy income, and whilst this is recognised on a cash received basis, this is not materially different from an accruals basis.

Other trading activities

Includes income from activities such as parish tates, bazaars and other events, which is described as social income and whilst this is recognised on a cash received basis, this is not materially different from an accruals basis.

Investment income

Income from investments is included on an accruals basis. Property rental income is recognised on a receivable basis.

Proceeds from the disposal of school properties

These proceeds are treated as restricted income as the charity is required to give an undertaking to make the disposal proceeds available for the provision of replacement schools elsewhere in accordance with Sch. 22 para. 3 of the Schools Standards and Framework Act 1998. Where such proceeds are material they are shown separately on the face of the Statement of Financial Activities.

Income from Government and other grants

Income from Government and other grants, whether 'capital' or 'revenue' grants, is credited to the Statement of Financial Activities when the Trust has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably. Income is deferred only if these criteria are not met or when the provider specifies that the grant must be used in future periods.

School Building Grants

The Diocesan Education Service (DES) assists voluntary aided schools with the administration of funding for school building projects and IT equipment. The Trustees have reviewed these arrangements and concluded that the DES acts as agent on behalf of the school governing body in certain circumstances in receiving funding from the Department for Education, Local Authority and other funding sources and settling and matching it with contractors' costs and associated professional fees.

As a result of this review, the income and expenditure from these activities are not reflected in the Statement of Financial Activities because the risk and reward of those transactions are those of the governing body and not the DES. Expenditure on school building projects and IT where the DES acted as agent in the year amounted to £8.6m (2020: £6.5m), income from grants was £7.7m (2020: £9.7m) and the net position of £0.9m (2020: £3.3m) is included as a creditor for 2021. Further information on this is included in Note 7.

In addition, there were some activities in the year whereby the DES acted as principal, and those transactions are reflected in the accounts, further explanation is provided in Note 18.

EXPENDITURE

Expenditure is included in the Statement of Financial Activities on an accruals basis, inclusive of any value added tax which cannot be recovered.

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

- Fundraising operations are those costs incurred in attracting voluntary income.
- Investment management costs, which includes the cost of managing the Trust's investments, including investment property costs.

Birmingham Diocesan Trust

Accounting policies (continued)

for the year ended 31 December 2021

EXPENDITURE (CONTINUED)

- Charitable activities include expenditure associated with the mission of the church and include both the direct costs and support costs relating to these activities together with primary purpose trading activities that raise funds; and governance costs, which include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. These costs include central functions and have been allocated on a basis consistent with the use of resources, which were in the main staff costs, by the time spent.

GRANTS PAYABLE

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. Grants are accounted for when either the charity has given the recipient a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the Trust.

OPERATING LEASES

Rentals are charged on a straight-line basis, having taken account of lease incentives.

PENSION COSTS

The charity operates a defined contribution scheme for the benefit of its employees. The scheme is funded by contributions from the charity and its employees. The payments made by the charity are included in expenditure. The charity operates a salary sacrifice arrangement for pension contributions.

GAINS AND LOSSES ON INVESTMENTS

Realised and unrealised gains and losses on investments and investment properties are credited or charged to the Statement of Financial Activities. Unrealised gains and losses are calculated as the movement in fair value during the year. Realised gains and losses are calculated as the difference between disposal proceeds and fair value brought forward – fair value is considered by reference to bid value.

TANGIBLE FIXED ASSETS

Churches and other functional property

Prior to December 1996, capital expenditure on Churches and other functional property (i.e. buildings used for the primary purposes of the Archdiocese) and their contents were written off when incurred. The financial statements prepared for previous years, therefore, did not include amounts for these categories of fixed assets.

In December 1996, these assets were included in the financial statements at an estimate of their historic cost. This was derived by using the retail price index to index the present insurance value back to the date the building was constructed and applying rates of depreciation calculated to write off the estimated historic cost evenly over the whole of their useful life. Depreciation rates were calculated by using the age of the building and its expected useful life. A similar basis was used to estimate the contents of Churches and Presbyteries on the assumption that the contents of Churches and Presbyteries are renewed every 45 years.

Birmingham Diocesan Trust

Accounting policies (continued)

for the year ended 31 December 2021

Tangible fixed assets (continued)

The cost of new functional church property, improvements and contents is capitalised and is being depreciated over the expected useful lives at the following rates:

	% per annum	Years
Churches, Presbyteries, Halls and other functional property:		
- Land element	Nil	-
- Building element	1.0	100
Improvements to and contents of Churches and Presbyteries	2.2 - 6.6	15- 45

Individual items of less than £25,000 are not capitalised.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist the recoverable amount of the asset is estimated. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments are recognised in the Statement of Financial Activities.

School property

The Archdiocese has 240 voluntary aided schools and academies which are constituted as separate charities. The school properties (land and buildings) are vested in the name of the trustees. The trustees cannot take a unilateral decision to dispose of these properties. Disposal can only occur if the school governors and the Secretary of State for Education decide that all or part of a school site is no longer required for education. In most circumstances, where a disposal occurs, the trustees will be required under S22 of the School's Standards and Framework Act 1998 to pay to the Local Authority so much of the proceeds as may be determined by the Secretary of State. Although no rights of ownership vest in the school governing body, most other rights and obligations, such as for the maintenance and repair of the school and its facilities, are passed to the governors. The trustees therefore consider that, for the purposes of these financial statements, whilst being used as a school, the nature of their ownership is that of a custodianship and therefore these properties have not been recognised.

At 31 December 2021 the building insurance valuation via the Diocesan insurers for the voluntary aided schools and academies in the charity's ownership was £197m (2020: £191m). In continuing the trend from previous years, there were further schools including academies that insured with other insurers/RPA in 2021 compared to 2020, hence the continued fall in insured value.

Fixed assets other than property

The cost of motor vehicles, Diocesan office equipment and fixtures and fittings is capitalised and depreciated over their expected useful lives, at the following rates:

	% per annum	Years
Motor vehicles	25	4
Office equipment, fixtures etc.	25	4

Individual items of less than £2,500 are not capitalised.

Birmingham Diocesan Trust

Accounting policies (continued)

for the year ended 31 December 2021

INVESTMENTS

Investment properties

Investment properties such as houses and non-functional properties have been included at the trustees' estimate of their fair value at 31 December 2021. All investment properties are professionally valued on a rolling 5-year programme. During 2021, approximately one-fifth in number of investment properties were professionally valued at open market value by the Diocesan in-house qualified chartered surveyors. In accordance with Financial Reporting Standard 102, no depreciation is provided. The value of each property has been prepared having regard to RICS Valuation – Global Standards (Red Book) effective from 31 January 2021 where market value is defined as: *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"*.

Other investments

Other investments consist mainly of stocks and shares quoted on the London Stock Exchange. They have been included at fair value at the year end.

FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument, and are offset only when the Trust currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Financial Activities for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

Cash and cash equivalents

Cash and cash equivalents include cash and short term highly liquid assets with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar accounts held as part of the charity's treasury management activities.

Concessionary loans (assets)

Loans which are made (or committed and not taken up at the year-end) to priests, employees and other beneficiaries of the Trust are considered concessionary loans. Unsecured loans are generally for a term of up to 5 years, no interest is payable, and do not normally exceed £5,000 (although these limits may be exceeded at the discretion of the Diocesan Treasurer). In addition, secured, concessionary, interest free loans are made usually for the purposes of purchasing property being secured on the property, the loan term usually being for a period of up to 10 years.

Birmingham Diocesan Trust

Accounting policies (continued)

for the year ended 31 December 2021

Concessionary loans (assets) (continued)

All concessionary loans are initially measured at their transaction value, and subsequently are recognised at their carrying value, less impairment. They are repayable within the agreed payment term, or the cessation of employment in the case of an employee or cessation of office in the case of a priest, whichever is the soonest. A provision for impairment is established when there is objective evidence that the amounts due will not be collected according to the original terms of the loan agreement. Impairment losses are recognised in the Statement of Financial Activities for the excess of the carrying value of the loan over the present value of the future cash flows. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

Concessionary loans are aggregated within the financial statements as this does not obscure significant information. Where applicable, concessionary loans committed but not yet taken up at the year-end are included in the financial statements, but are not aggregated in the total.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities. The Trust considers it has no equity instruments.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Concessionary loans (liabilities)

Loans made (or committed and not taken up at the year-end) by parishioners to a parish of the Archdiocese are considered concessionary loans. These may be for a period of 1 year upwards, sometimes with no end date. No interest is payable. These are initially measured at their transaction value, and subsequently are recognised at their carrying value, less impairment. They are always unsecured.

Concessionary loans are aggregated within the financial statements as this does not obscure significant information. Where applicable, concessionary loans committed but not yet taken up at the year-end are included in the financial statements, but are not aggregated in the total.

De-recognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

RECOGNITION OF LIABILITIES

Liabilities are recognised when either a constructive or legal obligation exists.

JOINTLY CONTROLLED ENTITIES

Entities in which the charity has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the cost model.

Birmingham Diocesan Trust

Notes to the financial statements
for the year ended 31 December 2021

1	DONATIONS, LEGACIES AND GRANTS							
	Parochial			Diocesan			Total	Total
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 £000	2020 £000
Offertories, collections and donations	7,589	603	-	90	523	-	8,805	8,081
Tax reclaimed on offertories and donations	1,246	18	-	85	9	-	1,358	1,110
Legacies	1,212	425	-	6	21	-	1,664	715
Grants receivable *	577	351	-	148	25	-	1,101	1,388
	10,624	1,397	-	329	578	-	12,928	11,294

* Included in grants receivable were Government grants, amounting to £807k (2020: £1,264k). In 2021, this also includes the Coronavirus Job Retention Scheme, amounting to £263k. This excludes Schools funding (refer to note 7).

DONATIONS, LEGACIES AND GRANTS - 2020 COMPARATIVES

	Parochial			Diocesan			Total
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 £000
	Offertories, collections and donations*	6,807	979	-	100	195	-
Tax reclaimed on offertories and donations	1,024	14	-	62	10	-	1,110
Legacies	655	16	-	16	28	-	715
Grants receivable **	723	308	-	314	43	-	1,388
	9,209	1,317	-	492	276	-	11,294

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

2	CHARITABLE ACTIVITIES							
	Parochial			Diocesan			Total	Total
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 £000	2020 £000
Votive candles, newspapers and repositories	312	-	-	1	1	-	314	252
Chaplaincy income	86	-	-	-	-	-	86	105
Fees and other charges	-	-	-	1,049	3	-	1,052	1,141
Other income	103	-	-	78	-	-	181	138
	501	-	-	1,128	4	-	1,633	1,636

CHARITABLE ACTIVITIES - 2020 COMPARATIVES

	Parochial			Diocesan			Total
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 £000
	Votive candles, newspapers and repositories	251	-	-	1	-	-
Chaplaincy income	105	-	-	-	-	-	105
Fees and other charges	-	-	-	1,139	2	-	1,141
Other income	130	-	-	8	-	-	138
	486	-	-	1,148	2	-	1,636

3	OTHER TRADING ACTIVITIES							
	Parochial			Diocesan			Total	Total
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 £000	2020 £000
Social income	886	78	-	24	-	-	988	941
	886	78	-	24	-	-	988	941

Social income includes parish tote/200 etc. clubs, income from parish social events, parish occasional fundraising such as bazaars, fetes and bingo and occasional fundraising by youth centres and chaplaincies.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

OTHER TRADING ACTIVITIES - 2020 COMPARATIVES

	Parochial			Diocesan			Total
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2020
	£000	£000	£000	£000	£000	£000	£000
Social income	823	117	-	1	-	-	941
	823	117	-	1	-	-	941

4	INVESTMENT INCOME							
	Parochial			Diocesan			Total	Total
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2021	2020
	£000	£000	£000	£000	£000	£000	£000	£000
Income from UK investments	464	7	30	212	17	26	756	841
Rental income	1,662	-	-	122	2	-	1,786	1,792
Interest receivable	1	-	-	1	-	-	2	30
	2,127	7	30	335	19	26	2,544	2,663

INVESTMENT INCOME - 2020 COMPARATIVES

	Parochial			Diocesan			Total
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2020
	£000	£000	£000	£000	£000	£000	£000
Income from UK investments	505	7	33	248	24	24	841
Rental income	1,624	-	-	165	3	-	1,792
Interest receivable	20	-	-	9	1	-	30
	2,149	7	33	422	28	24	2,663

5	OTHER INCOME							
	Parochial			Diocesan			Total	Total
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2021	2020
	£000	£000	£000	£000	£000	£000	£000	£000
Insurance claims	83	-	-	-	-	-	83	68
Funds introduced	22	-	-	-	-	-	22	-
	105	-	-	-	-	-	105	68

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

OTHER INCOME - 2020 COMPARATIVES

	Parochial			Diocesan			Total	
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2020	
	£000	£000	£000	£000	£000	£000	£000	
Insurance claims	68	-	-	-	-	-	68	
	68	-	-	-	-	-	68	

6	INVESTMENT MANAGEMENT COSTS							
	Parochial			Diocesan			Total	Total
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2021	2020
	£000	£000	£000	£000	£000	£000	£000	£000
Costs of management of investment properties and other investments	490	-	-	6	-	-	496	455
	490	-	-	6	-	-	496	455

INVESTMENT MANAGEMENT COSTS - 2020 COMPARATIVES

	Parochial			Diocesan			Total	
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2020	
	£000	£000	£000	£000	£000	£000	£000	
Costs of management of investment properties and other investments	426	-	-	29	-	-	455	
	426	-	-	29	-	-	455	

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

7	CHARITABLE ACTIVITIES							
	Parochial			Diocesan			Total	Total
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2021 £000	2020 £000
Liturgical and pastoral costs	777	25	4	311	5	-	1,122	1,217
Curial, Parish and Chaplaincy etc. general support costs *	6,513	97	-	3,435	-	18	10,063	10,172
Clergy costs	1,146	-	-	931	306	-	2,383	2,523
Property refurbishment, maintenance and major repairs	2,471	568	26	458	25	8	3,556	4,014
Depreciation	1,059	-	-	216	7	-	1,282	1,275
Bank Charges	46	-	-	36	1	-	83	107
Votive candles, newspapers and repository costs etc.	106	-	-	-	-	-	106	151
Chaplaincy expenditure	-	-	-	1,001	169	-	1,170	1,238
Schools' costs (including impairment losses)**	3	-	-	178	1,424	-	1,605	1,204
Grant funding	114	31	-	517	17	-	679	929
External audit fees	-	-	-	58	-	-	58	58
Safeguarding costs ***	-	-	-	66	-	-	66	193
Other professional fees	-	-	-	46	-	-	46	168
Total charitable activities	12,235	721	30	7,253	1,954	26	22,219	23,249

*General costs include buildings utilities and upkeep costs, housekeeping costs, parish and chaplaincy wages and office expenses.

** Included in Schools costs is £1,141k (2020: £676k) which represents the net costs on activities where the Trust is acting as principal, and payments made under a PFI agreement (see page 56). The net position relates to income of £3,069 and £4,210k expenditure (2020: £2,280k income and expenditure of £2,956k). These costs relate to an excess of spending over grant income for which the DES acted as the principal in those building contractual arrangements.

*** These costs were incurred in legal fees and associated costs relating mainly to the Barnardo's report, and the report into Joseph Quigley

The costs above relate directly to the activity concerned and no form of estimation or apportionment has therefore been necessary.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

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CHARITABLE ACTIVITIES - 2020 COMPARATIVES

	<i>Parochial</i>			<i>Diocesan</i>			<i>Total</i>
	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Endowment funds</i>	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Endowment funds</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Liturgical and pastoral costs	759	18	5	429	6	-	1,217
Curial, Parish and Chaplaincy etc. general support costs *	6,609	65	-	3,474	-	24	10,172
Clergy costs	1,105	-	-	1,078	340	-	2,523
Property refurbishment, maintenance and major repairs	3,137	380	28	442	27	-	4,014
Depreciation	1,029	-	-	242	4	-	1,275
Bank Charges	51	-	-	55	1	-	107
Votive candles, newspapers and repository costs etc.	151	-	-	-	-	-	151
Chaplaincy expenditure	-	-	-	1,061	177	-	1,238
Schools' costs (including impairment losses)**	6	-	-	227	971	-	1,204
Grant funding	237	15	-	652	25	-	929
External audit fees	-	-	-	58	-	-	58
IICSA and related costs ***	-	-	-	193	-	-	193
Other professional fees	4	-	-	164	-	-	168
Total charitable activities	13,088	478	33	8,075	1,551	24	23,249

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

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COMPARATIVES (BY FUND) FOR 2020 STATEMENT OF FINANCIAL ACTIVITIES

Note	Parochial			Diocesan			Total			Total	
	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 £000	
INCOME AND ENDOWMENTS FROM:											
<i>Donations, legacies & grants</i>	1	9,209	1,317	-	492	276	-	9,701	1,593	-	11,294
<i>Charitable activities</i>	2	486	-	-	1,148	2	-	1,634	2	-	1,636
<i>Other trading activities</i>	3	823	117	-	1	-	-	824	117	-	941
<i>Investment income</i>	4	2,149	7	33	422	28	24	2,571	35	57	2,663
<i>Other income</i>											-
<i>Profit on sale of tangible fixed assets</i>		651	-	-	1,434	-	-	2,085	-	-	2,085
<i>Other income</i>	5	68	-	-	-	-	-	68	-	-	68
<i>Disposal of school building</i>		-	-	-	-	799	-	-	799	-	799
Total		13,386	1,441	33	3,497	1,105	24	16,883	2,546	57	19,486
EXPENDITURE ON:											
Raising funds											
<i>Fund raising operations</i>		113	27	-	2	7	-	115	34	-	149
<i>Investment management costs</i>	6	426	-	-	29	-	-	455	-	-	455
<i>Charitable activities</i>	7	13,088	478	33	8,075	1,551	24	21,163	2,029	57	23,249
Total		13,627	505	33	8,106	1,558	24	21,733	2,063	57	23,853
<i>Net (expenditure)/income before gains on investment assets</i>		(242)	936	-	(4,609)	(453)	-	(4,851)	483	-	(4,368)

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

8

COMPARATIVES (BY FUND) FOR 2020 STATEMENT OF FINANCIAL ACTIVITIES

Note	Parochial			Diocesan			Total			Total
	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	Unrestricted funds	Restricted funds	Endowment funds	2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Net (expenditure)/income before gains on investment assets</i>	(242)	936	-	(4,609)	(453)	-	(4,851)	483	-	(4,368)
Gains on investment assets	12									
<i>Gains, losses and revaluations on other investments</i>	1,345	-	-	152	(1)	-	1,497	(1)	-	1,496
<i>Gains, losses and revaluations on investment properties</i>	669	31	44	252	43	11	921	74	55	1,050
	2,014	31	44	404	42	11	2,418	73	55	2,546
Net income/(expenditure)	1,773	967	44	(4,205)	(411)	11	(2,432)	556	55	(1,821)
Transfers between funds	18									
	(2,113)	(269)	-	1,871	511	-	(242)	242	-	-
Net movement in funds	(340)	698	44	(2,334)	100	11	(2,674)	798	55	(1,821)
Reconciliation of funds										
<i>Total funds brought forward</i>	95,371	2,312	1,546	14,939	6,805	683	110,310	9,117	2,229	121,656
	95,031	3,010	1,590	12,605	6,905	694	107,636	9,915	2,284	119,835

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

9	NET INCOME	2021	2020
		£000	£000
	Net income for the year is stated after charging:		
	Depreciation of tangible fixed assets	1,275	1,275
	Operating lease expenditure	-	28
	PFI facilities management fees	133	143
	Auditor's remuneration		
	- for audit services	58	58
	- for non-audit services	-	-
		<u> </u>	<u> </u>

10	INFORMATION REGARDING EMPLOYEES, TRUSTEES AND VOLUNTEERS	2021	2020
		£000	£000
	Staff costs comprise the following:		
	Salaries and wages	4,230	4,803
	Social security costs	293	354
	Pension costs	432	506
	Death in service premium	23	24
		<u> </u>	<u> </u>
		<u>4,978</u>	<u>5,687</u>

Staff costs relate to curial staff, staff at parishes and staff employed in Diocesan related activities.

The number of employees whose emoluments (excluding employer's pension contributions and national insurance) amounted to over £60,000 in the year was as follows:

	2021	2020
	Number	Number
£60,000 - £70,000	4	5
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
	<u> </u>	<u> </u>

The charity contributed £42,150 (2020: £50,442) in pension contributions in respect of these employees. The Chief Operating Officer is included within the above disclosure. Due to the operation of a salary sacrifice scheme, pension contributions stated above include the employee pension contributions paid on behalf of these staff as employer's contributions. These therefore do include amounts sacrificed by staff under those arrangements.

The number of employees and full-time equivalent employees, analysed by function, during the year was as follows:

	Full Time		Part Time		Full Time Equivalent	
	2021	2020	2021	2020	2021	2020
Parishes	5	13	198	214	70	83
Other Diocesan services	29	33	29	23	44	44
Central/Curial Services	35	32	14	13	37	36
	<u>69</u>	<u>78</u>	<u>241</u>	<u>250</u>	<u>151</u>	<u>163</u>

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

10 INFORMATION REGARDING EMPLOYEES, TRUSTEES AND VOLUNTEERS (continued)

It should be noted that (as in previous years) just over 200 diocesan priests actively working within the charity are self-employed office holders and not employees of the charity.

Seven of the fifteen trustees listed on page 1 also serve as clergy of the charity (2020: eight), and in addition to their responsibilities as trustees are actively involved in carrying out the objects of the charity. Seven of those trustees benefited from accommodation costs and other associated expenditure included within charitable activities (2020: Seven) (see Note 7). These trustees received in total £79,721 (2020: £34,166) of allowances as serving clergy but not in their office as trustee. The remaining trustees do not derive any income from the charity. Similarly, no trustee is paid expenses in relation to their activities as a Trustee, only in their canonical roles as serving clergy. Non-clerical trustees are not paid expenses.

The Trust considers its key management personnel comprise the Archbishop, Auxiliary Bishops, Vicar General, Chief Operating Officer. None of these individuals with the exception of the Chief Operating Officer are employees, they are office holders of the Trust. The remuneration, including Employers Pension contributions and National Insurance of the Chief Operating Officer for 2021 was £104,407 (2020: £86,920). There was a change of COO during 2021, which also reverted from a part time to a full time post.

During the year charity funds were used to pay a premium of £4,400 (2020: £4,400) in respect of Trustees' Indemnity Insurance. This insurance protects the charity from loss arising from the neglect or defaults of its trustees, employees or agents or to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

It is estimated that during the year, approximately 0.61 million hours (2020: 0.63 million) were provided by some 4,500 (2020: 4,400) volunteers. If this is valued at £11.00 per hour, the volunteer contribution amounts to some £6.68m (2020: £7.3m). Volunteer roles fulfil liturgical, pastoral and administrative activities of the charity. This amount is not included in the financial statements.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

11 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

Functional Property		Church/ presbytery £000	Improvements & Contents £000	Freehold land £000	Other £000	Total £000
Cost	note					
At 1 January 2020		42,715	36,701	2,256	818	82,490
Additions		1,020	205	-	153	1,378
Transfers from investment property	12	1,215	-	-	-	1,215
Transfers to investment property	12	(47)	(19)	-	-	(66)
Disposals		-	-	-	(79)	(79)
At 31 December 2021		44,903	36,887	2,256	892	84,938
Depreciation and impairment						
At 1 January 2020		12,184	17,591	2,256	710	32,741
Charge for the year		442	761	-	77	1,280
Eliminated on disposal		-	-	-	(79)	(79)
Eliminated on transfer to investment property		(15)	(19)	-	-	(34)
At 31 December 2021		12,611	18,333	2,256	708	33,908
Net book value						
At 31 December 2021		32,292	18,554	-	184	51,030
At 31 December 2020		30,531	19,110	-	107	49,748

The net book value of functional property includes £3,412k long leasehold properties (2020: £2,480k). The amount disclosed in 2020 of £1,017k was incorrect, and is amended here.

The total insured value of the functional buildings and contents is £720m (2020: £699m). No value is attached to the land element, which has been treated as being impaired. There is no intention to sell the land in the ordinary course of the charity's activities and no income is generated from the ownership of this land.

School properties are not included above as they are treated as not recognised in accordance with the accounting policy on page 31.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

12 INVESTMENTS HELD AS FIXED ASSETS

	2021	2020
	£000	£000
Investments comprise the following:		
Investment properties	34,435	33,449
Other investments	33,220	33,104
	<u>67,655</u>	<u>66,553</u>
	2021	2020
	£000	£000
Investment properties at valuation		
Fair value at 1 January 2021	33,449	32,453
Transfers from functional property (Note 11)	32	-
Transfers to functional property (Note 11)	(1,215)	-
Disposals	(1,486)	(500)
Gains and losses on revaluations and disposals	3,655	1,496
	<u>34,435</u>	<u>33,449</u>

The investment properties are included based on a 5 year rolling programme of internal valuations completed by professionally qualified (MRICS) staff – see page 32.

	2021	2020
	£000	£000
Other investments comprise the following:		
Equities	30,537	30,032
Fixed interest securities	2,683	3,073
	<u>33,220</u>	<u>33,105</u>

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

INVESTMENTS HELD AS FIXED ASSETS (continued)

Stock exchange investments at fair value

			2021	2020
	Diocesan	Parishes	Total	Total
	£000	£000	£000	£000
Fair value at 1 January 2021	10,592	22,513	33,105	35,539
Additions	914	2,523	3,437	1,437
Disposal proceeds	(2,045)	(5,055)	(7,100)	(4,921)
Realised and unrealised investment gains	1,245	2,534	3,779	1,050
Fair value at 31 December 2021	10,706	22,515	33,221	33,105

The historic cost of investments held at 31 December 2021 was £21m (2020: £22m). There were no investment holdings which represented more than 5% by value of the portfolio excluding cash.

Stock exchange investments by location

	Fair value	Cost	Fair value	Cost
	2021	2021	2020	2020
	£m	£m	£m	£m
UK listed investments	19.7	12.9	19.2	13.5
Overseas listed investments	13.5	8.3	13.9	8.9
	33.2	21.2	33.1	22.4

Jointly controlled entity

The charity owns 50% of the £2 ordinary share capital of Parish Accounting Services Limited, a company which was formed during 2015 in order to purchase the intellectual property rights, and ownership of computer software known as OPAS. This is a bespoke accounting and gift aid system used widely within the Archdiocese, and was purchased in order to ensure its continued availability for the Trust. The remaining 50% is owned by the Archdiocese of Westminster and is jointly managed by the two Trusts, with two directors serving from each Archdiocese.

The company operated at a small operating profit in 2021. The company was financed by two loans each of £71,999 one from each Diocese, and is considered an unsecured concessionary loan (see Note 13). The loans carry no interest and no fixed repayment term. The loans were fully repaid from income generated by the company from sales to other Catholic organisations. Repayments were made in 2021 of £61,998 (£30,999 each Diocese) (2020: £30,000, £15,000 each Diocese).

Ownership of dormant private limited company

The charity owns 100% of the share capital of The Sower Limited, a dormant private limited company. Total called up share capital is £3. There are no other assets or liabilities.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

13 DEBTORS

	2021	2020
	£000	£000
Debtors: amounts due in under one year		
Amounts due in respect of school building projects	367	539
Accrued investment income	27	34
Accrued Gift Aid Tax reclaimable	1,718	1,065
Other debtors including trade debtors, major bequests and property sales	1,038	629
Unsecured concessionary loans to priests etc.	12	13
Unsecured concessionary loan to other religious charities and bodies	59	74
Unsecured concessionary loan to Jointly Controlled Entity	-	31
Secured concessionary loan to priests etc.	5	22
Total	<u>3,226</u>	<u>2,407</u>
Debtors: amounts due in more than one year		
Unsecured concessionary loans to priests etc.	-	-
Secured concessionary loans to priests etc.	80	80
Total	<u>80</u>	<u>80</u>
TOTAL DEBTORS	<u>3,306</u>	<u>2,487</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£000	£000
*Amounts due in respect of school building projects	305	341
Due to other religious charities	499	475
**Other creditors	3,049	3,856
Accruals	542	533
	<u>4,395</u>	<u>5,205</u>

* The amount noted above as "amounts due in respect of school building projects" is in respect of transactions for which the Diocesan Education Service (DES) acted as principal.

**Included here is an amount held in respect of grant income not spent on school building projects which were managed by the DES in its role acting as agent. For 2021 this was £2,429k (2020: £3,256k). This relates to grants received in advance of projects starting, mainly due to delays with COVID-19. The distinction between certain school building project transactions is explained on page 31.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 £000	2020 £000
Concessionary loans	36	36
	36	36

16 FINANCIAL ASSETS AND LIABILITIES

Financial assets held at fair value are included in Note 12. Note 13 includes financial instruments of £465k (2020: £702k) held at amortised cost and concessionary loans of 156k (2020: £220k) held at cost plus accrued interest, less impairment where applicable. Notes 14 and 15 include financial instruments held at amortised cost of £3,895k (2020: £4,716k).

17 ENDOWMENT FUNDS

	Balance at 1st January 2021 £000	Income £000	Expenditure £000	Transfers £000	Gains/ (losses) on investments £000	Balance at 31st December 2021 £000
Diocesan funds						
Various Diocesan funds	639	21	(21)	-	22	661
Maryvale	55	5	(5)	-	7	62
Various small trust funds:						
registered charities	215	5	(5)	-	6	221
other	1,375	26	(26)	30	132	1,537
	2,284	57	(57)	30	167	2,481

These funds are linked to specific parishes and funds held by the Diocese, and are endowment in nature, i.e., the capital donated cannot be spent and any income generated must be spent in line with the donor's instructions. In the main the purposes of these funds are to provide education, relieve poverty, support priests and to provide for church repairs within the parishes concerned. The assets of all the funds listed are represented by investment in the Diocesan Investment Scheme (see page 13). There are two separate registered charities (Leamington Trust, registered charity no. 248948; and Birmingham Roman Catholic Diocesan Educational Trust no. 528881) and thirteen other separate funds. A uniting direction given by the Charity Commissioners is in force in respect of these funds.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

17 ENDOWMENT FUNDS (continued)

The 2020 analysis of endowment funds follows:

ENDOWMENT FUNDS - 2020 COMPARATIVES

	Balance at 1st January 2020 £000	Income £000	Expenditure £000	Transfers £000	Gains/ (losses) on investments £000	Balance at 31st December 2020 £000
Diocesan funds						
Various Diocesan funds	617	21	(21)	-	22	639
Maryvale	66	3	(3)	-	(11)	55
Various small trust funds:						
registered charities	209	5	(5)	-	6	215
other	1,337	29	(29)	-	38	1,375
	<u>2,229</u>	<u>58</u>	<u>(58)</u>	<u>-</u>	<u>55</u>	<u>2,284</u>

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

18 RESTRICTED FUNDS

Restricted funds comprise the following unexpended balances of donations etc. given for specific purposes:

	Balance at 1st January 2021 £000	Income £000	Expenditure £000	Transfers £000	Gains/ (losses) on investments (stock market) £000	Balance at 31st December 2021 £000
Restricted funds						
Poor Mission Fund	453	24	-	(80)	-	397
Memorial Mass Fund	436	8	(16)	-	30	458
Religious Workers Accommodation Fund	63	-	(3)	-	-	60
Specific bequests						
University Chaplaincy	725	14	(7)	(7)	71	796
Other funds	364	401	(32)	-	94	827
Canons Chapter Fund	316	6	(4)	-	26	344
Clergy Training Fund	265	139	(443)	300	-	261
Maryvale	232	10	(33)	-	-	209
Diocesan Education Service – schools projects*	4,043	-	(1,424)	-	-	2,619
Other Chaplaincies	7	-	-	-	-	7
Parish building and other projects	3,011	1,481	(754)	(89)	50	3,699
	<u>9,915</u>	<u>2,083</u>	<u>(2,716)</u>	<u>124</u>	<u>271</u>	<u>9,677</u>

Birmingham Diocesan Trust

Notes to the financial statements (continued)

for the year ended 31 December 2021

18 RESTRICTED FUNDS (continued)

* Schools projects. As set out on page 29 the income and expenditure in relation to activities where the Trust acts as principal are shown net on page 47. The net movement of (£1,424k) (2020: (£172k)) above, comprises income of £3,069k (2020: £799k); and expenditure of £4,493k. (2020: £971k).

The Poor Mission Fund exists to support parishes which struggle to meet their financial obligations. The Memorial Mass Fund provides for people's desire for annual Masses to be said for their intentions.

The Religious Workers Accommodation Fund was created during 2016 and after some specific grants to assist the work of agencies caring for the homeless and for disadvantaged youth made during that year, the balance is to be used for the provision of accommodation for religious workers in the Diocese.

The Canons Chapter Fund represents sums which were previously recognised as part of the affiliated bodies, and were therefore not in the past included within the funds of the Archdiocese. The Trustees now deem it more appropriate that these funds are included within the Archdiocese accounts as its aim is specifically to support repairs and maintenance of the Cathedral.

The Clergy Training Fund's primary purpose is to support students in training and formation for the priesthood and permanent diaconate as well as ordained priests and deacons undertaking further studies.

The "Diocesan Education Service – schools' projects" fund relates to historic schools' sales proceeds which can only be used to finance the building of new schools, or expansion of existing schools due to capacity needs, and includes grant funds received but not yet expended.

The transfers shown above of £124k (2020: £242k), principally represent amounts paid in accordance with the terms of the restriction, to certain parishes and other entities within the Archdiocese. In the case of "Parish building and other projects" the amount transferred relates to capitalised spending completed in accordance with the terms of the restriction. These parish assets are included within the unrestricted property assets of the charity; the associated restricted funding being regarded as having been effectively discharged.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

The 2020 analysis of restricted funds follows:

RESTRICTED FUNDS - 2020 COMPARATIVES

Restricted funds comprise the following unexpended balances of donations etc. given for specific purposes:

	Balance at 1st January 2020 £000	Income £000	Expenditure £000	Transfers £000	Gains/ (losses) on investments (stock market) £000	Balance at 31st December 2020 £000
Restricted funds						
<i>Poor Mission Fund</i>	403	107	(88)	32	(1)	453
<i>Memorial Mass Fund</i>	436	8	(16)	-	8	436
<i>Religious Workers Accommodation Fund</i>	67	-	(4)	-	-	63
<i>Specific bequests</i>						
<i>University Chaplaincy</i>	705	15	(8)	(8)	21	725
<i>Other funds</i>	400	15	(25)	(32)	6	364
<i>Canons Chapter Fund</i>	315	6	(13)	-	8	316
<i>Clergy Training Fund</i>	2	144	(400)	519	-	265
<i>Maryvale</i>	254	11	(33)	-	-	232
<i>Diocesan Education Service – schools projects*</i>	4,215	799	(971)	-	-	4,043
<i>Other Chaplaincies</i>	7	-	-	-	-	7
<i>Parish building and other projects</i>	2,313	1,441	(505)	(269)	31	3,011
	9,117	2,546	(2,063)	242	73	9,915

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

19 UNRESTRICTED FUNDS

	General £000	Designated £000	Total £000
At January 2021	58,182	49,454	107,636
Net income	3,057	-	3,057
Transfers to endowment	(30)	-	(30)
Transfers from restricted funds (Note 18)	(124)	-	(124)
Transfer to designated funds	(917)	917	-
At 31 December 2021	<u>60,168</u>	<u>50,371</u>	<u>110,539</u>

The trustees have created a designated fund to the value of the unrestricted net book value of functional property assets and contents. The trustees are of the opinion that these assets cannot be readily realised without undermining the ongoing work of the charity. Transfers to designated funds relate to net fixed asset movements and depreciation.

The 2020 analysis of unrestricted funds follows:

UNRESTRICTED FUNDS - 2020 COMPARATIVES

	General £000	Designated £000	Total £000
At January 2020	60,995	49,315	110,310
Net income	(2,432)	-	(2,432)
Transfers from restricted funds (Note 18)	(242)	-	(242)
Transfer to designated funds	(139)	139	-
At 31 December 2020	<u>58,182</u>	<u>49,454</u>	<u>107,636</u>

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted (general) £000	Unrestricted (designated) £000	Restricted £000	Endowment £000	2021 Total £000
Tangible fixed assets	183	50,371	475	-	51,029
Investments	62,485	-	2,689	2,481	67,655
Other net assets / liabilities	(2,500)	-	6,513	-	4,013
At 31 December 2021	60,168	50,371	9,677	2,481	122,697

"Tangible fixed assets" represents the book value of the charity's tangible fixed assets, principally land and buildings, currently held for charity use and the funds are therefore unavailable for other uses.

Included in the figure for investments is a significant unrealised surplus and this figure will vary year on year as property and stock market values fluctuate.

ANALYSIS OF NET ASSETS BETWEEN FUNDS - 2020 COMPARATIVES

	Unrestricted (general) £000	Unrestricted (designated) £000	Restricted £000	Endowment £000	2021 Total £000
Tangible fixed assets	107	49,454	188	-	49,749
Investments	61,752	-	2,517	2,284	66,553
Other net assets / liabilities	(3,677)	-	7,210	-	3,533
At 31 December 2020	58,182	49,454	9,915	2,284	119,835

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

21 RECONCILIATION OF NET INCOME TO NET CASH FLOW USED IN OPERATING ACTIVITIES

	2021	2021
	£000	£000
Net income/(expenditure) for the reporting period	2,862	(1,821)
Adjustments for:		
Depreciation of tangible fixed assets	1,282	1,275
Fair value (gains) on investment properties	(3,655)	(1,496)
Fair value (gains)/losses on investments on the stock exchange	(3,779)	(1050)
(Gain) on disposal of tangible assets	(97)	(2,085)
Dividends, interest and rents from investments	(2,544)	(2,663)
	<u>(5,931)</u>	<u>(7,840)</u>
Movements in working capital:		
(Increase)/decrease in debtors	(821)	826
(Decrease)/increase in creditors	(809)	2,756
	<u>(7,561)</u>	<u>(4,258)</u>
Net cash used in operating activities	<u><u>(7,561)</u></u>	<u><u>(4,258)</u></u>

22 CAPITAL COMMITMENTS

At 31 December 2021, the charity was committed to future capital expenditure of approximately £nil (2020: £1.9m. This relates primarily to spending in parishes.)

23 OTHER COMMITMENTS

Operating leases

The charity leased office space on a five-year term. The lease expired in 2021. The total commitment fell due as follows:

	2021	2020
	£000	£000
Less than one year	-	29
More than one year, but less than five years	-	-
Total due	<u><u>-</u></u>	<u><u>29</u></u>

Birmingham Diocesan Trust

Notes to the financial statements (continued)
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23 OTHER COMMITMENTS (continued)

PFI Scheme

The Trust, through the Diocesan Education Service (DES) is party to a facilities management contract under a PFI scheme in respect of a school. Total commitments under the contract are £135k (2020: £135k) within one year, £568k (2020: £566k) between one and five years, and £149k (2020: £301k) greater than 5 years. These costs may change, dependent on changes to indexation. The costs are calculated using RPI. These costs are met from within the restricted funds held for the purposes of spending on new schools.

24 RELATED PARTY TRANSACTIONS

The charities mentioned below were served by one or more common trustees during the year:

St Mary's College, Oscott – Registered Charity 1172979

During the year £51,031 (2020: £49,000) of rent and other costs and £141,000 (2020: £166,000) of students' fees was paid to St Mary's College, Oscott. There was a £nil balance (2020: £nil) owing to St Mary's College, Oscott at the year-end in respect of miscellaneous costs or student fees. There was also £43,000 paid by Oscott in relation to recharges relating to priests' stipends and expenses (2020: £58,000). A further £14,000 was paid for the secondment of Oscott's archivist (2020: £14,000) and a further £nil for events and miscellaneous costs (2020: £nil). Most Rev. B Longley & Right Rev. D McGough are Trustees in common.

Father Hudson's Society - Registered Charity 512992

During the year, £29,000 (2020: £20,000) was collected on behalf of and paid over to Father Hudson's in the main via a retiring collection following Masses said in parishes in September 2021. The Diocese also paid for residential care for sick and retired priests in Father Hudson's Residential Care Home, amounting to £75,000 (2020: £40,000). In addition to these, grants were also made to Father Hudson's totalling £28,000 (2020: £37,000) for them to administer on behalf of the Archdiocese to aid social outreach work through other Catholic agencies, and also with a special focus on Fatima House, a women's shelter for refugees.

There was a balance as at the year-end in respect of collections not paid over to Father Hudson's amounting to £nil (2020: £nil), and care costs of £3,700 (2020: £6,550). Whilst not a Trustee of Father Hudson's, Most Rev. B Longley is President of the charity.

The Kenelm Youth Trust Ltd– Charitable company registration number 1144209

Grants totalling £397,000 were made to Kenelm Youth Trust in 2021 (2020: £405,700). Receipts for rent and utility costs of £nil were received by the Diocesan Education Service in 2021 (2020: £nil). KYT is a separate charity that was set up to provide all of the Trust's youth services from 1 January 2016. No balances were outstanding at 31 December 2021 (2020: £nil). Right Rev. W Kenney, Right Rev S. Wright and Ms H Bardy are trustees in common.

Parish Accounting Services Limited – Company registration number 09503675

During the year, in addition to the loan disclosed in notes 12 and 13, £52,400 was paid to Parish Accounting Services Limited (2020: £52,400) in respect of software licencing fees of parish accounting software, and £nil in respect of re-charged expenses (2020: £70). In addition, the Diocese received £10,250 from the company (2020: £10,000) in respect of costs of providing management time. There were no balances outstanding at the year-end.

Cornerstone Regeneration – Registered charity 1143282

Rent was received from Cornerstone by one of the parishes of the Archdiocese in respect of property, of £20,000 (2020: £20,000). An additional £5,000 relating to 2022 was received in 2021, which was deferred to 2021 in the financial statements. There were no balances outstanding at the year-end. Mr C. Loughran is a trustee in common.

Birmingham Diocesan Trust

Notes to the financial statements (continued)
for the year ended 31 December 2021

24 RELATED PARTY TRANSACTIONS (continued)

Birmingham Churches Together – Registered charity 243931

A grant was made to the charity in 2021 of £19,770 (2020: £19,770). There were no balances outstanding at the year-end. The Most Rev. B Longley is a trustee.

Holy Souls Social Club Ltd – Registered Company 07170727

There were no transactions between the Club and the Diocese during the year, Rev J Veasey is a director.

The Venerable English College Trust – Registered Charity 1142558

A reimbursement of expenses was received from the Venerable English College Trust by the Archdiocese in respect of fundraising costs of £10,000 (2020: £15,000). There were no balances outstanding at the year-end.

The Most Rev. B Longley is a trustee in common.

None of the trustees noted above received any remuneration from the related parties named.