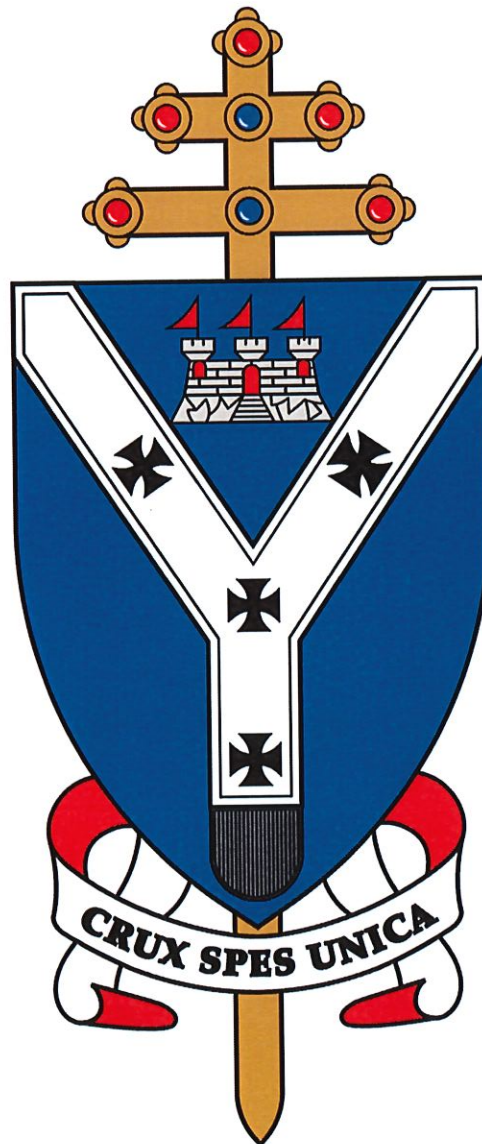


ARCHDIOCESE OF ST ANDREWS & EDINBURGH

ANNUAL REPORT and ACCOUNTS

For the year ended 31 December 2020



Quare verum (ICAS)

Et cognoscetis veritatem et veritas liberabit vos (John 8:32)

ARCHDIOCESE OF ST ANDREWS & EDINBURGH

ANNUAL REPORT and ACCOUNTS

For the year ended 31 December 2020

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TRUSTEES' REPORT – for the year ended 31 December 2020

The Trustees present their report and accounts for the year ended 31 December 2020.

1. Our charitable objectives are: -

- The advancement of the Roman Catholic Religion.
- The advancement of education.
- The relief of poverty.
- The cure or alleviation of human sickness or disease.

2. Activities undertaken to achieve these objectives

All of the apostolic work of the Archdiocese is rooted in life with Jesus Christ in both prayer and sacrament.

The fulfilment of our charitable aims is undertaken by priests, religious and lay people engaged in a range of apostolic ministry most often aimed at serving those in greatest need. We help provide:

- A network of 72 parishes across 10 local authority areas
- A network of 69 Catholic primary schools and 10 Catholic high schools
- Chaplains to 34 hospitals and three hospices
- Chaplains to three prisons and one young offender institution
- Chaplains to six universities

It is through this extensive network that we assist a significant number of beneficiaries: parishioners, families, the elderly, the young, the sick, the dying, the poor and those in prison. In addition, the Archdiocese through its' network of parishes continues to support and assist the work of external agencies such as the Scottish Catholic International Aid Fund; Missio Scotland; the Society of St Vincent de Paul; the Apostleship of the Sea; Mary's Meals; the Sisters of the Gospel of Life; and African Missions and Holy Places. All such beneficiaries are aligned with the charitable objectives of the Archdiocese.

3. Achievements & Performance

From March 2020 the major challenge facing the Archdiocese was the impact of the Covid 19 pandemic. Churches were closed for much of the year and when they were allowed to open numbers were very restricted.

The Priests delivered worship online, the Archbishop recorded Mass every Sunday, Priests kept in touch with parishioners in many ways including newsletters, phone calls and online reflections, Stations of the Cross, courses on prayer. Church lockdown closures also had a financial impact on the parishes and the Archdiocese which is covered below.

The Curia continued to operate well with most people working from home. Many of the events that would have been held at Gillis took place online and were very well attended. There was a lot of engagement and discussion and the feedback was very positive. Examples of this are given below in the sections on Events, Education and Safeguarding. The Curia also worked hard to interpret and respond to the changing Covid regulations and guidelines and has offered advice and guidance to the parishes.

The estimated weekly Sunday Mass attendance across the Archdiocese during 2020 (with churches closed for much of the year due to Covid) was around 7,900 (2019 - 21,650). During 2020 there were 479 Baptisms (2019: 908) and 56 Marriages (2019: 154); there were no seminarians ordained to the Priesthood and no ordinations of Permanent Deacon during 2020, with eight seminarians in training for the priesthood at the end of 2020.

3.1. Parishes

"A parish is a certain community of the Christian faithful stably constituted in a particular church, whose pastoral care is entrusted to a pastor (*parochus*) as its proper pastor (*pastor*) under the authority of the diocesan bishop," Code of Canon Law 515 §1.

The primary mechanism for fulfilling the charitable aims of the Archdiocese of St Andrews & Edinburgh is the local parish. It is the parish where the Gospel of Jesus Christ is proclaimed, the sacraments are administered, practical charity is performed and the young, in conjunction with the family and the local authority, are educated.

TRUSTEES' REPORT – for the year ended 31 December 2020

The Catholic Church envisages that a bishop serves his priests who, in turn, serve their lay people, forming them spiritually and intellectually, helping them to grow in holiness and equipping them to re-evangelise their local community.

3.2. Education

The Archdiocese partners with local government and families in 10 Catholic high schools and 69 Catholic primary schools.

During the pandemic we continued to support our teachers in both primary and secondary schools. We have created and made available online teaching resources. This included a suite of learning and teaching material, including notes for teachers and guides for parents for the preparation of children for the sacraments of First communion, Reconciliation, and Confirmation. We have had very positive feedback. We ran online training/CPD events for teachers, and we have had a very high participation rate for these. We have also worked at a national level on online education materials, a recruitment strategy for Catholic teachers and a conference for Deputy Headteachers.

3.3. Practical Charity

All of the charitable services provided by the Church in 2020 were and continue to be affected by Covid 19.

The St Vincent de Paul activity has been greatly reduced in terms of its ability to raise funds and to serve the community given Covid restrictions and the average age of its volunteer base. However where possible it supported those in need as well as continuing to run its Furniture Project in Fife. Its Caravan Project in East Lothian has been closed since March 2020 and this service is being reviewed.

Even through lockdown, Parishes across the Archdiocese continue to support local charitable causes, not least those who collect food and other resources for local Food Banks. As schools have temporarily stopped extracurricular activities, the support for these activities has not been required.

The Sisters of Mercy project for homeless people has been closed since March 2020. The Missionaries of Charity have provided take away meals for homeless people during the period.

The Archdiocese supports two care homes for the elderly run by religious sisters. These have continued to provide a high-quality service to residents

The Church continues to provide chaplaincy support for Prisoners and Seafarers.

The Church supports St Joseph's Care Services, a residential facility for adults with learning disabilities. This support has continued through lockdown facing the additional challenge of the increased vulnerability of the client group to this disease.

SPRED (Special Religious Development) was unable to meet from March 2020, because it requires close physical contact indoors, and the Friends, the client group, are very vulnerable. SPRED volunteers have endeavoured to keep in touch with the Friends through newsletters and Zoom.

3.4. Pastoral Ministry

The chief pastor of the Archdiocese of St Andrews & Edinburgh is Archbishop Cushley whose authority derives from being a direct successor of Christ's Apostles in communion with the Holy See. He fulfils this role with the help and assistance of the lay faithful and clergy, including Vicars Episcopal for six areas of pastoral concern: Catechetics; Marriage and Families; Education; Caritas, Justice and Peace; Ecumenism and Interfaith; and an Office for Clergy and Religious. Each Vicar Episcopal chairs a commission composed of several qualified lay volunteer Catholics, religious and clergy in the particular field entrusted to them. Over the past year each commission has continued to develop relevant programmes and events. Increasingly these are being advertised on social media such as the Archdiocese Facebook page.

TRUSTEES' REPORT – for the year ended 31 December 2020

In 2020 Sister Edith Mary was appointed Coordinator for Clergy Welfare and Religious Life. She has contacted all the retired clergy and met with most of them to assess wellbeing needs. Sister has dealt with urgent situations for example supporting a priest to move into care. She has met with each Dean and is developing a network of volunteers who can support her in her work. Sister is also working with Clergy over 70 to support them and help them to prepare for retirement. Zoom events have also been held for the Religious.

During 2019 the **Commission for Catechetics** organised a number of information and training events: Two Youth Days; Altar Servers' Day; Three Young Adult Evenings during Lent and Advent; Day for Musicians; Children Liturgy Leaders Day; Youth Leaders Training Day and Sacred Scripture Day and Adult Formation Day. Materials were published on the Archdiocese website for parish-based Sunday Children's Liturgy. All of the events were well attended by people from throughout the Archdiocese.

During 2020 the **Commission for Catechetics** organised a number of information and training events: Bioethics Day; Communion Ministers Day; Talk on the Gospel of Mark; Advent Talk and Christmas Talk. Due to the restrictions with Covid, most of the events took place using Zoom and were supported by people from the Archdiocese and beyond. We also continued to issue our weekly Sunday Children's Liturgy catechesis published on the Archdiocese website.

Sister Anna Marie arrived in September 2020 to serve as the Archdiocesan Catechetical Advisor, and she works closely with the Catechetical Commission. Sister has given catechetical talks, via Zoom, on the Sacraments and prayer to all the Deaneries. She is also teaching in and directing the Diploma in Catechetics which has over 150 students.

In 2020, before the initial lockdown, the **Marriage & Family Commission** organised a successful afternoon of reflection for married and engaged couples led by Fr Bart Parys and also a mini-symposium on the issue of gender dysphoria with Dr Adrian Treloar and Sr Andrea Fraile, both of which took place at the Gillis Centre. After lockdown, other planned events had to be cancelled. We responded to the covid restrictions by developing an online marriage preparation course so that couples could be prepared for their weddings when the opportunity arose to celebrate them. Towards the end of 2020 we were pleased to invite Catherine Wiley of the Catholic Grandparents Association to address an online meeting on the subject of grandparents' ministry in the Church. The Archdiocesan Pro-Life Office made use of digital conferencing and increased the number of talks and events given online. This resulted in good growth of the Archdiocesan pro-life network. A pro-life rosary during Advent and Stations of the Cross in Lent were particularly well supported.

3.5. Archdiocese events

Our events supplement the core work of the Archdiocese by offering spiritual and practical guidance on different aspects of the Catholic Faith. They normally include pilgrimages, workshops and days of reflection. As those options were curtailed in March 2020 due to the Covid lockdown, we used accessible online formats to continue offering a range of events. We subsequently embraced the Zoom webinar format to professionalise these events. This included a weekly Sunday Mass with Archbishop Cushley, made available on Facebook, YouTube and the Archdiocesan website.

Open Evening - Diploma in Catechetics (25 November, online)

An event to share details and promote the year-long Diploma in Catechetics course. The course (launched in January 2021) is led by Sr Anna Marie McGuan, our Catechetics Advisor, and features guest speakers. More than 150 people signed up for the course.

Faith in the Time of Covid (November, launched Jan 2021)

In November, Archbishop Cushley planned a series of four Sunday afternoon talks from renowned speakers, including the Rt Hon Gordon Brown, to help focus on the impact of faith amidst the pandemic.

National Rosary Relay Rally (31 October, online)

A live Rosary from the St Margaret's Chapel at the Gillis Centre in Edinburgh on the eve of the Feast of All Saints. The event featured Archbishop Cushley and was led by the Religious Sisters of Mercy in Edinburgh.

Getting to Know St Mark (19 October, online)

To help Catholics prepare for a new liturgical year; Fr Andrew Garden gave an online talk describing the background to St Mark's gospel.

TRUSTEES' REPORT – for the year ended 31 December 2020

World Day of Prayer for Creation (01 September, St Columba's Church, Edinburgh)

Archbishop Cushley celebrated Holy Mass for World Day of Prayer for Creation and as the annual Archdiocesan Caritas, Justice & Peace Mass. This was livestreamed on Facebook.

Write for Life (25 June, online)

A workshop hosted by our Pro-Life Office give tips on how to effectively contact MP/MSPs on life issues.

Love Lent (throughout March, Gillis Centre)

A series of three talks for young adults on the call to holiness, featuring Archbishop Leo Cushley, Fr Andrew Garden and Sister Mirjam Hugens.

Male & Female He Created Them (28/29 February, Our Lady & St Ninian's Bannockburn / Gillis Centre)

A mini-symposium on gender theory with Dr Adrien Treloar and Sister Andrea Fraile.

Together Before the Lord (15 February, Gillis Centre)

An afternoon retreat for married couples with Fr Bart Parys SVD.

Closed or Open Doors (20 February, Gillis Centre)

Migration Expert John Dalhuisen discussed Europe's Migration Policy.

Modern Slavery/Anti-Trafficking

A talk from Alister Bull from anti-trafficking charity Hope for Justice.

Day for Extraordinary Ministers of Holy Communion (08 February, Gillis Centre)

A chance for parish volunteers to find out more about the grace of being an Extraordinary Minister of Holy Communion.

Film Night for Young Woman (02 February, St Columba's, Edinburgh)

A screening of All Or Nothing, a documentary on the life of Irish nun Clare Crockett.

Bioethics Day (25 January, Gillis Centre)

A Catholic view of assisted suicide with Prof David Jones and Palliative Care with former nurse Evelyn Howie.

3.6. Organisational Development

Impact of the Covid-19 Pandemic

The Pandemic had a big impact on the Curia. From March 2020 onwards most of the staff worked from home. This was made possible using technology, and meetings and training events have all been held online. Two people who look after the building and grounds at Gillis have worked there throughout the pandemic. During 2020 staff went into the building to check mail, get files etc and the work of the Curia has continued to be done effectively. As at May 2021 this situation continued, and we await Government guidance for a phased return to working in the office.

Curia

The role of the diocesan curia is to support that work of the Archbishop and, in keeping with the Catholic principle of subsidiarity, to provide assistance to parishes in those areas of service delivery which they cannot provide locally, especially those areas requiring specialist skills. These include: Safeguarding PVG approvals, training for volunteers and handling Safeguarding complaints and concerns; Financial guidance and support, payment approval for items over £9,000, preparing Archdiocesan accounts from Parish returns and payroll; Health and Safety guidance; Property support and advice.

The curial offices of the Archdiocese include the chancery, communications, safeguarding, property, education and finance departments.

In 2020 one part time role was made redundant as due to the pandemic that work could not be done. No new roles were added to the Curia. Recruitment to two vacancies was postponed due to the pandemic.

Key Management Group

Day to day management of the Curia is the responsibility of the Chief Operating Officer and management team, who work closely with the Moderator of the Curia and the Archbishop.

Mount Vernon Cemetery

The cemetery operated throughout 2020, working with the restrictions in place for funeral services.

TRUSTEES' REPORT – for the year ended 31 December 2020

4. Financial Review for the year to 31 December 2019.

These accounts have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Statement of Recommended Practice: Accounting and Reporting by Charities – second edition October 2019 (the "SORP") preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102).

The notes to the accounts set out on pages 19 to 35 provide further details on the accounting policies used in preparing these accounts.

The year has resulted in a net deficit on funds of £(756,000), attributable to a £(965,000) deficit on the funds of the Parishes and a £209,000 surplus attributable to Curial funds.

Included within the net movement on curial funds is a realised gain on investments of £28,000 and an unrealised gain on investments of £139,000.

Total income decreased by £2,751,000 from £9,268,000 to £6,517,000 in the year. Donations and legacies decreased by £1,868,000, other trading activities decreased by £620,000 and investment income decreased by £44,000. There has been an increase in unpaid rent, during 2020, but it has been included in income.

Total expenditure decreased by £1,195,000 from £8,635,000 to £7,440,000 due to a decrease of £1,118,000 in the cost of Charitable Activities and a decrease of £76,000 in the cost of Raising Funds.

The cost of Parish charitable activities decreased by £924,000 (15%) and the cost of Curial Charitable Activities decreased by £194,000 (9%). Further details on the cost of Charitable Activities are set out in note 8.

The main sources of income for Parishes are donations and legacies, which includes offertory and gift aid income as well as amounts received from special collections, given through the generosity of parishioners.

The funds which support the work of the curia are derived from investment income, an annual assessment / levy received from parishes, and a grant received from the Charleston Estate. Special collections are received by parishes and transferred to the curia for specific purposes, which are either utilised for internal purposes such as the Aged and Infirm and Clergy fund or distributed onward to the intended third-party beneficiary.

Excluding gains or losses from investments and property sales, the underlying surplus on curia activities, including transfers from parishes, was £42,000, a reduction from the underlying surplus of £153,000 in 2019, reflecting reduced special collections for the AICF and the Ecclesiastical Students fund. Curia resources remain under pressure to meet commitments to educate seminarians and deacons and provide support to retired clergy, as well as fulfil national responsibilities to the Bishops' Conference of Scotland, and administer the diocesan offices (Chancery, Property, Safeguarding, Finance, Schools, Communications).

During the year no major capital projects were undertaken. The largest repair project was renovation of St Margaret's Dunfermline which is budgeted at £740,000 of expenditure in 2019, 2020 and 2021.

4.1. Investments – Performance

The total value of the Archdiocesan investment portfolios (including cash held for re-investment) increased during 2020 by £88,000. The outcome for different portfolios varied with some gains and some losses.

Market Value	FTSE All Share Index	Brewin Dolphin £'000	Standard Life £'000	Investec £'000	Shares held separately £'000	Total £'000
At 31 December 2020	3,674	2,721	7,928	7,412	88	18,149
At 31 December 2019	4,196	2,738	7,465	7,769	89	18,061
Movement in year	(522)	(17)	463	(357)	(1)	88

The short-term uncertainties of stock market investments are acknowledged; however, the Trustees remain of the view that equities and stocks will provide real growth in income and capital in the long term.

TRUSTEES' REPORT – for the year ended 31 December 2020

4.2. *Investment Policy*

The Trustees have power to invest in such stocks, shares, investments and property as they see fit. It is the Trustees' policy to invest in the stock market to obtain a balanced return combining capital and income growth to protect the real value of both capital and income. The investment managers seek to achieve this by investing in a range of assets suitable for charitable monies, which take account of our ethical requirements. The Trustees have adopted an ethical investment policy based on the teaching of the Catholic Church, which is kept under review. The ethical policy lists activities which the investment portfolios must avoid.

4.3. *Reserves*

The total reserves of the Archdiocese at the end of 2020 amount to £52,792,000.

The balance of unrestricted reserves at the end of the year was £46,869,000, with £26,097,000 of this balance represented by tangible fixed assets (mostly non-church buildings) and heritage assets. The amount of reserves represented by tangible fixed assets and heritage assets is realisable only if these assets were to be sold. Unrestricted free reserves at the year-end were £20,772,000 (excluding tangible fixed assets and heritage assets). Curia unrestricted free reserves were £6,037,000 and Parish unrestricted free reserves were £14,735,000.

The balance of restricted reserves at the end of the year was £3,985,000 with £150,000 of these reserves represented by tangible fixed assets. (See notes 18 to 24 for details).

The balance of endowment reserves at the end of the year was £1,938,000 with no amount of tangible fixed assets included within the balance of this reserve.

It is the Trustees' objective to increase unrestricted funds in order to provide support to the parishes and the administration of the Archdiocese. During the year, however, parish income was significantly reduced by the closure of churches and halls due to Covid restrictions, as a result the unrestricted parish reserves decreased by £965,000 and unrestricted curia reserves increased by £6,000. Excluding realised and unrealised gains on investments relating to the unrestricted funds of the curia of £83,000, the unrestricted reserves of the curia would have decreased by (£77,000).

This underlying negative movement on curia unrestricted funds for the year arises after a transfer of £180,000 to the Aged and Infirm Clergy Fund ("AICF") (the Priests Retirement Fund), (one of the restricted funds of the curia) and £89,000 to other restricted funds where fixed expenditure exceeded special collection income.

The Trustees have initiated a project group to review funding options to increase the income of the AICF. Consultations with parishes in Deanery groups are planned for the second half of 2021 to review the funding requirement for the retirement allowances and options for increasing funding.

During the year special collections were taken throughout the parishes of the Archdiocese for the benefit of the Aged and Infirm Clergy Fund resulting in special collection income of £39,000, plus additional contributions from parishes of £47,000 (special collection income in 2019 was £118,000).

The restricted and endowment funds, given for specific purposes are detailed in notes 18 and 20.

As noted at section 5, the Covid 19 pandemic has significantly affected church activity and income during 2020. Parishes and Central Funds will need to draw on reserves in the short term, which the reserves in place enable us to do. As the country recovers and moves out of lockdown we will need to bring our finances back into balance so that reserves are retained, and increased for future challenges, and, in particular, to increase the funding into the AICF as noted above.

4.4. *Reserves Policy:*

General Funds are maintained in order to respond to needs that arise in the Archdiocese, to hold property and to hold investments.

Restricted Funds (shown in notes 18 and 20). The balances required vary by fund and are kept under review. The AICF reserves need to be increased in order to meet expected future retirement costs. The target to cover retired priests and the proportion of allowances for active priests, based on their years of service to date is between £7m to £9m. Therefore additional funding of between £5.5m and £7.5m is currently required. See also note 17 (Liabilities) and Note 28 (Contingent Liabilities).

Endowment Funds. The capital is maintained, and income is spent in accordance with the terms of the endowment. There has been some accumulation of income which is now being reviewed and spent.

5. Impact of the Covid-19 pandemic

During 2020 and 2021 most countries globally have been affected by the Covid pandemic. The population of Scotland was impacted by infections and illness; and shared in the toll of deaths and we have mourned with those who mourn.

The main impacts on the Archdiocese have been:

Closure of places of worship, and offices

The response to the pandemic included restrictions on all collective activities, which for our churches included Mass and worship; and christenings, weddings and funerals; and on activities in church halls. Across the Archdiocese, Priests continued to say Mass and, where possible, to stream the Mass and prayers online for parishioners to participate remotely. Special services such as Weddings, First Communion and Confirmations had to be delayed; and funerals were restricted to very small gatherings in crematoria or at the graveside.

Parish and Curia Offices were closed during the lockdown periods with staff working from home where possible, with some other staff being placed on the government supported furlough scheme. Most Curia staff were able to work from home due to the flexibility of IT and telephone equipment.

Re-opening during 2021

Lockdowns were renewed early in 2021 and restrictions were being lifted in phases during March, April, May and June 2021.

At the time that these accounts were approved, in June 2021, churches had re-opened, for Mass (subject to restrictions on numbers attending and additional hygiene precautions). Work had been undertaken to prepare for the re-opening of the Curia offices, and church halls but this had not yet been permitted under Government guidelines.

Impact on income and expenditure

Our church income relies on weekly giving, which reduced significantly while churches were closed. Total parish income reduced from £7.6m in 2019 to £5.1m in 2020. We have had to draw on the cash reserves of parishes during this challenging time.

We expect that Parish income will remain lower in the early months of 2021, but we hope income will recover as churches move towards full re-opening.

Investment income was also impacted by the pandemic, reducing from £1,080,000 in 2019 to £1,036,000 in 2020. This reduction is expected to be continue in 2021 with recovery in 2022.

The main items of expenditure in the Archdiocese are maintenance of buildings, clergy living costs, staff salaries and supporting retired Priests. Whilst some staff have been furloughed, and the salary costs supported by government grants, most of these costs cannot be reduced (although some maintenance projects can be delayed for a short time). The Archdiocese is therefore reliant on seeking to maintain income and drawing on reserves.

Reserves

At 31 December 2020 the Archdiocese had total reserves (as shown in the balance sheet) of £52.8m. However, as also shown in the balance sheet, £44.4m of these reserves are "tied up" in land, buildings and long-term investments.

The Archdiocese held £12.2m of cash at bank on 31 December (£3.4m in central funds and £8.8m in Parishes). Whilst this cash allows the Archdiocese flexibility during the response to the pandemic, these funds are required for other purposes and if called upon will need to be replaced.

Investments

At 31 December the Archdiocese had £18.1m of investments (at market value). £14.3m of general funds, £2.2m of restricted funds (AICF, Mission Fund, Mount Vernon) and £1.6m of endowments. These levels are close to the values in 2019. Investment values fell significantly during 2020, as the pandemic progressed but values largely recovered later in 2020.

TRUSTEES' REPORT – for the year ended 31 December 2020

6. Future Plans

The Archdiocese is committed to proclaiming the Gospel values of peace, goodwill and solidarity among people. It does this by promoting education - both of the young through its work with the extensive school system and older people through an innovative and popular adult education programme; by care of the poor and marginalised – through its Justice and Peace Commission outreach; and by fostering community - through its parishes. In 2021 the Archdiocese will begin an important collaboration with St. Mary's University to provide post graduate courses in theology, education and leadership at its Gillis campus, which was delayed from 2020 due to the Covid restrictions. Preparations in 2020 meant that a new Diploma in Catechetics was launched at the start of 2021. These new initiatives, together with the on-going work to ensure the compliance of the Diocese and its agencies with all current safeguarding, financial and health and safety legislation, means that the Archdiocese is in a good position to continue its dynamic and vital apostolate to the people of Edinburgh, the Lothians, Fife, Central Scotland and the Borders.

The Trustees and their advisors continue to monitor the financial position of the Archdiocese to ensure that the stewardship of resources and the availability of funds to meet commitments is managed for the long-term welfare of the Archdiocese. This is undertaken through review and discussion of quarterly and annual reports. The Trustees met more frequently during 2020 in order to respond to the impact of Covid 19.

At the time of preparing this report, the country and the Archdiocese are moving through the stages out of the Covid 19 lockdown, which follow the vaccination programme across society. As we move forward we continue to review and update previous plans, and continue to monitor the financial position of the Archdiocese, whilst our objectives remain unchanged.

Capital expenditure will continue to be limited for all projects except for essential maintenance and health and safety projects. The Trustees, with their advisors and managers, continue to pursue and develop strategies to address the financial pressures previously mentioned. All areas of expenditure remain under scrutiny, seeking reductions where possible.

The requirements of OSCR and the Statement of Recommended Practice: Accounting and Reporting by Charities (the "SORP") FRS102 in conjunction with the requirements of Canon Law, continue to form the basis for the financial controls and governance of the Archdiocese.

7. Leadership, management and governance

The Archdiocese of St Andrews & Edinburgh ("the Archdiocese") was established by the Apostolic Letter Ex Supremo of Pope Leo XIII dated 4 March 1878, restoring the Catholic Hierarchy in Scotland, which had been extinct since 1603.

The Most Reverend Leo William Cushley is the Ordinary of the Archdiocese and is responsible for ensuring the good governance of the Catholic Church within the Archdiocese. The Archdiocese has charitable status and is a Designated Religious Charity under the Charities and Trustee Investment (Scotland) Act 2005. The charity is registered in Scotland with charity number SC008540.

7.1. Management of Risks

Whilst risk management can limit risk it does not eliminate risk. The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operation and finances of the charity and are satisfied that the systems that are in place to mitigate exposure to these risks are operating effectively. The key risks identified by the Trustees, and steps being taken to mitigate them are set out below:

Governance

The Trustees consider that sound governance arrangements are central to the operations and activities of the Archdiocese.

The Trustees want to ensure that the administrative structure remains fit for purpose, supports local parishes, provides an effective governance framework with sound financial systems and controls, and with processes and procedures that mitigate against identified risks. We have some very senior and experienced lay people as Trustees who bring a wide range of professional expertise eg in finance and law.

Strategic Plan

An expected reduction in the number of clergy over the next five years presents a number of challenges to the Archdiocese. We continue to develop support to parishes from Religious Orders and from Priests seconded

TRUSTEES' REPORT – for the year ended 31 December 2020

for medium term appointments, from Europe, India and Africa. Religious sisters from two orders work within the Archdiocese Curia.

Financial

The Trustees recognise the financial pressures on the central finances of the curia and parishes and are committed to looking at ways to maintain and enhance financial sustainability, and to link this with the pastoral planning of the Archdiocese. A key challenge is funding of Priests retirement costs, as the assets of the Aged and Infirm Clergy Fund only cover £1.5m of the estimated current cost of past service of £9m. As noted elsewhere, during 2020, Covid 19 has disrupted the activities of the church and, at least in the short term, reduced our income, the situation is being closely monitored by the Trustees as the country moves on from lockdown. The church must give support where it is needed and which relies on church members who are able to maintain or increase their giving so that the church can continue its mission.

Health & Safety

Health and Safety legislation continues to place additional compliance requirements on the Archdiocese. This legislation, which is mandatory for all parishes and organisations, is supported by an employee and a Trustee with responsibility for H&S.

During 2020 and into 2021, the response to Covid 19 included closure of places of worship during periods of lockdown. At the time of writing our buildings have re-opened with social distancing restrictions for worship services, however, many "hall based" activities have not yet recommenced.

Safeguarding

During 2020 safeguarding training (and update training), approval of PVGs (Protection of Vulnerable Groups – disclosure checks for clergy and lay volunteers) and meetings of the DRAMT (Diocesan Risk Assessment Management Team (for Safeguarding)) continued virtually. There were also meeting with the Deaneries. The suggestions in the Independent Review Group's 2019 report were largely implemented in 2020. The Archdiocese remains committed to ensuring the safety of everyone and to continuous improvement and monitoring of our work.

7.2. Organisational Structure

At 31 December 2020 (and 31 December 2019) the Archdiocese comprised 72 parishes located in various cities, towns and villages throughout its boundaries. A parish priest is appointed by and is accountable to the Archbishop and is responsible for a single or multiple parish. Parishes are grouped into deaneries on a geographical basis. The Archbishop appoints a Dean from the parish priests in each deanery.

7.3. Constitution and Governance

The Central Funds Trust Deed dated 1939 governs the majority of the charity's moveable property, that is cash and other investments, furniture, equipment, vehicles and any other assets not comprising land and buildings. There is no overarching trust deed which governs heritable properties, that is land and buildings, and the majority of the heritable titles are held in the names of the Finance Committee (which is also the Board of Trustees).

The Trustees of the Archdiocese (which is also the canon law Finance Committee) are,
(a) the Archbishop and Vicar(s) General ex officio, and
(b) such other person(s), whether clergy or lay persons and whether in an ex officio capacity or otherwise, as the Archbishop may from time to time, in his sole discretion, appoint on such terms and for such duration as he sees fit.

The purpose of (b) is to facilitate the appointment of lay persons as well as clergy to the role of trustee and thus enable the Archdiocese to take advantage of a wider range of skills, expertise and diversity among those exercising the function of charity trustees.

TRUSTEES' REPORT – for the year ended 31 December 2020

The Archdiocese has a committee structure to assist with administration. The Archbishop is a member of all of these committees. The main committees during the year ended 31 December 2020 were:

- Board of Trustees (which is also the canon law Finance Committee)
- College of Consultors
- Council of Priests
- Management Committee of the Aged and Infirm Clergy Fund
- Management Committee of the Mission Fund and the Friendly Society
- Management Committee of the Sick Priests' Fund

7.4. Administrative Information

Our name and address Archdiocese of St Andrews & Edinburgh
Archdiocesan Offices, 100 Strathearn Road, Edinburgh, EH9 1BB

Scottish Charity Number: SC008540

Trustees

The Trustees of the Archdiocese (who are also form the canon law Finance Committee) during the year ended 31 December 2020, and as at 17 June 2021 when the accounts were approved, were:-

Name	Appointed by	Trustee during the year	Trustee as at 17 June 2021
The Most Reverend Leo Archbishop Cushley	<i>ex officio</i>	✓	✓
Monsignor Patrick Burke VG	<i>ex officio</i>	✓	✓
Monsignor Allan Chambers VG	<i>ex officio</i>	✓	✓
Mr Alastair Lamond	Archbishop	✓	✓
Mrs Zelia Hope	Archbishop	Demitted 20/1/2021	x
Mr Nicholas Ruck Keene	Archbishop	✓	✓
Mrs Mary Buchan	Archbishop	✓	✓
Lord James Drummond Young	Archbishop	✓	✓
Very Rev Patrick Canon Boylan	Archbishop	✓	✓
Mrs Karen Cockburn	Archbishop	✓	✓
Mr Andrew Milligan	Archbishop	✓	✓
Mr Robert McGee	Archbishop	✓	✓

Chief Operating Officer Elspeth Atkinson

Solicitor Anderson Strathern LLP 1 Rutland Court, Edinburgh, EH3 8EY

Auditor Chiene + Tait LLP 61 Dublin Street, Edinburgh, EH3 6NL
Chartered Accountants and Statutory Auditor

Bankers Bank of Scotland The Mound, Edinburgh, EH1 1YB
Royal Bank of Scotland 36 St Andrew Square, Edinburgh, EH2 2YB

Investment Advisors Brewin Dolphin Securities Ltd 144 Morrison Street, Edinburgh, EH3 8BR
Aberdeen Standard Capital Ltd 1 George Street, Edinburgh, EH2 2LL
Investec Wealth Mgmt Ltd 93 George Street Edinburgh EH2 3ES

TRUSTEES' REPORT – for the year ended 31 December 2020

7.5. Key Policies

Management and Remuneration

Archbishop Cushley and the Trustees are responsible for the management and administration of the Archdiocese.

The Curia assists the Archbishop in governing the Archdiocese and a number of senior managers support the Trustees in the management and administration of the charity. In addition, Monsignor Patrick Burke, as Moderator of the Curia, represented Archbishop Cushley and was delegated authority by the Trustees in relation to management of the Curia during the year.

The Chief Operating Officer, Elspeth Atkinson, is appointed by the Trustees to lead and manage the activities of the Curia. The Chief Operating Officer reports to the Moderator and is the line manager to other managers within the Curia.

The Trustees consider that the Trustees, and the senior managers of the Curia comprise the key management personnel of the charity, the Trustees are charged with direction and oversight, and Curia management with controlling, running and operating the charity on a day-to-day basis. Details of Trustee remuneration and expenses claimed are set out in note 6 to the accounts. Total remuneration of the key management personnel during 2020 was £206,303 (2019: £215,472). The remuneration of all Curia staff is set by reference to market rates in similar roles in similar organisations.

The Trustees receive no remuneration for their services as Trustees. The Trustees who are clergy are housed, remunerated and reimbursed expenses for carrying out their ministry as clergy members of the Archdiocese, in the same way as other priests of the Archdiocese and in accordance with the Code of Canon Law. The remuneration of other key management personnel is considered and agreed by the Trustees.

The Trustees met 11 times during the year (additional meetings were scheduled to enable the Trustees to discuss and approve responses to the impact of Covid 19) at which they were provided with reports and information relating to the governance, principal risks and finances of the Archdiocese for consideration and decision making purposes.

Induction & Training

The Archdiocese has an ongoing policy for the training of its Trustees and Curia staff to ensure that they are kept up to date with relevant legislation and management standards, through induction briefings and periodic updates for new matters.

Retired clergy

The Trustees' provide retirement benefits to retired Archdiocesan clergy in line with the rules of the Aged and Infirm Clergy Fund.

Grant Making

Grants may be made to any parish which requires financial support, after a review by the relevant committees and the Trustees. The Trustees also award grants from the special collection Care Fund.

Parish Accounts

The accounts of the parishes are included in the Archdiocesan Accounts in order to reflect the overall financial position of the Archdiocese as required by charity legislation. The Trustees wish to recognise the work of the parish priests and their finance committees and thank them for their co-operation and efforts in assisting with this obligation.

8. Conclusion

The Trustees wish to thank all Archdiocesan personnel, clergy and laity, for their hard work during 2020. The Covid 19 pandemic has imposed many challenges, frustrations and disappointments and the people of the Archdiocese have responded with patience, grace and persistence. Without this involvement the Archdiocese would not function as effectively as it does, and it is hoped that this involvement will continue to grow and become even stronger in future.

TRUSTEES' REPORT – for the year ended 31 December 2020

Statement of Trustees Financial Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice – second edition 2019 (FRS102);
- 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the terms of the charity's founding 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 Charity and 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.

Auditors

The Auditors, Chiene & Tait, have expressed their willingness to continue in office.

Approved by the Board of Trustees on 17 June 2021 and signed on its behalf by



**Patrick Burke Vicar General
Trustee**

8 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ARCHDIOCESE OF ST ANDREWS & EDINBURGH

Opinion on accounts

We have audited the accounts of the Archdiocese of St Andrews and Edinburgh for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020, 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 and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 accounts 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 trustees are responsible for the other information. The other information comprises the information included in the trustees' Annual Report, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ARCHDIOCESE OF ST ANDREWS & EDINBURGH (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees are responsible for the preparation of accounts which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 accounts

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Charities and Trustee Investment (Scotland) Act 2005, and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the charity's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of senior management and the Trustees;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ARCHDIOCESE OF ST ANDREWS
& EDINBURGH (*continued*)**

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at 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 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.



Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

8 September 2021

Chiene + Tait is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES - for the year ended 31 December 2020

	Notes	Parishes			Curial				2020 Total Funds	2019 Total Funds
		Un- restricted Funds	Restricted Funds	Total Funds	Un- restricted Funds	Restricted Funds	Permanent Endowment Funds	Total Funds		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000
INCOME FROM:										
Donations and legacies	2	4,249	114	4,363	360	8	-	368	4,731	6,559
Charitable activities	3	111	-	111	15	191	-	206	317	476
Other trading activities	4	408	-	408	-	-	-	-	408	1,028
Investments	5	174	-	174	759	58	45	862	1,036	1,080
Gains on disposal of Fixed assets		25	-	25	-	-	-	-	25	125
TOTAL INCOME		4,967	114	5,081	1,134	257	45	1,436	6,517	9,268
EXPENDITURE ON:										
Raising funds	7	(42)	-	(42)	(66)	(4)	(8)	(78)	(120)	(196)
Charitable activities	8, 9,10	(5,149)	(28)	(5,177)	(1,300)	(839)	-	(2,139)	(7,316)	(8,434)
Loss on disposal of fixed assets		(4)	-	(4)	-	-	-	-	(4)	(5)
TOTAL EXPENDITURE		(5,195)	(28)	(5,223)	(1,366)	(843)	(8)	(2,217)	(7,440)	(8,635)
Net income/ (expenditure) before net gains/(losses) on investments		(228)	86	(142)	(232)	(586)	37	(781)	(923)	633
Gain on disposal of investment property		-	-	-	-	-	-	-	-	95
Realised gains/(losses) on investments		-	-	-	(24)	15	37	28	28	32
Unrealised gains/ (losses) on investments	14	-	-	-	107	50	(18)	139	139	2,088
NET INCOME/ (EXPENDITURE)		(228)	86	(142)	(149)	(521)	56	(614)	(756)	2,848
Transfers between funds:										
Parish Assessment, levies and special collections	18,19	(737)	(86)	(823)	648	175	-	823	-	-
Central Funds		-	-	-	(493)	278	215	-	-	-
NET MOVEMENT IN FUNDS		(965)	-	(965)	6	(68)	271	209	(756)	2,848
Reconciliation of funds:										
Total funds brought forward	18,19,20 21,22,23	33,411	23	33,434	14,417	4,030	1,667	20,114	53,548	50,700
Total funds carried forward	18,19,20	32,446	23	32,469	14,423	3,962	1,938	20,323	52,792	53,548

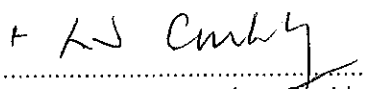
The notes on pages 19 to 35 form part of these accounts.

ARCHDIOCESE OF ST ANDREWS & EDINBURGH

BALANCE SHEET - as at 31 December 2020

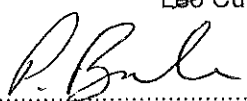
	Notes	2020	2019
		£'000	£'000
Fixed assets			
Tangible assets	12	25,195	25,213
Heritage assets	13	1,053	1,053
Investments	14	18,149	18,061
Total fixed assets		44,397	44,327
Current assets			
Debtors	15	758	772
Cash at bank and in hand - Curia		3,361	3,716
Cash at bank and in hand - Parishes		8,859	9,318
Total current assets		12,978	13,806
Liabilities			
Creditors: amounts falling due within one year	16	(283)	(285)
Net current assets		12,695	13,521
Total assets less current liabilities		57,092	57,848
Liabilities:			
amounts falling due after more than one year	17	(4,300)	(4,300)
Total net assets		52,792	53,548
The funds of the charity:			
Curial unrestricted funds – designated funds	19 / 22	260	260
Curial unrestricted funds – central fund	19 / 22	10,243	10,237
Curial unrestricted funds – revaluation	19 / 22	3,920	3,920
Parish unrestricted funds	19 / 22	32,446	33,411
Total unrestricted funds		46,869	47,828
Curial endowments	18 / 21	1,938	1,667
Curial restricted income funds	18 / 21	3,962	4,030
Parish restricted funds	18 / 21	23	23
Total charity funds	20 / 23	52,792	53,548

Approved by the Trustees on 17 June 2021



 Leo Cushley

Trustee



 Patrick Burke

Trustee

The notes on pages 19 to 35 form part of these accounts.

STATEMENT OF CASH FLOWS - for the year ended 31 December 2020

	£'000	2020 £'000	£'000	2019 £'000
Cash flows from operating activities:				
Net cash (used in) / provided by operating activities	Note 27	(1,764)		(357)
Cash flows from investing activities:				
Dividends, interest and rent from investments		1,036	1,080	
Proceeds from the sale of property, plant and equipment		34	403	
Purchase of property, plant and equipment		(198)	(112)	
Proceeds from the sale of investments		2,066	1,772	
Purchase of investments		(1,579)	(2,153)	
Net cash provided by investing activities		<u>1,359</u>		<u>990</u>
Change in cash and cash equivalents in the reporting period		(405)		633
Cash and cash equivalents at the beginning of the reporting period		13,344		12,711
Cash and cash equivalents at the end of the reporting period		<u>12,939</u>		<u>13,344</u>

Analysis of cash and cash equivalents

Cash at bank – current accounts - Curia		3,361	3,716
Cash at bank – current accounts - Parishes		8,859	9,318
Investments (cash held for re-investment)	Note 14	719	310
		<u>12,939</u>	<u>13,344</u>

Analysis of changes in net Cash / (Debt)

	At 1/1/2020 £'000	Cashflows £'000	At 31/12/2020 £'000
Cash	<u>13,344</u>	<u>(405)</u>	<u>12,939</u>

The Archdiocese does not currently have external debt or lease financing therefore all movements and balances relate to cash. Within the Archdiocese a loan scheme operates between individual parishes and Central Funds, these loan balances "net off" for the whole Archdiocese and so are not shown as loans in these financial statements.

The notes on pages 19 to 35 form part of these accounts.

1 Accounting Policies

Basis of preparation

The Archdiocese of St Andrews and Edinburgh is recognised as a Scottish Charity (No. SC008540). The single charity includes central funds and parish funds, therefore parish income, expenditure, assets and liabilities are reflected in these accounts.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities second edition October 2019 (the "SORP") preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The accounts have been prepared on a going concern basis. The trustees have assessed the Charity's ability to continue as a going concern and have reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. They are satisfied that no material uncertainties exist in respect of going concern. As noted in the Trustees Report, the church's activities were disrupted by the Covid 19 outbreak and income reduced. The trustees consider that the cash balances and available reserves enable the church to continue operations and therefore the Going Concern basis of accounting continues to be appropriate.

Significant judgements and estimation uncertainty

When applying the trust's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for carrying amounts of tangible assets.

(ii) Value of Heritage Assets

Heritage assets are included at what the Trustees consider to be reliable values, although it is acknowledged that these values themselves whilst derived from valuations for insurance purposes, or expert opinion, contain an element of subjectivity due to the unique nature of the heritage assets.

(iii) Value of Investment Properties

Investment properties are accounted for based on the Trustees' assessment of fair value which incorporates consideration of yields, comparative market values, and previous external valuations.

Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Offertory and Special Collections Income

Offertory and Special Collections Income is credited to the Statement of Financial Activities in the year in which it is receivable.

Other Donations and Legacies

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

1 Accounting Policies (*continued*)

Legacy gifts are recognised on a case by case basis when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Grants

Grants received, including capital grants, are reflected in the Statement of Financial Activities when relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Where grants are made specifically for the performance of charitable activities in a period subsequent to the year-end they are deferred and excluded from the Statement of Financial Activities.

Income from other trading activities

Income from sales of goods, fundraising events, and letting of occasional surplus space is recognised when it is received.

Income from Investments

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to parish or curial activities under the applicable expenditure headings in the Statement of Financial Activities. For further information on attribution to specific charitable activities please refer to note 9 below.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Allocation of support and governance costs

Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice, rather than day to day management, and are included within expenditure on Charitable Activities.

Governance costs and support costs relating to charitable activities have been directly allocated to Parish and Curial funds as set out in note 8, and apportioned by activity as set out in note 9 on the basis of an estimate of the time or resource expended on each activity.

Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

Costs of raising funds

The costs of raising funds consists of investment management fees and parish fundraising costs.

1 Accounting Policies (*continued*)

Charitable activities

- Charitable activities include expenditure associated with meeting the Archdiocese's primary objectives and include grants made, governance costs and support costs as shown in note 8.
- Costs directly attributable to charitable activities and governance are allocated to the appropriate activity. Support costs, including staff costs, which cannot be directly attributed to an activity are allocated on the basis of an estimate of the time or resource expended on each activity.

Tangible Fixed Assets

All fixed assets, other than investment properties, have been capitalised either at cost or, where no cost is available, at a reasonable estimate of value at the date of capitalisation. Depreciation is provided where appropriate in equal annual instalments over the estimated useful lives of the assets.

Certain assets which are inalienable and historic have not been capitalised or depreciated. While these assets are functional, due to their nature, cost information is unavailable and conventional valuation techniques cannot be applied. Consequently, no reliable value can be attributed to these assets.

Items of equipment are capitalised where the purchase price exceeds £3,000.

Heritage assets

Assets that, in the opinion of the Trustees, meet the definition of heritage assets under the SORP where appropriate, relevant and reliable valuation information is available, have been included in the balance sheet.

Depreciation is not charged on heritage assets as they are maintained in good condition and therefore considered to have indefinite useful lives.

Further details of the assets are disclosed in note 13 to the accounts.

Depreciation

Heritable properties:-

The SORP requires all assets to be depreciated over their estimated economic life, taking account of any residual value of the assets. Heritable properties are considered to have a high residual value and a useful economic life in excess of 50 years. The depreciation charge is therefore immaterial and no charge has been made.

Where no charge for depreciation is made and where the useful economic life exceeds 50 years an impairment review should be carried out on an annual basis. Such a review has been performed and the Trustees are satisfied that the value of the properties is not less than the carrying value in the accounts.

Depreciation has been charged on the other fixed assets as follows:-

Furnishings and equipment	-	25% per annum on a straight line basis
Motor vehicles	-	25% per annum on a straight line basis

These rates are calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life. Land valued in the accounts is not depreciated.

Investment Properties

The charity classifies land and buildings as investment properties when they are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost which comprises purchase price and any directly attributable expenditure. Investments are subsequently remeasured to fair value at each reporting date with changes in fair value recognised in the Statement of Financial Activities. Fair value is assessed by the Trustees on the basis of investment valuations undertaken by qualified external valuers from time to time, yield in the form of income and/or capital appreciation, and market values of similar properties. In accordance with the SORP, depreciation is not provided on investment properties that are held as freehold investment properties.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

1 Accounting Policies (*continued*)

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the fair values at the year end and their carrying value.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pensions

The Archdiocese operates a number of defined contribution pension schemes. Contributions to the scheme are charged to the Statement of Financial Activities and represent the contributions payable in the year. The assets of the scheme are held separately from those of the Archdiocese in an independently administered fund.

Provisions for retired priests

The Archdiocese accepts the responsibility to assist retired priests where possible under obligations arising from Canon Law.

Amounts paid in respect of these obligations are financed by special collections and the Archdiocesan reserves but are ultimately unfunded. Further details are included in note 24 to the accounts.

A provision is made against the unrestricted funds of the Archdiocese for the priests of the Archdiocese who are retired as described in note 17.

Fund Accounting

The nature and purpose of each restricted and designated fund is explained in note 24.

Unrestricted funds represent the funds which the Trustees are free to use in accordance with the charitable objects.

Designated funds are unrestricted funds designated for particular purposes by the Trustees.

Restricted funds are derived from legacies, bequests and donations which were donated for specific purposes. The Trustees may only use these restricted funds for the purpose for which they were given.

Endowment funds are invested in investments, the income from which is used for the normal operation of the charity, and must be spent in accordance with the terms of the endowment.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

2 Donations and legacies	2020 £'000	2019 £'000
Donations	629	566
Legacies	290	367
Special collections income	114	489
Offertory collections and gift aid	3,177	4,376
Miscellaneous collections and donations	143	143
Grants received	378	618
	<u>4,731</u>	<u>6,559</u>

In 2020 of the income from donations and legacies, £122,000 (2019: £656,000) was attributable to restricted funds, £Nil (2018: £Nil) was attributable to endowment funds, with the balance of £4,609,000 (2019: £5,093,000) contributing to unrestricted funds.

3 Income from charitable activities	2020 £'000	2019 £'000
Mount Vernon cemetery income	191	169
Church stall	97	288
Chaplaincy income	14	9
Courses and workbook income	15	10
	<u>317</u>	<u>476</u>

In 2020 of the income from charitable activities, £191,000 (2019: £169,000) was attributable to restricted funds, £nil (2018: £Nil) was attributable to endowment funds, with the balance of £126,000 (2019: £307,000) adding to unrestricted funds.

4 Income from other trading activities	2020 £'000	2019 £'000
Fundraising and parish hall and other property income	408	1,028
	<u>408</u>	<u>1,028</u>

In 2020 and 2019, all income from other trading activities was attributable to unrestricted funds.

5 Investment Income	2020 £'000	2019 £'000
Income from listed investments	539	606
Bank interest receivable	12	3
Other interest receivable	4	8
Rental income from investment properties	481	463
	<u>1,036</u>	<u>1,080</u>

In 2020 of the income from investments, £58,000 (2019: £72,000) was attributable to restricted funds, £45,000 (2019: £53,000) was attributable to endowment funds, with the balance of £933,000 (2019: £955,000) adding to unrestricted funds.

During 2020 there was an increase in rental income unpaid, it is not certain that all of this income will be received, the £481,000 figure includes all of the rental income contractually payable. A provision has been made (see note 8).

NOTES to the ACCOUNTS - for the year ended 31 December 2020

6 Analysis of staff costs and number and trustee remuneration and expenses.

	Curia 2020 £'000	Parish 2020 £'000	Total 2020 £'000	Curia 2019 £'000	Parish 2019 £'000	Total 2019 £'000
Staff costs						
Curia						
Wages and salaries	647	377	1,024	618	485	1,103
Social security costs	54	-	54	53	-	53
Pension costs	26	-	26	23	-	23
	<u>727</u>	<u>377</u>	<u>1,104</u>	<u>694</u>	<u>485</u>	<u>1,179</u>

No employee receives remuneration in excess of £60,000.

	2020 No	2019 No
Average number of employees for curial and parish activities during the year:		
Head count	69	68
Full-time equivalent	36	37

The above numbers include lay men and women and religious sisters who were employed but excludes parish priests. Priests who perform administrative duties for the Archdiocese do not receive remuneration for their services.

During the year the number of Trustees of the Archdiocese reduced from eleven to ten, with four of these being clergy. The Trustees of the Archdiocese receive no remuneration for their services as Trustees. All of the Trustees who are clergy of the Archdiocese of St Andrews & Edinburgh are housed, remunerated and reimbursed expenses for carrying out their ministry in the same way as other priests of the Archdiocese, in accordance with the Code of Canon Law.

	2020 £	2019 £
Remuneration paid to the Trustees of the Archdiocese during the year was as follows:		
Most Reverend Leo Cushley	3,060	2,988
Right Reverend Monsignor Patrick Burke	3,060	2,988
Very Reverend Monsignor Allan Chambers	3,060	2,988
Reverend Patrick Canon Boylan	3,060	2,988

During the year, the total cost of accommodation and expenses provided and incurred by the clergy Trustees was £171,273 (2019: £189,481).

The key management personnel of the charity comprise the Trustees and a number of managers who work within the offices of the curia. The total remuneration and employment benefits of the key management personnel of the charity during the year was £206,303 (2019: £215,472).

During the year, the Archdiocese purchased insurance to protect the Archdiocese from loss arising from neglect or default of its Trustees and insurance to indemnify the Trustees against the consequences of neglect or default on their part. Those Trustees who are members of the clergy are entitled to assistance in their retirement as detailed in note 24.

7 Costs of raising funds

	2020 £'000	2019 £'000
Investment management fees	78	81
Parish fundraising costs	42	115
	<u>120</u>	<u>196</u>

In 2020, £66,240 (2019: £67,726) of investment management costs were attributable to unrestricted funds, £4,257 (2019: £5,204) were attributable to restricted funds, and £8,241 (2019: £7,931) were attributable to endowment funds.

Parish fundraising costs were all unrestricted in both 2020 and 2019.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

8 Charitable activities	2020 £'000	2019 £'000
Direct charitable activities - Parish		
Special collections remitted outwith the Archdiocese	28	162
Travel and car expenses	123	195
Repairs and renovations	1,568	1,622
Church costs	906	1,214
Hall costs	184	257
Priests' house costs	780	887
Insurance	200	253
Clergy & staff salaries and national insurance	732	783
Retreats and courses	60	163
Donations	139	122
	<u>4,720</u>	<u>5,658</u>
Support costs of charitable activities - Parish		
Depreciation and impairment	177	173
Professional and legal fees	47	37
Office and stationery	199	211
Interest payable	9	11
Miscellaneous	25	11
	<u>457</u>	<u>443</u>
Total parish charitable activities	<u>5,177</u>	<u>6,101</u>

In 2020, of the total expenditure on parish charitable activities £5,149,000 (2019: £5,936,000) was expenditure from unrestricted funds and £28,000 (2019: £165,000) was expenditure from restricted funds.

Curial and Diocesan charitable activities	2020 £'000	2019 £'000
Direct charitable activities		
Staff salaries and national insurance	100	114
Education of priests and students	221	145
Mission fund expenses	10	11
Grants paid (note 10)	7	33
Special collections	83	145
Religious education and chaplaincies	62	58
Mount Vernon cemetery costs	61	73
Endowment fund distributions	-	8
	<u>544</u>	<u>587</u>
Support costs of charitable activities		
Curial administration expenses	225	326
Curial property expenses	130	173
Depreciation and impairment	25	19
Care of sick and retired priests	370	446
Contribution to national assessments	86	161
Staff salaries and national insurance	627	581
Governance costs (see note 11)	29	40
Interest payable	-	-
Provision for doubtful debts	103	-
	<u>1,595</u>	<u>1,746</u>
Total Curial and Diocesan charitable activities	<u>2,139</u>	<u>2,333</u>
Total of charitable activity expenditure	<u>7,316</u>	<u>8,434</u>

In 2020, the Curial and Diocesan charitable activities comprised: £1,300,000 (2019: £1,429,000) of unrestricted fund expenditure and £839,000 (2019: £904,000) of restricted & endowment fund expenditure.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

9 Analysis of charitable expenditure

	2020 £'000	2019 £'000
Advancement of Religion	4,029	4,580
Advancement of Education	1,953	2,258
Relief of Poverty	801	973
Cure/alleviation of sickness/disease	533	623
	<u>7,316</u>	<u>8,434</u>

Charitable activities include the direct costs of carrying out the charitable activities, along with the support costs. Support costs, where possible, have been apportioned between the associated charitable activities on the basis of estimated time spent on each activity. Otherwise support costs have been allocated to the four principal charitable objectives based on the following percentages determined by the trustees; Advancement of Religion 40% (2019; 40%), Advancement of Education 35% (2019; 35%), Relief of Poverty 15% (2019; 15%) and Cure/alleviation of sickness/disease 10% (2019; 10%). These percentages have been reviewed for reasonableness by the Trustees.

The charity also undertakes some of its charitable activities through grant making, as set out in note 10.

10 Grants Paid

The amounts payable in the year, which are included within charitable activities, comprise:

	2020 £'000	2019 £'000
Grants to institutions		
Religious Sisters of Mary	-	5
Fertility Care Scotland	2	4
Bethany Care Trust – Shelter Appeal	-	5
Scottish Churches Housing	-	5
Refugee Survival Trust	2	7
Survivors of Human Trafficking in Scotland	3	7
Total Grants Paid (note 8)	<u>7</u>	<u>33</u>

11 Governance costs

	2020 £'000	2019 £'000
Statutory audit fees	<u>29</u>	<u>40</u>

The remuneration paid to the auditor in respect of taxation advisory services amounted to £1,500 (2019: £1,500), and other services £3,688 (2019: £6,895).

NOTES to the ACCOUNTS - for the year ended 31 December 2020

12 Tangible Fixed Assets

	Investment Properties £'000	Land and Heritable Properties £'000	Furnishings and Equipment £'000	Motor Vehicles £'000	Total £'000
Cost or valuation					
Balance brought forward	7,171	17,006	1,941	608	26,726
Additions	-	38	95	63	196
Disposals	-	-	(49)	(48)	(97)
Balance carried forward	7,171	17,044	1,987	623	26,825
Depreciation and impairment					
Balance brought forward	-	-	(1,027)	(486)	(1,513)
Charge for the year	-	(1)	(125)	(77)	(203)
Disposals	-	-	39	47	86
Balance carried forward	-	(1)	(1,113)	(516)	(1,630)
Net Book Value					
As at 31 December 2020	7,171	17,043	874	107	25,195
As at 31 December 2019	7,171	17,006	914	122	25,213

Investment properties were last independently valued by Ryden LLP, Chartered Surveyors, as at 31 December 2013 on the basis of open market value. The historic cost of the investment properties is £2,147,708 (2019: £2,147,708). In the opinion of the Trustees, having assessed the market for similar properties, the fair value of the investment properties as at 31 December 2020 is not materially different from the open market values provided by the external valuer at 31 December 2013.

The Archdiocese owns St Mary's Cathedral together with a large number of properties throughout the 72 parishes. Most of the buildings are regarded as inalienable or historic assets, and while functional, no reliable cost information is available nor conventional valuation techniques possible. As a result, these properties are therefore excluded from the values above.

The heritable property portfolio was independently valued by Ryden LLP, Chartered Surveyors, as at 31 December 2013 for impairment review purposes and to inform the Trustees on current values. Having reviewed the investment and heritable property portfolio the Trustees are of the view that there is no significant difference in the carrying value of these properties at 31 December 2020.

13 Heritage Assets

	Parishes £'000	Curial £'000	Total £'000
Valuation			
At 1 January 2020 and at 31 December 2020	689	364	1,053

There were no additions or disposals of heritage assets in the last five years.

The Trustees consider the following to fall within the definition of heritage assets under the SORP on the basis that they contribute to knowledge and culture through their retention and use, and are accessible to the public for viewing and/or research.

Artworks and artefacts and historic treasures

The Archdiocese is in possession of a variety of artworks, artefacts and historic treasures which have been commissioned or donated to the Diocese and Parishes over many years; and are held for both their historical and artistic significance. Their significance derives from association with the history of the Archdiocese, the Roman Catholic Church in Scotland, or Scottish art in general.

13 Heritage Assets (*continued*)

The Trustees have assessed where practicable the charity's heritage assets and have accounted for these assets where, in their opinion, reliable values are available. Other items identified have not been included because the Trustees consider that no reliable values can be attributed. The definition of heritage assets also excludes fixed assets held for functional purpose such as religious worship and as a result, altars, tabernacles, relics, vestments and crucifixes are not included in the above value.

Management, preservation, valuation

Departments within the Archdiocesan Curia advise the Trustees and have responsibility for ensuring that the heritage assets are appropriately catalogued, maintained in good condition and covered by insurance. The condition and completeness of the heritage assets is reviewed periodically and is ongoing and reasonable access to the public is available on request. It is not the general policy of the Diocese to dispose of heritage assets and acquisitions are not currently made.

The heritage assets were valued in accordance with the accounting policies in note 1 as at 31 December 2020.

14 Investments

	2020 £'000	2019 £'000
Fair value at beginning of year	17,751	15,250
Additions	1,579	2,153
Disposals	(2,039)	(1,740)
Unrealised (loss) / gain	139	2,088
Fair value at end of year	17,430	17,751
Cost at 31 December 2020	12,736	13,556

All investments are listed and dealt on a recognised stock exchange.

Investments at fair value comprised:

	2020 £'000	2019 £'000
Investments held in the UK	11,674	16,167
Investments held out with the UK	5,756	1,584
	17,430	17,751
Cash held for re-investment	719	310
	18,149	18,061

The investment portfolios include the following holdings which are greater than 5% of the portfolio valuation.

	2020 £'000	2019 £'000
SRI Fund for Charities	3,247	3,068

All investments are carried at their fair value. Investments in equities and fixed securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial stability of the charity is considered in the financial review and investment policy sections of the Trustees' Report.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

14 Investments (continued)

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility yield. Markets fell during the year, with some volatility along the way, arising mainly from the impact of the pandemic on the world economy, the development of US policy under a new president and uncertainty over the UK's relationship with the EU. The Archdiocese continues to take a long-term approach to its investment holdings as markets react to political and economic events in the short term.

The charity's investments are mainly traded in markets with good liquidity and high trading volumes. The charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

The charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges.

15 Debtors	2020 £'000	2019 £'000
Trade debtors	14	18
Other debtors	744	744
Prepayments	-	10
	<u>758</u>	<u>772</u>

16 Creditors: amounts due within one year	2020 £'000	2019 £'000
Accruals and other creditors	268	256
Taxation and social security	15	29
	<u>283</u>	<u>285</u>

17 Liabilities: amounts due after more than one year	2020 £'000	2019 £'000
Liability for financial support of retired priests:		
Liability as at 1 January and 31 December	<u>4,300</u>	<u>4,300</u>

The Archdiocese has an obligation to provide financial support to its retired priests. The charity provides for this within its accounts on the basis of an actuarial valuation obtained from professional advisors of the total obligation that exists for those priests that were retired at 31 December 2020 of £4,300,000 (2019: £4,300,000).

The most recent formal actuarial valuation was undertaken during 2018, on values as at 31 December 2017. This valuation showed assessed costs of paying retirement allowances in the future of £17.7m. This figure has been analysed further, as follows:

Costs for Priests who have retired - £3.1m for current allowances plus £1.2m inflation = £4.3m
Cost for past service of working priests - £5.9m for current allowances plus £1.7m inflation = £7.6m
Cost for future service of working priests - £4.6m for current allowances plus £1.2m inflation = £5.8m

The £17.7m figure can be summarised as £9m for past service and £8.7m for future service and future inflation.

At 31 December 2020 the assets of the AICF (Priests Retirement Fund) were £1,489,000 (note 20). Therefore additional funding of £7,511,000 is required to reach 100% funding. As at June 2021, a programme of meetings with Parishes in Deanery groups to present information in more detail, answer questions and discuss funding options is planned to start in August, having been delayed from April 2020 due to the pandemic.

In future years the cost of future service will also need to be funded.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

18 Endowment and Restricted Funds

	Balance at 1 January 2020	Incoming Resources	Outgoing Resources	Transfers Parish / Curia	Transfers Curia Funds	Realised & unrealised gains/ (losses)	Balance at 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Endowment Funds	1,667	45	(8)		215	19	1,938
Curia Restricted Funds:							
Special collections	179	-	(88)	46	46	-	183
Care Fund	165	-	(2)	9	-	-	172
Ecclesiastical Educ'n	162	-	(220)	6	52	-	-
AICF (Clergy Retirem't)	1,522	36	(354)	113	180	(8)	1,489
Taggart Bursary	133	-	-	-	-	-	133
Rev J C Barry Trust	16	-	-	-	-	-	16
Vocations	84	-	-	1	-	-	85
SPRED	19	-	-	-	-	-	19
Mission fund	679	14	(11)	-	-	38	720
Sick Priests fund	57	1	(1)	-	-	-	57
Margaret Sinclair fund	157	4	(5)	-	-	-	156
Friendly Society	54	-	-	-	-	-	54
Farquharson fund	17	-	-	-	-	-	17
Stipend fund	2	1	-	-	-	-	3
Mount Vernon	784	200	(162)	-	-	35	857
Pro-Life	-	1	-	-	-	-	1
Total curial restricted funds	4,030	257	(843)	175	278	65	3,962
Parish restricted funds, including Special Collections:							
Tfr'd to Curia	-	86	-	(86)	-	-	-
Other spl colls	-	28	(28)	-	-	-	-
Other rest'd funds	23	-	-	-	-	-	23
Total parish restricted funds	23	114	(28)	(86)	-	-	23

Details of the individual funds are set out in note 24. The transfer from Unrestricted Funds to Endowment Funds completes of the separate analysis of Endowments undertaken in 2016. This year's transfer reflects undistributed income carried forward.

19 Unrestricted Funds

	Balance at 1 January 2020	Incoming Resources	Outgoing Resources	Transfers Parish / Curia	Transfers Curia Funds	Realised & unrealised gains/ (losses)	Balance at 31 December 2020
Designated:-							
Inv. Prop. Maint. Fund	167	-	-	-	-	-	167
Heritable prop. gains	93	-	-	-	-	-	93
	260	-	-	-	-	-	260
Other unrestricted:							
Curial central fund	10,237	1,134	(1,366)	648	(493)	83	10,243
Curial Reval'n fund	3,920	-	-	-	-	-	3,920
Total curial unrestricted funds	14,417	1,134	(1,366)	648	(493)	83	14,423
Parish unrestricted Funds	33,411	4,967	(5,195)	(737)	-	-	32,446

Details of the individual funds are set out in note 24.

20 Analysis of Net Assets between Funds

	Tangible Fixed Assets £'000	Heritage Assets £'000	Investments £'000	Net Current Assets/ (Liabilities) £'000	Total £'000
Curia endowments:					
Funds for Special Purposes	-	-	1,643	295	1,938
Curia restricted funds:					
Special collections	-	-	-	183	183
Care Fund	-	-	-	172	172
Ecclesiastical students fund	-	-	-	-	-
Aged and Infirm Clergy Fund	150	-	657	682	1,489
Taggart Bursary	-	-	-	133	133
Rev. J C Barry Trust	-	-	-	16	16
Vocations	-	-	-	85	85
SPRED	-	-	-	19	19
Mission Fund	-	-	690	30	720
Sick Priests Fund	-	-	50	7	57
Margaret Sinclair	-	-	147	9	156
Friendly Society	-	-	-	54	54
Farquharson Fund	-	-	-	17	17
Stipend Fund	-	-	-	3	3
Mount Vernon	-	-	641	216	857
Pro-Life	-	-	-	1	1
	150	-	2,185	1,627	3,962
Parish restricted funds	-	-	-	23	23
Unrestricted Funds:					
Designated Funds:					
Investment Property Maintenance Fund	-	-	-	167	167
Gains on sale of Heritable Property	-	-	-	93	93
	-	-	-	260	260
Other Unrestricted Funds:					
Curial Central Fund	4,467	-	14,287	(8,511)	10,243
Revaluation Fund	3,556	364	-	-	3,920
Total curial unrestricted funds	8,023	364	14,287	(8,251)	14,423
Total parish unrestricted funds	17,022	689	34	14,701	32,446
Total funds	25,195	1,053	18,149	8,395	52,792

NOTES to the ACCOUNTS - for the year ended 31 December 2020

21 Endowment and Restricted Funds – movements in 2019

	Balance at 1 January 2019	Incoming Resources	Outgoing Resources	Transfers Parish / Curia	Transfers Curia Funds	Realised & unrealised gains/ (losses)	Balance at 31 December 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Endowment Funds	1,426	53	(16)		(13)	217	1,667
Curia Restricted Funds:							
Special collections	164	-	(159)	155	19	-	179
Care Fund	160	-	(19)	24	-	-	165
Ecclesiastical Education fund	162	-	(145)	28	117	-	162
Aged and Infirm Clergy fund	1,267	57	(363)	145	333	83	1,522
Taggart Bursary	13	120	-	-	-	-	133
Rev J C Barry Trust	16	-	-	-	-	-	16
Vocations	82	-	-	2	-	-	84
SPRED	19	-	-	-	-	-	19
Mission fund	584	16	(12)	-	-	91	679
Sick Priests fund	59	1	(3)	-	-	-	57
Margaret Sinclair fund	141	5	(7)	-	-	18	157
Friendly Society	54	-	-	-	-	-	54
Farquharson fund	17	-	-	-	-	-	17
Stipend fund	-	2	-	-	-	-	2
Mount Vernon	708	184	(193)	-	-	85	784
Total curial restricted funds	3,446	385	(901)	354	469	277	4,030
Parish restricted funds, including Special Collections:							
Tfr'd to Curia	-	327	-	(327)	-	-	-
Other spl colls	-	162	(162)	-	-	-	-
Other rest'd funds	3	23	(3)	-	-	-	23
Total parish restricted funds	3	512	(165)	(327)	-	-	23

Details of the individual funds are set out in note 24.

22 Unrestricted Funds – movements in 2019

	Balance at 1 January 2019	Incoming Resources	Outgoing Resources	Transfers Parish / Curia	Transfers Curia Funds	Realised & unrealised gains/ (losses)	Balance at 31 December 2019
Designated:-							
Development fund	24	-	-	-	(24)	-	-
Heritable prop. gains	93	-	-	-	-	-	93
Inv. Prop. Maint. Fund	167	-	-	-	-	-	167
	284	-	-	-	(24)	-	260
Other unrestricted:							
Curial central fund	8,591	1,287	(1,497)	583	(432)	1,705	10,237
Curial Reval'n fund	4,000	-	-	-	-	(80)	3,920
Total curial unrestricted funds	12,875	1,287	(1,497)	583	(456)	1,625	14,417
Parish unrestricted Funds	32,950	7,126	(6,056)	(610)	-	1	33,411

Details of the individual funds are set out in note 24.

23 Analysis of Net Assets between Funds – comparative figures for 2019

	Tangible Fixed Assets £'000	Heritage Assets £'000	Investments £'000	Net Current Assets/ (Liabilities) £'000	Total £'000
Curia endowments:					
Funds for Special Purposes	-	-	1,651	16	1,667
Curia restricted funds:					
Special collections	-	-	-	179	179
Care Fund	-	-	-	165	165
Ecclesiastical students fund	-	-	-	162	162
Aged and Infirm Clergy Fund	150	-	650	722	1,522
Taggart Bursary	-	-	-	133	133
Rev. J C Barry Trust	-	-	-	16	16
Vocations	-	-	-	84	84
SPRED	-	-	-	19	19
Mission Fund	-	-	652	27	679
Sick Priests Fund	-	-	50	7	57
Margaret Sinclair	-	-	147	10	157
Friendly Society	-	-	-	54	54
Farquharson Fund	-	-	-	17	17
Stipend Fund	-	-	-	2	2
Mount Vernon	1	-	606	177	784
	151	-	2,105	1,774	4,030
Parish restricted funds	-	-	-	23	23
Unrestricted Funds:					
Designated Funds:					
Development Fund	-	-	-	-	-
Gains on sale of Heritable Property	-	-	-	93	93
Investment Property Maintenance Fund	-	-	-	167	167
	-	-	-	260	260
Other Unrestricted Funds:					
Curial Central Fund	4,419	-	14,271	(8,453)	10,237
Revaluation Fund	3,556	364	-	-	3,920
Total curial unrestricted funds	7,975	364	14,271	(8,193)	14,417
Total parish unrestricted funds	17,087	689	34	15,601	33,411
Total funds	25,213	1,053	18,061	9,221	53,548

24 Summary of Archdiocesan Funds

Endowment Funds (Restricted Funds where income can be spent, but capital must be retained / invested)

- These funds have been given to the Archdiocese for the exclusive benefit of certain clearly defined specific purposes, relating to the charity's general charitable objectives.

Other Restricted Funds (each fund can only be used for the stated purpose)

- Special Collections
These funds represent the balance of collections taken up in the parishes of the Archdiocese for particular causes due to be remitted as at the year end.
- Care Fund
This fund is used to provide grants to further the charitable objectives of the Archdiocese.
- Ecclesiastical Education Fund
This fund relates to the training of students for the priesthood.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

24 Summary of Archdiocesan Funds (*continued*)

- 5 Aged and Infirm Clergy Fund
This fund is for the care and support of clergy who have retired from active service due to age or ill-health.
- 6 Taggart Bursary
This fund is to be used for four Edinburgh students in Rome or Spain to study at the Scots College.
- 7 Rev J C Barry Trust
To send Edinburgh students to the Holy Land, preferably to study on a recognised course.
- 8 Mount Vernon Fund
This fund is to be used for the maintenance of Mount Vernon Cemetery in Edinburgh.
- 9 Vocations Fund
This fund is to be used to meet expenses incurred in promoting vocations to the priesthood.
- 10 SPRED
To provide assistance to allow disabled people to take their rightful place in the parish community.
- 11 Mission Fund
This fund is to be used for the benefit of Archdiocesan clergy and works in tandem with the Friendly Society fund. The Mission fund is for the advancement of religion through the provision of support to priests who are qualifying beneficiaries, to assist them with the fulfilment of their active missionary work within the Archdiocese or elsewhere, and for the relief of priests who are qualifying beneficiaries who have some particular need for additional funds or resources.
- 12 Sick Priests Fund
This fund is to be used for the convalescence of sick priests.
- 13 Margaret Sinclair Fund
This fund is for costs incurred in pressing the case for Margaret Sinclair to become canonised.
- 14 Friendly Society
Operated in tandem with the Mission Fund, the Friendly Society holds a discretionary fund for the advancement of religion through the provision of financial support to priests who are qualifying beneficiaries, or for the relief of priests who are qualifying beneficiaries who may have some particular need for additional funds or resources.
- 15 Farquharson Fund
For the relief of retired priests who have been incardinated in the Archdiocese, and who have worked in the Archdiocese or who have worked abroad, and/or for purposes that reflect those of the Aged and Infirm clergy fund.
- 16 Stipend Fund
This fund is used for redistribution of stipend money.

Designated Funds (Unrestricted Funds which are separately recognised – as described below)

- 17 Development Fund
This fund represented amounts set aside for development projects, which have been completed and the remaining funds returned to unrestricted reserves in 2019, as shown in note 22.
- 18 Gains on Sale of Heritable Properties
The accumulated net gains realised on the disposal of property for future property costs.
- 19 Investment Property Maintenance Fund
This fund represents disposal proceeds from the sale of Investment Properties. These monies to be retained to finance refurbishment and repair of other properties.

(Other) Unrestricted Funds

- 20 Other Unrestricted Funds
Funds which are not Restricted or Designated (as above), which can be used at the discretion of the Trustees to further the objectives of the Archdiocese (the "Charitable Objects").

NOTES to the ACCOUNTS - for the year ended 31 December 2020

25 Pension commitments

The Archdiocese operates a number of defined contribution pension schemes for employees. The assets of these schemes are held separately from those of the Archdiocese in independently administered funds. The pension cost charge represents contributions payable by the Archdiocese to the funds and amounted to £26,000 in the year (2019: £23,000).

The liability and expense are allocated to the activities and funds of the charity in line with other staff costs as set out in notes 1 and 9.

26 Capital and major repairs commitments

	2020 £'000	2019 £'000
Amount committed, but not provided in the accounts	260	628

The above commitments are shown net of grant funding to be received.

27 Reconciliation of net income to net cash outflow from operating activities

	2020 £'000	2019 £'000
Net income / (expenditure) for the year	(756)	2,848
Interest and investment income	(1,036)	(1,080)
Depreciation and impairment	203	192
(Gain) / Loss on investments	(167)	(2,120)
(Gain) / Loss on disposal of other fixed assets	(20)	(215)
Decrease in debtors	14	114
(Decrease) in creditors	(2)	(96)
Net cash used in <u>operating</u> activities	(1,764)	(357)

28 Contingent liability

In accordance with its responsibilities under Canon Law the Archdiocese provides accommodation and living cost allowances to retired former priests of the Archdiocese, through the operation of the restricted fund for the Aged and Infirm Clergy ("AICF") (Priests Retirement Fund). The liability to pay allowances to Priests who are already retired of £4.3m is shown in note 17. No provision has been made in these accounts for the support that will be given to priests who are not yet retired.

For the year ended 31 December 2020 the total amount of funding provided for the care of the Aged and Infirm Clergy amounted to £354,000 (2019: £363,000).

Like many similar organisations the Archdiocese is subject to potential claims, however the financial risk cannot be reliably quantified at this stage and no provision has been made in these financial statements.

29 Related party transactions

Trustees

During the year there were four Trustees of the Archdiocese who are members of the clergy, and who, as either Parish Priests or Archbishop, are provided with accommodation and re-imbursed with expenses in the performance of their duties as Parish Priest or Archbishop.

Archbishop Cushley and Monsignor Chambers, who are Trustees of the Archdiocese of St Andrews & Edinburgh, are also Trustees of the John Menzies of Pitfodels Trust (Charleston Estate), from which the Archdiocese receives a grant each year. The amount of grant received from the Charleston Estate in the year ended 31 December 2020 was £302,500 (2019: £360,000).

30 Post balance sheet events

As noted in the Trustees report (on page 4) during 2020 the activities of the church were disrupted by the Covid 19 pandemic, which resulted in reductions in investment income, falls in the market values of investments and reductions in cash donations at church services, these impacts are set out in detail in the Trustees report.

NOTES to the ACCOUNTS - for the year ended 31 December 2020

Appendix 1

DETAILED INCOME and EXPENDITURE ACCOUNT

	Total 2020 £'000	Total 2019 £'000
Income		
Investment income	1,036	1,080
Special collections income	114	489
Legacies	290	367
Donations	629	566
Offertory collections and gift aid	3,177	4,376
Fundraising and hall rental	408	1,028
Church stall	97	288
Grants received	378	618
Miscellaneous	143	143
Mount Vernon cemetery income	191	169
Chaplaincy income	14	9
Courses and workbooks	15	10
Gain on disposal of fixed assets	25	125
Total income	6,517	9,268
Expenditure		
<u>Direct charitable expenditure:</u>		
Staff costs	832	897
Special collections and donations	250	429
Education of priests and students	220	145
Grants paid	7	41
Mount Vernon cemetery costs	61	73
Property expenses	3,639	4,233
Religious education, chaplaincies and pastoral activities	62	59
Retreats and courses	60	163
Mission costs	10	11
Travel and car expenses	123	195
<u>Support costs of charitable activities:</u>		
Staff costs	627	581
Care of sick and retired priests	370	446
Contributions to national assessments	86	161
Miscellaneous	25	11
Administration expenses	272	361
Office and stationery	198	211
Property expenses	130	173
Depreciation and impairment	203	192
Interest payable	9	12
Loss on disposal of fixed assets	4	5
Provision for doubtful debts	103	-
<u>Costs of generating funds</u>		
Investment managers' fees	78	81
Fundraising and church stall costs	42	115
<u>Governance costs</u>	29	40
<u>Provision for retired priests</u>	-	-
Total expenditure	7,440	8,635
Net income/(expenditure) before net gains/(losses) on investments	(923) =====	633 =====

NOTES to the ACCOUNTS - for the year ended 31 December 2020

Appendix 2

DETAILED BALANCE SHEET

As at 31 December 2020

	Parish	Curial	Sub-total	Removed on consol.	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets						
Tangible fixed assets	17,022	8,173	25,195	-	25,195	25,213
Heritage assets	689	364	1,053	-	1,053	1,053
Investments	34	18,115	18,149	-	18,149	18,061
Total fixed assets	17,745	26,652	44,397	-	44,397	44,327
Current assets						
Other debtors	587	282	869	(111)	758	772
Loans to parishes	-	583	583	(583)	-	-
Loans to Curia	7,322	-	7,322	(7,322)	-	-
Cash at bank	8,859	3,361	12,220	-	12,220	13,034
Total current assets	16,768	4,226	20,994	(8,016)	12,978	13,806
Liabilities						
Creditors: amounts due within one year						
Other creditors	(213)	(181)	(394)	111	(283)	(285)
Loans from parishes	-	(3,587)	(3,587)	3,587	-	-
Loans from Curia	(1,831)	-	(1,831)	1,831	-	-
Total current liabilities	(2,044)	(3,768)	(5,812)	5,529	(283)	(285)
Net current assets/(liabilities)	14,724	458	15,182	(2,487)	12,695	13,521
Creditors: amounts falling due after one year						
Loans from parishes	-	(3,735)	(3,735)	3,735	-	-
Liabilities and charges	-	(4,300)	(4,300)	-	(4,300)	(4,300)
Net assets	32,469	19,075	51,544	1,248	52,792	53,548
Funds of the charity:						
Curial Endowments	-	1,938	1,938	-	1,938	1,667
Curial Restricted	-	3,962	3,962	-	3,962	4,030
Curial Unrestricted	-	9,395	9,395	1,108	10,503	10,497
Curial Unrestricted – revaluation	-	3,780	3,780	140	3,920	3,920
Parish Restricted	23	-	23	-	23	23
Parish Unrestricted	32,446	-	32,446	-	32,446	33,411
Total charity funds	32,469	19,075	51,544	1,248	52,792	53,548

Balances between Parishes and Central Funds are eliminated for the purposes of the full Archdiocesan balance sheet on page 17.

