

Charity number: SC002876

The Roman Catholic Diocese of Argyll and the Isles
Trustees' report and financial statements
for the year ended 30 November 2016

The Roman Catholic Diocese of Argyll and the Isles

Contents

	Page
Legal and administrative information	1
Trustees' report	2 - 7
Auditors' report to the trustees	8 - 9
Statement of financial activities	10
Balance sheet	11
Cash flow statement	12
Notes to the financial statements	13 - 30

The Roman Catholic Diocese of Argyll and the Isles

Legal and administrative information

Charity number	SC002876
Business address	Diocesan Office Bishop's House Esplanade Oban PA34 5AB
Trustees	Right Reverend Bishop of Argyll & the Isles Brian McGee Reverend Roddy Johnston (Vicar General) Appointed 16 March 2016 Reverend Michael Hutson (Chancellor) Appointed 16 March 2016 Mgr James Canon MacNeil, Vicar General Retired 16 March 2016 Very Reverend Donald J Canon MacKay Retired 16 March 2016
Treasurer	Right Reverend Roddy Johnston
Independent Auditors	R A Clement Associates Chartered Accountants & Registered Auditors 5 Argyll Square Oban Argyll PA34 4AZ
Bankers	The Co-operative Bank plc 29 Gordon Street Glasgow G1 3PF
Investment Managers	Speirs & Jeffrey 36 Renfield Street Glasgow G2 1NA
Solicitors	MacArthur Legal Boswell House Argyll Square Oban Argyll

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2016

The Trustees present their report and the financial statements for the year ended 30 November 2016. The Trustees who served during the year and up to the date of this report are set out on page 1.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (FRS 102).

Scope of the financial statements

The financial statements include the assets, liabilities and transactions of the following:

The Diocese of Argyll and the Isles fund which is used to support the Bishop in providing Diocesan services and pastoral care, and to meet the costs of the central administration

The Parish funds are administered by the parish priests, with guidance from the Diocesan Office and are used to carry out the work of the Church within local areas and to help fund the Diocesan Office.

Structure, governance and management

Appointment of Trustees

All the Trustees are Parish Clergy. Trustees are appointed by virtue of their position as either Bishop, Vicar-General, or Chancellor. The latter two appointments are conferred by the Bishop. No Trustee had any interest in the Charity.

The Trustees

Right Reverend Brian McGee, Bishop of Argyll and the Isles.
Reverend Roderick H. Johnston, Vicar General.
Reverend Michael A. Hutson, Chancellor.

Bishop Brian McGee became a Trustee after his ordination as Bishop of Argyll and the Isles on the 18th of February 2016. Rev. Roddy Johnston and Rev. Michael Hutson were appointed as Trustees on the 16th March 2016.

Status of charity, nature of governing document and how it is constituted

The Diocese, in its present form, is constituted as a Trust and is operated in accordance with its Trust Deed dated 11 July 1957.

Organisation

The Charity operates from the Diocesan Office in Oban and has twenty six Parishes or Missions which promote the aims of the Diocese throughout Argyll and the Isles

Training for new and existing Trustees

The booklet "Guidance for Charity Trustees" issued by OSCR (Office of the Scottish Charity Regulator) in 2006 has been issued to all Trustees.

As all three Trustees are 'new to the job' advice about duties and responsibilities was sought from the Catholic Church Insurance Association (CCIA) and their legal department. Training on the duties of Trustees was given in Oban by the CCIA (June 2016). Further training on the duties of Trustees with respect to Data Protection was given in Glasgow, again, by CCIA (October 2016).

Further training (e.g. Accounting, Health and Safety, Welfare) will be sought over the coming year.

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2016

Risk assessment

The Trustees have examined the major risks that the Diocese faces and confirms that it has in place a Risk Assessment and Management Strategy, which comprises:-

- * *A continuing review of the risks*
- * *The establishment of systems and procedures to mitigate those risks, and*
- * *The implementation of procedures to minimise any potential impact on the Diocese should any of those risks materialise.*

As is noted elsewhere, in these financial statements, the Diocese has insurance to protect 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. There is similar insurance cover to protect the Diocese from any irregularity by its priests and its staff.

Potential areas of risk identified include Children & Vulnerable Adults Protection, mismanagement of cash at Parish and Diocesan levels, assets management, Insurance cover, accounting procedures, property safety certificates, compliance with legislation and regulations, employment and pension issues, health and safety and disaster recovery e.g. backup facilities for IT systems.

In the past, there was no legal requirement to follow Health and Safety directives since the Diocese does not have more than 5 employees. Now, however, the Diocesan Insurers, CCIA, have advised that the Diocese must follow best Health and Safety protocols and procedures.

A Health and Safety Policy has been adopted and a Health and Safety Committee has been formed that reports to the Trustees annually. Health and Safety procedures have been rolled out across the parishes with training and support being made available. Risk Assessments are being carried out and suitable recording procedures put in place. Health and Safety audits are planned and the results will be reported to the Trustees.

The Trustees receive regular reports and records from the Diocesan Finance Board and the Fabric and Planning Committee and meet with the Auditors annually. There is both internal and external control exercised by various parties. Internally, by the Diocesan Finance Board and the Diocesan Treasurer and the Assembly of Priests, and externally by the Diocesan Auditors, Office of the Scottish Charity Regulator (OSCR) and HM Revenue & Customs.

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2016

Objectives and Activities

A Diocese is defined in Church teaching and Canon Law as "a section of the people of God entrusted to a bishop to be guided by him with the assistance of his clergy so that, loyal to its pastor and formed by him into one community in the Holy Spirit through the Gospel and the Eucharist, it constitutes one particular church in which the one, holy, catholic and apostolic church of Christ is truly present" (Christus Dominus, no.11.)

The Diocese of Argyll and the Isles is one such portion of the people of God - bishop, clergy, religious and laypeople make up the Diocese and all contribute to its life and mission according to their respective roles and God-given talents. The proclamation of the Gospel and the celebration of the Sacraments, primarily the Eucharist, are the principal tasks of the Diocese.

The Objectives and Activities of the Diocese are four in number:

- * *Provision for Divine Worship and the Sacraments*
- * *Catechesis and Education*
- * *Social Justice and Works of Charity*
- * *Cultural Preservation, Development and promotion*

Divine Worship and the Sacraments

The Diocese of Argyll and the Isles provides throughout its territory the Divine Worship of the Roman Catholic Church. For most people, this will be Sunday Mass, but it also includes other liturgical and devotional services, and in particular the celebration of all the Sacraments of the Church through which the People of God are formed and brought into a closer relationship with God and with one another. These include Baptism, Confirmation, Confession, Anointing of the Sick, Marriage and Holy Orders. Much work is done in preparing people for the reception of these Sacraments by clergy and laypeople alike. Although the Sacraments are dispensed by ordained ministers, laypeople are associated in the service of the Church's worship - as readers, extraordinary ministers of Holy Communion and catechists.

Catechesis and Education

This task of preparation for the Sacraments necessarily entails an emphasis on teaching and education - the proclamation of the Gospel mentioned above. The Bishop and his clergy are called to proclaim the Gospel in word and in deed. This includes the safeguarding of Christ's teaching as handed on by the Church, defending it and propagating it. This is done primarily through preaching and catechesis. Much assistance is given by laypeople and religious who are involved in the life of the Diocese as catechists and teachers in Catholic Schools. Clergy serve as chaplains to schools and institutes of further education. Increasingly, modern media are used to fulfil the task of promulgating the faith. The Diocese and many of its parishes maintain websites. Education of adults is as important as the education of children and the Diocese strives to provide formation for adults in the areas of doctrine, liturgy and music.

Social Justice and Works of Charity

Apart from the work of teaching and public worship, the Diocese of Argyll and the Isles is also involved in the pursuit of social aims and works of charity which flow from the teaching and worship of the Church. A high value is placed on the life of the human person - on his/her liberty and bodily life. This means that the promotion of the unity and stability of the family, as well as the procreation and education of children are priorities in the pastoral ministry of the Diocesan Clergy. Pastoral care of the sick and housebound has always been an important element of parish ministry, especially in those areas where there are Hospitals and Care Homes for the Elderly. In all the Diocese's activities, whether with young, old or vulnerable people, all are committed to creating a safe environment in which to provide pastoral care.

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2016

The issues which concern our communities and society in general are matters of concern to the Diocese - the just distribution of material goods and other social justice issues, particularly concerning the fraternal co-existence of all peoples. The Bishop, Clergy and People of the Diocese will show special concern for those groups and individuals whose pastoral needs may not be served within the context of parish life, especially migrants, sailors and airmen, members of the Armed Forces, and other itinerants of this kind. There are few parishes in the Diocese where immigrants, especially from Eastern Europe, will not be present. In particular, the Diocese has a duty to provide for the spiritual welfare of tourists and holidaymakers who are not lacking in a Diocese such as Argyll and the Isles. The Diocese has an outward-looking approach to matters of social justice and is involved in fundraising for charitable causes beyond its own territorial boundaries - SCIAF (Scottish Catholic International Aid Foundation) and the support of foreign missions and charitable endeavours, including one of its own priests currently serving in Ecuador.

Very often, in the communities served by the Diocese, the parish is at the heart of the community's life and the Church's facilities are made available for social functions as well as groups with no particular connection to the Church. This is part of the Church's outreach to the wider community, Catholic or otherwise. The Diocese has a great burden of care for the upkeep and maintenance of these properties.

In many communities present in the Diocese, there are strong links with other Christian communities, forged by common prayer and worship as well as co-operation in social issues.

Cultural Preservation, Development and Promotion

The Diocese of Argyll and the Isles is of great historical and cultural importance for Scottish Catholicism. The people of the Diocese have maintained the Catholic Faith unbroken through the centuries and the cultural expression of that faith is a particular richness of the Catholic Church in the Diocese, but also in Scotland as a whole. Clergy and laypeople alike are involved in preserving and developing the rich heritage of the Gaelic language which is used daily in pastoral work in many parts of the Diocese. Clergy are often involved in local projects which promote individuals and places of importance to the Christian history and identity of the area while being of interest to the wider public.

Financial review

This year has seen the appointment of a Bishop to the Diocese and the appointment of two new Trustees. It is anticipated that a new Diocesan Treasurer will be employed in 2017. This will bring a new approach to assessing the Diocesan finances and its accounting procedures.

There were five clergy moves in September 2016, that is, priests being moved to a different parish. Priests had been asked if they would like a change of parish and some came forward saying that they would. In general, the changes went smoothly but the alteration of bank account signatories and on-line access could have been handled much more efficiently and securely. Procedures will be produced to ensure better control in any future moves.

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2016

Financial commentary

At the end of the Financial Year (FY) the Diocese is in a relatively sound financial position. There is £346K in the Diocesan bank account, £605K is held in parish accounts and there is an Investment portfolio valued at £370K. This gives a total of £1,321K at the end of the accounting period.

The core business of the Diocese is funded by levies raised from the parishes. The total raised from Levies for 2015/2016 was £133K and the total core Diocesan expenditure, including support for various restricted funds (see note 18) was £312K. As can be seen from this, the annual income of the Diocese does not cover the annual expenditure, but relies on donations and legacies to fill the gap. This year the overall income from legacies in both Diocese and the Parishes was £96k, but the majority of these legacies were for specific Parishes or for specific purposes and did not contribute to general costs. Although not as much as in some years, this has helped to offset some of the major elements of the Diocesan expenditure (Retired Priests, Diocesan Office and Students).

Major risks and uncertainties

Because this shortfall is an ever-present element of the Diocesan finances it is necessary to keep the levels of income and expenditure under constant review. The Trustees are aware of this and rely on the Treasurer and other officers to keep them apprised of the current position and of foreseeable difficulties.

Maintaining the buildings of the Diocese remains an important aspect of protecting the Diocese's property and assets. During the accounting period a total of £233k was spent on churches (£134k), houses (£62k) and other works (£38k). The Diocese is very grateful for grants that have helped with this work.

Having noted all this, it is good to be able to see that, at the end of 2016, the Diocese is in a relatively sound financial position.

Investment policy and return

In accordance with recommended practice, investments are stated in the balance sheet at market value. Our stockbrokers, under their discretionary management control, continue to implement our policy to pursue a decent level of capital appreciation from our investment portfolio, as opposed to pure income generation.

Fixed Assets

The Trustees are of the opinion that the Cathedral, Churches, certain adjoining Presbyteries and Church Halls are assets which are difficult to value and for which no reliable cost details are available. A number of the properties would be considered to be "heritage assets". These assets have therefore been excluded from the balance sheet values.

It had been our intention to have all Diocesan properties valued in the last year, but this has proved to be impractical. We will now revert to fulfilling our obligation to have all non-adjointing properties valued during 2017.

Plans for the future

There is a major project of re-roofing the Bishop's house and the Cathedral house in Oban. This is necessary work but will cost approximately £240K. This will deplete the Diocesan reserves substantially.

Where possible grants are sought and the Diocese is very grateful to all the funding bodies that have helped.

As a Registered Charity, the Diocese depends on the undoubted generosity of our Parishioners and benefactors. The Trustees wish to record their deep appreciation for their sustained support despite the very real financial difficulties facing many of them at this time.

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2016

Statement as to disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Trustees' responsibilities in relation to the financial statements

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

Law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the charity and of the incoming resources and application of resources of the charity for that year. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

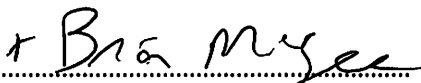
The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and the provisions of the charity's Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate 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.

Independent Auditors

A resolution proposing that R A Clement Associates be re-appointed as auditors of the Diocese will be proposed at the Trustees' and Finance Board Meeting. R A Clement Associates has indicated its willingness to continue in office.

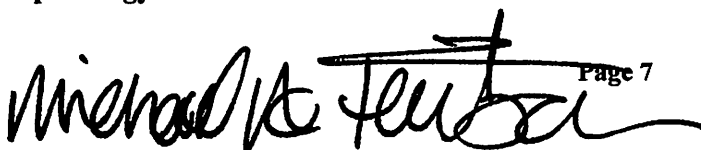
This report was approved by the Trustees on.....9/8/17.....



The Right Reverend Brian McGee
Bishop of Argyll & the Isles



Reverend Roddy Johnston
Vicar General



The Roman Catholic Diocese of Argyll and the Isles

Independent auditor's report to the trustees and members of The Roman Catholic Diocese of Argyll and the Isles

We have audited the financial statements of The Roman Catholic Diocese of Argyll and the Isles for the year ended 30 November 2016 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made exclusively to the members and to the trustees of the charity, as a body, who are the trustees of the charity, in accordance with s44(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 members and 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 company, the members and the trustees of the charity, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that the financial statements give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material mis-statements or inconsistencies, we consider the implications for our report.

Emphasis of Matter

We would draw attention to the comments made by the Trustees in the Trustee report, and the accounting policies on page 13 with regard to the exclusion from the Balance Sheet of the adjoined properties i.e churches and adjoining properties, owned by the charity on the basis that not only was it highly impractical in view of the age and historic nature of the properties concerned, but would involve a significant level of cost. It is also the opinion of the Trustees that the estimated recoverable value in use of these properties is nil. We do not disagree with the conclusions of the Trustees and have not therefore qualified our audit opinion in this respect.

Opinion on financial statements

In our opinion, the financial statements:

The Roman Catholic Diocese of Argyll and the Isles

give a true and fair view of the state of the charity's affairs as at 30 November 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

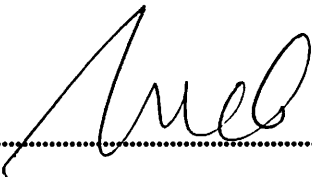
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charity has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or



.....

**R A Clement Associates
Chartered Accountants
and Registered Auditors**

9/8/17
.....

**5 Argyll Square
Oban**

(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

The Roman Catholic Diocese of Argyll and the Isles
Statement of financial activities
For the year ended 30 November 2016

	Notes	Diocesan funds £	Parish funds £	Restricted funds £	2016 Total £	Diocesan funds £	Parish funds £	Restricted funds £	2015 Total £
Income from:									
Voluntary income	2	6,734	1,208,864	82,448	1,298,046	114,723	1,358,359	43,252	1,516,334
Incoming resources from charitable activities	4	-	37,606	-	37,606	-	31,843	-	31,843
Investment income	3	16,486	16,355	1,836	34,677	17,096	16,836	1,498	35,430
Other incoming resources	5	-	-	-	-	1,205	4,461	-	5,666
Total income		<u>23,220</u>	<u>1,262,825</u>	<u>84,284</u>	<u>1,370,329</u>	<u>133,024</u>	<u>1,411,499</u>	<u>44,750</u>	<u>1,589,273</u>
Expenditure on:									
Investment management costs		683	-	-	683	609	-	-	609
Charitable activities	6, 7	139,259	1,039,009	173,125	1,351,393	119,676	1,031,465	120,601	1,271,742
Total expenditure		<u>139,942</u>	<u>1,039,009</u>	<u>173,125</u>	<u>1,352,076</u>	<u>120,285</u>	<u>1,031,465</u>	<u>120,601</u>	<u>1,272,351</u>
Net income/(expenditure) for the year before gains and losses		(116,722)	223,816	(88,841)	18,253	12,739	380,034	(75,851)	316,922
Net gains/(losses) on investments		32,955	-	-	32,955	(20,179)	-	-	(20,179)
Net income/(expenditure)		<u>(83,767)</u>	<u>223,816</u>	<u>(88,841)</u>	<u>51,208</u>	<u>(7,440)</u>	<u>380,034</u>	<u>(75,851)</u>	<u>296,743</u>
Transfers between funds		12,334	(111,401)	99,067	-	69,734	(154,370)	84,636	-
Net movement in funds		<u>(71,433)</u>	<u>112,415</u>	<u>10,226</u>	<u>51,208</u>	<u>62,294</u>	<u>225,664</u>	<u>8,785</u>	<u>296,743</u>
Reconciliation of funds:									
Total funds brought forward		1,217,909	5,172,076	42,523	6,432,508	1,155,615	4,946,412	33,738	6,135,765
Total funds carried forward		<u>1,146,476</u>	<u>5,284,491</u>	<u>52,749</u>	<u>6,483,716</u>	<u>1,217,909</u>	<u>5,172,076</u>	<u>42,523</u>	<u>6,432,508</u>

All income and expenditure derive from continuing activities.

The notes on pages 13 to 30 form an integral part of these financial statements.

The Roman Catholic Diocese of Argyll and the Isles

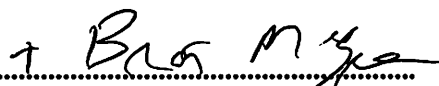
**Balance sheet
as at 30 November 2016**


	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	10		5,233,070		5,209,555
Investments	11		376,114		343,625
			<u>5,609,184</u>		<u>5,553,180</u>
Current assets					
Debtors	12	5,913		19,866	
Cash at bank and in hand		951,685		932,362	
			<u>957,598</u>	<u>952,228</u>	
Creditors: amounts falling due within one year	13	<u>(61,727)</u>		<u>(20,226)</u>	
Net current assets			<u>895,871</u>		<u>932,002</u>
Total assets less current liabilities			6,505,055		6,485,182
Creditors: amounts falling due after more than one year	14		<u>(21,339)</u>		<u>(52,674)</u>
Net assets			<u>6,483,716</u>		<u>6,432,508</u>
Funds					
Restricted funds	15		52,749		42,523
Parish funds			5,284,491		5,172,076
Diocesan funds			1,146,476		1,217,909
			<u>6,483,716</u>		<u>6,432,508</u>
Total funds			<u>6,483,716</u>		<u>6,432,508</u>

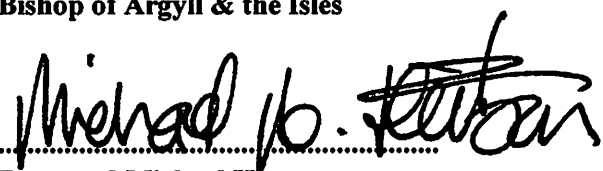
The financial statements were approved by the trustees on

9/8/17

and signed by


.....
The Right Reverend Brian McGee
Bishop of Argyll & the Isles


.....
Reverend Roddy Johnston
Vicar General


.....
Reverend Michael Hutson
Chancellor

The notes on pages 13 to 30 form an integral part of these financial statements.

The Roman Catholic Diocese of Argyll and the Isles

Cash flow statement

for the year ended 30 November 2016

	Notes	2016 £	2015 £
Net incoming resources for the year		18,253	316,922
Income from investments		(19,674)	(20,201)
Interest payable		3,169	6,485
Interest receivable		(15,003)	(15,229)
Loss on disposal of fixed assets		-	(4,461)
Depreciation and impairment		12,930	26,403
Decrease/(Increase) in debtors		13,953	(16,553)
Decrease in creditors		(3,207)	(977)
Net cash provided by operating activities		<u>10,421</u>	<u>292,389</u>
Statement of cashflows			
Net cash provided by operating activities		10,421	292,389
Cash flows from investing activities			
Net cash inflow from Financing/Borrowing	22	13,373	1,078
Rents, dividends and interest received	22	31,508	28,945
Net expenditure on assets and investments	22	(35,979)	2,733
Increase in cash in the year		<u>19,323</u>	<u>325,145</u>
Net increase/(decrease) in cash:			
Increase in cash in the year		19,323	325,145
Cash at bank and in hand less overdrafts at the beginning of the year		932,362	607,217
Cash at bank and in hand less overdrafts at the end of the year		<u>951,685</u>	<u>932,362</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

Legal Status of the charity

The Roman Catholic Diocese of Argyll & the Isles is recognised as a designated religious charity by the Office of the Scottish Charity Regulator under the provisions of section 65 of the Charities and Trustees Investment (Scotland) Act 2006. The Diocese, in its present form, is constituted as a Trust and is operated in accordance with its Trust Deed dated 11 July 1957.

1. Accounting policies

The principal accounting policies adopted are summarised below.

1.1. Basis of preparation and assessment of going concern.

The financial statements 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 financial statements have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) as well as the Statement of Recommended Practice (SORP)- Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (issued on 16 July 2014 and effective January 2015).

The charity meets the definition of a public benefit entity as defined by FRS 102.

Under FRS 102, the charity is required to capitalise on its Balance Sheet all tangible fixed assets. The Trustees have considered the application of this requirement to the church buildings and adjoined property held by the charity, and have decided that the application of Module 10 of FRS102 is not relevant to these assets. The assets have therefore been excluded from the balance sheet.

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The most significant areas of judgement and key assumptions that affect items in the accounts are the values for tangible fixed assets and investments.

1.2. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was needed.

The SORP (FRS 102) requires that net gains/losses on investment assets are to be shown within net income/expenditure. This was a presentational change and there was no effect on the net assets or reserves of the charity

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

1.3. Fund accounting

Under the Charities and Trustee Investment (Scotland) Act 2005, the Diocese is a designated Religious Charity. Its parishes are established and operate under the Church's Code of Canon Law which confers on them separate canonical status. Parishes are therefore accounted for within the financial statements of the Diocese, but are shown as a separate "fund" in the Statement of Financial Activities and throughout the accounts.

Transactions between parishes and the Diocese are accounted for primarily as transfers of funds in the Statement of Financial Activities. These transactions are principally the annual amount levied to cover central costs and movements on the loans and deposit balances held by the Diocese on behalf of the Parishes. However, interest on the loans and deposits is reflected in the income and expenditure of the Diocese and Parishes as appropriate. Amounts collected by the Parishes for special purposes are shown in the Parish funds if collected and disbursed from the Parish; funds which are passed on to the Diocese are shown as separate "restricted" funds.

Restricted funds represent funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal. Included in these funds are some of the special collections carried out by the Parishes.

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Further details of specific funds are disclosed in notes 16 - 18

1.4. Incoming resources

Income is recognised in the statement of financial activities when the charity is entitled to the income, any performance conditions attached have been met, it is probable that the income will be received and the amount can be quantified with reasonable accuracy. Such income is only deferred when the donor specifies performance conditions which must be met before the charity has unconditional entitlement. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Donations and all other receipts from fundraising are, wherever possible, reported gross and the related fundraising costs are reported as expenditure.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable.

Special collections are accounted for in the year of receipt by the Parish although there may be cash in hand at the year end which is due to be passed over to the Diocese.

Investment income is accounted for when receivable.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

1.5. Resources expended

Expenditure is recognised when there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be reliably measured.

Charitable activities consist of the costs of carrying out the Diocesan or Parish charitable activities. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are almost entirely directly attributable to Parish or Diocesan activities and are shown as such in the notes to the accounts.

Fundraising costs are those incurred in generating income from various activities and do not include the costs of disseminating information in support of the charitable activities.

The charity is not registered for VAT and accordingly expenditure normally includes all vat which is irrecoverable. However, the Diocese of Argyll and the Isles seeks to reclaim a percentage of Input VAT on specific projects when Irrecoverable VAT grants are available from Grant bodies, for example The Listed Places of Worship Grant Scheme. However where there are no Grants available or they do not cover the full amount of Input VAT, then the Diocese or the individual Parish will meet this cost out of existing funds.

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

1.6. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Non adjoined properties	-	not depreciated
Fixtures, fittings and equipment	-	5% straight line with the exception of the Cathedral Organ
Motor vehicles	-	20% straight line

Non adjoined properties

In accordance with the Statement of Recommended Practice, all non-adjoined properties (i.e separate from the churches) which are owned by the Diocese are valued on an existing use basis, this being a reasonable estimate of the asset's current value to the Diocese. Depreciation is not charged on freehold property as, in the opinion of the Trustees, the charge would be immaterial due to the length of the useful economic life of the property. Impairment indicators are re-considered by the Trustees on an annual basis.

Revaluation and Transitional Adjustments

A formal professional revaluation of the non adjoined properties would normally be carried out every five years with the last full revaluation taking place as at 30 November 2010. Under the transitional arrangements on first adopting FRS102, the current value of the properties has been treated as "deemed cost". The Trustees will consider the policy to be adopted in respect of these properties going forward with a view to implementing the new policy from 2017 onwards.

Churchs and Adjoined Properties

Certain assets, consisting of churchs and adjoined property, which are considered historic assets have not been capitalised or depreciated. While these assets are functional, due to their age and nature, cost information is unavailable and conventional valuation techniques cannot be applied. The potential cost of arriving at an acceptable valuation method would be prohibitive and outweigh any benefit. As a result no reliable value can be attributed to these assets and they are not shown in the accounts.

The Trustees also believe that the current estimated recoverable value in use of these assets is nil.

Capitalisation Policy

Capital expenditure is only capitalised in the accounts if it exceeds £5,000 for any single asset. The majority of expenditure on churchs and other properties are considered to fall in the category of repairs and maintenance and upgrades or renovations of these properties are not capitalised in the accounts.

1.7. 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 main form of financial risk arising from the charity's investments is that of volatility in equity markets and investment markets due to wider economic conditions.

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

1.8. Financial Instruments

The charity has only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value with the exception of bank loans which are measured at amortised cost using the effective interest rate method.

1.9. Costs in retirement

The Diocese accepts responsibility to assist retired priests where possible under obligations arising from Canon Law. In accordance with this responsibility, the Diocese provides accommodation and gratuities where appropriate. Amounts paid in respect of these obligations are financed by special collections and Diocesan reserves. Further details are included in the notes to the accounts.

1.10. Recognised gains and losses

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 the sales proceeds and their original purchase cost. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their opening carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

2. Voluntary income

	Diocese funds £	Parish funds £	Restricted funds £	2016 Total £	2015 Total £
Donations and legacies	6,734	205,985	32,709	245,428	516,067
Special Collections Income	-	95,198	26,894	122,092	123,320
Offertory Collections and gift aid	-	780,429	-	780,429	769,761
Halls and social donations	-	96,458	-	96,458	79,754
Miscellaneous income	-	19,692	945	20,637	14,231
Miscellaneous donations	-	-	6,900	6,900	-
Aged and Infirm grant	-	-	15,000	15,000	7,500
Listed Places of Worship Grant Scheme	-	11,102	-	11,102	5,701
	<u>6,734</u>	<u>1,208,864</u>	<u>82,448</u>	<u>1,298,046</u>	<u>1,516,334</u>

3. Investment income

	Diocese funds £	Parish funds £	Restricted funds £	2016 Total £	2015 Total £
Income from UK investment properties	-	4,800	1,200	6,000	6,000
Income from UK listed investments	13,674	-	-	13,674	14,201
Interest receivable - on loans to Parishes	2,812	-	-	2,812	2,895
Interest receivable - on special funds	-	-	636	636	298
Interest receivable - Parishes	-	11,555	-	11,555	12,036
	<u>16,486</u>	<u>16,355</u>	<u>1,836</u>	<u>34,677</u>	<u>35,430</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

4. Incoming resources from charitable activities

	Parish funds £	2016 Total £	2015 Total £
Stalls and newspapers	37,606	37,606	31,843
	<u>37,606</u>	<u>37,606</u>	<u>31,843</u>

5. Other incoming resources

	2016 Total £	2015 Total £
Gain on disposal of motor vehicles	-	3,423
Gain on disposal of property	-	1,038
Proceeds from small disposals of investments	-	1,205
	<u>-</u>	<u>5,666</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

6. Costs of charitable activities

	Special funds & Direct £	Diocesan direct activities £	Parish Indirect costs £	2016 Total £	2015 Total £
Diocesan activities	173,125	124,090	-	297,215	221,792
Parish activities	602,188	-	436,821	1,039,009	1,031,465
	<u>775,313</u>	<u>124,090</u>	<u>436,821</u>	<u>1,336,224</u>	<u>1,253,257</u>
			(Note 8.)		

	2016 £	2015 £
Parish Expenditure		
Special collections	97,413	95,836
Car and travel	69,293	46,842
Repairs and maintenance	233,355	192,393
Divine Service	70,600	93,188
Stall expenses	30,421	30,927
Grants and donations	10,465	15,434
Parishes internal loan interest	2,669	2,849
Clergy remuneration	55,874	53,160
Staff salaries and national insurance	32,098	32,625
	<u>602,188</u>	<u>563,254</u>

Diocesan Direct Costs		
Youth Office	7,504	7,504
Diocesan administration	55,404	52,139
Interest paid/accrued	12,399	12,029
Sisters of St Joseph's Mission	12,145	11,761
Legal Fees	8,530	-
Grants and Donations	3,325	5,281
Other costs	24,783	12,477
	<u>124,090</u>	<u>101,191</u>

Diocesan Special Funds and Donations		
Sick & Retired Priests	49,196	58,817
Ecclesiastical Students	46,146	32,025
Adult Education & Formation	5,152	-
Grants and donations	15,257	10,502
Stained Glass Window	7,000	-
Bishops Administration Fund	42,809	8,854
CNET support payment	7,565	10,403
	<u>173,125</u>	<u>120,601</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

7. Audit fees and other charges

	Diocese funds £	2016 Total £	2015 Total £
Auditors' remuneration	12,000	12,000	12,000
Other bank charges	3,169	3,169	3,172
Debts written off	-	-	3,313
	<u>15,169</u>	<u>15,169</u>	<u>18,485</u>

8. Analysis of Parish indirect costs

	2016 Total £	2015 Total £
Rent, rates and insurance	89,679	92,292
Light and heat	120,499	175,391
Repairs, furnishings and equipment	64,202	28,675
Housekeeping	77,900	77,419
Legal and professional fees	19,024	15,886
Communication and information technology	21,704	21,592
Office expenses	29,675	25,745
Depreciation	10,730	26,403
Miscellaneous costs	3,408	4,808
	<u>436,821</u>	<u>468,211</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

9. Employees

Employment costs	2016 £	2015 £
Parish Staff Employed	<u>32,098</u>	<u>32,625</u>

No employee received emoluments of more than £60,000 (2015 : None).

The above wages figure does not include the amounts drawn from parish funds as stipends by the parish priests which is shown separately in note 6

The average monthly numbers of employed staff, and of clergy (including the Trustees, retired priests and students) engaged in the Diocese during the year, was as follows:

	2016 Number	2015 Number
Parish Priests	25	25
Parish employees	10	10
Students	2	1
Retired Priests	7	7
	<u>44</u>	<u>43</u>

Volunteers are excluded from these figures.

Key Management Personnel

The key management personnel of the charity are those who have the authority and responsibility for planning, directing and controlling the activities of the Diocese and Parishes. The Bishop, Vicar General and Chancellor are those responsible for the direction and guidance of the Diocese.

Trustees' expenses and remuneration

The charity trustees were not paid and did not receive any remuneration or benefits in kind during the year. However the Bishop and two other trustees receive remuneration and benefits as a result of their role as parish priests (see below).

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

9.1. Clergy and Retired Priests

	2016	2015
	£	£
Parish Priests stipends	55,874	53,160
Costs met for retired priests	49,196	58,817
	<u>105,070</u>	<u>111,977</u>

All of the trustees of the Diocese are Clergy, and as such are housed, remunerated and reimbursed expenses for carrying out their ministry in the same way as other priests of the Diocese, in accordance with the Code of Canon Law.

The law applicable to charities in Scotland, however, requires disclosure of remuneration and expenses paid to Trustees in whatever capacity.

The total stipends paid to the three Trustees as a result of their pastoral roles amounted to £7,614 (2015: £6,626.) and the total cost of accommodation and reimbursement of travel and other expenses amounted to £29,346 (2015 £20,002)

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

10. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 December 2015	5,150,537	34,000	190,946	5,375,483
Additions	-	-	38,605	38,605
Disposals	-	-	(59,020)	(59,020)
At 30 November 2016	<u>5,150,537</u>	<u>34,000</u>	<u>170,531</u>	<u>5,355,068</u>
Depreciation				
At 1 December 2015	-	-	165,928	165,928
Charge for the year	-	-	12,930	12,930
On disposals	-	-	(56,860)	(56,860)
At 30 November 2016	<u>-</u>	<u>-</u>	<u>121,998</u>	<u>121,998</u>
Net book values				
At 30 November 2016	<u>5,150,537</u>	<u>34,000</u>	<u>48,533</u>	<u>5,233,070</u>
At 30 November 2015	<u>5,150,537</u>	<u>34,000</u>	<u>25,018</u>	<u>5,209,555</u>

The Diocese owns the Cathedral in Oban together with a large number of properties throughout the 26 parishes/missions, consisting of churches, presbyteries and church halls. Many of the buildings are considered as historic assets which would qualify as heritage assets. Whilst the majority are also in functional use, there is no reliable cost information available, nor are there conventional valuation techniques which would be applicable in these circumstances.

The properties shown above consist only of those buildings which are non adjoined properties i.e separate from the church buildings and can be valued separately. A formal professional revaluation of the non adjoined properties would normally be carried out every five years with the last full revaluation taking place as at 30 November 2010. Under the transitional arrangements on first adopting FRS102, the charity has elected to treat the current value of the properties as "deemed cost". The Trustees will consider the policy to be adopted in respect of these properties going forward with a view to implementing the new policy from 2017 onwards.

The insurance re-instatement value for all of the Diocesan properties is in excess of £60m, but this does not reflect in any way their recoverable value in use.

Fixtures and Fittings consists of the historic Oban Cathedral Organ which is valued for insurance purposes at £58,546

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2016		2015	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>11,054</u>	<u>2,763</u>	<u>-</u>	<u>-</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

11. Fixed asset investments	Listed investments £	Cash held as part of the investment portfolio £	Total £
Valuation			
At 1 December 2015	336,157	7,468	343,625
Additions	37,637	-	37,637
Disposals	(41,731)	(1,667)	(43,398)
Revaluations	38,250	-	38,250
At 30 November 2016	<u>370,313</u>	<u>5,801</u>	<u>376,114</u>
Historical cost as at 30 November 2016	<u>294,988</u>	<u>5,799</u>	<u>300,787</u>

All fixed asset investments are held within the United Kingdom.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. 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 (the transaction value).

The investments held by the Diocese are managed by Speirs & Jeffrey Stockbrokers and Investment Managers to maximise a combination of income and capital gains.

12. Debtors	2016 £	2015 £
Other debtors	<u>5,913</u>	<u>19,866</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

13. Creditors: amounts falling due within one year	2016	2015
	£	£
Bonds	42,667	-
Net obligations under finance leases and hire purchase contracts	2,041	-
Other creditors	8,019	11,226
Accruals and deferred income	9,000	9,000
	<u>61,727</u>	<u>20,226</u>

Other loans and creditors consists of loans which have been made to the Diocese by various related parties including members of the clergy. There are no fixed terms of repayment, but interest is accrued on the loans at a comparable rate to those offered to the Parishes. As there is no fixed term for repayment, these loans are classified as repayable on demand.

14. Creditors: amounts falling due after more than one year	2016	2015
	£	£
Bonds	11,103	52,674
Other creditors	10,236	-
	<u>21,339</u>	<u>52,674</u>

The bond shown above consists of a fixed term bond issued to third parties. Interest is currently applied annually at a rate of 1.5%. One bond which is repayable on 30th July 2017 has been transferred to short term liabilities; the remaining bond is repayable on 16th September 2018.

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

15. Analysis of net assets between funds

	Diocesan funds £	Parish funds £	Restricted funds £	Total funds £
Fund balances at 30 November 2016 as represented by:				
Tangible fixed assets	554,000	4,679,070	-	5,233,070
Investment assets	376,114	-	-	376,114
Current assets	299,428	605,421	52,749	957,598
Current liabilities	(61,727)	-	-	(61,727)
Long-term liabilities	(21,339)	-	-	(21,339)
	<u>1,146,476</u>	<u>5,284,491</u>	<u>52,749</u>	<u>6,483,716</u>

Analysis of net assets between funds (prior year)

	Diocesan funds £	Parish funds £	Restricted funds £	Total funds £
Fund balances at 30 November 2015 as represented by:				
Tangible fixed assets	554,000	4,655,555	-	5,209,555
Investment assets	343,625	-	-	343,625
Current assets	393,184	516,521	42,523	952,228
Current liabilities	(20,226)	-	-	(20,226)
Long-term liabilities	(52,674)	-	-	(52,674)
	<u>1,217,909</u>	<u>5,172,076</u>	<u>42,523</u>	<u>6,432,508</u>

16. Unrestricted funds

	At 1 December 2015 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	At 30 November 2016 £
Diocesan Funds	<u>1,217,909</u>	<u>23,220</u>	<u>(139,942)</u>	<u>12,334</u>	<u>32,955</u>	<u>1,146,476</u>

Unrestricted funds

	At 1 December 2014 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	At 30 November 2015 £
Diocesan Funds	<u>1,155,615</u>	<u>133,024</u>	<u>(120,285)</u>	<u>69,734</u>	<u>(20,179)</u>	<u>1,217,909</u>

Transfers between funds

Transfers between funds is a net movement made up of the levies paid by the parishes to the Diocese - 2016; £133,224, and the amount required from general funds to meet deficits on the restricted funds - 2016; £99,067.

A further transfer is then made to account for the funds which flow from the parishes to the Diocese in respect of repayments of loans, payments made on behalf of the parishes, and income transferred to the parishes during the year.

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

17. Parish funds	At	Incoming resources	Outgoing resources	Transfers	At
	1 December 2015				30 November 2016
	£	£	£	£	£
Parish Funds	5,146,995	1,167,627	(943,811)	(111,401)	5,259,410
Ardkenneth legacy for windows	20,000	-	-	-	20,000
Other special collections	5,081	70,741	(70,741)	-	5,081
Holy Childhood	-	3,125	(3,125)	-	-
Papal/Episcopal Charities & SCIAF	-	10,027	(10,027)	-	-
Peters Pence	-	5,696	(5,696)	-	-
African Missions and Holy Places	-	5,609	(5,609)	-	-
	<u>5,172,076</u>	<u>1,262,825</u>	<u>(1,039,009)</u>	<u>(111,401)</u>	<u>5,284,491</u>

A number of the special collections included in "other" above are transferred to the Diocese to contribute to the amounts paid to CNET in respect of each collection. These amounts are shown as paid out by the Parishes. An amount is contributed over and above these amounts by the Diocese to meet the agreed contribution level and is shown as paid out from Diocesan funds.

The following funds are transferred to the Diocese to be distributed via CNET:

Justice & Peace
Papal World Day of Communications
Day for Life
Catholic Education

Parish funds (prior year)	At	Incoming resources	Outgoing resources	Transfers	At
	1 December 2014				30 November 2015
	£	£	£	£	£
Parish Funds	4,941,331	1,316,022	(955,988)	(154,370)	5,146,995
Ardkenneth legacy for windows	-	20,000	-	-	20,000
Other special collections	5,081	51,404	(51,404)	-	5,081
Holy Childhood	-	2,863	(2,863)	-	-
Papal/Episcopal Charities & SCIAF	-	9,856	(9,856)	-	-
Peters Pence	-	5,506	(5,506)	-	-
African Missions and Holy Places	-	5,848	(5,848)	-	-
	<u>4,946,412</u>	<u>1,411,499</u>	<u>(1,031,465)</u>	<u>(154,370)</u>	<u>5,172,076</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

18. Restricted funds	At				At	
	1 December 2015 £	Incoming resources £	Outgoing resources £	Transfers £	30 November 2016 £	
Sick and Retired Priests	-	22,616	(49,196)	26,580	-	-
Ecclesiastical Students	-	23,299	(46,146)	22,847	-	-
Bishops Fund for Sick and Retired Priests	-	250	(11,820)	11,570	-	-
Adult Education and Formation	8,524	6,040	(5,152)	-	9,412	-
CNET and other small funds	1,028	9,887	(17,552)	6,637	-	-
Bishops Capital fund	31,984	10,750	-	-	42,734	-
Bishops Administration Fund	-	11,376	(42,809)	31,433	-	-
Gaelic Spirituality & Gaelic Liturgy	987	66	(450)	-	603	-
	<u>42,523</u>	<u>84,284</u>	<u>(173,125)</u>	<u>99,067</u>	<u>52,749</u>	

These funds represent those activities which are funded by donations or collections given for a specific purpose. The Diocese underwrites these funds by meeting any shortfall in the funds available to ensure that the activities continue to be supported.

Restricted funds (prior year)	At				At	
	1 December 2014 £	Incoming resources £	Outgoing resources £	Transfers £	30 November 2015 £	
Sick and Retired Priests	-	15,139	(58,817)	43,678	-	-
Ecclesiastical Students	3,873	9,183	(32,025)	18,969	-	-
Bishops Fund for Sick and Retired Priests	-	-	(10,502)	10,502	-	-
Adult Education and Formation	2,699	5,825	-	-	8,524	-
CNET and other small funds	-	1,028	(10,403)	10,403	1,028	-
Bishops Capital fund	26,275	5,709	-	-	31,984	-
Bishops Administration Fund	-	7,770	(8,854)	1,084	-	-
Gaelic Spirituality & Gaelic Liturgy	891	96	-	-	987	-
	<u>33,738</u>	<u>44,750</u>	<u>(120,601)</u>	<u>84,636</u>	<u>42,523</u>	

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

19. Capital commitments

	2016	2015
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	<u>209,000</u>	<u>-</u>

Shortly after the year end the Diocese accepted a tender for the refurbishment of the Bishop's House and the Cathedral House. The work was expected to be carried out by September 2017

20. Contingent liabilities

In accordance with its responsibilities under Canon Law, the Diocese provides accommodation and gratuities where appropriate to former priests of the Diocese. Due to annual variations in the numbers of parish priests qualifying for assistance, together with a variable age of retirement, it is not possible to assess and quantify reliably future commitments to this expenditure, and accordingly no provision has been made in these financial statements.

Contingent asset

The Diocese has inherited title to property within the Republic of Ireland which has been the subject of a legal dispute. Until the estate is concluded, it is not possible to quantify any proceeds which might, or might not, be due to the Diocese from the estate. No value has therefore been attributed to the asset in these financial statements.

21. Related party transactions

In preparing the financial statements of the Diocese, the internal balances between the Diocese and the Parishes are offset and do not appear on the balance sheet. However, due to the requirement under Canon Law to show the assets and liabilities separately, the amounts due at 30 November 2016 are shown below.

Deposits held by the Diocese on behalf of the Parishes as at 30 November 2016 amounted to £1,098,987 (2015: £1,064,276).

Loans made to Parishes by the Diocese as at 30 November 2016 amounted to £536,152 (2015: £564,185)

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2016

22. Gross cash flows

	2016 £	2015 £
Returns on investments and servicing of finance		
Income from UK listed investments	13,674	14,201
Income from other investment assets- rentals	6,000	6,000
Interest received	15,003	15,229
Interest paid	(3,169)	(6,485)
	<u>31,508</u>	<u>28,945</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	(38,605)	(34,896)
Payments to acquire investments	(37,637)	(1,553)
Net Receipts from sales of assets	-	1,038
Receipts from sales of tangible assets	2,160	38,144
Receipts from sales of investments	38,103	-
	<u>(35,979)</u>	<u>2,733</u>
Financing		
New finance lease and hire purchase contracts	12,277	-
Unpaid Interest on Bonds	1,096	1,078
	<u>13,373</u>	<u>1,078</u>

23. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	932,362	19,323	-	951,685
	<u>932,362</u>	<u>19,323</u>	<u>-</u>	<u>951,685</u>

The Roman Catholic Diocese of Argyll and the Isles

The following pages do not form part of the statutory accounts.

The Roman Catholic Diocese of Argyll and the Isles

Detailed statement of financial activities

For the year ended 30 November 2016

	2016	2015
	£	£
Incoming resources		
Incoming resources from generating funds:		
<i>Voluntary income</i>		
Donations and legacies	245,428	516,067
Special Collections Income	122,092	123,320
Offertory Collections and gift aid	780,429	769,761
Halls and social donations	96,458	79,754
Miscellaneous income	20,637	14,231
Miscellaneous donations	6,900	-
Aged and Infirm grant	15,000	7,500
Listed Places of Worship Grant Scheme	11,102	5,701
	<u>1,298,046</u>	<u>1,516,334</u>
<i>Investment income</i>		
Income from UK investment properties	6,000	6,000
Income from UK listed investments	13,674	14,201
Interest receivable - on loans to Parishes	2,812	2,895
Interest receivable - on special funds	636	298
Interest receivable - Parishes	11,555	12,036
	<u>34,677</u>	<u>35,430</u>
Total incoming resources from generating funds	<u>1,332,723</u>	<u>1,551,764</u>
Incoming resources from charitable activities		
Stalls and newspapers	37,606	31,843
	<u>37,606</u>	<u>31,843</u>
Other incoming resources		
Gain on disposal of motor vehicles	-	3,423
Gain on disposal of property	-	1,038
Proceeds from small disposals of investments	-	1,205
	<u>-</u>	<u>5,666</u>
Total incoming resources	<u>1,370,329</u>	<u>1,589,273</u>
Resources expended		
Costs of generating funds:		
Fundraising trading:		
cost of goods sold and other costs		

The Roman Catholic Diocese of Argyll and the Isles

Detailed statement of financial activities

For the year ended 30 November 2016

Investment management costs		
Investment management fees	683	609
Total investment management costs	<u>683</u>	<u>609</u>
Total costs of generating funds	<u><u>683</u></u>	<u><u>609</u></u>

The Roman Catholic Diocese of Argyll and the Isles

Detailed statement of financial activities

For the year ended 30 November 2016

	2016 £	2015 £
Charitable activities		
Diocesan activities		
<i>Activities undertaken directly</i>		
Diocese - Legal fees	8,530	-
Diocese Administration	55,404	52,139
Bishop's Administration	42,809	8,854
Diocese - Youth Office	7,504	7,504
Diocese - Other costs	24,783	12,477
Diocese Interest Paid/Accrued	12,399	12,029
	<hr/>	<hr/>
	151,429	93,003
<i>Grant funding activities</i>		
Grants and donations made	18,582	15,783
Diocese - Retired Priests	49,196	58,817
Diocesan - Stained Glass Window	7,000	-
Diocese - Adult formation and education	5,152	-
Diocese - CNET & other special funds	7,565	10,403
Diocese - Ecclesiastical Students	46,146	32,025
Diocese - Sisters of St Joseph's Mission	12,145	11,761
	<hr/>	<hr/>
	145,786	128,789
Diocesan activities total expenditure	<hr/> 297,215	<hr/> 221,792
Parish activities		
<i>Activities undertaken directly</i>		
Parish - Staff Wages & Salaries	32,098	32,625
Parish - Clergy Remuneration	55,874	53,160
Parish - Repairs & maintenance	233,355	192,393
Parish - Motor & travel	69,293	46,842
Parish - Stall Expenses	30,421	30,927
Parish - Divine service	70,600	93,188
Parish - Special Collections	97,413	95,836
Parish - grants and donations	10,465	15,434
Parish- Internal loan interest	2,669	2,849
	<hr/>	<hr/>
	602,188	563,254

The Roman Catholic Diocese of Argyll and the Isles

Detailed statement of financial activities

For the year ended 30 November 2016

<i>Support costs</i>			
Parish - Rent, rates & insurance	89,679		92,292
Parish - Heat & Light	120,499		175,391
Parish - Furnishings & equipment	64,202		28,675
Parish - Housekeeping	77,900		77,419
Parish - Social Functions	19,024		15,886
Parish - Telephone	21,704		21,592
Parish - Office expenses	29,675		25,745
Parish - Depreciation	10,730		26,403
Parish - Other costs	3,408		4,808
		<u>436,821</u>	<u>468,211</u>
Parish activities total expenditure		<u>1,039,009</u>	<u>1,031,465</u>
Total charitable activity expenditure		<u>1,336,224</u>	<u>1,253,257</u>
Audit fees and other charges			
<i>Activities undertaken directly</i>			
Auditors' remuneration	12,000		12,000
Other bank charges	3,169		3,172
Debts written off	-		3,313
		<u>15,169</u>	<u>18,485</u>
Total governance costs		<u>15,169</u>	<u>18,485</u>
Net incoming/(outgoing) resources for the year		<u>18,253</u>	<u>316,922</u>