

Charity number: SC002876

The Roman Catholic Diocese of Argyll and the Isles

Trustees' report and financial statements

for the year ended 30 November 2017

The Roman Catholic Diocese of Argyll and the Isles

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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
Treasurer	Duncan MacLeod
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 2017

The Trustees present their report and the financial statements for the year ended 30 November 2017. 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 which 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 2017

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 2017

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 2017

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.

Pastoral review

For the Diocese to function successfully spiritually and pastorally it must also be effectively administered. The Diocese has been running at a substantial financial deficit for some time. The decision was taken to hire a part time Treasurer who must be a qualified accountant. The Treasurer's role was to establish a coherent policy to bring financial stability. The services of a HR specialist was used to ensure that the process was professionally handled and that the best candidates would be attracted to the job. Mr Duncan MacLeod was appointed in June 2017.

A long standing member of staff, Mrs Janie Milne, had previously reduced her working week to three days and desired to retire early 2018. The Trustees frequently discussed how best to progress and how the Diocesan office could be most effectively run. The decision was taken to recruit a full time Diocesan secretary who would have three primary remits: finance support, PA to the bishop and Diocesan secretarial work. Again HR advice was sought and the new employee was recruited in December 2017 but due to start in 2018.

The Diocesan Safeguarding Advisor stepped down and was replaced by a recently retired police officer.

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2017

Clergy & Parishes

In August 2017 Canon Donald MacKay, Parish Priest of Daliburgh, sadly died. In June 2017 Mgr Thomas Wynne, Parish Priest of Roy Bridge, retired. In February 2017 Fr Danny Convery moved from St Mary's, Benbecula to Roy Bridge to assist Mgr Wynne and later succeeded him in post. The bishop lived at St Mary's, Benbecula for four months which gave him a very beneficial insight into island life. Fr Colin MacInnes returned from missionary work in Ecuador in autumn 2017 and was appointed to Benbecula. The services of a Nigerian Missionary priest on loan was obtained. This meant that the review period finished with the same amount of priests which it had begun with.

In April 2016 Emmanuel Alagbaoso was ordained a deacon in Rome and he will be due to be ordained in the summer of 2018.

Meanwhile a former Salesian brother from Nigeria, previously known to the bishop, inquired about becoming a seminarian for the diocese. He travelled to Scotland to spend time in the diocese. He has subsequently been accepted as a seminarian and has taken up residence on South Uist, prior to beginning his seminary training.

Youth & Catechesis

The National Catholic Education Week was launched in St Columba's Primary School, Oban. We have only four Catholic schools throughout the diocese and this gave us good publicity.

Three pupils from Oban High School received the Caritas Award in Glasgow, the highest number ever from the diocese.

During June 2017 Bishop McGee officially opened St Columba's Primary School in Caol which forms part of the Caol Joint Campus.

During September the bishop invited the Scottish Catholic Education Service to offer In-Service training for Catholic Primary and Secondary teachers in the Western Isles. There are no denominational schools in the area but many of the pupils are Catholic. The two day course encouraged the teachers and practical information was shared.

Iona

With its intimate connection with St Columba Iona is very precious to the diocese. In April 2017 the Catholic House of Prayer on Iona celebrated its twentieth anniversary. This retreat house makes Mass and the reservation of the Blessed Sacrament daily possible on the island - the first time since the Reformation. Bishop McGee celebrated Mass in the Abbey for the occasion

Papal Awards to parishioners for their fidelity

Benemerenti Awards were given to Mrs Catriona Garbutt of St Mary's, Benbecula and Mr Allan MacIsaac from Good Shepherd, Kinlochleven.

Religious Sisters

At the start of the review period four religious sisters resided within the diocese. However, for a different reasons three moved on and the diocese now has only one resident sister

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2017

Financial commentary

At the end of the financial year the Trust's finances continued to be healthy. Between Diocesan and Parish accounts, the total bank balance was £717K (2016; £951K). The investment fund stood at £402K (2016; £370K). Fixed assets were unchanged from the previous year - a net book value of £5.2M. Combined short-term and long-term creditors were £156K (2016; £83K).

But the figures do not highlight an underlying structural problem which is an annual deficit in the Diocese. In essence, Diocesan recurring income (mostly levies paid by the Parishes and some investment income) is insufficient to meet the costs which the Diocese has a responsibility to meet, and in particular expenditure incurred by the funds for Sick and Retired Priests and Ecclesiastical Students.

Deficits in those funds for year ended 30th November 2017 were £46K (2016; £26K) and £53K (2016; £23K) respectively. Since the Trust cannot carry forward deficits on any of these funds, transfers have to be made from its own general reserves to eliminate them.

In addition, the budget for the current year to 30th November 2018 shows a projected Diocesan deficit of £84K.

This is an issue which the Diocese is addressing. On the instructions of Bishop McGee, the Treasurer is meeting as many Parishes as possible to explain the problem and seek potential solutions. At the completion of these meetings, the Trustees and Diocesan Finance Committee will meet to discuss the various proposals.

A preferred solution will be presented to the Autumn meeting of the Clergy Assembly. In any event, measures to solve the problem will be implemented by the commencement of the next financial year, 1st December 2018.

There was also major one-off project during 2017 with £266K being spent on re-roofing the Bishop's and Cathedral House in Oban. This had a major effect on :

- a) the Diocesan bank balance which at year end was £60K compared to £346K at year end November 2016.
- b) The reported surplus of the Trust. The deficit for the year was £(249)k. Without the capital expenditure, there would have been an overall surplus of £16k; this being made up of a surplus in the Parishes of £72k, and a deficit in the Diocesan and Restricted funds of £(56)k.

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.

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.

The Roman Catholic Diocese of Argyll and the Isles

Report of the trustees for the year ended 30 November 2017

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-adjoining properties valued as soon as it is both practical and affordable to do so.

Plans for future periods

The bishop has spent much of his time visiting all areas of the diocese which should help him to better appreciate its needs. He is reflecting on how the diocese should move forward. During 2017 he has studied the Vatican II documents and most of the Papal Teachings from the second half of the twentieth century to the present day. He also embarked on a thorough visitation of the entire diocese, spending an entire day in each parish in pastoral duties. He met with each priest and deacon privately and also met with parishioners as a group to listen to their insights. In early 2018 he will propose several priorities for the diocese.

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.


The Roman Catholic Diocese of Argyll and the Isles


**Report of the trustees
for the year ended 30 November 2017**

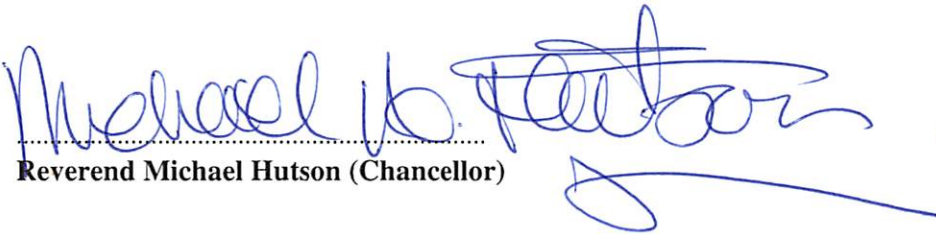
Independent Auditors

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..... 21/3/18


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


.....
Reverend Roddy Johnston
Vicar General


.....
Reverend Michael Hutson (Chancellor)

The Roman Catholic Diocese of Argyll and the Isles

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

Opinion

What we have audited

We have audited the financial statements of The Roman Catholic Diocese of Argyll and the Isles for the year ended 30 November 2017 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the cashflow statement and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including FRS 102 " The Financial Reporting Standard applicable in the UK and Republic of Ireland").

In our opinion, the financial statements:

- * give a true and fair view of the state of the charity's affairs as at 30 November 2017 and of 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).

Basis for opinion

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

Emphasis of Matter

We would draw attention to the comments made by the Trustees in the Trustee report, and the accounting policies on page 19 with regard to the exclusion from the Balance Sheet of the adjoined properties i.e churches and adjoining buildings, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISA's (UK) require us to report to you where;

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

The Roman Catholic Diocese of Argyll and the Isles

Other information

The trustees are responsible for the other information. The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities and Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of the trustees

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, and for such internal control as the trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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 the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with ISA's (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 .

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our audit report.

The Roman Catholic Diocese of Argyll and the Isles

Use of our report

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 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, the trustees of the charity, as a body, for our audit work, for this report, or for the opinions we have formed.


.....

Fiona McGlynn C.A.
Senior Statutory Auditor
For and on behalf of R A Clement Associates
Chartered Accountants & Registered Auditors

21/8/18
.....

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 2017

	Notes	Diocesan funds £	Parish funds £	Restricted funds £	2017 Total £	Diocesan funds £	Parish funds £	Restricted funds £	2016 Total £
Income from:									
Voluntary income	2	4,009	1,209,872	54,676	1,268,557	6,734	1,208,864	82,448	1,298,046
Incoming resources from charitable activities	4	-	33,088	-	33,088	-	37,606	-	37,606
Investment income	3	17,228	14,922	1,648	33,798	16,486	16,355	1,836	34,677
Other incoming resources	5	-	12,265	-	12,265	-	-	-	-
Total income		<u>21,237</u>	<u>1,270,147</u>	<u>56,324</u>	<u>1,347,708</u>	<u>23,220</u>	<u>1,262,825</u>	<u>84,284</u>	<u>1,370,329</u>
Expenditure on:									
Investment management costs		862	-	-	862	683	-	-	683
Charitable activities	6, 7	118,867	1,198,084	312,415	1,629,366	139,259	1,039,009	173,125	1,351,393
Total expenditure		<u>119,729</u>	<u>1,198,084</u>	<u>312,415</u>	<u>1,630,228</u>	<u>139,942</u>	<u>1,039,009</u>	<u>173,125</u>	<u>1,352,076</u>
Net income/(expenditure) for the year before gains and losses		(98,492)	72,063	(256,091)	(282,520)	(116,722)	223,816	(88,841)	18,253
Net gains/(losses) on investments		32,132	461	-	32,593	32,955	-	-	32,955
Net income/(expenditure)		(66,360)	72,524	(256,091)	(249,927)	(83,767)	223,816	(88,841)	51,208
Transfers between funds		(194,389)	(17,943)	212,332	-	12,334	(111,401)	99,067	-
Net movement in funds		<u>(260,749)</u>	<u>54,581</u>	<u>(43,759)</u>	<u>(249,927)</u>	<u>(71,433)</u>	<u>112,415</u>	<u>10,226</u>	<u>51,208</u>
Reconciliation of funds:									
Total funds brought forward		1,146,476	5,284,491	52,749	6,483,716	1,217,909	5,172,076	42,523	6,432,508
Total funds carried forward		<u>885,727</u>	<u>5,339,072</u>	<u>8,990</u>	<u>6,233,789</u>	<u>1,146,476</u>	<u>5,284,491</u>	<u>52,749</u>	<u>6,483,716</u>

All income and expenditure derive from continuing activities.

The notes on pages 16 to 34 form an integral part of these financial statements.

The Roman Catholic Diocese of Argyll and the Isles

Balance sheet
as at 30 November 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	10		5,236,233		5,233,070
Investments	11		408,563		376,114
			<u>5,644,796</u>		<u>5,609,184</u>
Current assets					
Debtors	12	27,084		5,913	
Cash at bank and in hand		717,491		951,685	
		<u>744,575</u>		<u>957,598</u>	
Creditors: amounts falling due within one year	13	<u>(131,144)</u>		<u>(61,727)</u>	
Net current assets			<u>613,431</u>		<u>895,871</u>
Total assets less current liabilities			6,258,227		6,505,055
Creditors: amounts falling due after more than one year	14		<u>(24,438)</u>		<u>(21,339)</u>
Net assets			<u>6,233,789</u>		<u>6,483,716</u>
Funds					
Restricted funds	15		8,990		52,749
Parish funds			5,339,072		5,284,491
Diocesan funds			885,727		1,146,476
			<u>6,233,789</u>		<u>6,483,716</u>
Total funds			<u>6,233,789</u>		<u>6,483,716</u>

The financial statements were approved by the trustees on

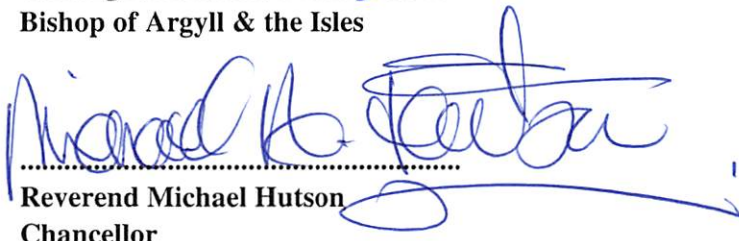
and signed by



The Right Reverend Brian McGee
Bishop of Argyll & the Isles



Reverend Roddy Johnston
Vicar General



Reverend Michael Hutson
Chancellor

The notes on pages 16 to 34 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 2017

	Notes	2017 £	2016 £
Net (outgoing)/incoming resources for the year		(282,520)	18,253
Income from investments		(20,489)	(19,674)
Interest payable		2,732	3,169
Interest receivable		(13,309)	(15,003)
Depreciation and impairment		16,829	12,930
(Increase)/Decrease in debtors		(21,171)	13,953
Increase/(Decrease) in creditors		60,172	(3,207)
Net cash provided by operating activities		<u>(257,756)</u>	<u>10,421</u>
Net cash provided by operating activities		<u>(257,756)</u>	<u>10,421</u>
Cash flows from investing activities			
Net cash inflow from Financing/Borrowing	22	12,344	13,373
Rents, dividends and interest received	22	31,066	31,508
Net expenditure on assets and investments	22	(19,848)	(35,979)
(Decrease)/Increase in cash in the year		<u>(234,194)</u>	<u>19,323</u>
Net increase/(decrease) in cash:			
(Decrease)/Increase in cash in the year		(234,194)	19,323
Cash at bank and in hand less overdrafts at the beginning of the year		951,685	932,362
Cash at bank and in hand less overdrafts at the end of the year		<u>717,491</u>	<u>951,685</u>



The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

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.

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

1.2. 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

1.3. 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 2017

1.4. 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.

**Notes to financial statements
for the year ended 30 November 2017**

1.5. 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 churches 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 churches 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.

1.6. 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.



**Notes to financial statements
for the year ended 30 November 2017**

1.7. Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

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 £	2017 Total £	2016 Total £
Donations and legacies	4,009	198,142	-	202,151	245,428
Special Collections Income	-	78,826	27,718	106,544	122,092
Offertory Collections and gift aid	-	819,530	1,738	821,268	780,429
Halls and social donations	-	95,112	-	95,112	96,458
Croft & other parish income	-	18,262	-	18,262	20,637
Miscellaneous donations	-	-	6,020	6,020	6,900
Donations for Presentations	-	-	1,200	1,200	-
Aged and Infirm grant	-	-	18,000	18,000	15,000
Listed Places of Worship Grant Scheme	-	-	-	-	11,102
	<u>4,009</u>	<u>1,209,872</u>	<u>54,676</u>	<u>1,268,557</u>	<u>1,298,046</u>



The Roman Catholic Diocese of Argyll and the Isles

**Notes to financial statements
for the year ended 30 November 2017**

3. Investment income

	Diocese funds £	Parish funds £	Restricted funds £	2017 Total £	2016 Total £
Income from UK investment properties	-	4,800	1,200	6,000	6,000
Income from UK listed investments	14,489	-	-	14,489	13,674
Interest receivable - on loans to Parishes	2,573	-	-	2,573	2,812
Interest receivable - on special funds	166	-	448	614	636
Interest receivable - Parishes	-	10,122	-	10,122	11,555
	<u>17,228</u>	<u>14,922</u>	<u>1,648</u>	<u>33,798</u>	<u>34,677</u>

4. Incoming resources from charitable activities

	Parish funds £	2017 Total £	2016 Total £
Stalls and newspapers	33,088	33,088	37,606
	<u>33,088</u>	<u>33,088</u>	<u>37,606</u>

5. Other incoming resources

	Restricted funds £	2017 Total £	2016 Total £
Other miscellaneous income	12,265	12,265	-
	<u>12,265</u>	<u>12,265</u>	<u>-</u>



The Roman Catholic Diocese of Argyll and the Isles

**Notes to financial statements
for the year ended 30 November 2017**

6. Costs of charitable activities

	Special funds & Direct £	Diocesan direct activities £	Parish Indirect costs £	2017 Total £	2016 Total £
Diocesan activities	312,415	102,758	-	415,173	297,215
Parish activities	689,035	-	508,146	1,197,181	1,039,009
	<u>1,001,450</u>	<u>102,758</u>	<u>508,146</u>	<u>1,612,354</u>	<u>1,336,224</u>
			(Note 8.)		

	2017 £	2016 £
Parish Expenditure		
Special collections	78,763	97,413
Car and travel	60,463	69,293
Repairs and maintenance	341,641	233,355
Divine Service	80,382	70,600
Stall expenses	23,158	30,421
Grants and donations	9,124	10,465
Parishes internal loan interest	2,709	2,669
Clergy remuneration	56,801	55,874
Staff salaries and national insurance	35,994	32,098
	<u>689,035</u>	<u>602,188</u>

Diocesan Direct Costs		
Youth Office	6,949	7,504
Diocesan administration	67,672	69,152
Interest paid/accrued	11,237	12,399
Sisters of St Joseph's Mission	12,112	12,145
Legal Fees	(5,003)	8,530
Grants and Donations	5,918	3,325
Other costs	3,873	11,035
	<u>102,758</u>	<u>124,090</u>

Diocesan Special Funds and Donations		
Sick & Retired Priests	72,311	49,196
Ecclesiastical Students	64,780	46,146
Adult Education & Formation	7,761	5,152
Grants and donations	-	15,257
Stained Glass Window	-	7,000
Bishops Administration Fund	165,736	42,809
CNET support payment	1,827	7,565
	<u>312,415</u>	<u>173,125</u>

The Roman Catholic Diocese of Argyll and the Isles

**Notes to financial statements
for the year ended 30 November 2017**

7. Audit fees and other charges

	Diocese funds £	Restricted funds £	2017 Total £	2016 Total £
Auditors' remuneration	14,280	-	14,280	12,000
Other bank charges	1,829	903	2,732	3,169
	<u>16,109</u>	<u>903</u>	<u>17,012</u>	<u>15,169</u>

8. Analysis of Parish indirect costs

	2017 Total £	2016 Total £
Rent, rates and insurance	88,732	89,679
Light and heat	153,367	120,499
Repairs, furnishings and equipment	89,616	64,202
Housekeeping	79,518	77,900
Legal and professional fees	14,661	19,024
Communication and information technology	26,047	21,704
Office expenses	27,863	29,675
Depreciation	14,629	10,730
Miscellaneous costs	13,713	3,408
	<u>508,146</u>	<u>436,821</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

9. Employees

Employment costs	2017 £	2016 £
Parish Staff Employed	<u>35,994</u>	<u>32,098</u>

No employee received emoluments of more than £60,000 (2016 : 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:

	2017 Number	2016 Number
Parish Priests	23	25
Parish employees	10	10
Students	2	2
Retired Priests	6	7
	<u>41</u>	<u>44</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 2017

9.1. Clergy and Retired Priests

	2017	2016
	£	£
Parish Priests stipends	56,801	55,874
Costs met for retired priests	72,311	49,196
	<u>129,112</u>	<u>105,070</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 £8,603 (2016: £7,614.) and the total cost of accommodation and reimbursement of travel and other expenses amounted to £39,315 (2016: £29,436)

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

10. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 December 2016	5,150,537	34,000	170,531	5,355,068
Additions	-	-	32,246	32,246
Disposals	-	-	(37,477)	(37,477)
At 30 November 2017	<u>5,150,537</u>	<u>34,000</u>	<u>165,300</u>	<u>5,349,837</u>
Depreciation				
At 1 December 2016	-	-	121,998	121,998
Charge for the year	-	-	16,829	16,829
On disposals	-	-	(25,223)	(25,223)
At 30 November 2017	<u>-</u>	<u>-</u>	<u>113,604</u>	<u>113,604</u>
Net book values				
At 30 November 2017	<u>5,150,537</u>	<u>34,000</u>	<u>51,696</u>	<u>5,236,233</u>
At 30 November 2016	<u>5,150,537</u>	<u>34,000</u>	<u>48,533</u>	<u>5,233,070</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 2018 onwards.

The insurance re-instatement value for all of the Diocesan properties is in excess of £69ml, 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 £59,720

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

Asset description	2017		2016	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>-</u>	<u>-</u>	<u>11,054</u>	<u>2,763</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

11. Fixed asset investments	Listed investments £	Cash held as part of the investment portfolio £	Total £
Valuation			
At 1 December 2016	370,313	5,801	376,114
Additions	-	14,436	14,436
Disposals	-	(14,119)	(14,119)
Revaluations	32,132	-	32,132
At 30 November 2017	<u>402,445</u>	<u>6,118</u>	<u>408,563</u>
Historical cost as at 30 November 2017	<u>294,988</u>	<u>6,118</u>	<u>301,106</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	2017 £	2016 £
Other debtors & Prepayments	<u>27,084</u>	<u>5,913</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

13. Creditors: amounts falling due within one year	2017	2016
	£	£
Bonds	53,953	42,667
Net obligations under finance leases and hire purchase contracts	-	2,041
Trade creditors	51,057	-
Other creditors	6,931	8,019
Accruals and deferred income	19,203	9,000
	<u>131,144</u>	<u>61,727</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	2017	2016
	£	£
Bonds	24,438	11,103
Other creditors	-	10,236
	<u>24,438</u>	<u>21,339</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 was repayable on 30th July 2017 was deferred until July 2018 and is included in 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 2017

15. Analysis of net assets between funds

	Diocesan funds £	Parish funds £	Restricted funds £	Total funds £
Fund balances at 30 November 2017 as represented by:				
Tangible fixed assets	554,000	4,682,233	-	5,236,233
Investment assets	408,563	-	-	408,563
Current assets	78,746	656,839	8,990	744,575
Current liabilities	(131,144)	-	-	(131,144)
Long-term liabilities	(24,438)	-	-	(24,438)
	<u>885,727</u>	<u>5,339,072</u>	<u>8,990</u>	<u>6,233,789</u>

Analysis of net assets between funds (prior year)

	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>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

16. Unrestricted funds	At	Incoming resources	Outgoing resources	Transfers	Gains and losses	At
	1 December 2016					30 November 2017
	£	£	£	£	£	£
Diocesan Funds	<u>1,146,476</u>	<u>21,237</u>	<u>(119,729)</u>	<u>(194,389)</u>	<u>32,132</u>	<u>885,727</u>

Unrestricted funds	At	Incoming resources	Outgoing resources	Transfers	Gains and losses	At
	1 December 2015					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>

Transfers between funds

Transfers between funds is a net movement made up of the levies paid by the parishes to the Diocese of £133,408 (2016; £133,224), and the amount required from general funds to meet deficits on the restricted funds £212,332 (2016; £99,067). The transfer to meet deficits in 2017 includes £133k as the Diocesan share of the costs for the refurbishment of the Bishop's House.

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 2017

17. Parish funds	At	Incoming resources	Outgoing resources	Transfers	Gains and losses	At
	1 December 2016					30 November 2017
	£	£	£	£	£	£
Parish Funds	5,259,410	1,191,321	(1,119,258)	(17,943)	461	5,313,991
Ardkenneth legacy for windows	20,000	-	-	-	-	20,000
Other special collections	5,081	50,862	(50,862)	-	-	5,081
Holy Childhood	-	3,170	(3,170)	-	-	-
Papal/Episcopal Charities & SCIAF	-	12,596	(12,596)	-	-	-
Peters Pence	-	5,907	(5,907)	-	-	-
African Missions and Holy Places	-	6,291	(6,291)	-	-	-
	<u>5,284,491</u>	<u>1,270,147</u>	<u>(1,198,084)</u>	<u>(17,943)</u>	<u>461</u>	<u>5,339,072</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	Gains and losses	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>-</u>	<u>5,284,491</u>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

18. Restricted funds	At	Incoming resources	Outgoing resources	Transfers	At
	1 December 2016				30 November 2017
	£	£	£	£	£
Sick and Retired Priests	-	25,574	(72,311)	46,737	-
Ecclesiastical Students	-	11,125	(64,780)	53,655	-
Adult Education and Formation	9,412	3,731	(7,761)	-	5,382
CNET and other small funds	-	4,200	(3,027)	1,827	3,000
CNET only				-	-
Bishops Capital fund	42,734	3,897	-	(46,631)	-
Bishops Administration Fund	-	7,792	(164,536)	156,744	-
Gaelic Spirituality & Gaelic Liturgy	603	5	-	-	608
	<u>52,749</u>	<u>56,324</u>	<u>(312,415)</u>	<u>212,332</u>	<u>8,990</u>

Purposes of restricted funds

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.

Sick and Retired Priests and Ecclesiastical Students

Transfers were made from Diocesan General reserves to meet the deficits on both the Sick and Retired Priests Fund, and the Students Fund.

Bishops Capital fund

The Bishops Capital fund has been transferred to meet some of the costs of the major refurbishment of the Bishops House in Oban

Bishops Administration Fund

The deficit on the Bishops Administration Fund has been met by the Capital Fund above, and by a transfer from Diocesan General reserves of £110,113. The major element of expenditure this year was £133k of refurbishment costs for the Bishop's House.

Restricted funds (prior year)	At	Incoming resources	Outgoing resources	Transfers	At
	1 December 2015				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>

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

19. Capital commitments

	2017	2016
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	-	209,000

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 with in 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 2017 are shown below.

Deposits held by the Diocese on behalf of the Parishes as at 30 November 2017 amounted to £881,708 (2016: £1,028,271).

Loans made to Parishes by the Diocese as at 30 November 2017 amounted to £507,568 (2016: £536,152)

The Roman Catholic Diocese of Argyll and the Isles

Notes to financial statements for the year ended 30 November 2017

22. Gross cash flows

	2017 £	2016 £
Returns on investments and servicing of finance		
Income from UK listed investments	14,489	13,674
Income from other investment assets- rentals	6,000	6,000
Interest received	13,309	15,003
Interest paid	(2,732)	(3,169)
	<u>31,066</u>	<u>31,508</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	(32,246)	(38,605)
Payments to acquire investments	(14,436)	(37,637)
Receipts from sales of tangible assets	12,254	2,160
Receipts from sales of investments	14,580	38,103
	<u>(19,848)</u>	<u>(35,979)</u>
Financing		
New debenture loan	24,621	-
New finance lease and hire purchase contracts	-	12,277
Unpaid Interest on Bonds	-	1,096
Capital element of finance leases and hire purchase contracts	(12,277)	-
	<u>12,344</u>	<u>13,373</u>

23. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	951,685	(234,194)	-	717,491
	<u>951,685</u>	<u>(234,194)</u>	<u>-</u>	<u>717,491</u>