

**Charity number: SC002876**

**The Roman Catholic Diocese of Argyll and the Isles**

**Trustees' report and financial statements**

**for the year ended 30 November 2018**

# **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**

<b>Charity number</b>	SC002876
<b>Business address</b>	Diocesan Office Bishop's House Esplanade Oban PA34 5AB
<b>Trustees</b>	Right Reverend Bishop of Argyll & the Isles Brian McGee Reverend Roddy Johnston (Vicar General) Reverend Michael Hutson (Chancellor)
<b>Treasurer</b>	Duncan MacLeod
<b>Independent Auditors</b>	R A Clement Associates Chartered Accountants & Registered Auditors 5 Argyll Square Oban Argyll PA34 4AZ
<b>Bankers</b>	The Co-operative Bank plc 29 Gordon Street Glasgow G1 3PF
<b>Investment Managers</b>	Speirs & Jeffrey 36 Renfield Street Glasgow G2 1NA
<b>Solicitors</b>	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 2018**

The Trustees present their report and the financial statements for the year ended 30 November 2018. 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 effective January 2015 (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.

### ***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.

The Trustees attended a training session on GPDR by CCIA. The Trustees also attended two training sessions after the promulgation of the new Safeguarding Instruction In God's Image.

Further training will be sought in the coming year.

### ***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:-

## **The Roman Catholic Diocese of Argyll and the Isles**

### **Report of the trustees for the year ended 30 November 2018**

- \* *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.

## **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*

# **The Roman Catholic Diocese of Argyll and the Isles**

## **Report of the trustees for the year ended 30 November 2018**

### ***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 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.

# **The Roman Catholic Diocese of Argyll and the Isles**

## **Report of the trustees for the year ended 30 November 2018**

### ***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**

#### ***Clergy & Parishes***

On 21st June 2018 Rev Emmanuel Alagbaoso was ordained to the priesthood in St Columba's Cathedral for the diocese. Ronald Campbell was ordained deacon for the diocese.

In September 2018 Canon John Angus MacDonald (retired) died.

Fr Paul Hackett SJ retired from Our Lady and St Columba, Kingussie.

The numbers of priests in ministry remained the same (22).

Philip Bua was sent as a seminarian to the Beda College, Rome. The number of seminarians remains at two.

On 29th June 2018 St Peter's, Daliburgh began their 150th celebrations as a parish.

Fr Roddy McAuley took a three month sabbatical.

#### ***Ad Limina Visit***

This year the Ad Limina Apostolorum visitation to Rome took place. Every five years the bishops from a particular country visit the Holy Father and pray at the tombs of the Apostles St Peter and St Paul. As well as meeting with the Pope the bishops give an account of their stewardship to the various Vatican dicasteries (departments). Six months in advance each bishop submits a detailed account of the diocese. Bishop Brian found this a very useful exercise.

#### ***Diocesan Pastoral and Spiritual Priorities***

By the middle of December 2018 Bishop Brian finished his visitation of every parish. This included open meetings to hear the opinions of parishioners. The Bishop then proposed four diocesan priorities: (i) Universal Call to Holiness (ii) Mission (iii) Catechesis (iv) Lay Formation. After consultation with the clergy and the lay faithful at deanery level these four priorities were accepted. Working Groups are being formed to implement these priorities.

#### ***Diocesan Administration***

Great strides were taken in the period to more effectively run the diocese. The major target was to eliminate the financial deficit. The Treasurer consulted with the clergy in March before embarking of a tour of the parishes where he met with the Parish Finance Committees. After further consultation it was agreed to raise the Diocesan Levy which parishes pay by 13%. This increased revenue along with a strictly controlled budget would immediately eliminate the budget. An awareness raising campaign was started in November in advance of the increased levy starting in December. If parishioners contributed one extra pound per week then the deficit would be eliminated and increase parish income.

In December 2018 someone was offered and accepted the post of Diocesan Secretary. However, before she was due to start at the end of January 2019 she changed her mind. The Trustees then offered the post temporarily to Mrs Ita Dunsmuir who has brought great experience and professionalism to the Office. Mrs Dunsmuir has agreed to remain for the foreseeable future.

## **The Roman Catholic Diocese of Argyll and the Isles**

### **Report of the trustees for the year ended 30 November 2018**

#### ***Safeguarding***

The new Safeguarding Instruction 'In God's Image' was promulgated for the diocese in March 2018. Argyll and the Isles' clergy were the first diocese to receive Safeguarding training for In God's Image in Scotland. In March the diocese employed a part time Safeguarding Advisor, Veronica McKenna.

#### ***Youth***

Bishop Brian took a group of 18-25 year old youth to work at the Live With Hope HIV/AIDS Clinic in Kericho, Kenya. For one month they volunteered at the clinic and in the community. It was a great spiritual and charitable experience

#### ***Diocesan deficit***

Last year's commentary highlighted the Diocesan deficit and how it must be addressed. For the current financial year - December 2018 to November 2019 - the annual levy paid by the Parishes to the Diocese has been raised by the amount of the projected Diocesan deficit for the year - £84K. The Diocese should therefore break even over the 12 months to 30th November 2019.

The increase in levy is significant and represents an additional burden on Parishes. The Trustees are grateful to the Parish priests for the co-operation given in addressing the deficit and to the many parishioners who through the offertory and special collections contribute so much.

#### ***Statement of financial activity***

The combined figures of the Diocese and Parishes for the year ended 30th November 2018 show a deficit of £105K (2017: deficit £249K).

There are significant ongoing costs. For example, the repairs and maintenance figure was £262K (2017: £341K) and light and heat £177K (2017: £153K). The property register shows 41 churches spread over the 25 Parishes, all requiring ongoing maintenance. In addition, there are also separate church residences and Parish halls which require attention. Special funds - mainly Sick and Retired Priests and Ecclesiastical students- cost £214K (2017: £312K).

Most of the income comes from offertory collections and donations and legacies. By their nature donations and legacies vary from year to year and since this figure is material it has a significant effect on net income.

#### ***Balance sheet***

Despite the significant running costs and occasional years of deficit, the finances remain healthy. Between Diocesan and Parish accounts, the total bank balance was £635K (2017: £717K). The investment fund stood at £398K (2017: £408K). Fixed assets were unchanged from the previous year - £5.2M. Of this total £5.1M is freehold land and buildings. Combined short-term and long-term creditors were £197K (2017: £156K).

#### ***Major risks and uncertainties***

Because the Diocesan 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, of foreseeable difficulties and of appropriate measures to implement.

#### ***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 2018**

### ***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 as soon as it is both practical and affordable to do so.

### **Plans for future periods**

Having reflected on his visitation of every parish in 2018 the bishop proposed that the diocese adopt four pastoral and spiritual priorities:

- (i) Universal Call to Holiness
- (ii) Mission
- (iii) Catechesis
- (iv) Lay Formation.

These priorities were accepted. Working Groups were created in each of the three deaneries to study the issues and bring forward concrete proposals for their implementation across 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 Roman Catholic Diocese of Argyll and the Isles**

**Report of the trustees  
for the year ended 30 November 2018**

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.....21/8/19.....

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

*R Johnston*  
.....  
**Reverend Roddy Johnston**  
Vicar General

*Michael A. Hutson*  
.....  
**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 2018 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 2018 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 18 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](http://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**

26/8/19  
.....

**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 2018**

	Notes	Diocesan funds £	Parish funds £	Restricted funds £	2018 Total £	Diocesan funds £	Parish funds £	Restricted funds £	2017 Total £
<b>Income from:</b>									
Voluntary income	2	19,247	1,185,163	44,904	1,249,314	4,009	1,209,872	54,676	1,268,557
Incoming resources from charitable activities	4	-	28,570	-	28,570	-	33,088	-	33,088
Investment income	3	18,683	13,039	1,200	32,922	17,228	14,922	1,648	33,798
Other incoming resources	5	-	6,928	-	6,928	-	12,265	-	12,265
<b>Total income</b>		<u>37,930</u>	<u>1,233,700</u>	<u>46,104</u>	<u>1,317,734</u>	<u>21,237</u>	<u>1,270,147</u>	<u>56,324</u>	<u>1,347,708</u>
<b>Expenditure on:</b>									
Investment management costs		1,060	-	-	1,060	862	-	-	862
Charitable activities	6, 7	109,659	1,087,464	213,957	1,411,080	118,867	1,198,084	312,415	1,629,366
<b>Total expenditure</b>		<u>110,719</u>	<u>1,087,464</u>	<u>213,957</u>	<u>1,412,140</u>	<u>119,729</u>	<u>1,198,084</u>	<u>312,415</u>	<u>1,630,228</u>
<b>Net income/(expenditure)</b>									
<b>for the year before gains and losses</b>		(72,789)	146,236	(167,853)	(94,406)	(98,492)	72,063	(256,091)	(282,520)
Net gains/(losses) on investments		(10,245)	-	-	(10,245)	32,132	461	-	32,593
<b>Net income/(expenditure)</b>		<u>(83,034)</u>	<u>146,236</u>	<u>(167,853)</u>	<u>(104,651)</u>	<u>(66,360)</u>	<u>72,524</u>	<u>(256,091)</u>	<u>(249,927)</u>
Transfer to support restricted funds		(161,067)	-	161,067	-	(212,332)		212,332	-
Transfer of levy		133,965	(133,965)	-	-	133,408	(133,408)	-	-
Transfers between funds		84,360	(84,360)	-	-	(115,465)	115,465	-	-
<b>Net movement in funds</b>		<u>(25,776)</u>	<u>(72,089)</u>	<u>(6,786)</u>	<u>(104,651)</u>	<u>(260,749)</u>	<u>54,581</u>	<u>(43,759)</u>	<u>(249,927)</u>
<b>Reconciliation of funds:</b>									
Total funds brought forward		885,727	5,339,072	8,990	6,233,789	1,146,476	5,284,491	52,749	6,483,716
<b>Total funds carried forward</b>		<u>859,951</u>	<u>5,266,983</u>	<u>2,204</u>	<u>6,129,138</u>	<u>885,727</u>	<u>5,339,072</u>	<u>8,990</u>	<u>6,233,789</u>

All income and expenditure derive from continuing activities.

The notes on pages 15 to 32 form an integral part of these financial statements.

The Roman Catholic Diocese of Argyll and the Isles

Balance sheet  
as at 30 November 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		5,255,513		5,236,233
Investments	11		398,327		408,563
			<u>5,653,840</u>		<u>5,644,796</u>
<b>Current assets</b>					
Debtors	12	37,404		27,084	
Cash at bank and in hand		635,451		717,491	
		<u>672,855</u>		<u>744,575</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(172,751)</u>		<u>(131,144)</u>	
<b>Net current assets</b>			<u>500,104</u>		<u>613,431</u>
<b>Total assets less current liabilities</b>			6,153,944		6,258,227
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(24,806)</u>		<u>(24,438)</u>
<b>Net assets</b>			<u>6,129,138</u>		<u>6,233,789</u>
<b>Funds</b>					
Restricted funds	15		2,204		8,990
Parish funds			5,266,983		5,339,072
Diocesan funds			859,951		885,727
			<u>6,129,138</u>		<u>6,233,789</u>
<b>Total funds</b>			<u>6,129,138</u>		<u>6,233,789</u>

The financial statements were approved by the trustees on

21/8/19

and signed by

+ Brian McGee

The Right Reverend Brian McGee  
Bishop of Argyll & the Isles

Reverend Roddy Johnston  
Vicar General

Michael A. Hutson  
Reverend Michael Hutson  
Chancellor

The notes on pages 15 to 32 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 2018

	Notes	2018 £	2017 £
<b>Net outgoing resources for the year</b>		(94,406)	(282,520)
Income from investments		(19,561)	(20,489)
Interest payable		2,497	2,732
Interest receivable		(13,361)	(13,309)
(Gain)/Loss on disposal of fixed assets		(3,750)	-
Depreciation and impairment		24,028	16,829
Increase in debtors		(10,320)	(21,171)
Increase in creditors		41,607	60,172
<b>Net cash provided by operating activities</b>		<u>(73,266)</u>	<u>(257,756)</u>
<b>Net cash provided by operating activities</b>		<u>(73,266)</u>	<u>257,756</u>
<b>Cash flows from investing activities</b>			
Net cash inflow from Financing/Borrowing	21	368	12,344
Rents, dividends and interest received	21	30,425	31,066
Net expenditure on assets and investments	21	(39,567)	(19,848)
<b>Decrease in cash in the year</b>		<u>(82,040)</u>	<u>(234,194)</u>
<b>Net increase/(decrease) in cash:</b>			
Decrease in cash in the year		(82,040)	(234,194)
Cash at bank and in hand less overdrafts at the beginning of the year		717,491	951,685
<b>Cash at bank and in hand less overdrafts at the end of the year</b>		<u>635,451</u>	<u>717,491</u>



# **The Roman Catholic Diocese of Argyll and the Isles**

## **Notes to financial statements for the year ended 30 November 2018**

### **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 Trustees 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 2018**

### **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 2018**

### **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.

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

### 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 2018 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.

### 1.6. 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.

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

### 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 £	2018 Total £	2017 Total £
Donations and legacies	19,247	186,748	2,800	208,795	202,151
Special Collections Income	-	70,112	25,895	96,007	106,544
Offertory Collections and gift aid	-	813,312	7,209	820,521	821,268
Halls and social donations	-	91,830	-	91,830	95,112
Croft & other parish income	-	22,961	-	22,961	18,262
Miscellaneous donations	-	200	-	200	6,020
Donations for Presentations	-	-	-	-	1,200
Aged and Infirm grant	-	-	9,000	9,000	18,000
	<u>19,247</u>	<u>1,185,163</u>	<u>44,904</u>	<u>1,249,314</u>	<u>1,268,557</u>

## The Roman Catholic Diocese of Argyll and the Isles

### Notes to financial statements for the year ended 30 November 2018

#### 3. Investment income

	Diocese funds £	Parish funds £	Restricted funds £	2018 Total £	2017 Total £
Income from UK investment properties	-	4,400	1,200	5,600	6,000
Income from UK listed investments	13,961	-	-	13,961	14,489
Interest receivable - on loans to Parishes	4,722	-	-	4,722	2,573
Interest receivable - on special funds	-	-	-	-	614
Interest receivable - Parishes	-	8,639	-	8,639	10,122
	<u>18,683</u>	<u>13,039</u>	<u>1,200</u>	<u>32,922</u>	<u>33,798</u>

#### 4. Incoming resources from charitable activities

	Parish funds £	2018 Total £	2017 Total £
Stalls and newspapers	28,570	28,570	33,088
	<u>28,570</u>	<u>28,570</u>	<u>33,088</u>

#### 5. Other incoming resources

	Restricted funds £	2018 Total £	2017 Total £
Gain on disposal of motor vehicles	3,750	3,750	-
Other miscellaneous income	3,178	3,178	12,265
	<u>6,928</u>	<u>6,928</u>	<u>12,265</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

### 6. Costs of charitable activities

	Special funds & Direct £	Diocesan direct activities £	Parish Indirect costs £	2018 Total £	2017 Total £
Diocesan activities	213,957	95,589	-	309,542	415,173
Parish activities	592,036	-	494,885	1,086,921	1,197,181
	<u>805,993</u>	<u>95,589</u>	<u>494,885</u>	<u>1,396,463</u>	<u>1,612,354</u>

(Note 8.)

	2018 £	2017 £
<b>Parish Expenditure</b>		
Special collections	45,707	78,763
Car and travel	60,054	60,463
Repairs and maintenance	262,592	341,641
Divine Service	80,961	80,382
Stall expenses	31,750	23,158
Grants and donations	23,965	9,124
Parishes internal loan interest	4,722	2,709
Clergy remuneration	60,309	56,801
Staff salaries and national insurance	21,976	35,994
	<u>592,036</u>	<u>689,035</u>

#### Diocesan Direct Costs

Youth Office	-	6,949
Diocesan administration	66,412	67,672
Interest paid/accrued	9,855	11,237
Sisters of St Joseph's Mission	9,623	12,112
Legal Fees	59	(5,003)
Grants and Donations	-	5,918
CNET support payment	3,263	-
Other costs	6,377	3,873
	<u>95,589</u>	<u>102,758</u>

#### Diocesan Special Funds and Donations

Sick & Retired Priests	79,822	72,311
Ecclesiastical Students	62,717	64,780
Adult Education & Formation	9,242	7,761
Bishops Administration Fund	34,970	165,736
Bishops Capital Fund	2,300	-
CNET support payment	24,906	1,827
	<u>213,957</u>	<u>312,415</u>

## The Roman Catholic Diocese of Argyll and the Isles

### Notes to financial statements for the year ended 30 November 2018

#### 7. Audit fees and other charges

	Diocese funds £	Restricted funds £	2018 Total £	2017 Total £
Auditors' remuneration	12,120	-	12,120	14,280
Other bank charges	1,954	543	2,497	2,732
	<u>14,074</u>	<u>543</u>	<u>14,617</u>	<u>17,012</u>

#### 8. Analysis of Parish indirect costs

	2018 Total £	2017 Total £
Rent, rates and insurance	92,805	88,732
Light and heat	177,612	153,367
Repairs, furnishings and equipment	48,596	89,616
Housekeeping	80,723	79,518
Legal and professional fees	18,875	14,661
Communication and information technology	26,614	26,047
Office expenses	22,358	27,863
Depreciation	21,828	14,629
Miscellaneous costs	5,474	13,713
	<u>494,885</u>	<u>508,146</u>



# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

### 9. Employees

Employment costs	2018 £	2017 £
Parish Staff Employed	<u>21,976</u>	<u>35,994</u>

No employee received emoluments of more than £60,000 (2017 : 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:

	2018 Number	2017 Number
Parish Priests	22	23
Parish employees	6	10
Students	2	2
Retired Priests	7	6
	<u>37</u>	<u>41</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 2018

### 9.1. Clergy and Retired Priests

	2018	2017
	£	£
Parish Priests stipends	60,309	56,801
Costs met for retired priests	79,823	72,311
	<u>140,132</u>	<u>129,112</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 £8,887 (2017: £8,603) and the total cost of accommodation and reimbursement of travel and other expenses amounted to £42,446 (2017 £39,315)

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

10. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 December 2017	5,150,537	34,000	165,300	5,349,837
Additions	-	-	43,308	43,308
Disposals	-	-	(34,030)	(34,030)
At 30 November 2018	<u>5,150,537</u>	<u>34,000</u>	<u>174,578</u>	<u>5,359,115</u>
<b>Depreciation</b>				
At 1 December 2017	-	-	113,604	113,604
Charge for the year	-	-	24,028	24,028
On disposals	-	-	(34,030)	(34,030)
At 30 November 2018	<u>-</u>	<u>-</u>	<u>103,602</u>	<u>103,602</u>
<b>Net book values</b>				
At 30 November 2018	<u>5,150,537</u>	<u>34,000</u>	<u>70,976</u>	<u>5,255,513</u>
At 30 November 2017	<u>5,150,537</u>	<u>34,000</u>	<u>51,696</u>	<u>5,236,233</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

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

11. Fixed asset investments	Listed investments £	Cash held as part of the investment portfolio £	Total £
<b>Valuation</b>			
At 1 December 2017	402,445	6,118	408,563
Additions	41,756	55,004	96,760
Disposals	(32,828)	(55,958)	(88,786)
Revaluations	(18,210)	-	(18,210)
At 30 November 2018	<u>393,163</u>	<u>5,164</u>	<u>398,327</u>
Historical cost as at 30 November 2018	<u>303,916</u>	<u>5,164</u>	<u>-</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	2018 £	2017 £
Other debtors & Prepayments	<u>37,404</u>	<u>27,084</u>
13. Creditors: amounts falling due within one year	2018 £	2017 £
Bonds	54,766	53,953
Trade creditors	68,402	51,057
Other creditors	26,658	6,931
Accruals and deferred income	22,925	19,203
	<u>172,751</u>	<u>131,144</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

### 14. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bonds	<u>24,806</u>	<u>24,438</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 originally deferred until July 2018 and then deferred until July 2019 and is included in short term liabilities; the remaining bond was repayable on 16th September 2018, however repayment has been deferred.

### 15. Analysis of net assets between funds

	Diocesan funds £	Parish funds £	Restricted funds £	Total funds £
Fund balances at 30 November 2018 as represented by:				
Tangible fixed assets	554,000	4,701,513	-	5,255,513
Investment assets	398,327	-	-	398,327
Current assets	79,704	590,947	2,204	672,855
Current liabilities	(147,274)	(25,477)	-	(172,751)
Long-term liabilities	(24,806)	-	-	(24,806)
	<u>859,951</u>	<u>5,266,983</u>	<u>2,204</u>	<u>6,129,138</u>

#### Analysis of net assets between funds (prior year)

	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>

## The Roman Catholic Diocese of Argyll and the Isles

### Notes to financial statements for the year ended 30 November 2018

16. Unrestricted funds	At 1 December 2017 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	At 30 November 2018 £
Diocesan Funds	<u>885,727</u>	<u>37,930</u>	<u>(110,719)</u>	<u>57,258</u>	<u>(10,245)</u>	<u>859,951</u>

#### Unrestricted funds (prior year)

	At 1 December 2016 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	At 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>

#### Transfers between funds

Transfers between funds is a net movement made up of the levies paid by the parishes to the Diocese of £133,965 (2017; £133,408), and the amount required from general funds to meet deficits on the restricted funds £195,871 (2017; £212,232). The transfer to meet deficits in 2017 included £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 2018

17. Parish funds	At	Incoming resources	Outgoing resources	Transfers	At
	1 December 2017				30 November 2018
	£	£	£	£	£
Parish Funds	5,313,991	1,169,394	(1,003,158)	(218,325)	5,261,902
Ardkenneth legacy for windows	20,000	-	(20,000)	-	-
Other special collections	5,081	45,707	(45,707)	-	5,081
Holy Childhood	-	1,935	(1,935)	-	-
Papal/Episcopal Charities & SCIAF	-	7,982	(7,982)	-	-
Peters Pence	-	5,092	(5,092)	-	-
African Missions and Holy Places	-	3,590	(3,590)	-	-
	<u>5,339,072</u>	<u>1,233,700</u>	<u>(1,087,464)</u>	<u>(218,325)</u>	<u>5,266,983</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 now shown as paid out via the restricted fund below. The Diocese contributed £3,263 in addition to the amounts raised in the Parishes.

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 2016				30 November 2017
	£	£	£	£	£
Parish Funds	5,259,410	1,191,321	(1,119,258)	17,943	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>5,339,072</u>

## The Roman Catholic Diocese of Argyll and the Isles

### Notes to financial statements for the year ended 30 November 2018

18. Restricted funds	At	Incoming resources	Outgoing resources	Transfers	At
	1 December 2017				30 November 2018
	£	£	£	£	£
Sick and Retired Priests	-	15,822	(79,822)	64,000	-
Ecclesiastical Students	-	12,424	(62,717)	50,293	-
Adult Education and Formation	5,382	4,955	(9,242)	1	1,096
CNET and other small funds	3,000	-	(24,906)	21,906	-
Bishops Capital fund	-	2,800	(2,300)	-	500
Bishops Administration Fund	-	10,103	(34,970)	24,867	-
Gaelic Spirituality & Gaelic Liturgy	608	-	-	-	608
	<u>8,990</u>	<u>46,104</u>	<u>(213,957)</u>	<u>161,067</u>	<u>2,204</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.

Transfers were made from Diocesan General reserves to meet the deficits on the Sick and Retired Priests Fund, the Ecclesiastical Students Fund, the Adult Education and Formation Fund and the Bishop's Administration Fund.

Restricted funds (prior year)	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
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>

Transfers were made from Diocesan General reserves to meet the deficits on the Sick and Retired Priests Fund, the Ecclesiastical Students Fund, the Adult education and Formation Fund and the Bishop's Administration Fund.



# The Roman Catholic Diocese of Argyll and the Isles

## Notes to financial statements for the year ended 30 November 2018

### 19. 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.

### 20. 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 2018 are shown below.

Deposits held by the Diocese on behalf of the Parishes as at 30 November 2018 amounted to £883,682 (2017: £881,708).

Loans made to Parishes by the Diocese as at 30 November 2018 amounted to £457,867 (2017; £507,568)

### 21. Gross cash flows

	2018	2017
	£	£
<b>Returns on investments and servicing of finance</b>		
Income from UK listed investments	13,961	14,489
Income from other investment assets- rentals	5,600	6,000
Interest received	13,361	13,309
Interest paid	(2,497)	(2,732)
	<u>30,425</u>	<u>31,066</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(43,308)	(32,246)
Payments to acquire investments	(96,760)	(14,436)
Receipts from sales of tangible assets	3,750	12,254
Receipts from sales of investments	96,751	14,580
	<u>(39,567)</u>	<u>(19,848)</u>
<b>Financing</b>		
New debenture loan	368	24,621
Capital element of finance leases and hire purchase contracts	-	(12,277)
	<u>368</u>	<u>12,344</u>

**The Roman Catholic Diocese of Argyll and the Isles**

**Notes to financial statements  
for the year ended 30 November 2018**

**22. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	717,491	(82,040)	-	635,451
	<u>717,491</u>	<u>(82,040)</u>	<u>-</u>	<u>635,451</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 2018

	2018		2017	
	£	£	£	£
<b>Incoming resources</b>				
<b>Incoming resources from generating funds:</b>				
<i>Voluntary income</i>				
Donations and legacies		208,795		202,151
Special Collections Income		96,007		106,544
Offertory Collections and gift aid		820,521		821,268
Halls and social donations		91,830		95,112
Croft & other parish income		22,961		18,262
Miscellaneous donations		200		6,020
Donations for Presentations		-		1,200
Aged and Infirm grant		9,000		18,000
		<u>1,249,314</u>		<u>1,268,557</u>
<i>Investment income</i>				
Income from UK investment properties		5,600		6,000
Income from UK listed investments		13,961		14,489
Interest receivable - on loans to Parishes		4,722		2,573
Interest receivable - on special funds		-		614
Interest receivable - Parishes		8,639		10,122
		<u>32,922</u>		<u>33,798</u>
<b>Total incoming resources from generating funds</b>		<u>1,282,236</u>		<u>1,302,355</u>
<b>Incoming resources from charitable activities</b>				
Stalls and newspapers		28,570		33,088
		<u>28,570</u>		<u>33,088</u>
<b>Other incoming resources</b>				
Gain on disposal of motor vehicles		3,750		-
Other miscellaneous income		3,178		12,265
		<u>6,928</u>		<u>12,265</u>
<b>Total incoming resources</b>		<u>1,317,734</u>		<u>1,347,708</u>
<b>Resources expended</b>				
<b>Costs of generating funds:</b>				
<b>Fundraising trading:</b>				
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 2018**

<b>Investment management costs</b>		
Investment management fees	1,060	862
<b>Total investment management costs</b>	<u>1,060</u>	<u>862</u>
<b>Total costs of generating funds</b>	<u>1,060</u>	<u>862</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Detailed statement of financial activities

For the year ended 30 November 2018

	2018 £	2017 £
<b>Charitable activities</b>		
<b>Diocesan activities</b>		
<i>Activities undertaken directly</i>		
Diocese - Legal fees	59	(5,003)
Diocese Administration	66,412	67,672
Bishop's Administration	34,970	165,736
Diocese - Youth Office	-	6,949
Diocese - Other costs	8,677	3,873
Diocese Interest Paid/Accrued	9,855	11,237
	<hr/>	<hr/>
	119,973	250,464
<i>Grant funding activities</i>		
Grants and donations made	-	5,918
Diocese - Retired Priests	79,823	72,311
Diocese - Adult formation and education	9,242	7,761
Diocese - CNET & other special funds	28,169	1,827
Diocese - Ecclesiastical Students	62,712	64,780
Diocese - Sisters of St Joseph's Mission	9,623	12,112
	<hr/>	<hr/>
	189,569	164,709
<b>Diocesan activities total expenditure</b>	<hr/>	<hr/>
	309,542	415,173
<b>Parish activities</b>		
<i>Activities undertaken directly</i>		
Parish - Staff Wages & Salaries	21,976	35,994
Parish - Clergy Remuneration	60,309	56,801
Parish - Repairs & maintenance	262,592	341,641
Parish - Motor & travel	60,054	60,463
Parish - Stall Expenses	31,750	23,158
Parish - Divine service	80,961	80,382
Parish - Special Collections	45,707	78,763
Parish - grants and donations	23,965	9,124
Parish- Internal loan interest	4,722	2,709
	<hr/>	<hr/>
	592,036	689,035

## The Roman Catholic Diocese of Argyll and the Isles

### Detailed statement of financial activities

For the year ended 30 November 2018

<i>Support costs</i>			
Parish - Rent, rates & insurance	92,805	88,732	
Parish - Heat & Light	177,612	153,367	
Parish - Furnishings & equipment	48,596	89,616	
Parish - Housekeeping	80,723	79,518	
Parish - Social Functions	18,875	14,661	
Parish - Telephone	26,614	26,047	
Parish - Office expenses	22,358	27,863	
Parish - Depreciation	21,828	14,629	
Parish - Other costs	5,474	13,713	
	<u>494,885</u>	<u>508,146</u>	
<b>Parish activities total expenditure</b>	<b>1,086,921</b>	<b>1,197,181</b>	
<b>Total charitable activity expenditure</b>	<b>1,396,463</b>	<b>1,612,354</b>	
<b>Audit fees and other charges</b>			
<i>Activities undertaken directly</i>			
Auditors' remuneration	12,120	14,280	
Other bank charges	2,497	2,732	
	<u>14,617</u>	<u>17,012</u>	
<b>Total governance costs</b>	<b>14,617</b>	<b>17,012</b>	
<b>Net incoming/(outgoing) resources for the year</b>	<b>(94,406)</b>	<b>(282,520)</b>	