

CHARITY NO: SC002876

**THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**

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THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

REPORT FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name: The Roman Catholic Diocese of Argyll and the Isles

**Registered office and
Operational Address:** Diocesan Office
Bishop's House
Corran Esplanade
Oban
Argyll
PA34 5AB

Charity Registration Number: SC002876

Trustees: Right Reverend B McGee
(Bishop of Argyll & the Isles)
Reverend R Johnston (Vicar General)
Reverend M Hutson (Chancellor)

Auditor: Wylie & Bisset (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Bankers: The Co-operative Bank plc
George House
59 George Street
Glasgow

Solicitors: MacArthur Legal
Boswell House
Argyll Square
Oban
Argyll
PA34 4BD

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

The Trustees present their report with the financial statements of the charity for the year ended 30 November 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 1 January 2019).

The legal and administrative information on page one forms part of this report.

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.

Appointment of Trustees

All the Trustees are RC 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 Reverence 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.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 GDPR by CCIA.

The Trustees also attended several training sessions in Safeguarding.

Further training will be sought in the coming year.

Risk Assessment

The Trustees have examined the major risk that the Diocese faces and confirms 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.

The Trustees hold regular meetings to discuss and action matters relating to Finance, Health and Safety, Safeguarding, data protection, property and general management of the Trust. Additionally, the Trustees meet with the Auditors annually. There is both internal; and external control exercised by various parties. Internally, by the Diocesan Finance Board, Diocesan Finance Manager 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 ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

OBJECTIVES AND ACTIVITIES (continued)

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 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 ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

OBJECTIVES AND ACTIVITIES (continued)

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 Fund) and the support of foreign missions and charitable endeavour.

Clergy and laity supported the vulnerable and isolated during the pandemic. Practices included shopping and telephone contact.

The Bishop participated in COP26 events in Glasgow while several diocesan online meetings took place both beforehand and afterwards. 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. Work was undertaken to support the use of Gaelic in both the liturgy and devotions.

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.

ACHIEVEMENTS AND PERFORMANCE

Pastoral

During 2022 pastoral activities, following the pandemic restrictions, began to remerge within parishes across the diocese. Several parishes have organised foreign pilgrimages. However, the pandemic's effect is still keenly felt. To establish a way forward a new discernment process was launched called Led by the Spirit.

Spiritual

Following the lockdown, attendance for Mass and other devotional practices greatly reduced. Although numbers have increased, they have not yet returned to pre-Covid levels. The Led by the Spirit discernment process will greatly focus on this important area.

Youth

Youth activities ceased during Covid. However, in the past months contact within schools has restarted. Fr Bua, whose particular gift is working with the youth, has been appointed as the new youth chaplain.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

Clergy

During 2022 there was one ordination to the priesthood, Fr Philip Bua. Fr Bua has been posted as an assistant for one year. He should be available to become a parish priest during 2023.

During 2022 the diocese received Fr Joseph Udoh on loan from the Missionaries of St Paul.

During 2022 Fr Emmanuel returned from a loan spell to the Archdiocese of St Andrews and Edinburgh. He will take up a position in early 2023. This will bring an end to the priest sharing arrangement from Aberdeen Diocese.

Therefore, the number of priests available for active duty has increased by three.

Retired Clergy

Fr Donald Ewan Campbell died during 2022. He did no supply work.

Seminarians

With the ordination of Fr Bua the diocese has no seminarians at present. Our Vocations Director continues to encourage vocations from within the diocese.

Diocesan Office

Jake McInnes, Finance Manager, and Katie Dunn, Office Administrator and Safeguarding Secretary, have both become established and indispensable members of the diocesan Team. Both have brought a level of expertise and experience that the diocese has greatly benefited from. Indeed, staff hours have been increased as a sign of their contribution.

Finance

The Trustees and the Finance Manager have been working closely together to formulate a strategic plan regarding improving the diocesan finances. The decision has been made not to increase parish levies but to look for new income to support ongoing core costs.

- During 2022 the Finance Manager addressed the clergy directly during three separate meetings. The clergy appreciated the dialogue and support.
- Meetings between the Trustees and Finance Manager with the Parish Finance Committees have continued. Parishes who are in a precarious financial position have been sent letters to be read to the entire congregation during Sunday Mass. The meetings are proving to be a very useful forum for exchanging ideas and formulating concrete plans.
- Parishes with empty properties are being actively encouraged to rent them.
- During 2022 the Diocesan Finance Board has been significantly strengthened by three new members of high calibre: Mr Malcom Burr (Executive Director of Western Isles Council); Mr Archie MacDonald (local businessman) and Mr Craig Samuel (businessman based both in the diocese and America).

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

- The Diocesan Finance Board has approved the creation of a Diocesan Fundraiser. Mr Malcom Burr overlooks several areas of fundraising which are being established:
(i) the establishment of income from the American diaspora. Mr Samuel has established a legal entity for this. Within two years he predicts that the annual income will be at least \$50,000. This new money will be raised for specific targets such as retired clergy, priests in active ministry and vocations, and diocesan administration. The donations will be split between a capital fund and annual expenditure.
- (ii) The promotion of renting empty premises. Bishop McGee has secured an interest free loan of £100,000 from a donor to help fund repairs for parishes which wish to rent out properties but cannot afford to do so.
- (iii) The promotion of legacies in a sensitive manner by Mr Burr.

Led by the Spirit Diocesan Discernment Process

Bishop McGee, after consulting the clergy, launched in November 2022, a strategic planning exercise entitled Led by the Spirit.

This will look at every aspect of diocesan life: spiritual, pastoral, financial, personnel etc. Although it is essentially a Faith inspired initiative – the title Led by the Spirit – emphasises that our desire is to seek God's Will in how our diocese should respond to the challenges of today.

However, the methodology is both faith-inspired and rational. A Working Group of ten people, including and led by the bishop, has been established to organise the process. The process was launched in November 2022 with a Pastoral Letter from the bishop.

To aid communication a dedicated website has been established. The bishop then visited every parish individually during December 2022 and January 2023 for open meetings to explain the process and listen to the parishioners. The emphasis was growing the diocese. The meetings were well attended and the reaction was very positive.

There will be three phases of consultation – all at parish level – so that everyone can participate. The consultation moves from establishing our purpose before proposing how we can achieve it. Each consultation phase will last for three months after which responses will be submitted for diocesan collation. The first consultation phase runs from February-March 2023, reflecting on our diocesan priorities. The second will reflect on our resources: personnel and their demographics; financial situation of both parishes and the diocese; number of church properties and their condition. Parishioners will receive information previously not given.

Finally, consultation will focus on methods for achieving our aims with the resources we presently have. This will encourage thinking about new ways of acting.

Safeguarding

During 2022 the diocese took part in an independent safeguarding audit, carried out by an external professional audit organisation. Our report was very good. Much good practice was discovered with proposals focussed on developing existing practice. The organisational model we developed for safeguarding is now in the process of being replicated with our Health and Safety, and Building and Fabric procedures.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

ACHIEVEMENTS AND PERFORMANCE (continued)

Health and Safety

Katie Dunn has been appointed as lead in Health and Safety. She is advised by Alasdair MacEachen and Rev Martin Matheson who both have qualifications in this area.

Building and Fabric

Alasdair MacEachen has been appointed as Lead and is assembling a new committee. Digital Technology has allowed the diocese to have representatives from across the diocese at no cost.

FINANCIAL REVIEW

Statement of Financial Activities

The Diocese shows a deficit of £50k. The combined figure for Diocese and parishes shows a deficit for the year of £39k, (2021: deficit £64k). There is an in year deficit of £2k on restricted funds (2021: £4k surplus) giving rise to an overall annual deficit of £41k (2021: deficit £60k). Income from donations and legacies increased by £275k from the previous year. Further to this, investment income has increased by £32k. However, this was offset by other incoming resources and charitable activities, which decreased by £21k.

Balance Sheet

There has been little change from last year. Fixed assets (mostly property) at £5,239k represent 90% of the trusts value (2021: £5,216K). Cash at bank is £607k. (2021: £571K). Creditors are £95k and small in relation to assets. (2021: £117K), Overall, total funds remained broadly similar to last year's level, at £6.17m (2021: £6.21m). The reduction represents the deficit incurred in the year.

MAJOR RISKS AND UNCERTAINTIES

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.

With regard to our investment portfolio, the vast majority of the Investments held remain sound including businesses with long term structural growth, sound balance sheets and defensible market positions which will allow them to see out the current crisis (consumer staples, healthcare, technology businesses in particular).

RESERVES

It has proved difficult over the years to build up reserves without increasing the Parish levy, as and when an increase can be achieved the aspiration is to build up reserves. Free reserves at the year-end (being unrestricted Diocese and Parish funds, less £5,239,347) totalled £916k, representing between 8 and 9 months of expenditure.

KEY MANAGEMENT PERSONNEL

In addition to the Trustees, the key management personnel are:

Jacqueline McInnes, Finance Manager.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

Details of Trustee's remuneration and expenses are disclosed in note 3 to the accounts.

PLANS FOR FUTURE PERIODS

The Bishop proposed to the Clergy Assembly that a process of consultation should be held regarding the future provision of pastoral and spiritual care throughout the Diocese. It was proposed that the consultation would mirror the recent Diocesan phase of the Synodal Process. In this way, all parishioners would have the opportunity to have their voice heard. The proposal was accepted by the clergy. This will be a major undertaking over the coming year.

STATEMENT OF DISCLOSURE TO THE AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity auditor is 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 auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime of the Companies Act 2006.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2022

Approved by the Trustees and signed on their behalf by:

DocuSigned by:

Bishop Brian McGee

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Right Reverend B McGee (Bishop of Argyll & the Isles)
Trustee

DocuSigned by:

Fr R Johnston

39B16933A2514CC
Reverend R Johnston (Vicar General)
Trustee

DocuSigned by:

Michael A. Hutson

A50D858EA4764F3
Reverend M Hutson (Chancellor)
Trustee

Date: 24 October 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2022

Qualified Opinion

We have audited the financial statements of The Roman Catholic Diocese of Argyll & The Isles (the 'charity') for the year ended 30 November 2022 which comprise the Charity's Statement of Financial Activities, Balance Sheet, Cashflow Statement and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 November 2022, and of the charity's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for qualified opinion

Arising solely from the limitation on the scope of our work relating to income, we have been unable to obtain sufficient and appropriate audit evidence regarding the completeness of cash collections, due to limitations of related controls.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2022

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

Arising solely from the limitation on the scope of our work relating to income described in the basis for qualified opinion section:

- We have not obtained all the information and explanations that we considered necessary for the purpose of the audit; and
- We were unable to determine whether adequate accounting records had been maintained.

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

- the information given in the financial statements is inconsistent in any material respect with the Report of the Trustees; or
- proper accounting records have not been kept; or
- the charity's 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 trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with 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 is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2022

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the charity, the environment in which it operates, and the control procedures implemented by management and the trustees; and
- Our enquiries of management and trustees about their identification and assessment of the risks of irregularities.

Based on our understanding of the charity and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the charity's operations

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries.

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following:

- Gaining an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates:
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements:
- Enquiring of management, trustees and legal advisors concerning actual and potential litigation and claims:
- Reading minutes of meetings of those charged with governance:
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2022

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Scott Gillon BA (Hons), FCCA, CA (Senior Statutory Auditor)
For and on behalf of Wylie & Bisset (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Date: 24 October 2023

Wylie & Bisset (Audit) Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 30 NOVEMBER 2022
(Including an Income and Expenditure account)

	Note	Diocesan Funds 2022 £	Parish Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Diocesan Funds 2021 £	Parish Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Income and endowments from:									
Donations and legacies	4	37,321	1,120,354	42,062	1,199,737	16,848	902,116	6,167	925,131
Charitable activities	5	-	6,503	-	6,503	-	3,377	-	3,377
Investments	6	14,944	45,922	-	60,866	15,507	13,588	-	29,095
Other incoming resources	7	6,239	18,721	-	24,960	26,697	22,085	-	48,782
Total Income		58,504	1,191,500	42,062	1,292,066	59,052	941,166	6,167	1,006,385
Expenditure on:									
Investment Management costs	8	3,616	-	-	3,616	4,254	-	-	4,254
Charitable activities	9	141,538	978,935	162,762	1,283,235	97,810	851,219	158,770	1,107,799
Total Expenditure		145,154	978,935	162,762	1,286,851	102,064	851,219	158,770	1,112,053
Net income/(expenditure) before gains and losses on investments		(86,650)	212,565	(120,700)	5,215	(43,012)	89,947	(152,603)	(105,668)
Net (losses)/gains on investments	17	(45,963)	-	-	(45,963)	45,729	-	-	45,729
Net income		(132,613)	212,565	(120,700)	(40,748)	2,717	89,947	(152,603)	(59,939)
Transfers between funds		82,276	(201,168)	118,892	-	52,445	(208,721)	156,266	-
Net movement in funds		(50,337)	11,397	(1,808)	(40,748)	55,172	(118,774)	3,663	(59,939)
Funds reconciliation									
Total Funds brought forward	21	1,078,158	5,116,468	20,210	6,214,836	1,022,986	5,235,242	16,547	6,274,775
Total Funds carried forward	21	1,027,821	5,127,865	18,402	6,174,088	1,078,158	5,116,468	20,210	6,214,836

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

BALANCE SHEET AS AT 30 NOVEMBER 2022

	Note	2022 £	2021 £
Fixed assets:			
Tangible assets	16	5,239,347	5,216,214
Investments	17	342,635	487,214
Total Fixed Assets		5,581,982	5,703,428
Current assets:			
Debtors	18	80,345	57,136
Cash at bank and in hand		606,788	571,245
Total Current Assets		687,133	628,381
Liabilities:			
Creditors falling due within one year	19	(56,843)	(91,034)
Net Current Assets		630,290	537,347
Total assets less current liabilities		6,212,272	6,240,775
Creditors falling due after more than one year		(38,184)	(25,939)
Net assets		6,174,088	6,214,836
The funds of the charity:			
Restricted Funds	21	18,402	20,210
Parish Funds	21	5,127,865	5,116,468
Diocesan Funds	21	1,027,821	1,078,158
Total charity funds		6,174,088	6,214,836

Approved by the Trustees and signed on their behalf by:

DocuSigned by:

Bishop Brian McGee

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Right Reverend B McGee (Bishop of Argyll & the Isles)
Trustee

DocuSigned by:

Fr R Johnston

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Reverend R Johnston (Vicar General)
Trustee

DocuSigned by:

Michael A. Hutson

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Reverend M Hutson (Chancellor)
Trustee

Date: 24 October 2023

THE ROMAN CATHOLIC THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

(A company limited by guarantee)

STATEMENT OF CASHFLOWS FOR THE YEAR ENDING 30 NOVEMBER 2022

	Note	Total Funds 2022 £	Total Funds 2021 £
<i>Cash flows from operating activities:</i>			
Net cash (used for) operating activities	25	(86,292)	(97,359)
<i>Cash flows from investing activities:</i>			
Dividends, interest, and rents from investments		60,866	16,155
Purchase of property, plant and equipment		(49,120)	(21,598)
Proceeds from the sale of property, plant, and equipment		11,473	13,900
Purchases of other investments		(118,608)	(108,377)
Proceeds from the sale of investments		217,224	113,095
Other investing cash flow adjustment		-	(772)
Net cash provided by investing activities		<hr/> 121,835	12,403
<i>Cash flows from financing activities:</i>			
Proceeds from borrowings		-	548
Net cash provided by financing activities		<hr/> -	548
Change in cash and cash equivalents in the year		35,543	(84,408)
Cash and cash equivalent brought forward	26	<hr/> 571,245	655,653
Cash and cash equivalents carried forward	26	<hr/> <hr/> 606,788	571,245

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: 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) (effective 1 January 2019) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trustees have considered a period of twelve months from the date of signing these accounts and are satisfied that the charity remains a going concern.

The charity constitutes a public benefit entity as defined by FRS102.

The charity's presentational currency is sterling, which is the functional currency of the charity, and amounts in the financial statements are rounded to the nearest £.

(b) 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.

(c) Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of financial activities,

(d) Funds structure

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.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting Policies (continued)

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 Note 21.

(e) Income recognition

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

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

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

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

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting Policies (continued)

(f) Expenditure recognition

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

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (i) below.

- Expenditure on charitable activities includes costs incurred by the charity in the delivery of its activities, services for its beneficiaries and other activities undertaken to further the purposes of the charity and their associated support costs;
- Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

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

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the charity that would permit the charity to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by the trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the charity.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

(g) Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

(h) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting Policies (continued)

(i) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to external scrutiny and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on the volume of Diocesan and Parish activities undertaken during the year. The allocation of support and governance costs is analysed in note 6.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(j) Tangible fixed assets

Non-adjoined properties

In accordance with the Statement of Recommended Practice, all non-adjoined properties (i.e., separate from the church's) which are owned by the Diocese are valued on an existing use basis, this being a reasonable estimate of the assets 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 FRS 102. 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.

Churches 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.

Although depreciation policies in relation to the fixtures and fittings of the churches and adjoined properties are in accordance with the Financial Reporting Standard 102, they represent a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting Policies (continued)

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.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Motor vehicles - 20% straight line

(k) 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.

(l) Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting Policies (continued)

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

(m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(p) Realised 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 sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

(q) Taxation

The Diocese is a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1. Accounting Policies (continued)

(r) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2. Legal status

The charity is a public benefit entity and a registered charity in Scotland and is unincorporated. The address of the principal office is Diocesan Office, Bishop's House, Corran Esplanade, Oban, PA34 5AB, Argyll.

3. Related party transactions and trustees' expenses and remuneration

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2022: £nil). No expenses were paid to any trustee in the year (2022: £nil). No expenses were waived by trustees during the year (2022: £nil).

During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2022: £nil).

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 2022 are shown below.

Deposits held by the Diocese on behalf of the Parishes as at 30 November 2022 amounted to £803,613 (2022: £875,363).

Loans made to Parishes by the Diocese as at 30 November 2021 amounted to £414,008 (2021: £424,492).

The diocese is associated with the following bodies which are connected to or supported by the diocese:

1) The Scottish Catholic International Aid Fund (SCIAF) - of which Rev B McGee is President of the Board and Rev M Hutson (since May 2023) is a member of the Board of Trustees.

2) The Bishops' Conference of Scotland Catholic National Endowment Trust (CNET) - the trustees of which are the Diocesan Bishops of Scotland. SCIAF is an agency of The Bishops' Conference of Scotland which has a controlling interest in SCIAF. The Bishop's conference has the power to appoint and remove Trustees of SCIAF.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

4. Income from donations and legacies

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2022
	£	£	£	£
Donations				
Donations and legacies,	37,321	274,497	42,062	353,880
Offertory collections and gift aid	-	749,432	-	749,432
Halls and social donations	-	40,605	-	40,605
Croft & other parish income	-	39,394	-	39,394
Listed places of worship grant scheme	-	16,426	-	16,426
	37,321	1,120,354	42,062	1,199,737

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2021
	£	£	£	£
Donations				
Donations and legacies,	14,179	116,775	-	130,954
Special collections	-	30,470	6,167	36,637
Offertory collections and gift aid	-	625,351	-	625,351
Halls and social donations	-	41,506	-	41,506
Croft & other parish income	-	56,679	-	56,679
Listed places of worship grant scheme	-	2,805	-	2,805
Grants				
Covid funding	-	15,000	-	15,000
Job retention scheme funding	2,669	-	-	2,669
Other grants	-	13,530	-	13,530
	16,848	902,116	6,167	925,131

5. Charitable activities

	Parish Funds	Total Funds 2022	Parish Funds	Total Funds 2021
	£	£	£	£
Stalls and newspapers	6,503	6,503	3,377	3,377

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

6. Investment income

	Diocesan Funds	Parish Funds	Total Funds 2022
	£	£	£
Income from investment properties	-	37,432	37,432
Income from listed investments	11,133	-	11,133
Interest receivable – Parishes	-	8,490	8,490
Other interest receivable – on loans to Parishes	3,811	-	3,811
	<u>14,944</u>	<u>45,922</u>	<u>60,866</u>

	Diocesan Funds	Parish Funds	Total Funds 2021
	£	£	£
Income from investment properties	-	4,800	4,800
Income from listed investments	11,355	-	11,355
Interest receivable – Parishes	-	8,788	8,788
Other interest receivable – on loans to Parishes	4,152	-	4,152
	<u>15,507</u>	<u>13,588</u>	<u>29,095</u>

7. Other income

	Diocesan Funds	Parish Funds	Total Funds 2022
	£	£	£
Gain on disposal of tangible fixed assets held for charity's own use	-	7,437	7,437
Other miscellaneous income	6,239	6,584	12,823
Insurance claim proceeds	-	4,700	4,700
	<u>6,239</u>	<u>18,721</u>	<u>24,960</u>

	Diocesan Funds	Parish Funds	Total Funds 2021
	£	£	£
Gain on disposal of tangible fixed assets held for charity's own use	-	4,174	4,174
Other miscellaneous income	26,697	879	27,576
Insurance claim proceeds	-	17,032	17,032
	<u>26,697</u>	<u>22,085</u>	<u>48,782</u>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

8. Investment management costs

	Diocesan Funds	Total Funds 2022	Diocesan Funds	Total Funds 2021
	£	£	£	£
Investment management fees	3,616	3,616	4,254	4,254

9. Expenditure on charitable activities by fund type

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2022
	£	£	£	£
Diocesan activities	102,944	-	162,762	265,706
Parish activities	14,211	475,438	-	489,649
Support costs	19,631	503,497	-	523,128
	<u>141,538</u>	<u>978,935</u>	<u>162,762</u>	<u>1,283,235</u>

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2021
	£	£	£	£
Diocesan activities	83,494	201	158,770	242,465
Parish activities	-	385,960	-	385,960
Support costs	14,316	465,058	-	479,374
	<u>97,810</u>	<u>851,219</u>	<u>158,770</u>	<u>1,107,799</u>

Diocesan activities	2022	2021
	£	£
Diocese administration	44,784	64,667
Bishop's administration	23,105	19,167
Diocese – Depreciation	3,059	3,259
Diocese – Interest paid/accrued	8,360	8,788
Diocese – CNET & other special funds	13,714	6,630
Diocese – Ecclesiastical students	24,096	30,957
Diocese – Retired priests	101,639	102,198
Diocese – Other costs	46,949	6,799
	<u>265,706</u>	<u>242,465</u>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

9. Expenditure on charitable activities by fund type (continued)

Parish activities	2022	2021
	£	£
Parish – Wages/salaries	-	13,085
Parish – Repairs and maintenance	214,004	165,885
Parish – Motor and travel	60,961	64,761
Parish – Vehicle leasing	6,311	5,157
Parish – Stall expenses	5,547	4,785
Parish – Internal loan interest	3,811	4,152
Parish – Divine service	52,831	49,372
Parish – Special collections	70,077	21,293
Parish – Grants and collections	20,554	7,395
Parish Clergy remuneration	55,553	50,075
	<u>489,649</u>	<u>385,960</u>

10. Expenditure on activities by charity type

	Activities undertaken directly	Support costs	Total Funds 2022	Total Fund 2021
	£	£	£	£
Diocesan activities	265,706	-	265,706	245,522
Parish activities	489,649	-	489,649	851,018
Governance costs	16,800	511,080	527,880	11,259
	<u>772,155</u>	<u>511,080</u>	<u>1,283,235</u>	<u>1,107,799</u>

11. Analysis of support costs

	Diocesan activities	Special funds and direct activities	Parish activities	Total 2022	Total 2021
	£	£	£	£	£
Premises	-	-	431,643	431,643	387,321
Communications and IT	-	-	27,301	27,301	23,442
General office	-	-	23,274	23,274	20,077
Finance costs	-	2,831	187	3,018	3,105
Governance costs	-	16,800	-	16,800	11,259
Support costs – Professional fees	-	-	6,952	6,952	15,998
Support costs - Depreciation	-	-	18,892	18,892	17,943
Support costs – Miscellaneous costs	-	-	-	-	229
	<u>-</u>	<u>19,631</u>	<u>508,249</u>	<u>527,880</u>	<u>479,374</u>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

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FOR THE YEAR ENDED 30 NOVEMBER 2022

11. Analysis of support costs (continued)

Governance costs:

	2022 £	2021 £
Audit fees	16,800	11,240
Other	-	19
	<u>16,800</u>	<u>11,259</u>

12. Net (expenditure)/income

Net (expenditure)/income is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	21,951	21,202
Gains on disposal of tangible fixed assets	7,437	(4,174)
Auditor remuneration	16,800	11,240
Foreign exchange differences	-	19
	<u> </u>	<u> </u>

13. Auditors remuneration

	2022 £	2021 £
Fees payable for the audit of the financial statements	<u>16,800</u>	<u>11,240</u>

14. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2022 £	2021 £
Wages and salaries	43,934	41,581
Social security costs	2,007	1,546
Pension costs	955	546
	<u>46,896</u>	<u>43,674</u>

The average head count of employees during the year was 3 (2021: 3). The average number of full-time equivalent employees during the year is analysed as follows:

No employee received employee benefits of more than £60,000 during the year (2021: nil).

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FOR THE YEAR ENDED 30 NOVEMBER 2022

15. Trustee remuneration and expenses

Clergy and retired priests

	2022	2021
	£	£
Costs met for retired priests	101,639	102,198
Parish priest's stipends	55,553	50,075
	<u>157,192</u>	<u>152,273</u>

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

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

The total stipends paid to the three Trustees as a result of their pastoral roles amounted to £7,681 (2021: £3,078) and the total cost of accommodation and reimbursement of travel and other expenses amounted to £2,750 (2021: £11,591).

16. Tangible fixed assets

	Freehold property	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 Dec 2021	5,120,537	55,678	137,966	5,314,181
Additions	-	20,558	28,562	49,120
Disposals	-	-	(26,333)	(26,333)
At 30 Nov 2022	<u>5,120,537</u>	<u>76,236</u>	<u>140,195</u>	<u>5,336,968</u>
Depreciation				
At 1 Dec 2021	-	-	97,967	97,967
Charge for the year	-	-	21,951	21,951
Disposals	-	-	(22,297)	(22,297)
At 30 Nov 2022	<u>-</u>	<u>-</u>	<u>97,621</u>	<u>97,621</u>
Carrying amount				
At 30 Nov 2022	<u>5,120,537</u>	<u>76,236</u>	<u>42,574</u>	<u>5,239,347</u>
At 30 Nov 2021	<u>5,120,537</u>	<u>55,678</u>	<u>39,999</u>	<u>5,216,214</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.

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FOR THE YEAR ENDED 30 NOVEMBER 2022

16. Tangible fixed assets (continued)

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. The last formal professional revaluation of the non-adjoined properties took place as at 30 November 2010. Under the transitional arrangements on first adopting FRS 102, the charity has elected to treat the current value of the properties as "deemed cost".

The insurance re-instatement value for all of the Diocesan properties is in excess of £50m, 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 and a Confessional Chair purchased by Morar in 2019 for £21,678. These have not been depreciated.

17. Investments

	Cash or cash equivalents £	Listed investments £	Total £
Cost or valuation			
At 1 Dec 2021	5,384	481,830	487,214
Additions	58,084	60,524	118,608
Disposals	(60,524)	(156,700)	(217,224)
Fair value movements	-	(45,963)	(45,963)
At 30 Nov 2022	2,944	339,691	342,635
Carrying amount			
At 30 Nov 2022	2,944	339,691	342,635
At 30 Nov 2021	5,384	481,830	487,214

All investments shown above are held at valuation.

Financial assets held at fair value

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 Rathbones Stockbrokers and Investment Managers to maximise a combination of income and capital gains.

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FOR THE YEAR ENDED 30 NOVEMBER 2022

17. Investments (continued)

Historical costs of listed investments

	2022
	£
Listed investments	335,942
Cash or cash equivalents	2,944
	<u>338,886</u>

18. Debtors

	2022	2021
	£	£
Prepayments and accrued income	80,345	56,886
Other debtors	-	250
	<u>80,345</u>	<u>57,136</u>

19. Creditors falling due within one year

	2022	2021
	£	£
Debenture loans	-	11,299
Trade creditors	26,672	36,301
Accruals and deferred income	27,456	38,601
Social security and other taxes	768	728
Other creditors	1,947	2,145
Other creditors – Sick and retired priests	-	1,860
Other creditors	-	100
	<u>56,843</u>	<u>91,034</u>

20. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Debenture loans	<u>38,184</u>	<u>25,939</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.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

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FOR THE YEAR ENDED 30 NOVEMBER 2022

21. Analysis of charitable funds

Diocesan funds	At Dec 2021	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2022
	£	£	£	£	£	£
Unrestricted fund						
– General funds	1,078,158	58,504	(145,154)	82,276	(45,963)	1,027,821

	At Dec 2020	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2021
	£	£	£	£	£	£
Unrestricted fund						
– General funds	1,022,986	59,052	(102,064)	52,455	45,729	1,078,158

Parish funds	At Dec 2021	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2022
	£	£	£	£	£	£
Parish funds	5,056,689	1,191,500	(919,156)	(201,168)	-	5,127,865
Arisaig refurbishment costs	54,698	-	(54,698)	-	-	-
Other special collections	5,081	-	(5,081)	-	-	-
	5,116,468	1,191,500	(978,935)	(201,168)	-	5,127,865

Parish funds	At Dec 2020	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2021
	£	£	£	£	£	£
Parish funds	5,175,463	937,826	(847,879)	(208,721)	-	5,056,689
Arisaig refurbishment costs	54,698	-	-	-	-	54,698
Other special collections	5,081	-	-	-	-	5,081
Holy Childhood	-	965	(965)	-	-	-
Papal/Episcopal Charities & SCIAF	-	1,108	(1,108)	-	-	-
Peters Pence	-	1,267	(1,267)	-	-	-
	5,235,242	941,166	(851,219)	(208,721)	-	5,116,468

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 ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

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FOR THE YEAR ENDED 30 NOVEMBER 2022

21. Analysis of charitable funds (continued)

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

Restricted funds	At Dec 2021	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2022
	£	£	£	£	£	£
Bishops Capital Fund	-	1,060	-	7,345	-	8,405
Ecclesiastical students	-	6,573	(24,096)	17,523	-	-
Adult education and formation	1,096	1,801	(3,826)	10,318	-	9,389
CNET and other small funds	-	9,556	(12,380)	2,824	-	-
Sick and retired priests	4,120	18,374	(101,639)	79,145	-	-
Administration fund	4,068	4,698	(20,821)	12,055	-	-
Pastoral formation	10,318	-	-	(10,318)	-	-
Gaelic spirituality and Gaelic liturgy	608	-	-	-	-	608
	<u>20,210</u>	<u>42,062</u>	<u>(162,762)</u>	<u>118,892</u>	<u>-</u>	<u>18,402</u>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

21. Analysis of charitable funds (continued)

Restricted funds	At Dec 2020	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2021
	£	£	£	£	£	£
Sick and retired priests	-	500	(121,164)	120,664	-	-
Ecclesiastical students	-	1,791	(30,976)	29,185	-	-
Adult education and formation	1,096	-	-	-	-	1,096
CNET and other small funds	-	2,486	(6,630)	4,144	-	-
Bishops Capital Fund	4,120	-	-	-	-	4,120
Administration fund	-	1,390	-	2,678	-	4,068
Pastoral formation	8,395	-	-	1,923	-	10,318
Sundry funds	2,328	-	-	(2,328)	-	-
Gaelic spirituality and Gaelic liturgy	608	-	-	-	-	608
	16,547	6,167	(158,770)	156,266	-	20,210

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, CNET, and the Bishop's Administration Fund.

22. Analysis of net assets between funds

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2022
	£	£	£	£
Tangible fixed assets	698,853	4,540,494	-	5,239,347
Investments	342,635	-	-	342,635
Current assets	66,399	602,332	18,402	687,133
Creditors less than 1 year	(41,882)	(14,961)	-	(56,843)
Creditors greater than 1 year	(38,184)	-	-	(38,184)
	1,027,821	5,127,865	18,402	6,174,088

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

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FOR THE YEAR ENDED 30 NOVEMBER 2022

22. Analysis of net assets between funds (continued)

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2021
	£	£	£	£
Tangible fixed assets	559,835	4,656,379	-	5,216,214
Investments	487,214	-	-	487,214
Current assets	140,970	466,206	21,205	628,381
Creditors less than 1 year	(83,922)	(6,117)	(995)	(91,034)
Creditors greater than 1 year	(25,939)	-	-	(25,939)
	<u>1,078,158</u>	<u>5,116,468</u>	<u>20,210</u>	<u>6,214,836</u>

23. 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.

24. Financial Instruments

Financial instruments are measured at fair value based in valuations supplied by the portfolio managers.

25. Cash generated from operations

	2022 £	2021 £
Net (expenditure)/income	(40,748)	(59,939)
Adjustments for:		
Depreciation of tangible fixed assets	21,951	21,202
Net losses/(gains) on investments	45,963	(45,729)
Dividends, interest, and rents received from investments	(60,866)	(16,155)
Gains on disposal of tangible fixed assets	(7,437)	(4,174)
Changes in:		
Trade and other debtors	(23,209)	(19,403)
Trade and other creditors	(21,946)	26,839
Net cash (used in) operating activities	<u>(86,292)</u>	<u>(97,359)</u>

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26. Analysis of changes in net debt

	At 1 Dec 2021	Cash flows	At 30 Nov 2022
	£	£	£
Cash at bank and in hand	571,245	35,543	606,788
Debt due within one year	(11,299)	11,299	-
Debt due after one year	(25,939)	(12,245)	(38,184)
	<u>534,007</u>	<u>34,597</u>	<u>568,604</u>

27. Operating lease commitments

	2022	2021
	£	£
Not later than 1 year	9,918	11,606
Later than 1 year and not later than 5 years	15,281	9,283
	<u>25,199</u>	<u>20,889</u>

28. Post balance sheet events

The Trustees have reviewed both the financial and business risks that the current cost of living crisis presents for the charity and are satisfied that all threats have been adequately identified as far as reasonably possible. As at the date the accounts were signed, there are no going concern indications.