

CHARITY REGISTRATION NUMBER: SC002876

**The Roman Catholic Diocese of Argyll and the Isles**  
**Financial Statements**  
**30 November 2020**

**R A CLEMENT ASSOCIATES CHARTERED ACCOUNTANTS**

Chartered accountants & statutory auditor

5 Argyll Square

Oban

Argyll

PA34 4AZ

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

## **Financial Statements**

**Year ended 30 November 2020**

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

## **Trustees' Annual Report**

**Year ended 30 November 2020**

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The trustees present their report and the financial statements of the charity for the year ended 30 November 2020.

### **Reference and administrative details**

**Registered charity name**            The Roman Catholic Diocese of Argyll and the Isles

**Charity registration number**    SC002876

**Principal office**                    Diocesan Office  
Bishop's House  
Esplanade  
Oban  
Argyll  
PA34 5AB

### **The trustees**

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

**Auditor**                                R A Clement Associates Chartered Accountants  
Chartered accountants & statutory auditor  
5 Argyll Square  
Oban  
Argyll  
PA34 4AZ

**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**

## **Trustees' Annual Report** *(continued)*

**Year ended 30 November 2020**

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### **Structure, governance and management**

The financial statements have been prepared in accordance with the accounting policies set out in note I 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).

The Trustees who served during the year and up to the date of this report are set out on page I.

### **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 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 several training sessions in Safeguarding.

Further training will be sought in the coming year.



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

## **Trustees' Annual Report *(continued)***

**Year ended 30 November 2020**

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### **Structure, governance and management *(continued)***

#### **Risk assessment**

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

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

As is noted elsewhere, in these financial statements, the Diocese has insurance to protect from loss arising from neglect or default of its Trustees and insurance to indemnify the Trustees against the consequences of neglect or default on their part. There is similar insurance cover to protect the Diocese from any irregularity by its priests and its staff.

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

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

A Health and Safety Policy has been adopted and a Health and Safety Committee has been formed that reports to the Trustees annually. Health and Safety procedures have been circulated across the parishes with training and support being made available. It is anticipated that during the forthcoming year Health and Safety audits and risk assessment arrangements will be reviewed and an action plan developed to address any remedial actions identified.

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:

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

## **Trustees' Annual Report** *(continued)*

**Year ended 30 November 2020**

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### **Objectives and activities** *(continued)*

- \* 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. Due to the Covid-19 restrictions Churches were closed from March-June 2020. Many parishes live streamed Mass and other devotional practices. When Churches were permitted to open strict hygiene procedures were put in place.

#### ***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.

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

## **Trustees' Annual Report** *(continued)*

**Year ended 30 November 2020**

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### **Objectives and activities** *(continued)*

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

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 Review**

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

## **Trustees' Annual Report *(continued)***

### **Year ended 30 November 2020**

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#### **Achievements and performance *(continued)***

##### ***Clergy and Parishes***

Fr Colin MacInnes retired.

Dr Tony Livesey was ordained as a Permanent Deacon on 17th August 2020 in St Mary's, Skye.

Philip Bua continues his studies for the priesthood. He will be ordained a priest in the summer of 2022.

The number of priests in active ministry was 18 (down from 19)

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

The Diocesan Deficit was eliminated this year. The increase of 12% in parish levies and strict adherence to the budget meant that our target was reached. Further work was undertaken to improve the Gift Aid within the diocese.

##### ***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 appointed Dr Tony Livesey as Diocesan Safeguarding Advisor.

##### ***Diocesan Staff***

David McEachen, Finance Officer, died after a lengthy illness in July 2020.

Duncan MacLeod retired as Diocesan Treasurer

Ita Dunsmuir retired as Diocesan Secretary and remained as Diocesan Safeguarding Secretary

Jake McInnes was appointed as Diocesan Finance Manager

Sandie Duffy was appointed as Diocesan Administrator

Both Jake and Sandie began work just before the second lockdown. The inability to enter the Office so soon into their new jobs was very challenging. The Staff met weekly online with the Trustees. However, both Jake and Sandie were very resilient and have gained a lot of knowledge in a short time. They will be a great asset to the Diocese.

# The Roman Catholic Diocese of Argyll and the Isles

## Trustees' Annual Report *(continued)*

Year ended 30 November 2020

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### Financial review

#### *Statement of financial activity*

Last year's report stressed the importance of the Diocese breaking even at operational level. This has been achieved. In fact the Diocese shows a surplus, which includes a loss on investments of £13.8K. The combined figure for Diocese and parishes shows a surplus for the year of £147.4K. (2019; deficit £1.8K), this being mainly as a consequence of restricted expenditure during the Covid-19 period, particularly on repairs.

#### *Balance sheet*

There has been little change from last year. At £5,225K, fixed assets (mostly property) represent 83% of the trust's value (2019: £5,231K). Cash at bank is £655K. (2019: £632K). £625K of this total is held by individual parishes. Creditors are £76K and small in relation to assets. (2019: £180K). Overall, total funds remained broadly similar to last year's level, at £6.2M.

### Major risks and uncertainties

Before commenting on the specific risks posed by the Covid-19 outbreak, it is worth pointing out that the Diocesan shortfall - caused in the main by the funding of retired priests and ecclesiastical students had been solved by increasing the levy paid by parishes. The trustees are grateful for the hard work of parish priests and the generosity of parishioners which have enabled the diocesan deficit to be successfully addressed. In addition, an internal review of Diocesan expenditure was carried out. The shortfall is an ever-present element of Diocesan finances and requires careful monitoring.

#### Major risks and uncertainties: Covid-19

The Covid-19 pandemic has had a serious financial impact on parishes and dioceses. Churches were closed from March. They reopened for private prayer in June but public worship did not resume until July. However, strict hygiene protocols (e.g. physical distancing and a maximum cap of fifty) meant that challenges still remained.

The main source of income - offertory cash collections were either cut off or reduced. Throughout the pandemic the Trustees met weekly with the Treasurer. A careful eye is kept on the financially weaker parishes. The Diocesan Treasurer also meets regularly with the Treasurers from the seven other Scottish dioceses.

To ease the pressure on Parish cash flows, March levies were reduced by 25%, from April-June by 50% and in July by 25%. Parishes have been encouraged to increase Standing Orders from parishioners. Expenses are also being viewed for savings. Two diocesan staff (50%) have been furloughed. Projections have been prepared and reviewed for the 12 months to May 2021. The trustees are confident that with careful and continuous monitoring throughout this testing period the Diocese will remain viable. However, a second lockdown unexpectedly began at the start of January which resulted in Churches once again closing. They remained shut for three months. The diocese again reduced levies by 25%.

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).

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

## **Trustees' Annual Report** *(continued)*

**Year ended 30 November 2020**

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### **Financial review** *(continued)*

#### **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.

#### **Plans for future periods**

During 2021 the Bishop, during his regular visits to parishes, had planned to meet with each Parish Finance Committee. This will ensure that every parish has a working group and allow for an exchange of ideas. This could not take place due to Covid restrictions. However, the bishop and Finance Manager are meeting the Parish Finance Committees online.

A problem of some parishes meeting their levy commitments has been recognised. The bishop established a Working Group of three priests to look into the matter and bring proposals to the clergy which would allow the diocese to maintain its financial commitments without the parishes suffering.

#### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 29 to the financial statements.

#### **Trustees' responsibilities statement**

The trustees are responsible for preparing the trustees' report and the 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 charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and its income and expenditure for that period.

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 applicable Charities SORP (FRS102);
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Trustees Investment (Scotland) Act 2005, the Charity Accounts (Scotland) regulations 2006 (as amended) and the provisions of the 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.

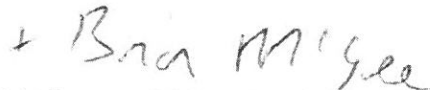
# The Roman Catholic Diocese of Argyll and the Isles

## Trustees' Annual Report *(continued)*

Year ended 30 November 2020

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The trustees' annual report was approved on 17/9/21 and signed on behalf of the board of trustees by:

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

  
Reverend R Johnson (Vicar General)  
Trustee

  
Reverend M Hutson (Chancellor)  
Trustee



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

## **Independent Auditor's Report to the Members of The Roman Catholic Diocese of Argyll and the Isles**

**Year ended 30 November 2020**

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### **Opinion**

We have audited the financial statements of The Roman Catholic Diocese of Argyll and The Isles for the year ended 30 November 2020 which comprise the Statement of Financial Activities (including the income and expenditure account), the statement of Financial Position, 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 2020 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) (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 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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (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**

## **Independent Auditor's Report to the Members of The Roman Catholic Diocese of Argyll and the Isles** *(continued)*

**Year ended 30 November 2020**

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### **Emphasis of matter**

We would draw attention to the comments made by the Trustees in the Trustee report, and the accounting policies 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.

### **Other information**

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

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **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

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

## **Independent Auditor's Report to the Members of The Roman Catholic Diocese of Argyll and the Isles** *(continued)*

**Year ended 30 November 2020**

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### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, 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's responsibilities for the audit of the financial statements**

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
  - Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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## The Roman Catholic Diocese of Argyll and the Isles

### Independent Auditor's Report to the Members of The Roman Catholic Diocese of Argyll and the Isles *(continued)*

Year ended 30 November 2020

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 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 FCA (Senior Statutory Auditor)

17/9/21

For and on behalf of  
R A Clement Associates Chartered Accountants  
Chartered accountants & statutory auditor  
5 Argyll Square  
Oban  
Argyll  
PA34 4AZ

# The Roman Catholic Diocese of Argyll and the Isles

## Statement of Financial Activities

Year ended 30 November 2020

		2020			2019
	Note	Diocesan funds £	Parish funds £	Restricted funds £	Total funds £
<b>Income and endowments</b>					
Donations and legacies	4	143,591	972,352	15,564	1,131,507
Charitable activities	5	—	8,947	—	8,947
Investment income	6	16,031	13,807	—	29,838
Other income	7	900	16,340	—	17,240
<b>Total income</b>		<u>160,522</u>	<u>1,011,446</u>	<u>15,564</u>	<u>1,187,532</u>
<b>Expenditure</b>					
Expenditure on raising funds:					
Investment management costs	8	941	—	—	941
Expenditure on charitable activities	9,10	70,430	772,682	182,248	1,025,360
<b>Total expenditure</b>		<u>71,371</u>	<u>772,682</u>	<u>182,248</u>	<u>1,026,301</u>
Net (losses)/gains on investments	12	(13,804)	—	—	(13,804)
<b>Net income/(expenditure)</b>		<u>75,347</u>	<u>238,764</u>	<u>(166,684)</u>	<u>147,427</u>
Transfers between funds		28,318	(195,447)	167,129	—
<b>Net movement in funds</b>		<u>103,665</u>	<u>43,317</u>	<u>445</u>	<u>(1,790)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward as previously reported		919,321	5,191,925	16,102	6,127,348
Prior year adjustment		—	—	—	—
Total funds brought forward as restated		<u>919,321</u>	<u>5,191,925</u>	<u>16,102</u>	<u>6,127,348</u>
<b>Total funds carried forward</b>		<u>1,022,986</u>	<u>5,235,242</u>	<u>16,547</u>	<u>6,274,775</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 17 to 35 form part of these financial statements.


# The Roman Catholic Diocese of Argyll and the Isles


## Statement of Financial Position

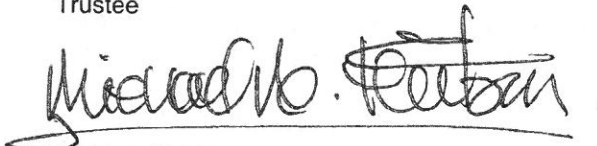
30 November 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible fixed assets	17	5,225,544	5,231,359
Investments	18	445,431	419,898
		<u>5,670,975</u>	<u>5,651,257</u>
<b>Current assets</b>			
Debtors	19	24,114	23,198
Cash at bank and in hand		<u>655,653</u>	<u>632,843</u>
		679,767	656,041
<b>Creditors: amounts falling due within one year</b>	20	50,410	154,771
<b>Net current assets</b>		<u>629,357</u>	<u>501,270</u>
<b>Total assets less current liabilities</b>		<u>6,300,332</u>	<u>6,152,527</u>
<b>Creditors: amounts falling due after more than one year</b>	21	25,557	25,179
<b>Net assets</b>		<u>6,274,775</u>	<u>6,127,348</u>
<b>Funds of the charity</b>			
Restricted funds		16,547	16,102
Parish funds		5,235,242	5,191,925
Diocesan funds		<u>1,022,986</u>	<u>919,321</u>
<b>Total charity funds</b>	22	<u>6,274,775</u>	<u>6,127,348</u>

These financial statements were approved by the board of trustees and authorised for issue on 17.12.21 and are signed on behalf of the board by:

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

  
 Reverend R Johnson (Vicar General)  
 Trustee

  
 Reverend M Hutson (Chancellor)  
 Trustee

The notes on pages 17 to 35 form part of these financial statements.

# The Roman Catholic Diocese of Argyll and the Isles

## Statement of Cash Flows

Year ended 30 November 2020

	Note	2020 £	2019 £
Cash generated from operations	26	101,592	(24,788)
Interest paid		(14,750)	(17,493)
Interest received		13,761	14,538
Net cash from/(used in) operating activities		<u>100,603</u>	<u>(27,743)</u>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		16,077	19,463
Purchase of tangible assets		(28,700)	(54,513)
Proceeds from sale of tangible assets		23,297	52,168
Purchases of other investments		(271,846)	(159,737)
Proceeds from sale of other investments		232,509	161,506
Net cash (used in)/from investing activities		<u>(28,663)</u>	<u>18,887</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		(49,130)	6,248
Net cash (used in)/from financing activities		<u>(49,130)</u>	<u>6,248</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		22,810	(2,608)
<b>Cash and cash equivalents at beginning of year</b>		632,843	635,451
<b>Cash and cash equivalents at end of year</b>		<u>655,653</u>	<u>632,843</u>

The notes on pages 17 to 35 form part of these financial statements.

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

## **Notes to the Financial Statements**

**Year ended 30 November 2020**

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### **1. General information**

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, Esplanade, Oban, PA34 5AB, Argyll.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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 (FRS 102) (Charities SORP (FRS 102)) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended).

### **3. Accounting policies**

#### **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.

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going concern**

There are no material uncertainties about the charity's ability to continue.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **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.



# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

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### 3. Accounting policies *(continued)*

#### 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 note 21.

#### Income

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 the Financial Statements *(continued)*

Year ended 30 November 2020

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### 3. Accounting policies *(continued)*

#### Expenditure

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.

#### 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.

**Year ended 30 November 2020**

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

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### 3. Accounting policies *(continued)*

#### Investments

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

The 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.

#### 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.

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.

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 4. Donations and legacies

	Diocesan funds	Parish funds	Restricted funds	Total Funds 2020
	£	£	£	£
<b>Donations</b>				
Donations and legacies	122,448	221,809	—	344,257
Special collections	—	14,314	14,108	28,422
Offertory collections and gift aid	7,213	632,569	—	639,782
Halls and social donations	—	50,899	—	50,899
Croft & other parish income	—	40,204	—	40,204
Listed places of worship grant scheme	339	5,057	—	5,396
<b>Grants</b>				
Covid funding	10,000	7,500	—	17,500
Job retention scheme funding	3,591	—	1,456	5,047
	<u>143,591</u>	<u>972,352</u>	<u>15,564</u>	<u>1,131,507</u>

	Diocesan funds	Parish funds	Restricted funds	Total Funds 2019
	£	£	£	£
<b>Donations</b>				
Donations and legacies	14,156	303,664	—	317,820
Special collections	—	36,822	57,905	94,727
Offertory collections and gift aid	7,276	875,969	—	883,245
Halls and social donations	—	91,220	—	91,220
Croft & other parish income	—	30,685	—	30,685
Listed places of worship grant scheme	—	5,368	—	5,368
<b>Grants</b>				
Covid funding	—	—	—	—
Job retention scheme funding	—	—	—	—
	<u>21,432</u>	<u>1,343,728</u>	<u>57,905</u>	<u>1,423,065</u>

### 5. Charitable activities

	Parish Funds £	Total Funds 2020 £	Parish Funds £	Total Funds 2019 £
Stalls & newspapers	<u>8,947</u>	<u>8,947</u>	<u>24,278</u>	<u>24,278</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 6. Investment income

	Diocesan funds	Parish funds	Total Funds 2020
	£	£	£
Income from investment properties	–	4,800	4,800
Income from listed investments	11,277	–	11,277
Interest receivable - Parishes	–	9,007	9,007
Other interest receivable - on loans to Parishes	4,754	–	4,754
	<u>16,031</u>	<u>13,807</u>	<u>29,838</u>

	Diocesan funds	Parish funds	Total Funds 2019
	£	£	£
Income from investment properties	–	4,800	4,800
Income from listed investments	14,663	–	14,663
Interest receivable - Parishes	–	9,383	9,383
Other interest receivable - on loans to Parishes	5,155	–	5,155
	<u>19,818</u>	<u>14,183</u>	<u>34,001</u>

### 7. Other income

	Diocesan funds	Parish funds	Total Funds 2020
	£	£	£
Gain on disposal of tangible fixed assets held for charity's own use	–	13,207	13,207
Other miscellaneous income	900	3,133	4,033
	<u>900</u>	<u>16,340</u>	<u>17,240</u>

	Diocesan funds	Parish funds	Total Funds 2019
	£	£	£
Gain on disposal of tangible fixed assets held for charity's own use	–	1,262	1,262
Other miscellaneous income	–	12,958	12,958
	<u>–</u>	<u>14,220</u>	<u>14,220</u>

### 8. Investment management costs

	Diocesan Funds	Total Funds 2020	Diocesan Funds	Total Funds 2019
	£	£	£	£
Investment management fees	<u>941</u>	<u>941</u>	<u>1,047</u>	<u>1,047</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements (continued)

Year ended 30 November 2020

### 9. Expenditure on charitable activities by fund type

	Diocesan funds	Parish funds	Restricted funds	Total Funds 2020
	£	£	£	£
Diocesan Activities	55,669	—	182,248	237,917
Parish Activities	—	309,584	—	309,584
Support costs	14,761	463,098	—	477,859
	<u>70,430</u>	<u>772,682</u>	<u>182,248</u>	<u>1,025,360</u>

	Diocesan funds	Parish funds	Restricted funds	Total Funds 2019
	£	£	£	£
Diocesan Activities	97,125	—	200,338	297,463
Parish Activities	—	602,784	—	602,784
Support costs	14,600	604,800	—	619,400
	<u>111,725</u>	<u>1,207,584</u>	<u>200,338</u>	<u>1,519,647</u>

#### Diocesan Activities

	2020	2019
	£	£
Diocese Administration	37,779	68,429
Bishop's Administration	48,706	47,621
Diocese - Depreciation	3,659	—
Diocese - Interest paid/accrued	9,997	10,582
Diocese - CNET & other special funds	10,908	18,651
Diocese - Ecclesiastical Students	26,591	48,864
Diocese - Sisters of St Joseph Mission	—	8,711
Diocese - Retired priests	93,843	85,275
Diocese - Other costs	6,434	9,330
	<u>237,917</u>	<u>297,463</u>

#### Parish Activities

	2020	2019
	£	£
Parish - wages/salaries	15,411	17,669
Parish - repairs & maintenance	83,687	286,680
Parish - Motor & travel	55,706	65,152
Parish - vehicle leasing	5,157	—
Parish - Stall expenses	14,801	24,404
Parish - Internal loan interest	4,753	6,911
Parish - Divine service	44,903	77,685
Parish - Special collections	11,548	48,809
Parish - Grants and donations	11,919	14,968
Parish - Clergy remuneration	61,699	60,506
	<u>309,584</u>	<u>602,784</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements (continued)

Year ended 30 November 2020

### 10. Expenditure on charitable activities by activity type

	Activities undertaken directly	Support costs	Total funds 2020	Total fund 2019
	£	£	£	£
Diocesan Activities	237,917	2,378	240,295	299,963
Parish Activities	309,584	463,098	772,682	1,207,584
Governance costs	—	12,383	12,383	12,100
	<u>547,501</u>	<u>477,859</u>	<u>1,025,360</u>	<u>1,519,647</u>

### 11. Analysis of support costs

	Diocesan Activities	Special funds & Direct Activities	Parish Activities	Total 2020	Total 2019
	£	£	£	£	£
Premises	—	—	366,945	366,945	466,729
Communications and IT	—	—	22,962	22,962	24,425
General office	(100)	—	27,765	27,665	24,735
Finance costs	2,478	—	330	2,808	3,606
Governance costs	11,600	783	—	12,383	12,100
Support costs -					
Professional fees	—	—	23,490	23,490	25,145
Support costs -					
Depreciation	—	—	20,766	20,766	27,761
Support costs -					
Miscellaneous costs	—	—	840	840	15,881
Loss on disposal	—	—	—	—	19,018
	<u>13,978</u>	<u>783</u>	<u>463,098</u>	<u>477,859</u>	<u>619,400</u>

### 12. Net (losses)/gains on investments

	Diocesan Funds	Total Funds 2020	Diocesan Funds	Total Funds 2019
	£	£	£	£
Gains/(losses) on listed investments	(13,804)	(13,804)	23,340	23,340

### 13. Net income/(expenditure)

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

	2020 £	2019 £
Depreciation of tangible fixed assets	24,425	27,761
Gains on disposal of tangible fixed assets	(13,207)	(1,262)
Foreign exchange differences	<u>783</u>	<u>—</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 14. Auditors remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	11,600	12,100

### 15. Staff costs

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

	2020	2019
	£	£
Wages and salaries	15,411	29,769

The average head count of employees during the year was 35 (2019: 35). The average number of full-time equivalent employees during the year is analysed as follows:

	2020	2019
	No.	No.
Parish Priests	18	19
Parish employees	6	6
Students	1	1
Retired Priests	10	9
	<u>35</u>	<u>35</u>

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

### 16. Trustee remuneration and expenses

#### Clergy and Retired Priests

	2020	2019
	£	£
Costs met for retired priests	93,843	85,275
Parish Priests stipends	61,699	60,506
	<u>155,542</u>	<u>145,781</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 £3,380 (2019: £8,986) and the total cost of accommodation and reimbursement of travel and other expenses amounted to £48,706 (2019: £45,458)



# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 17. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 Dec 2019	5,120,537	55,678	149,844	5,326,059
Additions	—	—	28,700	28,700
Disposals	—	—	(28,230)	(28,230)
<b>At 30 Nov 2020</b>	<b>5,120,537</b>	<b>55,678</b>	<b>150,314</b>	<b>5,326,529</b>
<b>Depreciation</b>				
At 1 Dec 2019	—	—	94,700	94,700
Charge for the year	—	—	24,425	24,425
Disposals	—	—	(18,140)	(18,140)
<b>At 30 Nov 2020</b>	<b>—</b>	<b>—</b>	<b>100,985</b>	<b>100,985</b>
<b>Carrying amount</b>				
<b>At 30 Nov 2020</b>	<b>5,120,537</b>	<b>55,678</b>	<b>49,329</b>	<b>5,225,544</b>
At 30 Nov 2019	5,120,537	55,678	55,144	5,231,359

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 FRS1Q2, 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 2020 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 and a Confessional Chair purchased by Morar in 2019 for £21,678. These have not been depreciated.

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 18. Investments

	Cash or cash equivalents £	Listed investments £	Total £
<b>Cost or valuation</b>			
At 1 Dec 2019	3,386	416,512	419,898
Additions	136,536	135,310	271,846
Disposals	(135,310)	(79,852)	(215,162)
Fair value movements	—	(31,151)	(31,151)
<b>At 30 Nov 2020</b>	<b>4,612</b>	<b>440,819</b>	<b>445,431</b>
<b>Impairment</b>			
At 1 Dec 2019 and 30 Nov 2020			—
<b>Carrying amount</b>			
At 30 Nov 2020	4,612	440,819	445,431
At 30 Nov 2019	3,386	416,512	419,898

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.

Historical costs of listed investments

	2020 £
Listed investments	383,491
Cash or cash equivalents	4,612
	<b>405,325</b>

### 19. Debtors

	2020 £	2019 £
Prepayments and accrued income	23,871	17,688
Other debtors	243	5,510
	<b>24,114</b>	<b>23,198</b>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 20. Creditors: amounts falling due within one year

	2020 £	2019 £
Debenture loans	11,133	55,591
Bank loans and overdrafts	—	5,050
Trade creditors	13,639	64,309
Accruals and deferred income	24,982	21,035
Other creditors	656	8,786
	<u>50,410</u>	<u>154,771</u>

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

	2020 £	2019 £
Debenture loans	<u>25,557</u>	<u>25,179</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.

### 22. Analysis of charitable funds

#### Diocesan funds

	At 1 Dec 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2020 £
Diocesan fund - General funds	<u>919,321</u>	<u>160,522</u>	<u>(71,371)</u>	<u>28,318</u>	<u>(13,804)</u>	<u>1,022,986</u>

	At 1 Dec 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2019 £
Diocesan fund - General funds	<u>859,951</u>	<u>41,250</u>	<u>(112,772)</u>	<u>107,552</u>	<u>23,340</u>	<u>919,321</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 22. Analysis of charitable funds *(continued)*

Transfers between funds is a net movement made up of the levies paid by the parishes to the Diocese of £185,241 (2019; £222,801, and the amount required from general funds to meet deficits on the restricted funds £167,129 (2019; £156,331).

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.

#### Parish funds

	At 1 Dec 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2020 £
Parish funds	5,132,146	1,008,687	(769,923)	(195,447)	—	5,175,463
Arisaig refurbishment costs	54,698	—	—	—	—	54,698
Other special collections	5,081	—	—	—	—	5,081
Holy Childhood	—	2,171	(2,171)	—	—	—
Papal/Episcopal Charities & SCIAF	—	229	(229)	—	—	—
Peters Pence	—	359	(359)	—	—	—
African Missions and Holy Places	—	—	—	—	—	—
	<u>5,191,925</u>	<u>1,011,446</u>	<u>(772,682)</u>	<u>(195,447)</u>	<u>—</u>	<u>5,235,242</u>

	At 1 Dec 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2019 £
Parish funds	5,261,902	1,271,495	(1,137,368)	(263,883)	—	5,132,146
Arisaig refurbishment costs	—	88,092	(33,394)	—	—	54,698
Other special collections	5,081	13,891	(13,891)	—	—	5,081
Holy Childhood	—	3,763	(3,763)	—	—	—
Papal/Episcopal Charities & SCIAF	—	8,984	(8,984)	—	—	—
Peters Pence	—	4,687	(4,687)	—	—	—
African Missions and Holy Places	—	5,497	(5,497)	—	—	—
	<u>5,266,983</u>	<u>1,396,409</u>	<u>(1,207,584)</u>	<u>(263,883)</u>	<u>—</u>	<u>5,191,925</u>

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

## **Notes to the Financial Statements** *(continued)*

**Year ended 30 November 2020**

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### **22. Analysis of charitable funds** *(continued)*

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

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

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 22. Analysis of charitable funds *(continued)*

#### Restricted funds

	At 1 Dec 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2020 £
Sick and Retired Priests	—	1,117	(93,843)	92,726	—	—
Ecclesiastical Students	—	2,119	(26,591)	24,472	—	—
Adult Education and Formation	1,096	—	—	—	—	1,096
CNET and other small funds	—	7,219	(10,908)	3,689	—	—
Bishops Capital Fund	4,120	—	—	—	—	4,120
Bishops Administration fund	—	4,664	(50,906)	46,242	—	—
Pastoral formation	7,950	445	—	—	—	8,395
Sundry funds	2,328	—	—	—	—	2,328
Gaelic Spirituality & Gaelic Liturgy	608	—	—	—	—	608
	<u>16,102</u>	<u>15,564</u>	<u>(182,248)</u>	<u>167,129</u>	<u>—</u>	<u>16,547</u>

	At 1 Dec 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2019 £
Sick and Retired Priests	—	6,325	(85,275)	78,950	—	—
Ecclesiastical Students	—	11,282	(48,864)	37,582	—	—
Adult Education and Formation	1,096	—	—	—	—	1,096
CNET and other small funds	—	18,592	(18,651)	59	—	—
Bishops Capital Fund	500	3,620	—	—	—	4,120
Bishops Administration fund	—	7,808	(47,548)	39,740	—	—
Pastoral formation	—	7,950	—	—	—	7,950
Sundry funds	—	2,328	—	—	—	2,328
Gaelic Spirituality & Gaelic Liturgy	608	—	—	—	—	608
	<u>2,204</u>	<u>57,905</u>	<u>(200,338)</u>	<u>156,331</u>	<u>—</u>	<u>16,102</u>

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 22. Analysis of charitable funds *(continued)*

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.

### 23. Analysis of net assets between funds

	Diocesan funds	Parish funds	Restricted funds	Total Funds 2020
	£	£	£	£
Tangible fixed assets	559,835	4,665,709	–	5,225,544
Investments	445,431	–	–	445,431
Current assets	88,382	574,838	16,547	679,767
Creditors less than 1 year	(45,105)	(5,305)	–	(50,410)
Creditors greater than 1 year	(25,557)	–	–	(25,557)
<b>Net assets</b>	<b>1,022,986</b>	<b>5,235,242</b>	<b>16,547</b>	<b>6,274,775</b>

	Diocesan funds	Parish funds	Restricted funds	Total Funds 2019
	£	£	£	£
Tangible fixed assets	554,000	4,677,359	–	5,231,359
Investments	419,898	–	–	419,898
Current assets	44,641	595,298	16,102	656,041
Creditors less than 1 year	(74,039)	(80,732)	–	(154,771)
Creditors greater than 1 year	(25,179)	–	–	(25,179)
<b>Net assets</b>	<b>919,321</b>	<b>5,191,925</b>	<b>16,102</b>	<b>6,127,348</b>

### 24. 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.

### 25. Financial instruments

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

# The Roman Catholic Diocese of Argyll and the Isles

## Notes to the Financial Statements *(continued)*

Year ended 30 November 2020

### 26. Cash generated from operations

	2020 £	2019 £
Net income/(expenditure)	147,427	(1,790)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	24,425	27,761
Net (losses)/gains on investments	13,804	(23,340)
Dividends, interest and rents from investments	(16,077)	(19,463)
Other interest receivable and similar income	(13,761)	(14,538)
Interest payable and similar charges	14,750	17,493
Gains on disposal of tangible fixed assets	(13,207)	(1,262)
Accrued income	(766)	(1,890)
<i>Changes in:</i>		
Trade and other debtors	3,797	14,206
Trade and other creditors	(58,800)	(21,965)
	<u>101,592</u>	<u>(24,788)</u>

### 27. Analysis of changes in net debt

	At 1 Dec 2019 £	Cash flows £	At 30 Nov 2020 £
Cash at bank and in hand	632,843	22,810	655,653
Debt due within one year	(60,641)	49,508	(11,133)
Debt due after one year	(25,179)	(378)	(25,557)
	<u>547,023</u>	<u>71,940</u>	<u>618,963</u>

### 28. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Not later than 1 year	5,157	—
Later than 1 year and not later than 5 years	3,438	—
	<u>8,595</u>	<u>—</u>

### 29. Post balance sheet events

The Trustees have reviewed both the financial and business risks that the current COVID 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 and the Trustees are confident that the charity has sufficient resources to emerge from the COVID hibernation period to continue providing services in accordance with any applicable restrictions.



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

## **Notes to the Financial Statements** *(continued)*

**Year ended 30 November 2020**

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### **30. Related parties**

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 2020 are shown below.

Deposits held by the Diocese on behalf of the Parishes as at 30 November 2020 amounted to £867,517 (2018: £875,292).

Loans made to Parishes by the Diocese as at 30 November 2020 amounted to £418,008 (2019; £421,889)