

CHARITY NO: SC002876

**THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2023**

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2023**

	PAGE
Reference and Administrative information	1
Report of the Trustees	2 - 10
Independent Auditor's Report	11 - 14
Statement of Financial Activities	15
Statement of Financial Position	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 37

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

REPORT FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2023

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)
Right Reverend M Hutson (Vicar General)
Right Reverend R Campbell (Chancellor)
Reverend Roderick H. Johnston (deceased 16
March 2024)

Auditor: Wbg (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 2023

The Trustees present their report with the financial statements of the charity for the year ended 30 November 2023.

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.

Succession of Trustees

Trustees minutes demonstrate that the Trustees discussed and voted to increase the number of trustees, specifically non-clerics. The lawyers and clergy have been formally consulted regarding this who approved the proposal. Clergy were asked to suggest relevant candidates for the trustees consideration.

The Trustees

Right Reverence Brian McGee, Bishop of Argyll, and the Isles

Right Reverend Michael A. Hutson, Vicar General.

Right Reverend Ronald Campbell, Chancellor

Reverend Roderick H. Johnston (deceased 16 March 2024)

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.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 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 major risks 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 ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

OBJECTIVES AND ACTIVITIES (continued)

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

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

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

Divine Worship and the Sacraments

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

Catechesis and Education

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

Social Justice and Works of Charity

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

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

OBJECTIVES AND ACTIVITIES (continued)

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 a few parishes in the Diocese where immigrants, especially from Eastern Europe, will 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 Fund) and the support of foreign missions and charitable endeavour. The Bishop visited Ethiopia as part of a SCIAF project and widely reported what was being done. The diocese also ran a number of online Justice and Peace Meetings.

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

The Bishop participated in 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

Although not every pastoral activity has been universally restored since the pandemic the situation has greatly improved. The clergy have resumed all their pastoral activities (e.g. visitation of the housebound and schools). Parishes have resumed many group activities including pilgrimages and regular social gatherings. The bishop has also resumed visiting every parish at least twice yearly.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

ACHIEVEMENTS AND PERFORMANCE (continued)

Spiritual

Following the lockdown, attendance for Mass and other devotional practices greatly reduced. Numbers increased last year and again this year.

Youth

Activities with the youth have resumed following lockdown. Clergy visit the schools and parishes have regular (including weekly) activities such as altar serving and clubs. Fr Philip Bua, Diocesan Youth Chaplain, began reaching out to youth across the diocese.

Clergy

There were no ordinations during 2023.

During 2023 the diocese received Fr Walter Ezenwosu MSP, on loan from the Missionaries of St Paul, to replace a previously loaned priest. Fr Jarosław (Jarek) Kwiecień also joined the diocese on a five year loan from Poland.

With the return of one diocesan priest on loan elsewhere the number of priests available for active duty has increased by two.

Retired Clergy

There were no changes.

Seminarians

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 2023 the Finance Manager addressed the clergy directly during three separate meetings. The clergy appreciated the dialogue and support.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

ACHIEVEMENTS AND PERFORMANCE (continued)

- Meetings between the Trustees and Finance Manager with the Parish Finance Committees have continued. The meetings are proving to be a very useful forum for exchanging ideas and formulating concrete plans. Parishes who are in a precarious financial position have been sent letters to be read to the entire congregation during Sunday Mass. The financial health of every parish involved has improved.
- Parishes with empty properties are being actively encouraged to rent them.
- Parish Annual Returns demonstrate that most parishes increased their Offertory Income, which was a great achievement during the Cost of Living crisis.
- Second Collections which fall short of the intended target means that the diocese must cover the gap which in turn leads to increased parish levies. The bishop now communicates with parishioners via newsletters and social media explaining what each Collection is for. A QR Code is also issued. Income has increased by an average of 56% The diocese has also renewed its use of Gift Aid for such Collections.
- The Office has encouraged the use of QR Codes in parishes and offered to arrange for them. Parishes which have used the QR Codes have seen an increase in income.
- During 2023 the Diocesan Finance Board, whose skill set includes law, business, accountancy and parish experience, continues to give sound advice to the Trustees.
- The Diocesan Fundraiser. Mr Malcom Burr, overlooks several areas of fundraising all of which are progressing:
 - (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. An initial amount has been lodged already. 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. The capital fund will lead to a reduction in parish levies in the future.
 - (ii) The promotion of renting empty premises.
 - (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.

During 2023 the first two consultation phases took place. The first focussed on our diocesan priorities and confirmed them as Universal Call to Holiness, Mission, Catechesis, Support of Laity and Clergy, Transparency and openness. The second phase focussed on our diocesan resources. All relevant diocesan data was made available including finance, worship numbers, numbers and age of clergy, numbers of Churches etc. A collation of this information will be available in early

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

ACHIEVEMENTS AND PERFORMANCE (continued)

2024 after which we will move onto the third consultative phase – How do we achieve our priorities with our resources? This will encourage thinking about new ways of acting.

Safeguarding

The diocese has continued to develop its Safeguarding Culture including implementing recommendations from the 2022 Independent Audit. All clergy received Trauma Awareness Training which will help them to support survivors, including during an initial disclosure. However, these skills will also help our clergy to support parishioners and others who are suffering from the effects of trauma.

Health and Safety

Katie Dunn has been appointed as lead in Health and Safety. After the presentation of a Paper and consultation with clergy it was decided that the diocese would take a parish-based approach. Parish co-ordinators are trained to the standard of our Insurers and assisted by a central audit. This ensures compliancy across the diocese as well as reducing parish costs.

Building and Fabric

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

FINANCIAL REVIEW

Statement of Financial Activities

The Diocese shows a surplus of £217k. The combined figure for Diocese and parishes shows a surplus for the year of £101k, (2022: deficit £41k). There is an in year deficit of £551 on restricted funds (2022: £2k deficit) giving rise to an overall annual surplus of £101k (2022: deficit £41k). Income from donations and legacies increased by £109k from the previous year. Further to this, investment income has increased by £31k and other incoming resources and charitable activities, increased by £33k.

Balance Sheet

There has been little change from last year. Fixed assets (mostly property) at £5,271k represent 90% of the trusts value (2022: £5,239k). Cash at bank is £706k. (2022: £607k). Creditors are £102k and small in relation to assets (2022: £95K). Overall, total funds remained broadly similar to last year's level, at £6.27m (2022: £6.17m). The increase represents the surplus 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.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

RESERVES

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).

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 £5,271,048 fixed assets) totalled £986k, 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.

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;

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

Report of the Trustees for the year ended 30 November 2023

- 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.

Approved by the Trustees and signed on their behalf by:

DocuSigned by:

Bishop Brian McGee

013D592DE5C54A1...

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

Signed by:

M Hutson

39B16933A2514CC

Reverend M Hutson (Vicar General)
Trustee

DocuSigned by:

RA CAMPBELL

A50D858EA4Z64F3...

Reverend R Campbell (Chancellor)
Trustee

Date: 11 June 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2023

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 2023 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 2023, 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 (as amended).

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. The controls in place are limited and we have been unable to obtain sufficient and appropriate audit evidence regarding the completeness of cash collections received.

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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2023

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 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 (as amended) 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 pages 9 and 10, 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2023

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.

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.


INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF ARGYLL & THE ISLES FOR THE YEAR ENDED 30 NOVEMBER 2023

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.

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:

D8E957F6F4D9465...

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

Date: 11 June 2024

Wbg (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 2023
(Including an Income and Expenditure account)

	Note	Diocesan Funds 2023	Parish Funds 2023	Restricted Funds 2023	Total Funds 2023	Diocesan Funds 2022	Parish Funds 2022	Restricted Funds 2022	Total Funds 2022
		£	£	£	£	£	£	£	£
Income and endowments from:									
Donations and legacies	4	45,140	1,221,792	41,769	1,308,701	37,321	1,120,354	42,062	1,199,737
Charitable activities	5	-	5,758	-	5,758	-	6,503	-	6,503
Investments	6	12,724	79,363	-	92,087	14,944	45,922	-	60,866
Other incoming resources	7	14,095	43,775	-	57,870	6,239	18,721	-	24,960
Total Income		71,959	1,350,688	41,769	1,464,416	58,504	1,191,500	42,062	1,292,066
Expenditure on:									
Investment Management costs	8	3,028	-	-	3,028	3,616	-	-	3,616
Charitable activities	9	127,070	1,072,191	156,537	1,355,798	141,538	978,935	162,762	1,283,235
Total Expenditure		130,098	1,072,191	156,537	1,358,826	145,154	978,935	162,762	1,286,851
Net income/(expenditure) before gains and losses on investments		(58,139)	278,497	(114,768)	105,590	(86,650)	212,565	(120,700)	5,215
Net (losses)/gains on investments	17	(4,852)	-	-	(4,852)	(45,963)	-	-	(45,963)
Net income		(62,991)	278,497	(114,768)	100,738	(132,613)	212,565	(120,700)	(40,748)
Transfers between funds		(52,018)	(62,199)	114,217	-	82,276	(201,168)	118,892	-
Net movement in funds		(115,009)	216,298	(551)	100,738	(50,337)	11,397	(1,808)	(40,748)
Funds reconciliation									
Total Funds brought forward	21	1,027,821	5,127,865	18,402	6,174,088	1,078,158	5,116,468	20,210	6,214,836
Total Funds carried forward	21	912,812	5,344,163	17,851	6,274,826	1,027,821	5,127,865	18,402	6,174,088

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 2023

	Note	2023 £	2022 £
Fixed assets:			
Tangible assets	16	5,271,048	5,239,347
Investments	17	334,755	342,635
Total Fixed Assets		5,605,803	5,581,982
Current assets:			
Debtors	18	65,568	80,345
Cash at bank and in hand		706,067	606,788
Total Current Assets		771,635	687,133
Liabilities:			
Creditors falling due within one year	19	(63,283)	(56,843)
Net Current Assets		708,352	630,290
Total assets less current liabilities		6,314,155	6,212,272
Creditors falling due after more than one year	20	(39,329)	(38,184)
Net assets		6,274,826	6,174,088
The funds of the charity:			
Restricted Funds	21	17,851	18,402
Parish Funds	21	5,344,163	5,127,865
Diocesan Funds	21	912,812	1,027,821
Total charity funds		6,274,826	6,174,088

Approved by the Trustees and signed on their behalf by:

DocuSigned by:

Bishop Brian McGee

013D592DE5C54A1...

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

Trustee

Signed by:

M Hutson

39B16933A2514C8...

Reverend M Hutson (Vicar General)

Trustee

DocuSigned by:

RA CAMPBELL

A50D858EA4764F3...

Reverend R Campbell (Chancellor)

Trustee

Date: 11 June 2024

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 2023

	Note	Total Funds 2023 £	Total Funds 2022 £
<i>Cash flows from operating activities:</i>			
Net cash provided by/(used for) operating activities	25	54,142	(86,292)
<i>Cash flows from investing activities:</i>			
Dividends, interest, and rents from investments		92,087	60,866
Purchase of property, plant and equipment		(67,078)	(49,120)
Proceeds from the sale of property, plant, and equipment		17,100	11,473
Purchases of other investments		(38,474)	(118,608)
Proceeds from the sale of investments		41,502	217,224
Other investing cash flow adjustment		-	-
Net cash provided by investing activities		45,137	121,835
Change in cash and cash equivalents in the year		99,279	35,543
Cash and cash equivalent brought forward	26	606,788	571,245
Cash and cash equivalents carried forward	26	706,067	606,788

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

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 2023

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 2023

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 2023

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 2023

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 2023

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 2023

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 2023 are shown below.

Deposits held by the Diocese on behalf of the Parishes as at 30 November 2023 amounted to £803,644 (2022: £803,613).

Loans made to Parishes by the Diocese as at 30 November 2023 amounted to £426,190 (2022: £414,008).

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 was President of the Board (until March 2024) 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 2023

4. Income from donations and legacies

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2023
	£	£	£	£
Donations				
Donations and legacies,	40,269	331,777	41,769	413,815
Offertory collections and gift aid	4,871	802,644	-	807,515
Halls and social donations	-	61,145	-	61,145
Croft & other parish income	-	26,226	-	26,226
	<u>45,140</u>	<u>1,221,792</u>	<u>41,769</u>	<u>1,308,701</u>

	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
	<u>37,321</u>	<u>1,120,354</u>	<u>42,062</u>	<u>1,199,737</u>

5. Charitable activities

	Parish Funds	Total Funds 2023	Parish Funds	Total Funds 2022
	£	£	£	£
Stalls and newspapers	5,758	5,758	6,503	6,503

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

6. Investment income

	Diocesan Funds	Parish Funds	Total Funds 2023
	£	£	£
Income from investment properties	-	71,372	71,372
Income from listed investments	8,579	-	8,579
Interest receivable – Parishes	-	7,991	7,991
Other interest receivable – on loans to Parishes	4,145	-	4,145
	<u>12,724</u>	<u>79,363</u>	<u>92,087</u>

	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>

7. Other income

	Diocesan Funds	Parish Funds	Total Funds 2023
	£	£	£
Gain on disposal of tangible fixed assets held for charity's own use	-	5,806	5,806
Other miscellaneous income	7,008	37,969	44,977
Insurance claim proceeds	7,807	-	7,087
	<u>14,095</u>	<u>43,775</u>	<u>57,870</u>

	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>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

8. Investment management costs

	Diocesan Funds	Total Funds 2023	Diocesan Funds	Total Funds 2022
	£	£	£	£
Investment management fees	3,028	3,028	3,616	3,616

9. Expenditure on charitable activities by fund type

	Diocesan Funds	Parish Funds	Restricted Funds	Total Funds 2023
	£	£	£	£
Diocesan activities	103,234	-	156,537	259,771
Parish activities	-	521,922	-	521,922
Support costs	23,836	550,269	-	574,105
	127,070	1,072,191	156,537	1,355,798

	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
	141,538	978,935	162,762	1,283,235

Diocesan activities

	2023	2022
	£	£
Diocese administration	50,440	44,784
Bishop's administration	5,313	23,105
Diocese – Depreciation	4,558	3,059
Diocese – Interest paid/accrued	6,106	8,360
Diocese – CNET & other special funds	14,753	13,714
Diocese – Ecclesiastical students	-	24,096
Diocese – Retired priests	118,744	101,639
Diocese – Other costs	59,857	46,949
	259,771	265,706

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

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

Parish activities	2023	2022
	£	£
Parish – Wages/salaries	8,301	-
Parish – Repairs and maintenance	171,311	214,004
Parish – Motor and travel	60,878	60,961
Parish – Vehicle leasing	22,411	6,311
Parish – Stall expenses	3,874	5,547
Parish – Internal loan interest	4,145	3,811
Parish – Divine service	57,578	52,831
Parish – Special collections	89,019	70,077
Parish – Grants and collections	11,796	20,554
Parish – Clergy remuneration	56,846	55,553
Parish – Training	521	-
Parish - Other	35,242	-
	<u>521,922</u>	<u>489,649</u>

10. Expenditure on activities by charity type

	Activities undertaken directly	Support costs	Total Funds 2023	Total Fund 2022
	£	£	£	£
Diocesan activities	259,771	5,306	265,077	265,706
Parish activities	521,922	550,269	1,072,191	1,000,729
Governance costs	18,530	-	18,530	16,800
	<u>800,223</u>	<u>555,575</u>	<u>1,355,798</u>	<u>1,283,235</u>

11. Analysis of support costs

	Diocesan activities	Parish activities	Total 2023	Total 2022
	£	£	£	£
Premises	-	476,415	476,415	431,643
Communications and IT	-	29,625	29,625	27,301
General office	-	23,921	23,921	23,274
Finance costs	5,306	351	5,657	3,018
Support costs – Professional fees	-	432	432	6,952
Support costs - Depreciation	-	19,525	19,525	18,892
	<u>5,306</u>	<u>550,269</u>	<u>555,575</u>	<u>511,080</u>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

11. Analysis of support costs (continued)

Governance costs:

	2023	2022
	£	£
Audit fees	18,530	16,800
	<u>18,530</u>	<u>16,800</u>

12. Net (expenditure)/income

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

	2023	2022
	£	£
Depreciation of tangible fixed assets	24,083	21,951
Gains on disposal of tangible fixed assets	5,806	7,437
Auditor remuneration	18,530	16,800

13. Auditors remuneration

	2023	2022
	£	£
Fees payable for the audit of the financial statements	<u>18,530</u>	<u>16,800</u>

14. Staff costs

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

	2023	2022
	£	£
Wages and salaries	49,085	43,934
Social security costs	2,922	2,007
Pension costs	1,355	955
	<u>53,362</u>	<u>46,896</u>

The average head count of employees during the year was 3 (2022: 3).

No employee received employee benefits of more than £60,000 during the year (2022: nil).

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

15. Trustee remuneration and expenses

Clergy and retired priests

	2023	2022
	£	£
Costs met for retired priests	118,744	101,639
Parish priest's stipends	56,846	55,553
	<u>175,590</u>	<u>157,192</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 £9,694 (2022: £7,681) and the total cost of accommodation and reimbursement of travel and other expenses amounted to £4,206 (2022: £2,750). The 2022 Christmas gift amounted to £300 (2022: £nil).

16. Tangible fixed assets

	Freehold property	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 Dec 2022	5,120,537	76,236	140,195	5,336,968
Additions	-	-	67,078	67,078
Disposals	-	-	(51,047)	(51,047)
At 30 Nov 2023	<u>5,120,537</u>	<u>76,236</u>	<u>156,226</u>	<u>5,352,999</u>
Depreciation				
At 1 Dec 2022	-	-	97,621	97,621
Charge for the year	-	-	24,093	24,083
Disposals	-	-	(39,753)	(39,753)
At 30 Nov 2023	<u>-</u>	<u>-</u>	<u>81,951</u>	<u>81,951</u>
Carrying amount				
At 30 Nov 2023	<u>5,120,537</u>	<u>76,236</u>	<u>74,275</u>	<u>5,271,048</u>
At 30 Nov 2022	<u>5,120,537</u>	<u>76,236</u>	<u>42,574</u>	<u>5,239,347</u>

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

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

16. Tangible fixed assets (continued)

The properties shown above consist only of those buildings which are non-adjointed properties i.e., separate from the church buildings and can be valued separately. The last formal professional revaluation of the non-adjointed 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 £34,000, a Confessional Chair purchased by Morar in 2019 for £21,678 and the Wyvern Church Organ purchased in 2022 for £20,558. These have not been depreciated.

17. Investments

	Cash or cash equivalents £	Listed investments £	Total £
Cost or valuation			
At 1 Dec 2022	2,944	339,691	342,635
Additions	(38,474)	38,474	-
Disposals	42,139	(39,792)	2,347
Management Fees	(3,028)	-	(3,028)
Fair value movements	-	(7,199)	(7,199)
At 30 Nov 2023	3,581	331,174	334,755
Carrying amount			
At 30 Nov 2023	3,581	331,174	334,755
At 30 Nov 2022	2,944	339,691	342,635

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.

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 30 NOVEMBER 2023****17. Investments (continued)**

Historical costs of listed investments

	2023	2022
	£	£
Listed investments	335,186	335,942
Cash or cash equivalents	3,581	2,944
	<u>338,767</u>	<u>338,886</u>

18. Debtors

	2023	2022
	£	£
Prepayments and accrued income	65,568	80,345
Other debtors	-	-
	<u>65,568</u>	<u>80,345</u>

19. Creditors falling due within one year

	2023	2022
	£	£
Debenture loans	-	-
Trade creditors	34,518	26,672
Accruals and deferred income	27,371	27,456
Social security and other taxes	1,236	768
Other creditors	158	1,947
	<u>63,283</u>	<u>56,843</u>

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

	2023	2022
	£	£
Debenture loans	<u>39,329</u>	<u>38,184</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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

21. Analysis of charitable funds

Diocesan funds	At Dec 2022	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2023
	£	£	£	£	£	£
Unrestricted fund – General funds	1,027,821	71,959	(130,098)	(52,018)	(4,852)	912,812

	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

Parish funds	At Dec 2022	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2023
	£	£	£	£	£	£
Parish funds	5,127,865	1,350,688	(1,072,191)	(62,199)	-	5,344,163
	5,127,865	1,350,688	(1,072,191)	(62,199)	-	5,344,163

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

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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

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 2022	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2023
	£	£	£	£	£	£
Bishops Capital Fund	8,405	490	-	-	-	8,895
Ecclesiastical students	-	-	-	-	-	-
Adult education and formation	9,389	4,723	(5,826)	-	-	8,286
CNET and other small funds	-	13,137	(13,075)	-	-	62
Sick and retired priests	-	15,488	(118,744)	103,256	-	-
Administration fund	-	7,931	(18,892)	10,961	-	-
Pastoral formation	-	-	-	-	-	-
Gaelic spirituality and Gaelic liturgy	608	-	-	-	-	608
	<u>18,402</u>	<u>41,769</u>	<u>(156,537)</u>	<u>114,217</u>	<u>-</u>	<u>17,851</u>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

21. Analysis of charitable funds (continued)

Restricted funds	At Dec 2021	Income	Expenditure	Transfers	Gains and losses	At 30 Nov 2022
	£	£	£	£	£	£
Sick and retired priests	-	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 Administration fund	4,120	18,374	(101,639)	79,145	-	-
Pastoral formation	10,318	-	-	(10,318)	-	-
Sundry funds 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>

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 2023
	£	£	£	£
Tangible fixed assets	564,654	4,706,394	-	5,271,048
Investments	334,755	-	-	334,755
Current assets	81,445	672,339	17,851	771,635
Creditors less than 1 year	(28,713)	(34,570)	-	(63,283)
Creditors greater than 1 year	(39,329)	-	-	(39,329)
	<u>912,812</u>	<u>5,344,163</u>	<u>17,851</u>	<u>6,274,826</u>

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

22. Analysis of net assets between funds (continued)

	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

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

	2023 £	2022 £
Net income/(expenditure)	100,738	(40,748)
Adjustments for:		
Depreciation of tangible fixed assets	24,083	21,951
Net losses in investments	4,852	45,963
Dividends, interest, and rents received from investments	(92,087)	(60,866)
Gains on disposal of tangible fixed assets	(5,806)	(7,437)
Changes in:		
Trade and other debtors	14,777	(23,209)
Trade and other creditors	7,585	(21,946)
Net cash provided by/(used in) operating activities	54,142	(86,292)

THE ROMAN CATHOLIC DIOCESE OF ARGYLL AND THE ISLES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

26. Analysis of changes in net debt

	At 1 Dec 2022	Cash flows	At 30 Nov 2023
	£	£	£
Cash at bank and in hand	606,788	99,279	706,067
Debt due after one year	(38,184)	(1,145)	(39,329)
	568,604	98,134	666,738

27. Operating lease commitments

	2023	2022
	£	£
Not later than 1 year	6,747	9,918
Later than 1 year and not later than 5 years	8,534	15,281
	<u>15,281</u>	<u>25,199</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.