

**Diocese of Glasgow and Galloway
Scottish Episcopal Church**

Financial Statements

30 November 2016

SRG LLP

Chartered accountant & statutory auditor
4th Floor
Turnberry House
175 West George Street
Glasgow
G2 2LB

**Diocese of Glasgow and Galloway
Scottish Episcopal Church**

Financial Statements

Year ended 30 November 2016

	Page
Trustees' annual report	1
Independent auditor's report to the members	7
Statement of financial activities	9
Statement of financial position	10
Notes to the financial statements	12

Diocese of Glasgow and Galloway Scottish Episcopal Church

Trustees' Annual Report

Year ended 30 November 2016

The trustees present their report and the financial statements of the charity for the year ended 30 November 2016.

Reference and administrative details

Registered charity name	Diocese of Glasgow and Galloway Scottish Episcopal Church
Charity registration number	SC013925
Principal office	Diocesan Office 5 St Vincent Place Glasgow G1 2DH

Diocesan Council

The Rt. Revd Dr Gregor Duncan (Bishop of Glasgow and Galloway)
The Very Revd Ian Barcroft (Dean)
Revd Canon Shelley Marsh (Synod Clerk)(retired 30 November 2016)
The Very Revd Kelvin Holdsworth (Provost)
Mr Robert Burgon (Diocesan Treasurer)
Mr Chris Zochowski (Diocesan Secretary)
Rev Canon David Bayne
Mr Alan Rumble
Rev Martin Sofield (retired 31 October 2016)
Rev Canon Sandy Montgomerie (appointed November 2016)
Mrs Betty Matheson
Rev Paul Fletcher
Dr Richard Evans
Rev Les Ireland
Dr Beth Routledge
Rev Kenny Macaulay
Dr David Simmons
Rev Tom Wilson
Mrs Carol Lovett (retired August 2016)
Mrs Margaret Hanley (appointed November 2016)
Rev Margaret McTernan
Ms Fiona Graham

Trustees for the Charity

The following are trustees for the Diocese in respect of heritable and moveable property;

The Rt. Revd Dr Gregor Duncan (Bishop of Glasgow & Galloway)
The Very Revd Ian Barcroft (Dean)
Synod Clerk (vacant)
Lord R G McEwan (Chancellor)
Mr Ronald Inglis (Registrar)

Diocese of Glasgow and Galloway Scottish Episcopal Church

Trustees' Annual Report *(continued)*

Year ended 30 November 2016

Other Diocesan appointments

Mr Elliot Glen-Esk (Surveyor)
Mrs R Cadie of ARP Lorimer Ltd (Architect)

Investment advisor

Speirs & Jeffrey Limited
George House
50 George Square
Glasgow
G2 1EH

Bankers

The Royal Bank of Scotland
10 Gordon Street
Glasgow
G1 3PL

Bishop's Secretary

Mrs Christine Hughes

Auditor

SRG LLP
Chartered accountant & statutory auditor
4th Floor
Turnberry House
175 West George Street
Glasgow
G2 2LB

Diocese of Glasgow and Galloway Scottish Episcopal Church

Trustees' Annual Report *(continued)*

Year ended 30 November 2016

Structure, governance and management

The Diocese of Glasgow and Galloway of the Scottish Episcopal Church was founded in 1837.

The Diocese is an unincorporated association, subject to the Code of Canons of the Scottish Episcopal Church and to a constitution adopted in 2005, and amended in 2011 and 2012. The Diocese is governed by a Synod meeting annually, who appoint Diocesan Officials and a Diocesan Council to execute its decisions and manage the Diocese according to the Code of Canons. For the purposes of charities law, the members of the Diocesan Council together with the Diocesan Officials accountable to the Diocesan Council, are the Charity Trustees of the Church. The charitable objective of the Diocese is "the advancement of religion", and to this end it offers resources, funding, support and expertise to charges to enable them to carry out their mission effectively, and monitors attendance, mission activity, and child and vulnerable adults protection compliance.

The Code of Canons require the Diocesan Synod to supervise all church properties, capital funds, payment of charges stipends, salaries and insurance premiums, and maintenance of and adherence to church constitutions.

Apart from the Bishop, members of the Diocesan Council are elected by the seven regions of the Diocese in Regional Council annual meetings, and the Officials are appointed annually by the Synod. The Synod Clerk is elected by the clergy of the Diocese, and the Provost and the Dean are appointed by the Bishop. The Bishop is elected by an Electoral Synod, broadly congruent with the Diocesan Synod. The Synod consists of a) all clergy meeting certain criteria, and b) a Lay member elected by each charge in the Diocese.

The members of Diocesan Council receive sufficient information to enable them to carry out their duties effectively, and can call upon specialised legal, financial, and canonical advice when they require it. Certain responsibilities are delegated to the Officials, who nevertheless have to give an account of their decisions to the Diocesan Council.

As a constituent of the Scottish Episcopal Church, the Diocese has an obligation to contribute to the costs of the Province through payment of an annual 'quota'. This amount is approved by the General Synod. In turn, the Diocese obtains income by levying a quota on each charge, as approved by the Diocesan Synod, and by careful stewardship of its own funds.

Objectives and activities

We have referred to the guidance contained in the Charity Regulator's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

The Diocese is responsible for the costs of the Bishopric and payment of Quota to the Province. The Diocese also provides support to some charges for the costs of local ministry, property grants and support for mission activity through Development Teams which includes education, training, outreach and the promotion of ecumenical relations. A large number of volunteers are engaged in these activities but the main thrust for mission and ministry is through local congregations.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Trustees' Annual Report *(continued)*

Year ended 30 November 2016

Achievements and performance

During the year, the Charity Trustees:

- Approved loans and grants to various charges to enable them to meet their obligations and objectives.
- Received regular reports from the Dean and the Bishop on the filling of clerical vacancies, and on their scheduled visitations to charges.
- Received regular reports from each region on mission activities.
- Received regular reports from the Diocesan Treasurer on financial developments and on any variances from budget.
- Reviewed the Financial Regulations of the Diocese.
- Created a Risk Register for the Diocese which is regularly updated by Diocesan Council.
- Began a Review of the Diocese's governing documentation.
- Received regular reports on the state, maintenance and proposals for church property, including disabled access to and facilities in church property.
- Ensured that vacancies for Diocesan representatives on other bodies were filled, if necessary on a temporary basis until the next election.
- Continued the development of the Diocesan website and Church websites.
- Appointed a Canon Missioner and began a review of the Diocese's Regional Growth Strategy.
- Appointed two administrative assistants, one supporting the Dean in the administration of the property of the Diocese and one supporting the Diocesan Treasurer with bookkeeping skills.
- Supported the Bishop's Lenten Appeal, for the Bethlehem Arab Society for Rehabilitation. The final total for the Diocese reached £14,520.
- Arranged the annual Diocesan Synod, and for representation on, and reports to and from the General Synod.

Financial review

The General Fund Income and Expenditure account (Unrestricted Funds) shows an operating surplus of £41,131 against a projected deficit of £170,284.

Income receipts were much in line with budgeted expectations. In Expenditure, major underspend variances were experienced in Support for Ministry, Diocesan Action Groups and Regional Growth Strategy support while there was a lower spend by the Diocesan Property Committee. The Project budget, introduced for financial year 2016, was not drawn upon.

Principal funding sources

The main source of revenue to the General Fund is derived from quota paid by all Charges across the Diocese and the Diocesan Council is grateful to congregational Vestries, all of whom strive to meet their quota assessments in full even when, in some cases, their own financial position may be fragile.

Income from stock exchange investments is another significant source of revenue to the General Fund.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Trustees' Annual Report *(continued)*

Year ended 30 November 2016

Financial review *(continued)*

Investment policy and performance

Investments within the General Fund are monitored by an Investment Committee which is professionally advised by Speirs & Jeffrey, Stockbrokers. The Committee is aware of the importance to the Diocese of dividend income; the portfolio is managed on a growth and income basis. While very largely invested in UK registered securities, global investment funds form a significant part of the portfolio.

The portfolio return achieved over the financial year was broadly in line with the return from the FTSE All Share Index.

Ethical investment

The Investment Committee continues to follow the ethical statement of practice as issued by the General Synod of the Scottish Episcopal Church and does not invest in securities within the defence and armament, gambling, tobacco and pornography sectors of the stock market. Additional ethical reporting by the Central Board of Finance of the Methodist Church is also referred to by the Investment Committee.

Reserves policy

The largest part of Diocesan funds is committed to specific purposes and the Diocesan Council is of the view that the financial position is sound and that the reserves held are adequate. In forming this view the Diocesan Council has had regard to the future anticipated expenditure requirements of the Diocese while being mindful of some of the unanticipated expenditure requirements that have arisen in the past and that accordingly may arise in the future.

Risk management

The Diocesan Council reviews, on an ongoing basis at its quarterly meetings, the Risk Register and considers the major risks facing the Diocese and the systems and procedures in place to mitigate those risks.

The temporary utilisation of external professional staff was required following the sudden and untimely death of the Diocesan Centre office manager. In line with succession planning, this resulted in the immediate review of staffing levels and functions, an action which was completed timeously and successfully.

Property

The care of Diocesan, church, and ancillary buildings is supervised by a Property Committee convened by the Dean, and advised by the Diocesan Architect and Diocesan Surveyor.

Plans for future years

The continuing priority for the future continues to be to develop and implement the "Diocesan Growth Strategy" which the Bishop pledged at his consecration.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Trustees' Annual Report *(continued)*

Year ended 30 November 2016

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 of the incoming resources and application of resources, of the charity 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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 Investments (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006, and the provisions of the Trust Deed. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' annual report was approved on 4 February 2017 and signed on behalf of the board of trustees by:

The Very Revd Ian Barcroft (Dean)

Trustee

Diocese of Glasgow and Galloway Scottish Episcopal Church

Independent Auditor's Report to the Members of Diocese of Glasgow and Galloway Scottish Episcopal Church

Year ended 30 November 2016

We have audited the financial statements of the Diocese of Glasgow and Galloway for the year ended 30 November 2016 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes. 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".

Respective responsibilities of trustees and auditor

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. 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 that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 November 2016 and of its incoming resources and application of resources 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 requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Diocese of Glasgow and Galloway
Scottish Episcopal Church**

**Independent Auditor's Report to the Members of Diocese of Glasgow and
Galloway Scottish Episcopal Church *(continued)***

Year ended 30 November 2016

Matters on which we are required to report by exception

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

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

John Park CA (Senior Statutory Auditor)

For and on behalf of
SRG LLP
Chartered Accountants & Statutory Auditor
4th Floor
Turnberry House
175 West George Street
Glasgow
G2 2LB

4 February 2017

Diocese of Glasgow and Galloway Scottish Episcopal Church

Statement of Financial Activities

30 November 2016

		2016			2015	
	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £	Total funds £
Income and endowments						
Donations and legacies	3	–	14,520	–	14,520	12,719
Charitable activities	4	405,157	–	–	405,157	416,574
Other trading activities	5	37,120	–	–	37,120	37,635
Investment income	6	160,835	4,526	2,174	167,535	222,943
Other income	7	15,517	–	–	15,517	15,596
Total income		<u>618,629</u>	<u>19,046</u>	<u>2,174</u>	<u>639,849</u>	<u>705,467</u>
Expenditure						
Expenditure on charitable activities	8,9	(577,498)	(22,140)	–	(599,638)	(749,682)
Total expenditure		<u>(577,498)</u>	<u>(22,140)</u>	<u>–</u>	<u>(599,638)</u>	<u>(749,682)</u>
Net gains/(losses) on investments	12	208,406	56,526	49,781	314,713	(197,089)
Net income/(expenditure)		<u>249,537</u>	<u>53,432</u>	<u>51,955</u>	<u>354,924</u>	<u>(241,304)</u>
Other recognised gains and losses						
Losses from revaluation of fixed assets		(355,388)	–	–	(355,388)	–
Fair value movements		505,415	–	–	505,415	–
Net movement in funds		399,564	53,432	51,955	504,951	(241,304)
Reconciliation of funds						
Total funds brought forward		<u>4,920,656</u>	<u>850,646</u>	<u>739,658</u>	<u>6,510,960</u>	<u>6,752,262</u>
Total funds carried forward		<u>5,320,220</u>	<u>904,078</u>	<u>791,613</u>	<u>7,015,911</u>	<u>6,510,958</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 12 to 26 form part of these financial statements.

**Diocese of Glasgow and Galloway
Scottish Episcopal Church**

Statement of Financial Position

30 November 2016

		2016	2015
		£	£
Fixed assets			
Tangible fixed assets	17	2,002,663	1,852,315
Investments	18	4,449,027	4,225,690
		<u>6,451,690</u>	<u>6,078,005</u>
Current assets			
Debtors	19	137,227	163,448
Cash at bank and in hand		514,313	363,357
		<u>651,540</u>	<u>526,805</u>
Creditors: amounts falling due within one year	20	<u>87,319</u>	<u>93,852</u>
Net current assets		<u>564,221</u>	<u>432,953</u>
Total assets less current liabilities		<u>7,015,911</u>	<u>6,510,958</u>
Funds of the charity			
Endowment funds		791,613	739,658
Restricted funds		918,839	850,642
Unrestricted funds:			
Other unrestricted income funds		5,305,459	4,920,658
Total unrestricted funds		<u>5,305,459</u>	<u>4,920,658</u>
Total charity funds	22	<u>7,015,911</u>	<u>6,510,958</u>

These financial statements were approved by the board of trustees and authorised for issue on 4 February 2017, and are signed on behalf of the board by:

The Very Revd Ian Barcroft (Dean)

Trustee

Mr Robert Burgon

Diocesan Treasurer

The notes on pages 12 to 26 form part of these financial statements.

**Diocese of Glasgow and Galloway
Scottish Episcopal Church**

Statement of Cash Flows

Year ended 30 November 2016

	2016	2015
	£	£
Cash flows from operating activities		
Net income/(expenditure)	354,924	(241,304)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	879	1,288
Net gains/(losses) on investments	(314,713)	197,089
Dividends, interest and rents from investments	(163,033)	(218,594)
Other interest receivable and similar income	(4,502)	(4,349)
<i>Changes in:</i>		
Trade and other debtors	26,221	41,977
Trade and other creditors	(6,533)	(66,746)
Cash generated from operations	(106,757)	(290,639)
Interest received	4,502	4,349
Net cash used in operating activities	<u>(102,255)</u>	<u>(286,290)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	163,033	218,594
Purchase of tangible assets	(1,200)	-
Purchases of other investments	(427,596)	(228,479)
Proceeds from sale of other investments	518,974	351,074
Net cash from investing activities	<u>253,211</u>	<u>341,189</u>
Net increase in cash and cash equivalents	150,956	54,899
Cash and cash equivalents at beginning of year	363,357	308,458
Cash and cash equivalents at end of year	<u>514,313</u>	<u>363,357</u>

The notes on pages 12 to 26 form part of these financial statements.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements

Year ended 30 November 2016

1. 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).

2. Accounting policies

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 and expenditure.

The adoption of the new accounting standard has given rise to the re-ordering and re-grouping of certain information in the statement of financial activities but no restatements were required.

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 the trustees 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.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for a particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income: - income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Legacy income is recognised when receipt is probable and entitlement is established.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

2. Accounting policies *(continued)*

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Investment properties

The Diocese, as a matter of policy, does not acquire properties for investment purposes. It has, over its life, acquired properties for a number of other reasons, principally to assist charges, on some occasions as the default title holder or sometimes through inheritance. Where a property is not required to further the work of the Diocese, it may then be let to a third party. In situations where such a property has been let for a period of time the property may be designated as an investment property. Such investment properties are then, after consideration of all the relevant factors pertaining to the property and its tenancy, attributed a fair value.

Properties are not depreciated in the accounts as the residual value is deemed sufficiently high that any depreciation would be immaterial.

In attributing fair values to the investments properties the trustees were advised by the Diocesan Surveyor.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

2. Accounting policies *(continued)*

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:

Equipment - 20% straight line

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Financial instruments

The Diocese does not carry complex financial assets and liabilities. The financial assets in its balance sheet comprise investments in quoted securities, bank deposits and amounts receivable and payable. These are all initially valued at cost with quoted securities then valued at market valuation. Other assets and liabilities are valued at the best estimate of settlement amount.

3. Donations and legacies

	Restricted Funds £	Total Funds 2016 £	Restricted Funds £	Total Funds 2015 £
Donations				
Charity income for Disbursement	<u>14,520</u>	<u>14,520</u>	<u>12,719</u>	<u>12,719</u>

4. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Quota receipts due from Charges	334,020	–	334,020
Congregational funds received	–	–	–
Bishops Discretionary Fund	–	–	–
Provincial Grants	55,077	–	55,077
Dunderdale fund endowment for bishoprics	8,480	–	8,480
Dunderdale fund endowment of charges	5,660	–	5,660
Dean's allowance	1,920	–	1,920
	<u>405,157</u>	<u>–</u>	<u>405,157</u>

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

4. Charitable activities *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
Quota receipts due from Charges	331,009	–	331,009
Congregational funds received	–	1,956	1,956
Bishops Discretionary Fund	–	4,334	4,334
Provincial Grants	63,375	–	63,375
Dunderdale fund endowment for bishoprics	8,400	–	8,400
Dunderdale fund endowment of charges	5,600	–	5,600
Dean's allowance	1,900	–	1,900
	<u>410,284</u>	<u>6,290</u>	<u>416,574</u>

5. Other trading activities

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Property income	<u>37,120</u>	<u>37,120</u>	<u>37,635</u>	<u>37,635</u>

6. Investment income

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Income from listed investments	156,535	4,324	2,174	163,033
Bank interest receivable	4,300	202	–	4,502
	<u>160,835</u>	<u>4,526</u>	<u>2,174</u>	<u>167,535</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Income from listed investments	205,033	11,008	2,553	218,594
Bank interest receivable	4,144	205	–	4,349
	<u>209,177</u>	<u>11,213</u>	<u>2,553</u>	<u>222,943</u>

7. Other income

	Unrestricted Funds £	Total Funds 2016 £	Unrestricted Funds £	Total Funds 2015 £
Sundry income	<u>15,517</u>	<u>15,517</u>	<u>15,596</u>	<u>15,596</u>

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Support for Ministry	169,427	–	–	169,427
Provincial quota	158,175	–	–	158,175
Episcopal ministry and administration	87,458	–	–	87,458
Action groups & Regional Growth				
Strategy Support	23,099	–	–	23,099
Other property and sundry expenses	44,785	–	–	44,785
Charitable income disbursed	–	14,520	–	14,520
Support Costs	48,068	–	–	48,068
Diocesan Office Bearers	17,856	–	–	17,856
Synods, conferences and meetings	14,510	–	–	14,510
Release of Funds	–	7,620	–	7,620
Support costs	14,120	–	–	14,120
	<u>577,498</u>	<u>22,140</u>	<u>–</u>	<u>599,638</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Support for Ministry	265,497	–	–	265,497
Provincial quota	152,753	–	–	152,753
Episcopal ministry and administration	81,098	–	–	81,098
Action groups & Regional Growth				
Strategy Support	55,713	–	–	55,713
Other property and sundry expenses	53,247	–	–	53,247
Charitable income disbursed	–	13,065	–	13,065
Support Costs	74,237	–	–	74,237
Diocesan Office Bearers	16,612	–	–	16,612
Synods, conferences and meetings	11,863	–	–	11,863
Release of Funds	–	14,258	400	14,658
Support costs	10,939	–	–	10,939
	<u>721,959</u>	<u>27,323</u>	<u>400</u>	<u>749,682</u>

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

9. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2016 £	Total fund 2015 £
Support for Ministry	136,278	33,149	–	169,427	265,497
Provincial quota	158,175	–	–	158,175	152,753
Episcopal ministry and administration	87,458	–	–	87,458	81,098
Action groups & Regional Growth					
Strategy Support	23,099	–	–	23,099	55,713
Other property and undry expenses	44,785	–	–	44,785	53,247
Charitable income disbursed	14,520	–	–	14,520	13,065
Support Costs	48,068	–	–	48,068	74,237
Diocesan Office Bearers	17,856	–	–	17,856	16,612
Synods, conferences and meetings	14,510	–	–	14,510	11,863
Release of Funds	7,620	–	–	7,620	14,658
Governance costs	–	–	14,120	14,120	10,939
	<u>552,369</u>	<u>33,149</u>	<u>14,120</u>	<u>599,638</u>	<u>749,682</u>

10. Diocesan office

	Support costs - Diocesan office £	Total 2016 £	Total 2015 £
Staff costs	32,996	32,996	57,156
Premises	6,664	6,664	9,253
General office	8,517	8,517	7,828
	<u>48,177</u>	<u>48,177</u>	<u>74,237</u>

11. Analysis of grants

	2016 £	2015 £
Grants to institutions		
Grants to local congregations	33,149	145,988
Total grants	<u>33,149</u>	<u>145,988</u>

12. Net gains/(losses) on investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Gains/(losses) on listed investments	<u>208,406</u>	<u>56,526</u>	<u>49,781</u>	<u>314,713</u>

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

12. Net gains/(losses) on investments *(continued)*

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Gains/(losses) on listed investments	<u>(134,692)</u>	<u>(30,222)</u>	<u>(32,175)</u>	<u>(197,089)</u>

13. Net income/(expenditure)

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

	2016 £	2015 £
Depreciation of tangible fixed assets	<u>879</u>	<u>1,288</u>

14. Auditors remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>10,920</u>	<u>7,800</u>
Fees payable to the charity's auditor and its associates for other services: Other non-audit services	<u>7,926</u>	<u>2,139</u>

15. Staff costs

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

	2016 £	2015 £
Wages and salaries	112,654	128,787
Social security costs	7,978	9,093
Employer contributions to pension plans	<u>31,888</u>	<u>36,134</u>
	<u>152,520</u>	<u>174,014</u>

The average head count of employees during the year was 4 (2015: 4).

No employee received employee benefits of more than £60,000 during the year (2015: Nil).

16. Trustees remuneration and expenses

The Diocesan Treasurer, Diocesan Secretary and the Bishop were remunerated in the year. The Dean and the Synod Clerk were refunded expenses.

The amounts of remuneration were £7,970 (2015: £7,380), £8051 (2015: £8,000) and £37,545 (2015: £36,975) respectively. The expenses refunded were £3,942 (2015: £2,065) and £62 (2015: £nil) respectively.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

17. Tangible fixed assets

	Freehold Property £	Equipment £	Investment Properties £	Total £
Cost				
At 1 December 2015	1,166,242	36,933	684,364	1,887,539
Additions	–	1,200	–	1,200
Revaluations	–	–	505,415	505,415
Transfers	(15,851)	–	15,851	–
At 30 November 2016	<u>1,150,391</u>	<u>38,133</u>	<u>1,205,630</u>	<u>2,394,154</u>
Depreciation				
At 1 December 2015	–	35,224	–	35,224
Charge for the year	–	879	–	879
Impairment losses	85,388	–	270,000	355,388
At 30 November 2016	<u>85,388</u>	<u>36,103</u>	<u>270,000</u>	<u>391,491</u>
Carrying amount				
At 30 November 2016	<u>1,065,003</u>	<u>2,030</u>	<u>935,630</u>	<u>2,002,663</u>
At 30 November 2015	<u>1,166,242</u>	<u>1,709</u>	<u>684,364</u>	<u>1,852,315</u>

18. Investments

	Listed investments £	Other investments £	Total £
Cost or valuation			
At 1 December 2015	4,162,219	63,471	4,225,690
Additions	427,596	–	427,596
Disposals	(494,300)	–	(494,300)
Fair value movements	283,330	6,711	290,041
At 30 November 2016	<u>4,378,845</u>	<u>70,182</u>	<u>4,449,027</u>
Impairment			
At 1 December 2015 and 30 November 2016		–	–
Carrying amount			
At 30 November 2016	<u>4,378,845</u>	<u>70,182</u>	<u>4,449,027</u>
At 30 November 2015	<u>4,162,219</u>	<u>63,471</u>	<u>4,225,690</u>

All investments shown above are held at valuation.

Financial assets held at fair value

Listed investments are valued at mid-market price on The London Stock Exchange. Other investments comprise a holding in the Unit Trust Pool and the custodians of that provide the valuation.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

19. Debtors

	2016	2015
	£	£
Trade debtors	8,400	34,993
Prepayments and accrued income	7,097	–
Other debtors	121,730	128,455
	<u>137,227</u>	<u>163,448</u>

Included within other debtors are loans to churches. Most of the loan balances are repayable outwith one year. The balances on the loans are £115,332 (2015: £128,455) The interest rates that are applied are such that any adjustment required by FRS102 would be immaterial.

20. Creditors: amounts falling due within one year

	2016	2015
	£	£
Social security and other taxes	3,908	–
Other creditors	83,411	93,852
	<u>87,319</u>	<u>93,852</u>

21. Pensions and other post retirement benefits

All employees are eligible to join the Scottish Episcopal Church Pension Fund which is a non contributory defined benefit scheme with benefits based on final pensionable salary. The majority of employees are members of the Fund and others employed by the Scottish Episcopal Church are also members. The Diocese is unable to identify its share of the underlying assets and liabilities of the Fund on a consistent and reasonable basis therefore accounts for its contributions as if the scheme was a defined contribution scheme. The contribution rate for the year ended 30 November 2016 was 32.2% based on the recommendation of the Fund's Actuary following the last valuation of the Fund.

The last actuarial valuation of the fund was at 31 December 2014 and the estimated surplus at that stage was of the order of £1,300,000. The Pension Trustees have agreed with the Province that with effect from 1 January 2016 the rate of contribution paid by the Church will be 32.2% per annum of Pensionable Salary/Standard Stipend. Contributions paid by the Diocese in the year ended 30 November 2016 amounted to £31,888 (2015 - £36,134) and there were £1,627 of contributions outstanding as at 30 November 2016 (2015 - nil).

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

22. Analysis of charitable funds

Unrestricted funds

	At 1 Dec 2015 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2016 £
General Fund	4,920,656	618,629	(577,498)	(370,149)	208,406	4,800,044
Revaluation reserve	–	–	–	355,388	(355,388)	–
Fair value reserve	–	–	–	–	505,415	505,415
	<u>4,920,656</u>	<u>618,629</u>	<u>(577,498)</u>	<u>(14,761)</u>	<u>358,433</u>	<u>5,305,459</u>

The general fund is used to maintain and develop the ministry of the Diocese.

Restricted funds

	At 1 Dec 2015 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2016 £
Congregational Funds	97,511	202	(730)	–	–	96,983
The St George's Fund	685,918	–	–	–	49,815	735,733
Small Restricted Funds	<u>67,217</u>	<u>18,844</u>	<u>(21,410)</u>	<u>14,761</u>	<u>6,711</u>	<u>86,123</u>
	<u>850,646</u>	<u>19,046</u>	<u>(22,140)</u>	<u>14,761</u>	<u>56,526</u>	<u>918,839</u>

Congregational funds are funds held on behalf of individual congregations.

The St George's Fund. Set up in 2007 from the proceeds of the sale of St George's Church, Maryhill, and funds held on behalf of the East End, split two thirds and one third respectively, the Diocesan share of the income from this fund will be used for ministry support. The East End share of the income is remitted directly to the charge.

Included within Small Restricted Funds are the Bishop's Discretionary Fund (Stanton Bequest) and Charitable Funds for disbursement. The Bishop's Discretionary Fund (Stanton Bequest) is used at the discretion of the bishop for clerical exigencies.

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

22. Analysis of charitable funds *(continued)*

Endowment funds

	At 1 Dec 2015 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 30 Nov 2016 £
The Gordon Fund	604,953	–	–	–	40,729	645,682
Bishop Goldie Memorial Fund	66,808	2,174	–	–	4,072	73,054
Small Endowment Funds	67,897	–	–	–	4,980	72,877
	<u>739,658</u>	<u>2,174</u>	<u>–</u>	<u>–</u>	<u>49,781</u>	<u>791,613</u>

The Gordon Fund represents monies donated to the Diocese from St Ninian's Church, Castle Douglas which is invested in the name of the Diocesan Trustees. Income arising thereon is applied towards or to supplement the Stipends of any of the rectors and curates serving the Diocese.

The Bishop Goldie Fund is used to support training of students for the ministry within the Diocese.

The West Bequest: Income may be applied only in providing or augmenting the stipend of a priest, or towards the stipend for a lay preacher, or for the provision of regular services at St Ninian's, Portpatrick. The Fund's balance at 30 November 2016 was £36,387 (2015: £33,881) and generated income of £1,338 which was distributed in the year.

The Drumchapel Legacy Fund represents monies from a legacy to be used for the benefit of the Drumchapel Mission of Holy Cross. The Fund's balance at 30 November 2016 was £36,490 (2015: £34,016) and generated income of £1,321 which was distributed in the year.

23. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Tangible fixed assets	2,002,662	–	–	2,002,662
Investments	2,962,880	778,395	707,753	4,449,028
Current assets	426,832	140,849	83,860	651,541
Creditors less than 1 year	(86,914)	(405)	–	(87,319)
Net assets	<u>5,305,460</u>	<u>918,839</u>	<u>791,613</u>	<u>7,015,912</u>

Diocese of Glasgow and Galloway Scottish Episcopal Church

Notes to the Financial Statements *(continued)*

Year ended 30 November 2016

24. Related parties

Related party transactions

The nature of the Diocese requires that it has many financial transactions with the General Synod of the Scottish Episcopal Church and with Charges in the Diocese. As members of the Diocesan Council are connected with their respective local church congregations and certain members are also members of Boards and Committees of the General Synod, these bodies are related parties under FRS 102, and transactions with them are "related party transactions". The governance procedures of the Diocese and of the General Synod require that members of all Boards and Committees declare their interest in any grant or loan application prior to its discussion by the Board or Committee.

FRS 102 requires disclosure of material related party transactions and year end balances with related parties. In the case of the accounts of the Diocese, these are for the most part separately disclosed in the statement of financial activities, the balance sheet or in the notes to the accounts.