

Diocese of Paisley

Report and financial statements

Year ended 31 December 2016



Scottish Charity No: SC013514

Diocese of Paisley

Report and financial statements

For the year ended 31 December 2016

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REFERENCES AND ADMIN DETAILS

Name of Charity:	Roman Catholic Diocese of Paisley
Scottish Charity No.	SC013514
Principal Office:	Diocese of Paisley Diocesan Centre Cathedral Precinct Incle Street Paisley PA1 1HR Tel. 0141 847 6131
Trustees:	Right Rev John Keenan, LLB, Ph.L., STB Bishop of Paisley Rev Joseph Burke, B.A., Ph.B., STB, JCL Treasurer (from 20 th June 2014 to 18 th January 2016) Vicar General (from 18 th January 2016) Rev. Stephen Baillie, Treasurer (appointed 18 th January 2016) Rev Brian McGee, MA, Dip Theol Vicar General (from 27 th March 2014, resigned 18 th January 2016)
Key Management Personnel:	Finance Manager: Philip McEachen, B.Sc. (Hons), M.Sc. Property Manager: John Boyle, FRICS MB Eng. Youth Convener: Rev Frank Hannigan Safeguarding Convener: Mrs Mary Kearns
Principal Banker:	Bank of Scotland 64/66 West Blackhall Street Greenock PA15 1XG
Solicitors:	J McSparran and McCormick 19 Waterloo Street Glasgow G2 6AH
Auditors:	RSM UK Audit LLP Third Floor Centenary House 69 Wellington Street Glasgow, G2 6HG
Investment Managers:	Brewin Dolphin Ltd 48 St Vincent Street Glasgow G2 5TS
Website:	www.rcdop.org.uk

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES

The Trustees present their annual report with the audited financial statements for the year ended 31 December 2016.

The Diocese of Paisley is legally constituted as a Trust and the relevant Deeds of Declaration of Trust are registered in the Public Records of Scotland (8 September 1948). The Diocese of Paisley was recognised as having the status of Designated Religious Charity (SC013514) by the Office of the Scottish Charity Regulator (OSCR) with effect from 1 October 2007 having until that point Designated Religious Body (DRB) status under previous legislation.

Scope of the Financial Statements

The financial statements include the assets, liabilities and transactions of the following:

- Diocese of Paisley Curial Funds:
Curial Funds are used to support the Bishop in providing diocesan services and pastoral care and to meet the costs of the central administration.
- Parochial Funds:
The Parochial Funds are administered by the parish priests, with guidance from the Curial Office, and are used to carry out the work of the Church within local areas and to help fund the Curial Office.

OBJECTIVES AND ACTIVITIES

The Deed of Declaration of Trust states four broad purposes as to why the Church holds temporal goods:

- pursuit of divine worship;
- support of the clergy;
- performance of the apostolic works proper to the Church; and
- works of charity, especially concern for the needy (canon 1254, Par.2).

The Diocese of Paisley has the Church's mission as its first objective and seeks to fulfil it through all its objectives by the provision and support of various activities relating to pastoral care and assistance. The objectives are achieved principally through its parishes but also through various Catholic organisations and societies within the Diocese.

The Diocese of Paisley currently comprises three deaneries, covering thirty-three parishes stretching from Renfrewshire to Inverclyde and parts of East Renfrewshire.

Grant Making Policy

The Diocese provides grants to seminarians during their training plus pays fees direct to the Scots College in Rome. The Diocese also provides grants to charitable organisations which further the aims and objectives of the Diocese as stated above.

The diocesan activities include areas such as support and guidance for clergy in parishes, support for retired clergy, and education of students for the priesthood and permanent diaconate, religious education, youth development, financial support for national organisations through the Bishops' Conference of Scotland, chaplaincies, universities and ecumenical initiatives. The Curial Office of the Diocese covers the functions of chancery, diocesan archives, communications department, child protection, and approval of Catholic teachers as well as provision of estates, financial advice to parishes.

Parishes are essentially communities of people, whose activities centre around their worship and prayer and in providing religious services on a daily basis. The celebration of the Eucharist is pre-eminent amongst these activities, which also include administering the other sacraments, preaching the Gospel and the pastoral care of those with particular needs, e.g. schools, hospitals, prisons, universities and celebration of the Liturgy of the Hours. Churches are generally open on a daily basis for private devotion, funerals, weddings and baptisms in addition to usually daily celebration of the Eucharist.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE

Diocese

The Diocese continues to support the activities of the clergy in the parishes as well as providing financial support for various activities relating to pastoral care and help such as youth, religious education, marriage guidance and poor parishes. Financial support is also given to Catholic national institutions in Scotland, such as the Scottish National Tribunal.

Parishes

As of 31 December 2016 the Diocese is made up of 33 parishes (excluding Mass centres and religious houses) that cover a geographic area roughly consistent with the local council areas of Inverclyde, Renfrewshire and East Renfrewshire. All parishes are established and governed under the Code of Canon Law (the Law of the Church) which confers on them separate canonical status, rights and obligations. Whilst the primary function of parishes is the provision of spiritual and pastoral care, much unseen and unheralded charitable work also goes on greatly enriching the local communities which they serve.

Mass attendance in 2016 was approximately 15,896 (2015: 16,636) including both adults and children, out of an estimated Catholic population of 68,983 (2015: 63,985). During 2016 there were 874 baptisms (2015: 892) and 22 receptions (2015: 42), 166 marriages (2015: 184) and 858 funerals (2015: 830).

Some Parishes have received grants from both private and public grant making bodies and the Trustees would like to acknowledge their support and express their thanks.

Our key performance indicators are summarised in the table below:

	Outcome	Target	Outcome	Target
	2016	2016	2015	2015
Number of student priests	3	3	4	4
Ordinations	1	1	0	0
Net movement in funds (£)	(75,143)	(128,043)	(101,927)	(170,000)
Average voluntary contribution /donor (£)	215	228	223	201
Average fundraising per donor (£)	8.40	11.40	9.90	10.10
Unrestricted net (liabilities) / assets	(1,661,834)	(546,043)	(1,348,248)	(1,330,000)
Days receivable (debtors / total income x 365)	87	70	85	60
Mass attendance	15,896	14,900	15,651	16,700

Net movement in funds was higher than budgeted due to increased gift aid income (Small Donations Scheme) and insurance claims following storm damage, despite fundraising income not being as high as anticipated. Average attendance figures were disappointing and reflect a trend seen in other churches. Despite falling attendance the average contribution per parishioner continues to rise in line with increasing costs.

Voluntary Employment

Many lay people voluntarily give up their time to help out across the Diocese. We are greatly indebted to these parishioners for their commitment and support.

It is estimated that over 45,000 hours were provided by in excess of 700 volunteers during the year working in all the parishes of the Diocese. If this is conservatively valued at £8.45 per hour, the volunteer contribution amounted to about £380,250. The church is fortunate that its volunteers see their contribution as an integral part of their individual vocation.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Diocesan Synod

One of the major initiatives started in 2016 and continued into 2017 was the Diocesan Synod. The aim of the Synod is to chart a course giving pastoral direction to the diocese over the next decade. The Synod involves representatives from every parish in the diocese coming together to discuss various issues raised by the members of the diocese as a whole. There were at least one hundred and fifty delegates at each of the six Synod meetings, ensuring that all people in the diocese were being properly represented. As stated, the Synod will give direction to planning pastoral strategies over the next decade covering such fields as: Youth Ministry, Adult Education and Catechesis, Sacramental Preparation, Marriage and Family Life, Vocations to the Priesthood and Religious Life, Ecumenism, among others.

Obviously, planning for and conducting such an undertaking has financial consequences but the benefits to the souls of the diocese will outweigh costs involved.

University Chaplaincy

Another major initiative implemented in May 2016 by the diocese, is the establishing of a Catholic Chaplaincy at the University of Paisley. This arose from a request by students at the university who approached the Trustees requesting assistance in establishing a place on or near the university campus where catholic students could meet, share their faith, and socialise as well as receive Mass and the Sacraments. A suitable location was found very near the main university buildings and the Chaplaincy was opened. A local Priest was appointed as the Chaplain to the university.

Since its inauguration, the Chaplaincy has gone from strength to strength and is regularly used by a number of students as well as by the diocese for talks and lectures aimed at university students as well as senior high school pupils from various schools throughout the diocese. The Chaplaincy is proving to be a very valuable pastoral asset to the diocese which seeks to build upon its success with more lectures, talks and pastoral initiatives being held at this location throughout the coming year.

As with all such initiatives, there are financial implications but, again, the Trustees are of the firm view that good being done outweighs the costs involved.

Youth Office

The biannual Youth to Lourdes Pilgrimage took place in 2016 and work is currently underway for the pilgrimage in July 2018. Some 50 young people each year travel with the main pilgrimage to assist the sick pilgrims and broncardiers in their care of the sick. The young people of the Diocese have participated in the World Youth Days in Krakow 2016. In 2017, 45 young people travelled to Poland on Pilgrimage in the Footsteps of St John Paul II. Based in Krakow they visited Wadowice – birthplace of Karol Wojtyla, Lagiewniki – Divine Mercy Sanctuary, the City of Krakow where he lived and worked and they prayed and celebrated Mass together each day. This initiative strengthened the links between the young people across our Diocese and led to them taking part more in the lives of their parish, school and Diocesan Communities. Our young people have in recent years visited the important Christian Sites in our own country with young people from across our 8 Dioceses. Places visited include Iona, where St Columba founded his Abbey, and Dunfermline at the burial site of St Margaret where St Ninian first preached Christianity in Scotland.

The Diocesan Youth office in recent years has facilitated and supported where possible various Parishes and schools continued in the work that they have always done inviting participation in initiatives such as:

- Nightfever – Adoration and Peer Street Ministry
- SCIAF liturgies and fundraising
- Mary's Meals – prayer and fundraising
- SVDP Youth Conferences & Mini Vinnies
- Pro-life Groups
- FAITH
- NET MINISTRIES

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Pope Caritas Award & Pope Francis Faith Award – these initiatives promoted by the Scottish Catholic Education Service (SCES) have provided a fertile and positive opportunity for the Youth Ministry of the Diocese to work with, engage and evangelise our young people and families. This is a future priority for our ministry programme.

On 31 January 2017, the Feast of St John Bosco, the Youth Commission launched “The Adventure of Mercy – Prayer, Partnership & Parish” which set out Pastoral Priorities which complement the ongoing work of the Synod but also a programme of events which offer our young people and young adults significant religious experience and opportunities. In order to facilitate this we have engaged the service of lay people within our Diocese but have also started working with agencies such as:

- The Salesians of don Bosco
- Net Ministries
- SCIAF
- Missio
- Aid to the Church in Need
- Mary’s Meals
- Cenacolo (UK)
- Society for the Protection of Unborn Children
- St Vincent de Paul

It is hoped that by establishing stronger working relationships with these organisations and societies our young people can be catechised and evangelised through putting their faith into action, being part of International Associations, and come to appreciate the Catholicity, and universal character of their faith beyond their immediate place and experience.

Religious Education

The Diocesan Education Department continues to support religious education in the state Catholic primary and secondary schools throughout the three Local Authorities of the Diocese. There is a Director of Education and a primary school adviser whose offices are at the Diocesan Office. The principal form of support is through an extensive programme of staff development, focussed both on sacramental preparation and in supporting personal spiritual development in a variety of ways. In addition there are three voluntary advisers representing the three deaneries. The Diocese also contributes to the cost of a National Catholic Education Officer.

Parishes work closely with Catholic schools by providing chaplaincy work and supporting pre-sacramental catechesis. Pupils undertaking the Pope Francis Faith Award in P7 and the Caritas Award in S6 can gain a special commendation if they take part in parish or diocesan activities: for the younger pupils perhaps distributing hymn books and welcoming people to church, reciting readings and bidding prayers at Mass and for the older pupils perhaps leading youth groups and children’s liturgies.

At present two additional volunteers have been identified to co-ordinate events in the Diocese during 2018 when there will be national celebrations to acknowledge the Centenary of the Education (Scotland) Act 1918, by which means Catholic schools became part of the state funding system.

Vocations

The Diocese supports our national seminary, the Pontifical Scots College, Rome. At present we have two students in the College, Ryan Black and Joe McGill. From 2018 we will also have two young men, Paul Laverty and Colm Docherty beginning a time of preparatory studies at the Scots College in Salamanca.

The Diocese has a training programme for permanent deacons, and one man was engaged in the course during 2016. Their programme interlinks with the national permanent diaconate programme. Patrick Doogan was ordained as a permanent deacon in 2016.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

There is an on-going vocations awareness drive led by the Vocations Director, to encourage all young people to search for their true vocation in life, in various works of service and ministry. This entails the extensive use of advertising both mainstream and on-line. We also have retreat days, youth events and national action days. Recently priestly vocations and the care of priests have been assisted with the new national vocations project called Priests for Scotland.

Communications

The Diocese sees effective communication as key to the success of its aims and objectives. As well as making use of the diocesan website (www.rcdop.org.uk) the diocese also regularly update its Facebook page and Twitter.

Safeguarding

“Awareness and Safety in Our Catholic Communities” is currently being up-dated by the National Catholic Safeguarding Office. The new version is expected by the end of 2017. However, in the meantime it contains the Church’s policies and procedures for the protection of children, young people and vulnerable adults and is the basis for good practice in our parishes. All Parish Priests and Parish Co-ordinators have a copy of the manual and posters for display in the Church and Parish Hall. In the 6 months to December 2016 more than 300 volunteers were trained at parish training sessions. Training has also been provided to Clergy and Parish Safeguarding Co-ordinators.

Retrospective checking for all paid workers and volunteers under the Protection of Vulnerable Groups Scheme (PVG) is under way. There is a monthly quota of retrospective PVG forms to be completed and therefore a rota of parish training sessions has now been drawn up and will continue for 3 years. An annual Diocesan and Parish Audit, compiled by the National Catholic Safeguarding Office is completed and the results fed back to the Diocese. Audits are also completed by the Diocesan Lourdes Pilgrimage, Ozanam and SPRED.

The Diocesan Safeguarding Advisory Group meets quarterly to aid the Bishop and Adviser. The Diocesan Risk Assessment Management Team meets as and when required. The Safeguarding Adviser continues to attend national meetings and supports the national office in many ways.

Notifiable Events

The Trustees are fully aware of the recent change in the Policy of the Office of the Scottish Charity Regulator with regard to the reporting of ‘notifiable events’. No report was made to OSCR for this accounting period. Should any such events occur in the future, the Trustees will comply with this policy.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW

The Trustees reappointed RSM UK Audit LLP as auditors to the Diocese for the year ended 31 December 2016. The financial statements have been prepared by the Diocese and audited by RSM UK Audit LLP. The responsibility for the contents of the financial statements rests with the Trustees.

The financial statements are presented in accordance with the legislation governing the reporting of charities in the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended). The financial statements comply with Financial Reporting Standard 102 (FRS 102) and Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP 2014) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

The Trustees report a surplus (before other recognised gains and losses) of £185,898 on Curial funds for the year (2015: deficit of £207,901). The Trustees report a deficit of £392,928 on parochial funds for the year (2015: surplus of £105,974). Curial net current liabilities were £286,847 at 31 December 2016 (2015: £116,281) and Parochial net current assets were £2,420,348 at 31 December 2016 (2015: £2,694,176).

Parochial reserves total £10,208,541 at 31 December 2016 (2015: £10,601,469) which relate solely to the assets and transactions of individual parishes. They are not available for the general purposes of the Charity nor can individual parishes transfer their funds to other parishes within the Diocese. Curial reserves total £7,132,365 at 31 December 2016 (2015: £6,946,466) which are held by the main body of the Diocese.

Inclusion of Parish Financial Statements

The assets, liabilities, income and expenditure of the parishes have been incorporated into these financial statements of the Diocese for the years ended 31 December 2016 and 31 December 2015.

The Financial Statements of each parish were prepared by suitably qualified accountants who reported to the Trustees.

In compiling the comparative figures, a parochial balance sheet was established at 31 December 2016 and 31 December 2015 by ascertaining bank balances, debtors and creditors and fixed assets at that date and adjusting for intra-charity debtors and creditors.

Comparative income and expenditure figures were compiled by combining the figures from the Parish Financial Statements for the years ended 31 December 2016 and 2015 and making necessary adjustments for intra charity transactions.

Curial Funds

The surplus in Curial funds (after other recognised gains and losses on revaluation of fixed assets) is £185,898 (2015: deficit of £207,901). The surplus in 2016 arose as result of significant gains on listed investments of £598,701 compared to a gain of £140,222 in 2015. Without these gains the deficit for the year would have been £412,803 (2015: £348,123).

This underlying deficit (before gains on listed investments) was higher than anticipated in the budget due to the Levy increase of £70,000 being postponed to 2017, and the fundraising campaign only starting in November 2016.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

The main source of income for the Curial Fund is through an annual levy from the Parishes and Special Collections for particular purposes. In the year under review, £365,397 (2015:£ 369,027) was raised in levy from the Parishes and a further £210,340 (2015:£ 216,272) was contributed through Special Collections (note 20a).

As the levy and some other income and expenditure items are intra the charity, i.e. between the diocese and the parishes, £359,146 is included in the "Transfers between Funds" line of the Statement of Financial Activities (2015: £335,224). For details of individual items see note 19.

The underlying deficit in the unrestricted Curial fund arises from income being insufficient to meet the responsibilities faced by the Diocese in relation to education of students, national responsibilities to the Bishops' Conference of Scotland, diocesan services provided through various bodies such as the Religious Education Department and the administration of a diocesan office. Expenditure is constantly under review and new income sources are being sought and in particular the Diocese commenced a new fundraising initiative in 2016 in a rolling programme throughout the Parishes to assist in this objective. As at January 2018, eleven of the thirty three Parishes have hosted a fundraising appeal for regular donations to support various areas of Diocesan work. This has raised £50,000 (including Gift Aid) in recurring standing orders and one-off donations of around £10,000. The remaining Parishes will be visited over 2018 and 2019.

In order to maintain the financial security of the Diocese for the future, it is essential that expenditure will have to be continually monitored and controlled. However to meet these rising costs of our commitments the level of contributions from all sources including parishes will also have to be increased, otherwise the Diocese will encounter further deficits which will be unsustainable in the long term.

Surplus on Parochial Funds

The deficit in Parochial Funds before other recognised gains/losses amounts to £392,928 (2015: surplus £105,974). A loss arose in 2016 on revaluation of investment property of £167,500. Without this loss the deficit for the year would have been £225,428 (2015: surplus £105,974). The main increase in expenditure in 2016 was due to the renovation of the entrance and grounds at St Mirin's Cathedral.

This underlying deficit was lower than anticipated in the budget due to the Levy increase of £70,000 being postponed to 2017, and some budgeted repairs / improvements were not carried out due to a cost cutting exercise.

The Trustees recognise the need to achieve a recurring surplus for Parochial Funds in order to meet the costs of maintaining properties and extend and develop the range of good works carried out in the Diocese. Future fundraising efforts will take this into account.

Going Concern

The Trustees regard the future operation of the Diocese as a going concern given the cash at bank is £1.73m and the investment portfolio totals £5.24m at 31 December 2016. Our projected recurring fundraising for 2017 onwards is £150,000 per annum based on the response to appeals in Parishes to date with £50,000 raised in standing orders from one third of the Parishes at January 2018. Our budgeted Curial deficit for 2018 and 2019 is around £55,000. The Trustees will continue to look at ways to reduce costs and eliminate the deficit.

The anticipated planned deficit on Parochial funds for 2017 is minimal and in 2018 is around £250,000 and is primarily due to anticipated additional one off repair costs.

This will have a corresponding effect on the projected cash position of Parochial funds. The 2019 Parochial budget shows a projected deficit of £50,000.

Fixed Assets

The net book value of Curial fixed assets at 31st December 2016 amounted to £2,161,991 (2015: £2,196,041).

The net book value of Parochial fixed assets at 31st December 2016 amounted to £7,071,695 (2015: £7,023,293). The increase is due to additions of £275,248 less depreciation of £226,846.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Investment Policy and Performance

The investments held by Diocese (mainly quoted investments) again produced some income to defray running costs. During the year, a decision was made to dispose of £151,994 of investments from the General Fund and £54,501 from the Retired Priests Fund.

The movement in the stock market over the year has resulted in a significant increase in the value of the combined investment portfolio which resulted in a realised and unrealised gain of £598,701 (2015: realised and unrealised gain of £140,222). The value of combined stock market investments is £5,243,034 (2015:£ 4,850,829). In 2016 the investments were managed by Brewin Dolphin Ltd on an advisory basis. During 2016 the management changed to a discretionary basis following a review of investment risk.

The Trustees intend that the real value of their assets be maintained and enhanced over the long term by investments comprising equities, fixed interest stocks and cash. The Diocese maintains separate portfolios on this basis for the General Fund and Retired Priests Fund. The Trustees regularly review investment policy with the professional advice of Brewin Dolphin Ltd.

The investment criteria are that a balance should be maintained between income and longer-term capital appreciation within the framework of a low/medium attitude to risk, at this time the balance is towards income generation to meet the costs particularly of retired clergy.

The Diocese adheres to an ethical policy that seeks not to invest in equities directly or mainly involved in the manufacture and/or supply of goods and services, which would not be in accordance with the teachings of the Gospel and the social teachings of the Roman Catholic Church. Our portfolio managers understand our policy and give complete co-operation in regard to our ethical concerns.

It is understood that a complete control over all monies, for instance, those held in unit trusts, is not possible. As a charity we may continue to invest in companies involved in activities, which may give rise to ethical concerns where these activities are considered minimal in relation to that company's overall business. Where appropriate, we endeavour to engage in dialogue and seek to make our views known to such companies in which we invest.

Investment Properties

Investment properties are land/properties held to earn rentals or for capital appreciation. These properties were valued at year ended 31 December 2016 in line with Charities SORP (FRS 102) and will be valued on an annual basis going forward.

St Conval's Cemetery

The administration of St. Conval's cemetery provides a surplus for the Diocese from the sale of burial plots and the fees for burials. The sale of plots however will decline as land is used up, and it was estimated that the cemetery has another 11-13 years before its revenue will take a sharp plunge, and a business plan to provide ongoing maintenance of the grounds will be required. To this end a further purchase of land was made in 2017 to extend the revenue potential of the cemetery.

Fixed Assets

In order to fulfil its charitable objectives the Diocese needs a considerable number of properties. Any property which becomes surplus to requirements will either be transferred to investment properties as a rental property or be sold. The administration of parish property is the responsibility of the parish priest in line with the Code of Canon Law. The fixtures and fittings, and other contents of the properties are similarly all used in the work of the charity.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Valuation / Deemed Cost of Fixed Assets

As a result of the change of status from that of a Designated Religious Body to that of a Designated Religious Charity following the issue of the Charities and Trustee Investment (Scotland) Act 2005, which removed the previous exemption from compliance with some charity accounting standards, the Trustees have been giving careful consideration to the impact of the Charities SORP (FRS 102) regarding capitalising property and depreciation of it thereafter, as explained further in the accounting policies on page 21 (note (ii)) in the accounts.

In order to comply with FRS 102 the Trustees attempted to obtain the historic costs of all churches and adjoining properties. It was found that to complete this exercise would be very costly and time consuming. The Trustees have considered the position carefully and have decided that the cost of carrying out this exercise outweighed the benefits. This, combined with the difficulty of valuing church properties, has meant that these properties have been excluded from the Balance Sheet. As a result the auditors have issued a qualified audit report with reference to this.

Under the transitional arrangements on first adopting Charities SORP (FRS 102) for the 31st December 2015 financial statements the revaluations of land and buildings as at 31st December 2014 were treated as “deemed cost” and frozen at that date. This removes the need for future valuations.

Risk Management

The Trustees recognise the importance of a formal risk register and are undertaking a risk management assessment to identify risks and implement risk management strategies. This process has involved the identification of the type of risk faced by the charity, the likelihood of its occurrence, the potential impact on the Diocese and the means of mitigation. The risk register is reviewed by the Finance Council on an ongoing basis. The risks identified include falling attendance, reducing numbers of priests, investment performance, fundraising, repair and maintenance of churches, and presbyteries including listed buildings, health & safety, safeguarding.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to risk, and the changes in sentiment concerning equities and within particular sectors or sub sectors. This is mitigated by the continued involvement of Brewin Dolphin Stockbrokers who now manage our investments on a full discretionary basis, taking into account the ethical concerns of the charity.

The risk of insufficient fundraising is being addressed by the new Diocesan fundraising initiative by the recently established fundraising committee with a dedicated employee and appointment of fundraising director. The Finance Office regularly monitors planned fundraising against targets.

The maintenance of properties and the safety of the public is a risk faced by the charity. This is mitigated by conducting regular safety audits (gas, electric, asbestos, fire) and a regular inspection programme to identify necessary repairs.

Safeguarding risk is mitigated by preparation of an audit of safeguarding practices and procedures, completion of PVG forms and ongoing safeguarding training courses. Mary Cairns was recently appointed as the Safeguarding Officer.

Funds

Unrestricted funds are available for use as the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Trustees for a particular purpose.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Reserves Policy

The intention of the Trustees is to build up free (or unrestricted) reserves to an equivalent of 3 months expenditure on unrestricted funds.

As at 31 December 2016, total funds amount to £17,340,905 (2015: £17,547,935).

The balance held as parochial restricted funds was £10,208,541 (2015: £10,601,469). After allowing for funds tied up in fixed assets and investments, parochial reserves equate to £2.42m against an annual restricted spend on parochial activities of £3.43m. Parochial reserves equate to 9 months of parochial restricted charitable expenditure.

The balance held as curial restricted funds was £523,043 (2015: £538,473). After allowing for funds tied up in fixed assets and investments, restricted funds equate to £273,000 against an annual restricted spend of £463,000. The free reserves equate to 7 months of restricted curial charitable expenditure.

The balance held as designated funds was £8,271,155 (2015: £7,756,241). After allowing for funds tied up in fixed assets and investments, free designated funds equate to £2.3m against an annual spend of £227,000.

The deficit in curial unrestricted funds was £1,661,834 (2015: £1,348,248) and the annual spend is £860,000. The Trustees are seeking to address this deficit by transferring £1,000,000 in 2017 from the designated cemetery fund and £1,000,000 from the designated retired priests fund to the curial unrestricted fund.

PLANS FOR THE FUTURE

The Trustees started a fundraising project in November 2016 which aims to eliminate the deficit going forward by asking Parishioners to directly support the following areas of Diocesan work by giving by standing order or one-off payments. The targeted areas are: Sick & Retired Priests, Vocations & Seminarians, Marriage & Family, Youth & Safeguarding, SPRED and Scottish Catholic Church.

In 2016 our young people took part in Youth to Lourdes and World Youth Day in Krakow. Since returning home their Youth Commission have set new initiatives to prepare for next World Youth Day in Panama and a Young Catholic Leaders programme has been set up in Inverclyde as well as a Paisley Faith Forum at the UWS Chaplaincy. Friends will help our young people stay close to the Church in these formative years.

In 2016 we set up a diocesan Marriage Preparation programme for couples being married in the Church and around one hundred couples have benefitted from learning about their vocation of marriage. Meanwhile our Families Ministry has organised Family Days with games, talks and barbecues to outreach to all families. Friends will help families of all shapes and sizes feel the Church is close by and on their side in these challenging times.

The Diocese has now entered into the “post-synodal phase” documenting outcomes and beginning implementation of decisions made.

General Comment

The Trustees continue to be mindful of the fact that church attendances are declining, which may adversely affect future income. Costs, however, continue to rise inexorably. There is a necessity to train people for the priesthood and diaconate, look after aged and sick priests, as well as the normal everyday administration. These costs continue to rise with the ever-increasing burden of statutory and regulatory controls and new legislation imposed on the charity.

The Trustees are aware that progress needs to be made, particularly with the continuation of tight costs control, over the next few years in order to ensure that sufficient liquidity is maintained to enable the charity to continue its work without resorting to the realisation of its investment assets.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

Pope Pius XII established the Roman Catholic Diocese of Paisley on 5 April 1948. The objects of the charity are set out in detail in the Deed of Declaration of Trust but principally it is the advancement of the Roman Catholic Religion. As established by OSCR, this Deed of Declaration of Trust must be read in conjunction with the Code of Canon Law (CIC).

Governance

The Diocese is governed by the Bishop, and the Curia “consists of those institutions and persons which assist the bishop in the governance of the whole diocese, especially in guiding pastoral action, in caring for the administration of the diocese, and in exercising judicial power” (Code of Canon Law, c.469). In the exercise of his authority, the Bishop is subject to the provisions of the Code of Canon Law.

There are three bodies prescribed by canon law as the principal advisory bodies to the Bishop:

- The Council of Priests, which is “a group of priests which, representing the presbyterium, assists the bishop in the governance of the diocese according to the norm of law to promote as much as possible the pastoral good of the portion of the people of God entrusted to him” (Code of Canon Law, c.495§1), consists of around 15 priests, about half of whom are elected by the priests of the Diocese. It meets three times a year. The Bishop is obliged to have consulted with this Council before making certain decisions.
- The College of Consultors, derived from the members of the Council of Priests, but separate from it, must be consulted upon matters of major administrative significance. For acts of extraordinary administration, as defined by Canon Law, quantified by the Bishops’ Conference of Scotland and approved by the Holy See, the Bishop needs the consent of the College of Consultors and of the Finance Council.
- The Finance Council, which is made up of the Trustees and lay advisers, meets quarterly to discuss and give advice on financial and major administrative matters, including advice on setting remuneration of the charity’s key management personnel.

Trustees

The Trustees are the Bishop by right of his Office, the Vicar General of the Diocese of Paisley and the Diocesan Treasurer who are freely appointed to these Offices by the Bishop and become Trustees as holders of these Offices. The Trustees govern the affairs of the charity.

At 31 December 2016 the Trustees were accordingly as follows: -

Right Rev John Keenan, LLB, Ph.L., STB	Bishop of Paisley
Rev Joseph Burke, B.A., Ph.B., STB, JCL	Vicar-General
Rev Stephen Baillie	Diocesan Treasurer

The Trustees hold meetings on a regular basis to conduct the operations of the charity and implement its investment and other policies. Existing members inform new Trustees of their duties and responsibilities. Each year a review is undertaken of the duties and obligations of Trustees. A plan for Trustee training in 2018 is under review.

Rev Brian McGee resigned as Vicar General on 18th January 2016 to take up his appointment as Bishop of Argyll & the Isles. Rev Joseph Burke resigned as Diocesan Treasurer to take up his appointment as Vicar General on 18th January 2016. Rev Stephen Baillie was appointed as Diocesan Treasurer on 18th January 2016.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Principal Offices

In the normal governance of the Diocese, the Bishop is supported in his task of governance by the Diocesan Curia. The Diocesan Curia under the moderation of the Vicar General administers the day-to-day affairs of the charity from the registered office. The Curia is made up of both clerical and lay staff. Diocesan policies are put into place in consultation with a number of commissions and committees. Canon law mandates a Diocesan Finance Council consisting of people skilled in the administration of goods, both lay and clerical. It meets 4 times per year and the Diocesan Treasurer, Finance Manager and Property Manager report on the activities of the Diocese and these are discussed and advice is given to the Bishop and Trustees concerning their decisions. The Council of Priests of the Bishop of Paisley meets twice a year and each priest contributes to its discussion either by membership or through the Deanery meetings which feedback to the Council. The College of Consultors, which is derived from the Priests' Council, but separate from it, must be consulted on matters of major administrative significance. For acts of extraordinary administration, as defined by the Code of Canon Law and quantified by the Bishops' Conference of Scotland, the Bishop requires the consent of the Finance Council and the College of Consultors.

The administrative headquarters of the Diocese of Paisley is Diocesan Centre, Cathedral Precinct, Incle Street, Paisley, PA1 1HR. The designations and addresses of the other offices, commissions and committees and parish churches are listed in the Catholic Directory for Scotland, which is available from the above address.

Management

Day to day administration of the Curial funds is carried out by the key management personnel listed on page 3 (and their staff) who report to the Trustees and appropriate committees.

Administration of parochial funds is the responsibility of each parish priest who is assisted in this task by a parish Finance Council, as required by Canon law.

The systems of internal controls, in line with Canon Law, are designed to provide reasonable assurance against material misstatement or loss and include:

- An annual budget for the activities of the Diocesan Curial Office and Parochial Funds.
- Regular provision of management and financial reports to senior officers and to the Finance Council, provision of reports on investment and fundraising performance and property management to relevant committees.
- Delegation of authority, supervision and segregation of duties.
- Identification and management of risks.
- The annual preparation of Memorandum Parish Accounts by external accountants.
- Introduction of integrated Sage accounting to include Parochial Funds in 2017.

Investment Powers

The relevant Deed of Declaration of Trust authorises the Trustees to make and hold investments using the funds of the charity.

Investments held by the charity have been acquired in accordance with the powers available to the Trustees and are held under the nominee name of its Investment Managers, Brewin Dolphin Ltd.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Key management personnel remuneration

The Trustees review the pay and remuneration of the charities key management personnel annually and this is normally increased in line with the Retail Price Index. The remuneration is also benchmarked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that paid for similar roles.

Connected Charities / Related Parties

The Right Rev. John Keenan, Bishop of Paisley, is a member of the following bodies, which are connected to or supported by the Diocese: -

The Bishops Conference of Scotland
Catholic National Endowment Trust
John Menzies Trust for Scotus College and Catholic Education
Bishop George Hay's Trust

Trustees' responsibilities in relation to the financial statements

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 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 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 Charities SORP (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that 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 (as amended) and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence ensuring their proper application under charity law, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the 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.

DIOCESE OF PAISLEY

REPORT OF THE TRUSTEES (continued)

Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

Approved and authorised for issue at the Trustees meeting held on 23rd February 2018 and signed on behalf of the Trustees.

Right Rev John Keenan
Bishop of Paisley

Date: 23rd February 2018

DIOCESE OF PAISLEY

Independent auditors' report to the Trustees of the Diocese of Paisley

We have audited the financial statements of the Diocese of Paisley (the 'charity') for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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".

Basis for qualified opinion on financial statements

As disclosed in the accounting policies on pages 22 and 25, Note (ii) and (xi), Church buildings and church contents have not been included in the Balance Sheet at an appropriate value, contrary to the requirements of Financial Reporting Standard 102. In our opinion, these properties should have been included in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP 2014). We have been unable to quantify the effect of the departure from the accounting standard.

Qualified opinion on financial statements

In our opinion, except for the effect of not including the valuations referred to in the preceding paragraph, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 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, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the charity's constitution.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Report is not consistent with the financial statements; or
- the charity has not kept proper accounting records; 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on pages 5 & 6 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 auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under 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 (APB's) Ethical Standards for Auditors

This report is made solely to the Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Statutory Auditor

Chartered Accountants

Third Floor, Centenary House, 69 Wellington Street, Glasgow, G2 6HG

Date: *6/2/18*

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Diocese of Paisley
Statement of Financial Activities
Incorporating an Income and Expenditure Account
For the year ended 31 December 2016

	Note	Curial Unrestricted Funds 2016 £	Curial Designated Funds 2016 £	Curial Restricted Funds 2016 £	Curial TOTAL Funds 2016 £	Parochial Restricted Funds 2016 £	Total Year Ended 2016 £	Total Year Ended 2015 £
Income and endowments from:								
Donations and legacies	1	2,755	7,042	239,029	248,826	3,169,410	3,418,236	3,492,491
Other trading activities	2	22,051	321,315	-	343,366	222,393	565,759	609,213
Investments	3	67,897	106,862	-	174,759	25,494	200,253	230,420
Charitable activities	4	-	-	-	-	71,442	71,442	76,139
Other	5	6,049	5,684	-	11,733	79,547	91,280	154,263
Total		98,752	440,903	239,029	778,684	3,568,286	4,346,970	4,562,526
Expenditure on:								
Raising funds	6	18,316	600	-	18,916	53,702	72,618	79,354
Charitable activities	7	842,310	226,407	463,003	1,531,720	3,380,864	4,912,584	4,725,321
Other Resources Expended	9	-	-	-	-	-	-	-
Total		860,626	227,007	463,003	1,550,636	3,434,566	4,985,202	4,804,675
Net income/(expenditure) and net movement in funds before gains and losses on investments		(761,874)	213,896	(223,974)	(771,952)	133,720	(638,232)	(242,149)
Net gains on listed investments	11	176,442	422,259	-	598,701	-	598,701	140,222
Net (losses) on investment properties	12	-	-	-	-	(167,500)	(167,500)	-
Net income/(expenditure)		(585,432)	636,155	(223,974)	(173,251)	(33,780)	(207,031)	(101,927)
Transfers between funds	19	271,843	(121,241)	208,544	359,146	(359,146)	-	-
Net movement in funds		(313,589)	514,914	(15,430)	185,895	(392,926)	(207,031)	(101,927)
Reconciliation of Funds:								
Fund balances brought forward	18	(1,348,248)	7,756,241	538,473	6,946,466	10,601,469	17,547,935	17,649,862
Total funds carried forward		(1,661,837)	8,271,155	523,043	7,132,361	10,208,543	17,340,904	17,547,935

All amounts included relate to continuing activities.

Diocese of Paisley
Balance Sheet
For the year ended 31 December 2016

		2016	2016	Year	Year
		£	£	Ended	Ended
		Diocese	Parochial	2016	2015
				£	£
				Total	Total
Fixed Assets:					
Investments	11	5,243,034	-	5,243,034	4,850,829
Investment properties	12	75,000	716,500	791,500	959,000
Tangible fixed assets	13	2,161,991	7,071,695	9,233,686	9,219,334
Total fixed assets		<u>7,480,025</u>	<u>7,788,195</u>	<u>15,268,220</u>	<u>15,029,163</u>
Current Assets:					
Stock		-	-	-	-
Debtors due in more than 1 year	14	-	-	-	-
Debtors	14	299,168	678,869	978,037	1,067,431
Cash at bank and in hand		<u>(277,966)</u>	<u>2,011,401</u>	<u>1,733,435</u>	<u>2,171,916</u>
Total current assets		<u>21,202</u>	<u>2,690,270</u>	<u>2,711,472</u>	<u>3,239,347</u>
Liabilities:					
Creditors falling due within one year	15	308,049	269,922	577,971	661,452
Net Current liabilities/assets		<u>(286,847)</u>	<u>2,420,348</u>	<u>2,133,501</u>	<u>2,577,895</u>
Total assets less current liabilities		7,193,178	10,208,543	17,401,721	17,607,058
Creditors falling due in more than one year	16	60,817	-	60,817	59,123
Total net assets		<u><u>7,132,361</u></u>	<u><u>10,208,543</u></u>	<u><u>17,340,904</u></u>	<u><u>17,547,935</u></u>
The funds of the charity:					
Total restricted funds	18	523,043	10,208,543	10,731,586	11,139,942
General funds	18	(1,661,837)	-	(1,661,837)	(1,348,248)
Designated funds	18	<u>8,271,155</u>	<u>-</u>	<u>8,271,155</u>	<u>7,756,241</u>
Total unrestricted funds		<u>6,609,318</u>	<u>-</u>	<u>6,609,318</u>	<u>6,407,993</u>
Total charity funds		<u><u>7,132,361</u></u>	<u><u>10,208,543</u></u>	<u><u>17,340,904</u></u>	<u><u>17,547,935</u></u>

Approved and authorised for issue by the Trustees on **23rd February 2018**

Trustee: Right Rev John Keenan, Bishop of Paisley

Trustee: Rev Joseph Burke, Vicar-General

Trustee: Rev Stephen Baillie, Treasurer

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Cashflows

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Curial Total Fund £	Parochial Restricted Fund £	Total 2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(173,251)	(33,780)	(207,031)	(101,927)
Dividends, interest and rents from investments	(174,759)	(25,494)	(200,253)	(230,420)
Depreciation charges	61,334	226,846	288,180	282,249
(Gains)/losses on listed investments	(598,701)	-	(598,701)	(140,222)
(Gains)/losses on investment property	-	167,500	167,500	-
Loss/(profit) on disposal of fixed assets	(5,684)	-	(5,684)	30,000
(Increase)/decrease in debtors	19,015	70,380	89,395	(196,993)
Increase/(decrease) in creditors	29,464	(111,262)	(81,798)	122,495
Net cash provided by (used in) operating activities	(842,582)	294,190	(548,392)	(234,818)

Statement of cash flows

Net cash provided by (used in) operating activities	(842,582)	294,190	(548,392)	(234,818)
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Cash flows from investing activities:

Dividends, interest and rents from investments	174,767	25,496	200,263	230,420
Purchase of investments	-	-	-	-
Proceeds from sale of investments	206,496	-	206,496	5,111
Purchase of property, plant & equipment	(29,400)	(275,248)	(304,648)	(59,741)
Proceeds from the sale of property, plant & equipment	7,800	-	7,800	470,000
Net cash provided by (used in) investing activities	359,663	(249,752)	109,911	645,790

Change in cash and cash equivalents in the year

	(482,919)	44,438	(438,481)	410,972
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Cash and cash equivalents brought forward at 1 January

	(154,193)	2,326,109	2,171,916	1,760,944
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Transfers between Funds

	359,146	(359,146)	-	-
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Prior period adjustment to transfers between funds

	-	-	-	-
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Cash and cash equivalents c/fwd at 31 December

	(277,966)	2,011,401	1,733,435	2,171,916
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Accounting Policies

The principal accounting policies are:

i. General Information

The Diocese of Paisley is legally constituted as a Trust and a Designated Religious Charity (SC013514). The address of the Charity's registered office and principal place of business is Diocesan Centre, Cathedral Precinct, Inle Street, Paisley, PA1 1HR. The Charity's principal activities and nature of the Charity's operations are detailed in the Trustees Report.

ii. Basis of Preparation

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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued on 16 July 2014 (Charities SORP (FRS 102)) 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 financial statements have been prepared under the historical cost convention with items recognised at transaction cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The abolition of certain exemptions available to the Diocese of Paisley as a designated religious body under the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 as a result of the implementation of the Charities and Trustee Investment (Scotland) Act 2005, requires full application of the requirement of the Charities SORP (FRS 102).

Under FRS 102, the charity is required to capitalise on its Balance Sheet all tangible fixed assets. The Trustees have considered the position carefully and have decided that, for the reasons given in the relevant accounting policy, that the application of Module 10 of FRS 102 to the charity's church buildings and adjoining properties is not relevant to these assets. The charity has therefore excluded these properties from the Balance Sheet.

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The most significant areas of judgement and key assumptions that affect items in the accounts are the values for tangible fixed assets and investments including investment properties.

The charity meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in £ sterling.

iii. 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 now accounted for within the financial statements of the Diocese, but their distinct canonical status explains the columnar approach taken in these financial statements and the classification of the parish assets and liabilities as parochial restricted funds.

Diocese of Paisley

Notes to the Financial Statements

For the year ended 31 December 2016

Accounting Policies (continued)

Transactions between parishes and the Diocese are accounted for as transfers of funds in the Statement of Financial Activities. These transactions are principally the annual amount levied to cover central costs and amounts collected by parishes and passed on intact to the Diocese for such purposes as the trustees periodically nominate.

Unrestricted funds are available for use as the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Trustees for a particular purpose.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Expenditure that meets the criteria laid down for restricted or designated funds is transferred to that particular fund from the Statement of Financial Activities. Where income is received from investments purchased with money from one of those funds, that income may be credited to that fund or to the general fund according to the provisions of the fund.

iv. Income Recognition

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

Donations, are recognised when receivable.

Legacies are recognised on a case by case basis following the granting of probate when the 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 measureable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Grants are recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably which shall not be recognised until there is reasonable assurance that the charity will comply with the conditions attached to it and the grants will be received.

Insurance claims are recognised when the charity has established its entitlement to the reimbursement of the insured loss, the receipt is probable and its amount can be measured reliably.

Interest on funds held on deposit is included when receivable; this is normally upon notification of the interest paid or payable by the bank.

Dividends are accrued when the right to receive payment is established. This is normally upon notification by the investment advisor of the dividend yield of the investment portfolio. Rental income is recognised when receivable.

v. 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.

Diocese of Paisley

Notes to the Financial Statements

For the year ended 31 December 2016

Accounting Policies (continued)

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs relating to each category of expenditure.

vi. Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

vii. Costs of raising funds

The costs of raising funds consist of investment management costs and costs associated with fundraising activities. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

viii. Costs of charitable activities

Charitable activity expenditure enables the Diocese to meet its charitable aims and objectives. Governance costs are included in charitable activities and are the costs associated with the governance arrangements which relate to the general running of the Diocese, and relate to the statutory constitutional and strategic planning cost of the charity.

ix. Support costs

Support costs are those costs that assist the work of the charity but do not directly undertake charitable activities. All support costs are allocated to costs of charitable activities.

x. Investment Properties

Investment properties are properties held by the charity to earn rentals or for capital appreciation, or both.

Investment properties are measured initially at cost and subsequently at fair value at the reporting date. Changes in value are recognised in the Statement of Financial Activities.

Investment properties were revalued at 31 December 2016 and on an annual basis in accordance with Charities SORP (FRS 102).

xi. Tangible fixed assets and depreciation

In accordance with the Charities SORP (FRS 102), all non-adjoined properties excluding the churches, owned in civil law by the Diocese, were valued on an existing use basis by an independent professional firm at 31 December 2014. This is deemed a reasonable estimate of the asset's current fair value to the Diocese at 31 December 2016. External valuations are carried out every five years. An interim review will be carried out at 31 December 2017. Any major capital improvement costs relating to the properties not attached to churches in the interim will be capitalised.

Under the transitional arrangements on first adopting FRS 102 in the 31st December 2015 financial statements, the current value of the properties has been treated as 'deemed cost' and frozen going forward therefore avoiding the necessity to carry out revaluations in future.

Diocese of Paisley

Notes to the Financial Statements

For the year ended 31 December 2016

Accounting Policies (continued)

In relation to parish churches and their contents, no value has been included in the Balance Sheet for these assets in the 2016 financial statements. In order to comply with Charities SORP (FRS 102), the trustees attempted to obtain the historic costs of all churches and adjoining properties. It was found that to complete this exercise would involve significant costs outweighing the additional benefit derived by users of the accounts in assessing their stewardship of assets. The trustees also believe that the current estimated recoverable value in use of these assets is nil.

All other fixed assets costs in excess of £2,500 have been capitalised and measured at their historical cost with the exception of improvements to churches and adjoining properties. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	2% straight line
Furniture and fittings	20% reducing balance
Office Equipment	20% reducing balance
Computer Equipment	33.3% straight line
Motor Vehicles	25% reducing balance

xii. Fixed asset 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 (usually the bid price). For unit trusts fair value is represented by the bid price. The Statement of Financial Activities includes the net gains and losses arising on the revaluation and disposals throughout the year.

xiii. Staff Pensions

Employees of the charity are entitled to select a personal pension scheme to which the Diocese makes a contribution equivalent to 8% of their gross salary. There were no outstanding contributions at the year end. The pension costs are included within staff costs (note 8).

xiv. Cash and Cash Equivalents

Cash, for the purposes of the statement of cash flows, comprise cash in hand and deposits repayable on demand, less the overdraft payable on demand.

xv. Financial Instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Diocese of Paisley

Notes to the Financial Statements

For the year ended 31 December 2016

Accounting Policies (continued)

xvi. Financial Assets

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.

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.

xvii. Financial Liabilities

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade or other creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

	Curial Unrestricted Funds 2016 £	Curial Designated Funds 2016 £	Curial Restricted Funds 2016 £	Curial TOTAL Funds 2016 £	Parochial Restricted Funds 2016 £	Total 2016 £	Total 2015 £
1 Donations and legacies							
Offerings	-	-	-	-	1,892,107	1,892,107	1,907,681
Second Collections	-	-	-	-	312,581	312,581	310,840
Tax recovered on Gift Aid	-	-	717	717	328,840	329,557	336,758
Votives	-	-	-	-	118,519	118,519	119,811
Collection boxes (St Anthonys)	-	-	-	-	31,588	31,588	31,538
Donations	2,005	7,042	5,800	14,847	56,383	71,230	110,139
Legacies	-	-	-	-	73,611	73,611	69,308
Other income	-	-	-	-	66,685	66,685	43,077
Grants	750	-	-	750	79,887	80,637	37,451
Hospital Chaplaincy	-	-	-	-	4,314	4,314	5,752
Painting Fund	-	-	-	-	-	-	3,960
Diocesan Youth Fund	-	-	-	-	359	359	-
Lourdes & Pilgrimages	-	-	-	-	12,718	12,718	38,076
Diocesan Special Collections (Note 19a)	-	-	210,340	210,340	-	210,340	216,272
Parochial Special Collections (Note 20)	-	-	-	-	184,239	184,239	225,745
Hall Fund	-	-	-	-	4,246	4,246	-
Heating fund	-	-	-	-	915	915	-
Net Ministries	-	-	-	-	2,400	2,400	18,245
Restoration Fund	-	-	-	-	18	18	3
Organ Fund	-	-	-	-	-	-	780
Bishop's Charities	-	-	-	-	-	-	1,043
Missio Scotland	-	-	4,567	4,567	-	4,567	6,618
Bishop George Hay Trust	-	-	12,945	12,945	-	12,945	8,679
Youth Pilgrimage Fund	-	-	1,800	1,800	-	1,800	-
SPRED Contribution to Wages	-	-	2,860	2,860	-	2,860	715
	2,755	7,042	239,029	248,826	3,169,410	3,418,236	3,492,491

In 2016, of the donations and legacies totalling £3,418,236 (2015: £3,492,491), £2,755 (2015: £4,159) was attributed to unrestricted curial funds, £7,042 (2015: £8,494) to designated curial funds, £239,029 (2015: £261,069) to restricted curial funds and the balance of £3,169,410 (2015: £3,218,769) to parochial restricted funds.

2 Other trading activities

Fundraising	7,292	-	-	7,292	125,724	133,016	155,106
Hall Lets	-	-	-	-	78,351	78,351	74,426
Other	-	-	-	-	18,318	18,318	27,758
Sale of Literature	119	-	-	119	-	119	702
Cemetery Sales	-	321,315	-	321,315	-	321,315	328,275
Course & Conference Fees	600	-	-	600	-	600	1,135
Fares for Pilgrimages	14,040	-	-	14,040	-	14,040	21,811
	22,051	321,315	-	343,366	222,393	565,759	609,213

In 2016, of the other trading activities income totalling £565,759 (2015: £609,213), £22,051 (2015: £24,496) was attributed to unrestricted curial funds, £321,315 (2015: £328,275) to designated curial funds, £nil (2015:£nil) to restricted curial funds and the balance of £222,393 (2015: £256,273) to parochial restricted funds.

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

	Curial Unrestricted Funds 2016 £	Curial Designated Funds 2016 £	Curial Restricted Funds 2016 £	Curial TOTAL Funds 2016 £	Parochial Restricted Funds 2016 £	Total 2016 £	Total 2015 £
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3 Income from investments

Bank interest	1,581	-	-	1,581	47	1,628	693
Rental of Hall/Premises	27,678	1,781	-	29,459	25,447	54,906	71,572
Insurance Dividend	-	-	-	-	-	-	-
Income from Listed Investments	38,638	105,081	-	143,719	-	143,719	158,155
	67,897	106,862	-	174,759	25,494	200,253	230,420

In 2016, of income from investments totalling £200,253 (2015: £230,420), £67,897 (2015: £59,246) was attributed to unrestricted curial funds, £106,862 (2015: £116,344) to designated curial funds, £nil (2015: £nil) to restricted curial funds and the balance of £25,494 (2015: £54,830) to parochial restricted funds.

4 Income from charitable activities

Stall & Newspapers	-	-	-	-	71,442	71,442	76,139
	-	-	-	-	71,442	71,442	76,139

In 2016, of income from charitable activities totalling £71,442 (2015: £76,139), £71,442 (2015: £76,139) was attributed to parochial restricted funds.

5 Other income

Insurance claims	3,329	-	-	3,329	79,547	82,876	139,370
Insurance Surcharge	-	-	-	-	-	-	10,000
Insurance recharge	2,720	-	-	2,720	-	2,720	4,893
Gain on disposal of fixed assets	-	5,684	-	5,684	-	5,684	-
	6,049	5,684	-	11,733	79,547	91,280	154,263

In 2016, of other income £91,280 (2015: £154,263), £6,049 (2015:£17,873) was attributed to unrestricted curial funds, £5,684 (2015:£nil) was attributed to unrestricted curial funds,and the balance of £79,547 (2015: £136,390) to parochial restricted funds.

6 Expenditure on raising funds:

Costs of envelopes for donations	-	-	-	-	15,188	15,188	15,926
Fundraising costs	17,716	-	-	17,716	38,514	56,230	62,228
Investment management costs	600	600	-	1,200	-	1,200	1,200
	18,316	600	-	18,916	53,702	72,618	79,354

In 2016, of expenditure on raising funds totalling £72,618 (2015: £79,354), £18,316 (2015: £18,316) was attributed to unrestricted curial funds, £600 (2015: £600) to designated curial funds, £nil (2015: £nil) to restricted curial funds and the balance of £53,702 (2015: £60,438) to parochial restricted funds.

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

	Curial Unrestricted Funds 2016 £	Curial Designated Funds 2016 £	Curial Restricted Funds 2016 £	Curial TOTAL Funds 2016 £	Parochial Restricted Funds 2016 £	Total 2016 £	Total 2015 £
7 Charitable Activities							
Grants & donations							
Donations	12,802	-	-	12,802	43,934	56,736	74,923
Diocese Special Collections (20b)	-	-	74,678	74,678	-	74,678	69,561
Parochial Special Collections (Note 21)	-	-	-	-	184,239	184,239	225,745
	<u>12,802</u>	<u>-</u>	<u>74,678</u>	<u>87,480</u>	<u>228,173</u>	<u>315,653</u>	<u>370,229</u>
Support Costs							
Clergy allowances	17,481	-	-	17,481	142,716	160,197	167,661
Salaries & NI -: Staff (note 8)	213,638	146,635	62,740	423,013	340,179	763,192	797,648
Housekeeping	5,517	-	-	5,517	182,705	188,222	201,865
Repairs	96,557	6,232	5,033	107,822	809,472	917,294	669,208
Furnishings	11,937	-	3,945	15,882	140,301	156,183	54,521
Vestments	102	-	-	102	7,556	7,658	677
Divine Service	2,200	-	-	2,200	166,137	168,337	169,117
Telephone	15,484	2,725	-	18,209	44,096	62,305	69,256
Grounds maintenance	-	26,934	-	26,934	89,090	116,024	96,854
Travel & Subsistence Expenses	21,696	-	1,767	23,463	32,459	55,922	65,534
Council Tax & Non-Domestic Rates	14,802	977	-	15,779	73,384	89,163	100,040
Insurance	19,010	2,223	1,767	23,000	149,518	172,518	166,078
Heat & Light	9,275	2,971	828	13,074	274,646	287,720	354,212
Printing & Stationery	33,573	954	21,789	56,316	54,135	110,451	105,797
Bank & Other Charges	1,463	831	-	2,294	5,996	8,290	7,079
Accountancy	21,990	-	-	21,990	44,200	66,190	62,447
Miscellaneous	3	-	-	3	33,484	33,487	25,310
Training, Retreats etc	5,266	-	1,437	6,703	7,962	14,665	14,665
Supply Fees (Chaplaincy, etc)	-	-	-	-	40,645	40,645	41,415
Depreciation	42,432	13,702	5,200	61,334	226,846	288,180	282,249
Computer Hardware & Software	29,703	464	817	30,984	18,799	49,783	39,264
Legal & Surveyor fees	21,936	3,767	1,564	27,267	26,423	53,690	86,280
Letting & Advertising Fees	473	-	110	583	-	583	4,268
Sisters Fees	-	-	-	-	13,343	13,343	13,288
Presentations / Gifts	-	-	-	-	38,642	38,642	26,027
CNET 1 (excluding Comms & Education)	105,692	-	35,652	141,344	-	141,344	149,512
Sick & Retired Priests	-	-	139,192	139,192	-	139,192	131,189
Ecclesiastical Students	-	-	78,958	78,958	-	78,958	78,127
Bishop's Charities	-	-	3,150	3,150	-	3,150	1,000
Diocesan Youth Fund	-	-	-	-	-	-	-
Missio Scotland	-	-	4,567	4,567	-	4,567	6,618
Lourdes & Pilgrimages	56,101	-	-	56,101	31,841	87,942	63,124
Permanent Deacons	11,625	-	-	11,625	2,883	14,508	5,918
Bad Debts Written Off	9,655	-	-	9,655	570	10,225	1,173
Bad Debts Provision	(3,406)	17,992	-	14,586	-	14,586	14,920
Resources	8,211	-	2,482	10,693	-	10,693	5,779
Subscriptions	646	-	-	646	-	646	1,344
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	30,000
Stall / Newspapers	-	-	-	-	90,456	90,456	90,518
Funeral Costs	4,543	-	-	4,543	-	4,543	-
Hospitality	34,807	-	7,747	42,554	19,387	61,941	45,610
Net Ministries	-	-	-	-	9,350	9,350	61,935
Rent of Premises	-	-	7,497	7,497	-	7,497	2,193
Hire of Equipment	-	-	241	241	35,470	35,711	23,129
Hall Fund	-	-	-	-	-	-	1,152
Interest Paid to Other Charities	-	-	1,842	1,842	-	1,842	1,700
Governance costs	17,096	-	-	17,096	-	17,096	19,391
	<u>829,508</u>	<u>226,407</u>	<u>388,325</u>	<u>1,444,240</u>	<u>3,152,691</u>	<u>4,596,931</u>	<u>4,355,092</u>
Total	<u>842,310</u>	<u>226,407</u>	<u>463,003</u>	<u>1,531,720</u>	<u>3,380,864</u>	<u>4,912,584</u>	<u>4,725,321</u>

The trustees consider that there is only one charitable activity and therefore it is not necessary to apportion support costs into separate charitable activities.

In 2016, of expenditure on charitable activities totalling £4,912,584 (2015: £4,725,321), £842,310 (2015: £920,073) was attributed to unrestricted curial funds, £226,407 (2015: £214,601) to designated curial funds, £463,003 (2015: £349,882) to restricted curial funds and the balance of £3,380,864 (2015: £3,240,765) to parochial restricted funds.

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

8 Analysis of staff costs including key management personnel

	Curial	Parochial		
	2016	2016	2016	2015
	£	£	£	£
Salaries and wages	365,747	322,928	688,675	721,382
Social security costs	23,710	6,991	30,701	36,361
Pension contributions	29,909	10,260	40,169	35,970
Death in Service	3,647	-	3,647	3,935
Total	423,013	340,179	763,192	797,648

	Curial	Parochial		
	2016	2016	2016	2015
The average number of full time equivalent employees during the year was as follows:				
Administration	12	2	14	15
Premises maintenance	5	54	59	63
	17	56	73	78

Volunteers are excluded from these figures as are priests who are paid a Clergy allowance by their Parishes (see note 7). Priests are treated for tax purposes as self-employed.

The Trustees consider its key management personnel to include the finance manager and property manager. The total employment benefits including employer pension contributions of the key management personnel was £110,272 (2015 £108,680). No employees had employee benefits in excess of £60,000 (2015: none).

9 Related party transactions and trustees' expenses and remuneration

The three Trustees of the Diocese of Paisley receive no remuneration for their services as Trustees. All of the Trustees of the Diocese of Paisley are Clergy and, as such, are housed, remunerated and re-imbursed 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 Charities & Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require disclosure of remuneration and expenses paid to trustees in whatever capacity.

The total remuneration paid to the four trustees as clergy amounted to £15,883 (2015: £18,820) and the total cost of accomodation and reimbursement of expenses amounted to £64,107 (2015: £78,960).

During the year, insurance was purchased at a cost of £1,069 (2015: £1,024) which indemnifies the Trustees against certain liabilities they may incur in respect of their role as trustees of the charity.

During the year 2016 £168,129 (2015: £189,121) was paid to the Bishops' Conference of Scotland for contributions to national costs. The Bishops' Conference is a related party as a result of Bishop John Keenan being a Trustee of both charities from 19th March 2014.

During the year 2016 £12,945 (2015: £8,679) was received by the Diocese from Bishop George Hay's Trust towards the Bishop's expenses. Bishop Hay's Trust is a related party as a result of Bishop John Keenan being a Trustee of both charities from 19th March 2014.

At 31st December 2016 Rev Joseph Burke (Diocesan Trustee) lent the Diocese an interest free loan of £nil (2015: £1,700).

Diocese of Paisley

Notes to the Financial Statements

For the year ended 31 December 2016

10 Grants within Donations

Within Donations a grant of £8,000 (2015: £8,000) was made to St Margaret's Children & Family Care Society towards their support costs.

Grants within Ecclesiastical Student Costs

Ecclesiastical Student costs include individual grants to seminarians totalling £13,000 (2015: £12,440).

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

11 Fixed Asset Investments - at market value

	Unrestricted Funds 2016 £	Designated Funds 2016 £	Restricted Funds 2016 £	Curial Total 2016 £	Parochial 2016 £	Total 2016 £	Total 2015 £
At 1 January	1,269,298	3,581,531	-	4,850,829	-	4,850,829	4,715,718
Sold during the year	(151,995)	(54,501)	-	(206,496)	-	(206,496)	(5,111)
Unrealised Gain	160,651	422,631	-	583,282	-	583,282	140,222
Realised (Loss)/Gain	15,791	(372)	-	15,419	-	15,419	-
	1,293,745	3,949,289	-	5,243,034	-	5,243,034	4,850,829

The total above is represented by:

Investments listed on a recognised
investment exchange

- General Fund	1,293,745	-	-	1,293,745	-	1,293,745	1,269,298
- Retired Priests Fund	-	3,949,289	-	3,949,289	-	3,949,289	3,581,531
	1,293,745	3,949,289	-	5,243,034	-	5,243,034	4,850,829

These funds are invested in portfolios of listed shares, managed by Brewin Dolphin, stockbrokers.

The cost of the listed investments in the General Fund at 31 December 2016 was £641,818 (2015: £654,401). The cost of the listed investments in the Retired Priest's Fund at 31 December 2016 was £1,719,146 (2015: £1,775,700). All investments are listed on a UK investment market.

Investments which are over 5% of portfolio by value at year end are:	Curial Unrestricted Funds 2016 £	Curial Designated Funds 2016 £	TOTAL 2016 £	Total 2015 £
Alliance Trust	86,083	382,500	468,583	379,995
Foreign & Colonial Investment Trust	-	310,151	310,151	256,102
Scottish Mortgage Investment Trust	195,604	652,607	848,211	830,741
Bankers Investment Trust	-	287,908	287,908	259,673
Law Debenture Corporation	96,202	213,169	309,371	289,871
Mercantile Investment Trust	-	-	-	265,573
Scottish Investment Trust	84,755	200,153	284,908	-

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

12 Investment properties

	Unrestricted Funds 2016 £	Designated Funds 2016 £	Restricted Funds 2016 £	Curial Total 2016 £	Parochial 2016 £	Total 2016 £
At 1 January 2016	-	75,000	-	75,000	884,000	959,000
Purchased during the year	-	-	-	-	-	-
Sold during the year	-	-	-	-	-	-
Transferred from tangible fixed assets	-	-	-	-	-	-
Unrealised (Loss)	-	-	-	-	(167,500)	(167,500)
Realised (Loss)/Gain	-	-	-	-	-	-
At 31 December 2016	-	75,000	-	75,000	716,500	791,500

The investment properties owned in Civil Law by the Diocese of Paisley, were valued by McVicar, Chartered Surveyors on an open market basis at 31st December 2016 at £791,500.

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

13 Tangible Fixed Assets

	Land & Buildings £	Fixtures & Fittings £	Office Equipment £	Computer Hardware £	Motors & Machinery £	Total £
(a) Combined						
Cost or valuation						
At 1 January 2016	8,978,500	1,213,714	98,219	27,077	84,177	10,401,687
Additions	191,737	74,877	8,634	-	29,400	304,648
Disposals	-	-	-	(1,085)	(21,150)	(22,235)
At 31 December 2016	9,170,237	1,288,591	106,853	25,992	92,427	10,684,100
Accumulated Depreciation						
At 1 January 2016	174,250	839,825	78,129	23,746	66,403	1,182,353
Charge for year	178,085	89,754	5,745	3,331	11,265	288,180
Eliminated on Disposals	-	-	-	(1,085)	(19,034)	(20,119)
At 31 December 2016	352,335	929,579	83,874	25,992	58,634	1,450,414
Net Book Value						
At 31 December 2016	8,817,902	359,012	22,979	-	33,793	9,233,686
At 31 December 2015	8,804,250	373,889	20,090	3,331	17,774	9,219,334

	Land & Buildings £	Fixtures & Fittings £	Office Equipment £	Computer Hardware £	Motors & Machinery £	Total £
(b) Curial						
Cost or valuation						
At 1 January 2016	2,204,750	112,293	-	13,658	73,146	2,403,847
Additions	-	-	-	-	29,400	29,400
Disposals	-	-	-	(1,085)	(21,150)	(22,235)
At 31 December 2016	2,204,750	112,293	-	12,573	81,396	2,411,012
Accumulated Depreciation						
At 1 January 2016	44,095	93,719	-	10,327	59,665	207,806
Charge for year	44,095	3,716	-	3,331	10,192	61,334
Eliminated on Disposals	-	-	-	(1,085)	(19,034)	(20,119)
At 31 December 2016	88,190	97,435	-	12,573	50,823	249,021
Net Book Value						
At 31 December 2016	2,116,560	14,858	-	-	30,573	2,161,991
At 31 December 2015 (restated)	2,160,655	18,574	-	3,331	13,481	2,196,041

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

13 (c) Parochial	Land & Buildings £	Fixtures & Fittings £	Office Equipment £	Computer Hardware £	Motors & Machinery £	Total £
Cost or valuation						
At 1 January 2016	6,773,750	1,101,421	98,219	13,419	11,031	7,997,840
Additions	191,737	74,877	8,634	-	-	275,248
At 31 December 2016	6,965,487	1,176,298	106,853	13,419	11,031	8,273,088
Accumulated Depreciation						
At 1 January 2016	130,155	746,106	78,129	13,419	6,738	974,547
Charge for year	133,990	86,038	5,745	-	1,073	226,846
At 31 December 2016	264,145	832,144	83,874	13,419	7,811	1,201,393
Net Book Value						
At 31 December 2016	6,701,342	344,154	22,979	-	3,220	7,071,695
At 31 December 2015 (restated)	6,643,595	355,315	20,090	-	4,293	7,023,293

The non adjoined land and buildings (excluding the churches) owned in Civil Law by the Diocese of Paisley, were valued by McVicar, Chartered Surveyors on an open market basis at 31st December 2014 at £9,478,500.

The charity elected to take advantage of the deemed cost transitional relief available on transition to FRS 102 at 1 January 2015. The previous GAAP valuation at 31 December 2014 of land and buildings at that date was adopted deemed cost.

Inalienable and historic assets have not been capitalised or depreciated as detailed in the accounting policies.

If certain assets belonging to the Diocese and Parishes had not been revalued they would have been included on the historical cost basis at the following amounts:

	31st Dec 2016 £	31st Dec 2015 £
Historical Cost	9,270,140	9,078,403
Accumulated depreciation	2,668,022	2,482,530
Net Book Value	<u>6,602,118</u>	<u>6,595,873</u>

The above cost figures do not include the original costs of Parish properties as these are unknown. This is detailed in the accounting policies.

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

14 Debtors

	Curial 2016 £	Parochial 2016 £	Total 2016 £	Total 2015 £
Trade Debtors	121,297	-	121,297	163,787
Prepayments & Accrued Income	103,460	675,763	779,223	847,490
Other Debtors	74,411	3,106	77,517	56,154
	<u>299,168</u>	<u>678,869</u>	<u>978,037</u>	<u>1,067,431</u>

In preparing the financial Statements of the Diocese of Paisley the following internal debts between the Diocese and Parishes were offset:

	Curial 2016 £	Parochial 2016 £	Total 2016 £	Total 2015 £
Debtors				
Debtors due in more than one year	2,173,235	1,061,133	3,234,368	2,935,344
Debtors due in less than one year	16,955	-	16,955	57,654
Parish deposits with Diocese	-	1,615,804	1,615,804	1,898,425
	<u>2,190,190</u>	<u>2,676,937</u>	<u>4,867,127</u>	<u>4,891,423</u>
Less:				
Creditors				
Creditors due in more than one year	2,676,937	2,173,235	4,850,172	4,833,769
Creditors due in less than one year	-	16,955	16,955	57,654
	<u>2,676,937</u>	<u>2,190,190</u>	<u>4,867,127</u>	<u>4,891,423</u>
Net Adjustment to Bank and Cash	<u>(486,747)</u>	<u>486,747</u>	<u>-</u>	<u>-</u>

However due to the necessity under Canon Law to show Parochial and Diocesan assets and liabilities separately in the financial statements of the Diocese of Paisley, we have highlighted them in the above note.

Diocese of Paisley
Notes to the Financial Statements
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15 Creditors: Amounts falling due within one year

	Curial 2016 £	Parochial 2016 £	Total 2016 £	Total 2015 £
Trade Creditors	231,808	-	231,808	153,571
Other taxation and social security	14,038	9,104	23,142	40,857
Accruals	57,946	232,766	290,712	444,623
Other Creditors	4,257	28,052	32,309	22,401
	308,049	269,922	577,971	661,452

16 Creditors: Amounts falling due after more than one year

	Curial 2016 £	Parochial 2016 £	Total 2016 £	Total 2015 £
Other Loans to Diocese	60,817	-	60,817	59,123
Total	60,817	-	60,817	59,123

17 Analysis of Net Assets Among Funds

	Curial Unrestricted Funds £	Curial Designated Funds £	Curial Restricted Funds £	Curial TOTAL Funds £	Parochial Restricted Funds £	Total Funds £
Fixed Assets	-	1,912,389	249,600	2,161,989	7,071,695	9,233,684
Investments	1,293,745	3,949,289	-	5,243,034	-	5,243,034
Investment Properties	-	75,000	-	75,000	716,500	791,500
Current Assets	(2,629,136)	2,343,620	306,720	21,204	2,690,270	2,711,474
Current Liabilities	(265,629)	(9,143)	(33,277)	(308,049)	(269,922)	(577,971)
Long term liabilities	(60,817)	-	-	(60,817)	-	(60,817)
Net assets at 31 December 2015	(1,661,837)	8,271,155	523,043	7,132,361	10,208,543	17,340,904

Diocese of Paisley
Notes to the Financial Statements
For the year ended 31 December 2016

18 Net movement in funds	1st Jan 2016 £	Incoming Resources £	Other Gains / Losses £	Transfer Between Funds £	Outgoing Resources £	31st Dec 2016 £
Total Restricted Funds (Parochial)	10,601,469	3,568,286	(167,500)	(359,146)	3,434,566	10,208,543
Restricted Funds (Curial)						
Communications	2,979	14,156	-	-	16,716	419
Ecclesiastical Students	-	21,455	-	57,503	78,958	-
Education	-	14,424	-	4,512	18,936	-
Holy Places	-	17,232	-	-	17,232	-
Justice & Peace	94,987	14,410	-	-	9,323	100,074
Papal & Episcopal Charities	116,544	21,739	-	-	21,739	116,544
Peter's Pence	-	14,612	-	-	14,612	-
Pro Life	-	9,604	-	-	7,359	2,245
Retired Priests Fund	-	60,383	-	78,809	139,192	-
Retired Priests Fund (Property & Equipment Fund)	254,800	-	-	-	5,200	249,600
Bishop's Charities	35,571	-	-	-	3,150	32,421
Missio Scotland	-	4,567	-	-	4,567	-
Chaplaincy Fund	16,748	5,800	-	-	19,452	3,096
Synod Fund	-	-	-	31,370	31,370	-
SPRED Fund	-	25,902	-	49,295	75,197	-
Bishop Hayes Trust	-	12,945	-	(12,945)	-	-
Youth Fund	16,844	1,800	-	-	-	18,644
Total	538,473	239,029	-	208,544	463,003	523,043
Total Restricted Funds (Curial & Parish)	11,139,942	3,807,315	(167,500)	(150,602)	3,897,569	10,731,586
Unrestricted Funds						
Curial General Funds	(1,348,248)	98,752	176,442	271,843	860,626	(1,661,837)
Designated Funds (Curial)						
Cemetery Fund	1,807,454	335,822	-	(13,582)	226,407	1,903,287
Cemetery Fund (Property & Equipment)	185,471	-	-	13,582	-	199,053
Diocese Investment Properties	75,000	-	-	-	-	75,000
Diocese Retired Priest Fund	3,932,549	105,081	422,259	(78,809)	600	4,380,480
Diocese Property & Equipment Fund	1,755,767	-	-	(42,432)	-	1,713,335
Total	7,756,241	440,903	422,259	(121,241)	227,007	8,271,155
Total Unrestricted Funds	6,407,993	539,655	598,701	150,602	1,087,633	6,609,318
Total Funds	17,547,935	4,346,970	431,201	-	4,985,202	17,340,904

In 2017 The Trustees decided to transfer £1,000,000 from the Designated Cemetery Fund and £1,000,000 from the Designated Retired Priests Fund to the General Fund.

The remaining funds in the Cemetery Fund would be used to further develop new sections of the cemetery and provide an income source for its future long term maintenance.

The remaining funds in the Retired Priests fund will be used to provide an income source to support priests in their retirement as they do not generally have a private pension.

The Diocesan Investment Property will be retained as long it provides rental income.

Diocese of Paisley
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19 Transfers between funds

The transfer of funds from Parishes to the Diocese comprised the following:	2016	2015
	£	£
Levy	365,397	369,027
Loan Interest from Parishes	34,513	34,400
Contributions to Wages	25,100	8,504
Contributions to Employers National Insurance	1,091	-
Contributions to Pensions	1,341	-
Contributions to Youth Pilgrimages	7,009	1,943
Contribution to Course fees	84	-
Contribution to Sale of Literature	816	-
Chaplaincy Donations	100	1,477
Contributions to Fares	-	300
	435,451	415,651

The transfer of funds from Diocese to the Parish comprised the following:	2016	2015
	£	£
Contribution for bus	240	-
Interest to Parishes	64,065	68,427
Grants Paid to Parishes	12,000	12,000
	76,305	80,427

Net Transfer from Parishes to Curial General Fund	359,146	335,224
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The transfer relates to voluntary income which under Canon Law all donations to the Parishes are required to be included as restricted income. However this includes a levy to the Diocese of Paisley of £365,397 (2015: £369,027) to cover central administration costs.

Other transfers between funds

Transfers of Funds from Designated to Curial General Funds:	2016	2015
	£	£
Movement in Net Book Value of fixed assets		
Diocese Property and Equipment Fund	(42,432)	(536,487)
Diocese Revaluation Reserve	-	-
	(42,432)	(536,487)

Transfer of Funds to Cemetery Property & Equipment Fund from other funds:	2016	2015
	£	£
Movement in Net Book Value of fixed assets		
Cemetery Fund General Fund	(13,582)	8,250
Cemetery Revaluation Reserve Fund	-	-
	(13,582)	8,250
Movement in Funds		
Retired Priests Fund (Designated)	-	-
Cemetery Fund General (Designated)	-	-
	-	-

Diocese of Paisley
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19 Transfers between funds (cont)

Other transfers between funds

	2016	2015
	£	£
Transfer of Funds from Retired Priests Restricted Fund to other funds		
Movement in Net Book Value of fixed assets		
Retired Priests Fund (Property & Equipment)	-	-
Retired Priests Revaluation Reserve Fund	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Transfers of Funds from Restricted to Designated Retired Priest Fund:	£	£
Contribution to Retired Priest expenses	<u>(78,809)</u>	<u>(45,195)</u>
Transfers of Funds from Curial General to Other Restricted Funds:	2016	2015
	£	£
<u>Ecclesiastical Students</u>		
Shortfall	<u>57,503</u>	<u>51,829</u>
<u>Education</u>		
Shortfall	<u>4,512</u>	<u>2,498</u>
<u>Synod</u>		
Shortfall	<u>31,370</u>	<u>10,955</u>
<u>SPRED</u>		
Shortfall	<u>49,295</u>	<u>-</u>
Transfers of Funds from Bishop Hayes' Trust to Curial General Funds:	2016	2015
	£	£
Contribution to Bishop's Expenses	<u>12,945</u>	<u>8,679</u>

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20a Diocesan Special Collections Income

	Curial Unrestricted Funds 2016 £	Curial Designated Funds 2016 £	Curial Restricted Funds 2016 £	Curial TOTAL Funds 2016 £	Parochial Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Communications	-	-	14,156	14,156	-	14,156	15,789
Ecclesiastical Students	-	-	21,455	21,455	-	21,455	26,298
Education	-	-	14,424	14,424	-	14,424	15,965
Holy Places	-	-	17,232	17,232	-	17,232	17,759
Justice & Peace	-	-	14,410	14,410	-	14,410	16,459
Papal & Episcopal Charities	-	-	21,739	21,739	-	21,739	17,933
Peter's Pence	-	-	14,612	14,612	-	14,612	14,952
Pro Life	-	-	9,604	9,604	-	9,604	7,628
Sick & Retired Clergy	-	-	59,666	59,666	-	59,666	83,489
SPRED	-	-	23,042	23,042	-	23,042	-
	-	-	210,340	210,340	-	210,340	216,272

20b Diocesan Special Collection Third Party Expenses

	Curial Unrestricted Funds 2016 £	Curial Designated Funds 2016 £	Curial Restricted Funds 2016 £	Curial TOTAL Funds 2016 £	Parochial Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Holy Places	-	-	17,232	17,232	-	17,232	17,759
Justice & Peace	-	-	9,323	9,323	-	9,323	9,547
Papal & Episcopal Charities	-	-	21,739	21,739	-	21,739	19,675
Peter's Pence	-	-	14,612	14,612	-	14,612	14,952
Pro Life	-	-	7,359	7,359	-	7,359	7,628
SPRED	-	-	4,413	4,413	-	4,413	-
	-	-	74,678	74,678	-	74,678	69,561

Diocese of Paisley
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21 Parochial Special Collections

	Total 2016 £	Total 2015 £
Africa Appeal	1,160	-
Comboni Missions	521	-
Day for Life	-	124
Deanery Mission	19,215	21,248
Fertility Care	100	100
Franciscan Missions	556	390
Lepra	8,308	-
Mission Sunday	26,743	27,414
SCIAF	65,436	77,910
Society of the Innocents	100	200
SPRED	335	-
SPUC	3,403	4,542
St Margaret's Adoption Society	12,248	10,943
St Peter Claver Sisters - Missions	1,017	-
Survive Miva	682	1,445
Wayside Club	100	-
Xaverian Appeal	-	3,871
Sea Sunday	7,786	6,409
APF	-	201
Mary's Meals	7,361	17,609
Aid to the Church in Need	6,251	3,157
Salesian Sisters	3,123	-
White Flower	394	500
Bishops Charity	148	-
Parish Charities	432	406
Haiti Appeal	1,078	1,057
Mill Hill Fathers	300	-
Malawi Appeal	5,017	-
Jericho	-	1,325
Let the Children Live	5,537	3,565
Hand for Africa	1,090	1,084
East Africa Appeal	2,187	-
Human Vitae Project	100	100
Pro Life	100	100
Uganda Appeal	-	59
Cancer Research	-	25
Syrian Appeal	-	2,494
St Patrick's Missionary Society	-	1,279
Nepal Appeal	-	30,153
Refugee Appeal	550	4,398
Beatson Appeal	-	180
Macmillan Cancer Support	360	162
St Francis Xavier	-	689
Italian Appeal	2,000	-
VMM International	348	-
Erskine Hospital	153	-
Moredun Sisters	-	1,180
Kiltegan Fathers	-	1,426
	184,239	225,745

22 Capital Commitments

Amounts contracted for but not provided in the financial statements are as follows:

	Curial 2016 £	Parochial 2016 £	Total 2016 £	Total 2015 £
Approved and contracted				
St Fillan	-	-	-	5,472
St Laurence	-	-	-	71,463
St Mirin's Cathedral Renovation	-	-	-	4,424
	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,359</u>

Grants available towards these costs but not yet provided for in the financial statements are as follows:

St Laurence	-	-	-	11,912
	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,912</u>

Insurance available towards these costs but not yet provided for in the financial statements are as follows:

St Laurence	-	-	-	59,252
	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,252</u>

23 Significant Events Post Year-End

In 2016 the Trustees with the approval of the Council of Priests, agreed to transfer investments of £1,000,000 from the Designated Retired Priests Fund to the Curial General Fund. The transfer took place in 2017.

In 2016 the Bishop with the agreement of the other Trustees, agreed to transfer investments of £300,000 from the Curial General Fund to the Designated Bishop's House Fund. The transfer took place in 2017.

In 2017 the Bishop with the agreement of the other Trustees, agreed to transfer £1,000,000 from the Designated Cemetery Fund to the Curial General Fund.

In 2017, St John's Barrhead spent £260,000 on a new roof and a further £22,000 on works to the hall heating system. Approximately £55,000 was raised at the Bishop's Ball and the car raffle raised around £17,000. In addition to this fundraising a further £20,000 was raised towards the hall fund in 2017.

In 2017 work commenced on replacing St Cadoc's roof surface of the church at an approximate cost of £300,000.