Charity Registration No. SC013925 (Scotland)

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2021

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

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DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

The trustees present their report and accounts for the year ended 30 November 2021.

Reference and administrative details

Registered charity name	Diocese of Glasgow and Galloway Scottish Episcopal Church
Charity registration number	SC013925
Principal office	Diocesan Office 49 Cochrane Street Glasgow G1 1HL

Diocesan Council

Ex officio members
Rt Revd Kevin Pearson (Bishop)
Very Revd Reuben Preston (Dean)
Revd Canon Gordon Fyfe (Synod Clerk)
Very Revd Kelvin Holdsworth (Provost)

Other voting members
Revd Jim Geen
Revd Stephen Hazlett
Revd Dominic Ind
Revd Les Ireland
Revd Willi Nesbett
Ronald Orr
Nigel Rayner
Dr Beth Routledge
Mrs Maureen Russell
Revd Canon Andrew Sheridan
Richard Smith
Revd Canon Nicholas Taylor
Ms Jenny Whelan
Mrs Nicolette Wise

Non-voting members
Robert Burgon (Diocesan Treasurer)
John Mitchell (Diocesan Secretary)
Revd Canon Audrey Stewart (Canon Missioner)

Trustees for the Charity

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

Bishop of Glasgow & Galloway
Dean of Glasgow & Galloway
Synod Clerk (Revd Canon Gordon Fyfe)
Chancellor (Mr Bruce Erroch QC)
Registrar (Mr Ronald Inglis)

Other Diocesan appointments

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

Bankers

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

Diocesan Centre Staff

Mrs Christine Hughes
Mrs Marion Noble
M/s Iolanthe Stack

Auditor

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

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Diocesan Constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

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

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

Achievements and performance
During the year, the Charity Trustees:

- by necessity, due to the ongoing restrictions brought about by the COVID-19 pandemic, continued to hold meetings virtually
- consulted on, and agreed upon, the presentation of a revised Diocesan Constitution to Diocesan Synod (as detailed on page 6)
- approved loans and grants to various charges to enable them to meet their obligations and objectives.
- received regular reports from the Bishop and Dean on the filling of clerical vacancies
- received regular reports from the Diocesan Treasurer on financial developments and on any variances from budget.
- approved a revised Schedule of Financial Regulations
- agreed to the transition of the Diocesan investment portfolio into the Scottish Episcopal Church Unit Trust Pool (SEC UTP)
- maintained a Risk Register for the Diocese.
- monitored GDPR policy, as per legislative requirements, across the Diocese.
- monitored the completion of works to the new Diocesan Centre
- continued to review the development of the Diocesan and congregational websites.
- received regular reports on the state, maintenance, and proposals for church property, including disabled access to, and facilities within, church property
- approved, on the recommendation of the Diocesan Property Committee, the sale and purchase of Diocesan property
- ensured that vacancies for Diocesan representatives on other bodies were filled as required.
- supported the Bishop's Lenten Appeal in aid of the Aberlour Children's Trust which raised £12,414.
- arranged the annual Diocesan Synod, and for representation on, and reports to and from the General Synod.

The Charity Trustees, through Diocesan and Provincial officials, continued to keep local congregations fully informed of changing Government regulations particularly as they affected church worship and gatherings, and the various developments relating to Covid 19 pandemic.

Financial review

The financial position of the Diocese is detailed within the Statement of Financial Activities on Page 12 and Balance Sheet on Page 13.

Over the year the Diocese sustained an operating deficit of £229,495 (2020 - deficit £287,145). However, allowing for other movements within the general funds, an actual surplus of £608,734 was achieved (2020 - deficit £271,581).

Income was marginally ahead of budget, primarily due to higher investment income. Budgeted expenditure was below forecast reflecting to some extent the impact on Diocesan activities resulting from the COVID-19 pandemic.

Total Funds at 30th November 2021 amounted to £8.996m, an increase on the previous year of £1.1m. In the event of the dissolution of a constituent congregation the assets held by that congregation fall to the Diocese. During the year, Diocesan Synod approved a request from St Mungo's, Alexandria to cease as a congregation. Accordingly, such assets - consisting of property and cash - have been subsumed into these accounts.

Principal funding sources

The main source of revenue to the general fund is derived from quota paid by all Charges across the Diocese and the Diocesan Council is grateful to congregational Vestries, all of whom strive to meet their quota assessments in full even when, in some cases, their own financial position may be fragile. In light of the monetary impact of COVID-19 on congregational resources. Diocesan Council awarded a grant of 20% of previous year's quota assessments as well as a 20% reduction in the quota requested for financial year ending in 2021.

Income from investments is a further source of revenue to the General Fund.

Previously, investments within the general fund were monitored by an Investment Committee which in turn was professionally advised by Rathbones Investment Management Limited. Given the strengthening of the ethical investment statement of investment practice as issued by the General Synod of the Scottish Episcopal Church, the Investment Committee recommended to the Diocesan Council that the Diocesan portfolio be transitioned across to units of the SEC UTP. With falling dividend yields and higher investment management fees it was considered to be an advantageous time portfolio to move the portfolio.

Accordingly the Diocesan portfolio was moved in tranches across the calendar year and has produced a solid performance over the year under review.

The Diocese also received, and is grateful for, a grant from Allchurches Trust Limited.

Ethical investment

The ethical statement of practice as issued by the General Synod of the Scottish Episcopal Church states that the SEC UTP does not invest in securities deemed to be within the defence and armament, gambling, tobacco, and pornography sectors of the stock market.

Reserves policy

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

Risk management

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

Property

The care of Diocesan, church, and ancillary buildings is supervised by a Property Committee convened by the Dean, or in his/her absence, the Synod Clerk and advised by the Diocesan Architect and Diocesan Surveyor.

Plans for future years

The completion of the new Diocesan Centre in Glasgow will (hopefully) be a focus of the work and ministry of the Diocese during the coming year. The Diocese will also continue to support the ministry of its clergy and congregations.

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

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

The Diocese is an unincorporated association, subject to the Code of Canons of the Scottish Episcopal Church and to a revised Constitution adopted in 2021. The Diocese is governed by a Synod meeting annually, who appoint Diocesan Officials, and a Diocesan Council to execute its decisions and manage the Diocese according to the Code of Canons. For the purposes of charities law, the ex officio and voting members of the Diocesan Council together are the Charity Trustees of the Church. The charitable objective of the Diocese is "the advancement of religion", and to this end it offers resources, funding, support, and expertise to charges to enable them to carry out their mission effectively, and monitors attendance, mission activity, and vulnerable protection compliance.

Apart from the Bishop, members of the current Diocesan Council were formerly elected by the seven regions of the Diocese. The Diocesan Secretary and Diocesan Treasurer are appointed annually by the Synod while the Canon Missioner is appointed by the Bishop. The Synod Clerk is elected by the clergy of the Diocese, and the Provost and the Dean are appointed by the Bishop. The Bishop is elected by an Electoral Synod, broadly congruent with the Diocesan Synod. The Synod consists of a) all clergy meeting certain criteria, and b) a lay member elected by each charge in the Diocese.

At its meeting on 31 July 2021, Diocesan Synod voted to approve the adoption of a new Diocesan Constitution through which voting powers were granted to the offices of Dean, Synod Clerk and Provost. Also, as a result of the adoption of the revised Constitution, the number of elected voting members is reduced from fourteen to ten with election for these places to be conducted at the 2022 Diocesan Synod. Of the ten elected members, four will be from the House of Clergy and six from the House of Laity.

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

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

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

The trustees' report was approved by the Diocesan Council.

The Rt. Revd Kevin Pearson (Bishop)

Dated: 29 January 2022

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 NOVEMBER 2021

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 year.

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;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient 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 trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

Opinion

We have audited the financial statements of Diocese of Glasgow and Galloway Scottish Episcopal Church (the 'charity') for the year ended 30 November 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 November 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed on page 10.

We obtained an understanding of the legal and regulatory framework within which the Charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we have considered in this context were the Charities and Trustees Investment (Scotland) Act 2005 together with the Charities Accounts (Scotland) Regulations 2006. We assessed the required compliance with these laws and regulations as part of our audit procedure on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Charity. We also considered the opportunities and incentives that may exist within the Charity for fraud. The laws and regulations we considered in this context included General Data Protection Regulation and employment legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, provisions and override of controls by management. Our audit procedures in response to these risks included enquiries of management, identifying and assessing the risk of irregularities, testing the posting of journals, reviewing accounting estimates for bias, reviewing Charity correspondence and reading minutes of all Charity group meetings.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non compliance and cannot be expected to detect non compliance with all laws and regulations.

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

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

SRG LLP

3 February 2022

Chartered Accountants
Statutory Auditor

Turnberry House
175 West George Street
Glasgow
G2 2LB

SRG LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 NOVEMBER 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and legacies	3	463,758	-	-	463,758	15,709
Charitable activities	4	343,253	-	-	343,253	435,144
Investments	5	106,705	18,640	12,104	137,449	155,101
Other income	6	-	280,155	-	280,155	-
Total income and endowments		913,716	298,795	12,104	1,224,615	605,954
Expenditure on:						
Expenditure on charitable activities	7	699,613	-	-	699,613	867,759
Other	12	26,665	46,358	1,500	74,523	321,258
Total resources expended		726,278	46,358	1,500	774,136	1,189,017
Net gains on investments	13	401,321	129,735	118,610	649,666	90,410
Net incoming/(outgoing) resources before transfers		588,759	382,172	129,214	1,100,145	(492,653)
Gross transfers between funds		19,975	(8,972)	(11,003)	-	-
Net movement in funds		608,734	373,200	118,211	1,100,145	(492,653)
Fund balances at 1 December 2020		5,488,589	1,420,602	986,757	7,895,948	8,388,601
Fund balances at 30 November 2021		6,097,323	1,793,802	1,104,968	8,996,093	7,895,948

The statement of financial activities includes all gains recognised in the year.

All income and expenditure derive from continuing activities.

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

BALANCE SHEET

AS AT 30 NOVEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	14		2,467,525		1,550,075
Investment properties	15		544,999		291,999
Investments	17		5,656,870		5,003,120
			8,669,394		6,845,194
Current assets					
Debtors	16	143,432		117,315	
Cash at bank and in hand		243,102		1,135,850	
		386,534		1,253,165	
Creditors: amounts falling due within one year	18	(59,835)		(202,411)	
Net current assets			326,699		1,050,754
Total assets less current liabilities			8,996,093		7,895,948
Capital funds					
Endowment funds - general	21		1,104,968		986,757
Income funds					
Restricted funds	19		1,793,802		1,420,602
Unrestricted funds					
Designated funds	20	23,386		-	
General unrestricted funds		6,073,937		5,488,589	
			6,097,323		5,488,589
			8,996,093		7,895,948

The accounts were approved by the Diocesan Council on 29 January 2022

The Rt. Revd Kevin Pearson
(Bishop)

Mr R Burgon
(Diocesan Treasurer)

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25		154,859		(602,763)
Investing activities					
Purchase of tangible fixed assets		(917,971)		(26,459)	
Proceeds on disposal of tangible fixed assets		-		259,732	
Purchase of investment property		(350,000)		-	
Proceeds on disposal of investment property		110,000		-	
Repayment of investment loans and receivables		-		5,157	
Purchase of other investments		(5,078,436)		(270,323)	
Proceeds on disposal of other investments		5,051,351		494,537	
Investment income received		137,449		155,101	
Net cash (used in)/generated from investing activities			(1,047,607)		617,745
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(892,748)		14,982
Cash and cash equivalents at beginning of year			1,135,850		1,120,868
Cash and cash equivalents at end of year			243,102		1,135,850

1 Accounting policies

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The accounts have been prepared on a going concern basis. The Trustees have assessed the ability of the Diocese to continue as a going concern and have reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date of approving the accounts.

The Diocesan Council are not aware of any material uncertainties which would impact on the assessment of going concern. They thus continue to adopt the going concern basis of accounting in preparing these accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Assets for distribution are recognised only when distributed. Assets given for use by the charity are recognised when receivable. Stocks of undistributed donated goods are not valued for balance sheet purposes.

1 Accounting policies **(Continued)**

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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

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

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

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office Equipment	20% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1 Accounting policies **(Continued)**

1.8 Heritable assets

Heritable Property is valued at cost to the Diocese. The properties are not depreciated in the accounts as residual value is deemed sufficiently high that any depreciation would be immaterial.

1.9 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.10 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 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 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.13 Taxation

The Diocese of Glasgow and Galloway Scottish Episcopal Church is a charity within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly the charity is exempt from taxation on the income and gains falling within Part II of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 insofar as such income and gains are applied exclusively to charitable purposes.

1.14 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.15 Retirement benefits

All employees are eligible to join the Scottish Episcopal Church Pension Fund which is a non contributory defined benefit scheme with benefits based on final pensionable salary. The majority of employees are members of the Fund and others employed by the Scottish Episcopal Church are also members. The Diocese is unable to identify its share of the underlying assets and liabilities of the Fund on a consistent and reasonable basis therefore accounts for its contributions as if the scheme was a defined contribution scheme. The contribution rate for the year ended 30 November 2021 was 32.2% based on the recommendation of the Fund's Actuary following the last valuation of the Fund.

The last actuarial valuation of the fund was at 31 December 2020 and the estimated surplus at that stage was of the order of £5,600,000. The Pension Trustees agreed with the Province that with effect from 1 January 2022 the rate of contribution paid by the Church will continue to remain at 32.2% per annum of Pensionable Salary/Standard Stipend. Contributions paid by the Diocese in the year ended 30 November 2021 amounted to £56,892 (2020 - £60,779) and there were no contributions outstanding as at 30 November 2021 (2020 - £nil).

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	2021	2020
	£	£
Allchurches Trust	15,560	14,584
Assets introduced	446,905	-
Other donations	1,293	1,125
	463,758	15,709

4
Charitable activities

	General fund	Restricted funds	2021 Total Funds	2020 Total Funds
	£	£	£	£
Quota receipts due from Charges	250,543	-	250,543	316,938
General Synod grant funding and other grants				
Provincial Stipend Support	38,966	-	38,966	37,734
Provincial Curates	35,904	-	35,904	62,632
	74,870	-	74,870	100,366
Dunderdale fund endowment for bishoprics				
Bishop's Stipend	9,320	-	9,320	9,320
Dunderdale fund endowment for Charges				
Dunderdale grant for needy chuches	6,400	-	6,400	6,400
Dean's allowance				
Dean's expenses	2,120	-	2,120	2,120
Total income from charitable activities	343,253	-	343,253	435,144

	General Fund	Restricted Funds	Endowment Funds	Total
Fund totals 2020:				
Quota receipts due from Charges	316,938	-	-	316,938
General Synod grant funding	100,366	-	-	100,366
Dunderdale fund endowment for bishoprics	9,320	-	-	9,320
Dunderdale fund endowment for Charges	6,400	-	-	6,400
Dean's Allowance	2,120	-	-	2,120
	435,144	-	-	435,144

5 Investments

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds general 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds general 2020 £	Total 2020 £
Rental income	6,947	-	-	6,947	7,441	-	-	7,441
Income from listed investments	99,455	18,640	12,104	130,199	91,789	24,437	21,977	138,203
Income from unlisted investments	-	-	-	-	-	6,608	-	6,608
Interest receivable	303	-	-	303	2,849	-	-	2,849
	106,705	18,640	12,104	137,449	102,079	31,045	21,977	155,101

6 Other income

	Restricted funds	Total
	2021	2020
	£	£
Congregational funds introduced	280,155	-

7 Expenditure on charitable activities

	Direct Costs	Grant Funding	Support Costs	Total Funds 2021	2020
		£	£	£	£
Quota paid to General Synod	124,740			124,740	157,649
Episcopal Ministry & Administration	62,039		32,972	95,011	65,461
Support for Ministry	208,767		32,971	241,738	270,621
Mission	54,477		16,487	70,964	78,963
Growth Support	-	-	4,946	4,946	6,009
External Property Expenses	39,391		32,971	72,362	62,124
Grants to local congregations		40,210	3,297	43,507	93,718
Projects	5,131		41,214	46,345	133,214
	494,545	40,210	164,858	699,613	867,759
Analysis by Fund:					
General	494,545	40,210	164,858	699,613	831,488
Restricted	-			-	16,291
Endowment	-			-	19,980
	494,545	40,210	164,858	699,613	867,759

8 Trustees

The Bishop, Canon Missioner, Diocesan Secretary and the Diocesan Treasurer were remunerated in the year. The Dean, Synod Clerk and Diocesan Secretary were refunded expenses.
The total amount of remuneration was £95,243 (2020: £71,422). The expenses refunded was £3,426 (2020: £1,022).

9 Grants payable

	Local Congregations	Regional Growth	Total	2020
	£	£	£	£
Grants	40,210	-	40,210	91,432

10 Support costs

	Support costs	Governance costs	2021	2020
	£	£	£	£
Staff costs	80,506	19,514	100,020	97,583
Depreciation	521	-	521	410
Diocesan Centre	24,917	-	24,917	27,777
Audit fees	-	10,920	10,920	10,920
Legal and professional	-	24,222	24,222	10,605
Synods & meetings	-	2,585	2,585	4,094
Deans charge and expenses	-	1,673	1,673	14,496
	105,944	58,914	164,858	165,885
Analysed between				
Charitable activities (note 7)	105,944	58,914	164,858	165,885

Governance costs includes payments to the auditors of £10,920 (2020 - £10,920) for audit fees.

Support costs,which relate primarily to costs associated with the Diocesan Office and governance costs, are apportioned based on estimates of time spent by staff on the various activities.

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	10	12

Employment costs	2021 £	2020 £
Wages and salaries	214,490	205,321
Social security costs	13,338	10,789
Other pension costs	56,892	60,779

There were no employees whose annual remuneration was £60,000 or more.

12 Other

	Unrestricted funds	Restricted funds	Endowment funds general	Total 2021	Total 2020
				£	£
Net loss/(gain) on disposal of assets	10,000	-	-	10,000	(2,866)
Release of funds	-	46,358	1,500	47,858	312,667
Other expenditure	16,665		-	16,665	11,457
	26,665	46,358	1,500	74,523	321,258
For the year ended 30 November 2020	8,591	312,667	-		321,258

13 Net gains on investments

	Unrestricted funds	Restricted funds	Endowment funds general	Total 2021	Total 2020
	£	£	£	£	£
Net Gain on investments	378,321	129,735	118,610	626,666	90,410
Revaluation of investment properties	23,000	-	-	23,000	-
	401,321	129,735	118,610	649,666	90,410

13 Net gains on investments (Continued)

For the year ended 30 November 2020	15,563	37,654	37,193		90,410

14 Tangible fixed assets

	Heritable Property	Office Equipment	Total
	£	£	£
Cost			
At 1 December 2020	1,549,320	16,570	1,565,890
Additions	916,802	1,169	917,971
Disposals	-	(14,520)	(14,520)
At 30 November 2021	2,466,122	3,219	2,469,341
Depreciation and impairment			
At 1 December 2020	-	15,815	15,815
Depreciation charged in the year	-	521	521
Eliminated in respect of disposals	-	(14,520)	(14,520)
At 30 November 2021	-	1,816	1,816
Carrying amount			
At 30 November 2021	2,466,122	1,403	2,467,525
At 30 November 2020	1,549,320	755	1,550,075

15 Investment property

	2021
	£
Fair value	
At 1 December 2020	291,999
Additions through external acquisition	350,000
Disposals	(120,000)
Net gains or losses through fair value adjustments	23,000
At 30 November 2021	544,999

In determining the fair value of the investment properties the trustees seek the view of the Diocesan Surveyor as to their values.

15 Investment property **(Continued)**

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2021	2020
	£	£
Cost	404,140	69,991
Accumulated depreciation	-	-
Carrying amount	404,140	69,991

16 Debtors

Amounts falling due within one year:	2021 £	2020 £
Trade debtors	3,080	2,508
Other debtors	56,837	111,632
Prepayments and accrued income	3,515	3,175
	63,432	117,315

Amounts falling due after more than one year:	2021 £	2020 £
Other debtors	80,000	-
Total debtors	143,432	117,315

17 Fixed asset investments

	Listed investments	Other investments	Total
	£	£	£
Cost or valuation			
At 30 November 2021	4,746,814	256,306	5,003,120
Additions	-	5,078,436	5,078,436
Valuation changes	304,537	322,128	626,665
Disposals	(5,051,351)	-	(5,051,351)
At 30 November 2021	-	5,656,870	5,656,870
Carrying amount			
At 30 November 2021	-	5,656,870	5,656,870
At 30 November 2020	4,746,814	256,306	5,003,120

18 Creditors: amounts falling due within one year

	2021	2020
	£	£
Other taxation and social security	3,875	4,479
Other creditors	21,433	197,932
Accruals and deferred income	34,527	-
	59,835	202,411

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds					Movement in funds				
	Balance at 1 December 2019	Incoming resources	Resources expended	Revaluations, gains and losses	Balance at 1 December 2020	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 30 November 2021
	£	£	£	£	£	£	£	£	£	£
Congregational Funds	642,437	-	(283,939)	-	358,498	280,155	(29,762)	-	-	608,891
The St George's Fund	901,817	24,437	(28,291)	4,581	902,544	13,458	(5,712)	(8,972)	110,903	1,012,221
The Bishop's Discretionary Fund (Stanton Bequest)	136,607	6,608	(16,728)	33,073	159,560	5,182	(10,884)	-	18,832	172,690
	1,680,861	31,045	(328,958)	37,654	1,420,602	298,795	(46,358)	(8,972)	129,735	1,793,802

Congregational funds are funds held on behalf of individual congregations.

The St George's Fund. Set up in 2007 from the proceeds of the sale of St George's Church, Maryhill, and funds held on behalf of the East End, split two thirds and one third respectively, the Diocesan share of the income from this fund will be used for ministry support. The St Georges Fund generated income of £13,458 (2020: £24,437). The East End share of the income is remitted directly to the charge £4,487 (2020: £8,145).

The Bishop's Discretionary Fund (Stanton Bequest) is used at the discretion of the Bishop for clerical exigencies.

20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds			
	Incoming resources	Balance at 1 December 2020	Transfers	Balance at 30 November 2021
	£	£	£	£
Learning, Development & Pastoral Fund	-	-	23,386	23,386
	-	-	23,386	23,386

The Fund is established to provide financial support to Clergy and Lay Readers in respect of learning, ministry development and pastoral care.

21 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as income. Any capital gains or losses arising on the assets form part of the fund.

		Movement in funds				
	Balance at 1 December 2020	Incoming resources	Resources expended	Transfers	Revaluations gains and losses	Balance at 30 November 2021
	£	£	£	£	£	£
Permanent endowments						
The Bishop Goldie Memorial Fund	92,357	1,101	(1,500)	-	9,070	101,028
The Gordon Fund	768,920	11,003	-	(11,003)	90,670	859,590
The West Bequest	62,845	-	-	-	9,495	72,340
The Drumchapel Legacy Fund	62,635	-	-	-	9,375	72,010
	986,757	12,104	(1,500)	(11,003)	118,610	1,104,968

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

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

The West Bequest: Income may be applied only in providing or augmenting the stipend of a priest, or towards the stipend for a lay preacher, or for the provision of regular services at St Ninian's, Portpatrick.

The Drumchapel Legacy Fund represents monies from a legacy to be used for the benefit of the Drumchapel Mission of Holy Cross.

22 Analysis of net assets between funds

	Unrestricted funds 2021	Restricted Funds 2021	Endowment Funds 2021	Total 2021
	£	£	£	£
Fund balances at 30 November 2021 are represented by:				
Tangible assets	2,467,525	-	-	2,467,525
Investment properties	544,999	-	-	544,999
Investments	3,444,852	1,156,685	1,055,333	5,656,870
Current assets/(liabilities)	(360,053)	637,117	49,635	326,699
	6,097,323	1,793,802	1,104,968	8,996,093

23 Analysis of changes in net funds

The charity had no debt during the year.

24 Related party transactions

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

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

Remuneration of key management personnel

The remuneration of key management personnel is found at note 8.

25 Cash generated from operations

	2021	2020
	£	£
Surplus/(deficit) for the year	1,100,145	(492,653)
Adjustments for:		
Investment income recognised in statement of financial activities	(137,449)	(155,101)
Loss/(gain) on disposal of tangible fixed assets	10,000	(2,866)
Net Gains on investments	(626,665)	(90,410)
Fair value gains and losses on investment properties	(23,000)	-
Depreciation and impairment of tangible fixed assets	521	410
Movements in working capital:		
(Increase)/decrease in debtors	(26,117)	257,792
(Decrease) in creditors	(142,576)	(119,935)
Cash generated from/(absorbed by) operations	154,859	(602,763)

Appendix 1
Diocesan properties

Heritable

Quadrant Road, Newlands, Glasgow
St Vincent Place, Glasgow - being marketed
Northfield Park, Annan, Dumfries & Galloway
Erradale Street, Lambhill, Glasgow
Kelvin Crescent, East Kilbride, Glasgow
Old Gartloch Road, Gartcosh - disposed December 2021
St Mungo's, Alexandria - being marketed
Land at Girvan, Ayrshire
Westfield Drive, Cardonald, Glasgow
Cochrane Street, Glasgow

Investment

Blake Road, Cumbernauld
Brownside Road, Cambuslang, Glasgow
St Matthews Old Rectory/The Place, Balmore Street, Glasgow

Co-Ownership with Province

Martin Lodge, Ardross Place, Alness, Ross & Cromarty