Charity registration number SC013925 (Scotland)

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

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 2022

The trustees present their report and accounts for the year ended 30 November 2022.

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 Janice Aiton - appointed March 2022
Revd Jim Geen - resigned March 2022
Revd Stephen Hazlett - resigned March 2022
Revd Dominic Ind - resigned March 2022
Revd Les Ireland - resigned March 2022
Revd Lee Johnston - appointed March 2022
Revd Willi Nesbett
Ronald Orr
Nigel Rayner
Dr Beth Routledge
Mrs Maureen Russell - resigned March 2022
Revd Canon Andrew Sheridan - resigned March 2022
Dr David Simmons - appointed March 2022
Richard Smith - resigned March 2022
Revd Canon Nicholas Taylor - resigned March 2022
Revd Canon Paul Watson - appointed March 2022
Ms Jenny Whelan
Mrs Nicolette Wise

Non-voting members
Robert Burgon (Diocesan Treasurer)
Sheriff Bruce Erroch (Chancellor)
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)
Registrar (Mr Ronald Inglis)

Other Diocesan Appointments

Elliot Glen-Esk (Surveyor)
Mrs R Cadie of ARP Lorimer Ltd (Architect)
Anne Jones (Diocesan Child and Vulnerable Adults Protection Officer)

Bankers

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

Diocesan Centre Staff

Ms Janet Chalmers
Mrs Christine Hughes
Ms Iolanthe Stack

Auditor

SRG (Audit) 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 COVID-19 restrictions continued to hold most meetings virtually.
- 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.
- 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 Children in Distress (raised £11,610)
- arranged the annual Diocesan Synod, and for representation on, and reports to and from the General Synod

Financial review

The financial review of the Diocese is detailed with the Statement of Financial Activities on page 10 and Balance Sheet on page 11.

Over the year the Diocese sustained an unrestricted deficit of £617,483 (2021: surplus £608,734). Adjusting for losses on investments and gains on heritable property disposals the operating deficit was £215,235 (2021- deficit £229,495). Income was ahead of budget due to marginally improved receipts from congregational quota, investment income and external parties. Budgeted expenditure was below forecast reflecting, to some extent, the impact on Diocesan activities resulting from the COVID-19 pandemic.

Total funds as 30 November 2022 amounted to £7.874m, a reduction over the year of £1.122m chiefly reflecting a reduction in investment values as a result of stock market falls over the review period.

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 Andrew’s, Irvine to cease as an independent congregation. Accordingly, cash assets 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.

Income from stock exchange investments is a further source of revenue to the general fund.

The Diocese also received, and is grateful for, a grant from Benefact Trust (formerly Allchurches).

Investment policy and performance

Following the transfer of the Diocesan investment portfolio over to SEC Unit Trust Pool in the previous financial year all assets have continued to be invested in this Fund. The current year has proved extremely problematical for world stock markets, particularly in light of the Russian invasion of Ukraine. Increasing energy prices brought about economic uncertainty which was reflected in a fall in the unit value of the SEC UTP of 20% over the financial year. While this is disappointing to report, it should be borne in mind that previous years have produced strong relative returns on stock market investments.

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 be a focus for the work of mission and ministry of the Diocese during the coming year. The Diocese will also continue to support the wide ministry of its clergy and congregations.

Structure, governance and management

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

The Diocese is an unincorporated association, subject to the Code of Canons of the Scottish Episcopal Church and to a 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 revised Diocesan Constitution through which voting powers were granted to the offices of Dean, Synod Clerk and Provost. As a result of the adoption of the revised Constitution, the number of elected voting members was reduced from fourteen to ten with elections for vacancies held at the 2022 Diocesan Synod. Of the ten elected members, four are elected 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: 4 February 2023

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 NOVEMBER 2022

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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 November 2022 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 9.

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.

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 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 and the charity’s trustees as a body, for our audit work, for this report, or for the opinions we have formed.

SRG (Audit) LLP 6 February 2023

Chartered Accountants
Statutory Auditor

SRG (Audit) 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 2022

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total 2022 £	Total 2021 £
Income and endowments from:						
Donations and legacies	**3**	39,309	-	-	39,309	463,758
Charitable activities	**4**	372,787	-	-	372,787	343,253
Investments	**5**	112,105	28,734	19,225	160,064	137,450
Other income	**6**	-	30,000	-	30,000	280,155
Total income and endowments		524,201	58,734	19,225	602,160	1,224,616
Expenditure on:						
Expenditure on charitable activities	**7**	747,230	-	-	747,230	699,613
Other	**12**	(163,767)	143,453	584	(19,730)	74,523
Total resources expended		583,463	143,453	584	727,500	774,136
Net (losses)/gains on investments	**13**	(589,947)	(226,537)	(180,797)	(997,281)	649,666
Net (outgoing)/incoming resources before transfers		(649,209)	(311,256)	(162,156)	(1,122,621)	1,100,146
Gross transfers between funds		31,726	58,091	(89,817)	-	-
Net movement in funds		(617,483)	(253,165)	(251,973)	(1,122,621)	1,100,146
Fund balances at 1 December 2021		6,097,323	1,793,802	1,104,969	8,996,094	7,895,948
Fund balances at 30 November 2022		5,479,840	1,540,637	852,996	7,873,473	8,996,094

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 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	**14**		1,695,394		2,467,525
Investment properties	**16**		589,999		544,999
Investments	**17**		4,684,589		5,656,870
			6,969,982		8,669,394
Current assets					
Debtors	**15**	171,860		143,432	
Cash at bank and in hand		799,945		243,103	
		971,805		386,535	
Creditors: amounts falling due within one year	**18**	(68,314)		(59,835)	
Net current assets			903,491		326,699
Total assets less current liabilities			7,873,473		8,996,094
Capital funds					
Endowment funds - general	**21**		852,996		1,104,969
Income funds					
Restricted funds	**19**		1,540,637		1,793,802
Unrestricted funds					
Designated funds	**20**	13,477		23,386	
General unrestricted funds		5,466,363		6,073,937	
			5,479,840		6,097,323
			7,873,473		8,996,094

The accounts were approved by the Diocesan Council on 4 February 2023

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 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**25**		(491,247)		154,859
Investing activities					
Purchase of tangible fixed assets		(21,702)		(917,971)	
Proceeds on disposal of tangible fixed assets		979,727		-	
Purchase of investment property		-		(350,000)	
Proceeds on disposal of investment property		-		110,000	
Purchase of other investments		(100,000)		(5,078,436)	
Proceeds on disposal of other investments		30,000		5,051,351	
Investment income received		160,064		137,450	
Net cash generated from/(used in) investing activities			1,048,089		(1,047,606)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			556,842		(892,747)
Cash and cash equivalents at beginning of year			243,103		1,135,850
Cash and cash equivalents at end of year			799,945		243,103

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

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 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 2022 amounted to £40,309 (2021 - £56,892) and there were no contributions outstanding as at 30 November 2022 (2021 - £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

	2022	2021
	£	£
Benefact Trust	25,048	15,560
Assets introduced	12,674	446,905
Other donations	1,587	1,293
	39,309	463,758

4
Charitable activities **Total Funds**

	General fund	Restricted funds	2022	2021
	£	£	£	£
Quota receipts due from Charges	306,869	-	306,869	250,543
General Synod grant funding and other grants				
Provincial Stipend Support	44,598	-	44,598	38,966
Provincial Curates	-	-	-	35,904
	44,598	-	44,598	74,870
Dunderdale fund endowment for bishoprics				
Bishop's Stipend	11,400	-	11,400	9,320
Dunderdale fund endowment for Charges				
Dunderdale grant for needy chuches	7,400	-	7,400	6,400
Dean's allowance				
Dean's expenses	2,520	-	2,520	2,120
Total income from charitable activities	372,787	-	372,787	343,253

	General Fund	Restricted Funds	Endowment Funds	Total
Fund totals 2021:				
Quota receipts due from Charges	250,543	-	-	250,543
General Synod grant funding	74,870	-	-	74,870
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
	343,253	-	-	343,253

5 Investments

	Unrestricted funds	**Restricted funds**	**Endowment funds general**	**Total**	Unrestricted funds	Restricted funds	Endowment funds general	Total
	2022	**2022**	**2022**	**2022**	2021	2021	2021	2021
	£	**£**	**£**	**£**	£	£	£	£
Rental income	26,276	-	-	26,276	6,947	-	-	6,947
Income from listed investments	-	-	-	-	99,455	13,459	12,104	125,018
Income from unlisted investments	79,991	28,734	19,225	127,950	-	5,182	-	5,182
Interest receivable	5,838	-	-	5,838	303	-	-	303
	112,105	28,734	19,225	160,064	106,705	18,641	12,104	137,450

6 Other income

	Restricted funds	Total
	2022	2021
	£	£
Congregational funds introduced	30,000	280,155

7 Expenditure on charitable activities

	Direct Costs	Grant Funding	Support Costs	Total Funds 2022	Total Funds 2021
		£	**£**	**£**	**£**
Quota paid to General Synod	131,064			131,064	124,740
Episcopal Ministry & Administration	64,324		35,483	99,807	95,011
Support for Ministry	189,074		35,483	224,557	241,738
Mission	89,684		23,064	112,748	70,964
Growth Support	-	-	-	-	4,946
External Property Expenses	56,494		35,484	91,978	72,362
Grants to local congregations		37,433	3,548	40,981	43,507
Projects	1,739		44,355	46,094	46,345
	532,379	37,433	177,418	747,230	699,613
Analysis by Fund:					
General	532,379	37,433	177,418	747,230	699,613
Restricted	-			-	-
Endowment	-			-	-
	532,379	37,433	177,418	747,230	699,613

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 £114,714 (2021: £111,907). The expenses refunded was £8,414 (2021: £4,466).

9 Grants payable

	2022	2021
	£	£
Grants	37,433	40,210

10 Support costs

	Support costs	Governance costs	2022	2021
	£	£	£	£
Staff costs	92,734	20,300	113,034	100,020
Depreciation	1,805	-	1,805	521
Diocesan Centre	24,041	-	24,041	24,917
Audit fees	-	12,900	12,900	10,920
Legal and professional	-	5,238	5,238	24,222
Synods & meetings	-	2,459	2,459	2,585
Deans charge and expenses	-	17,941	17,941	1,673
	118,580	58,838	177,418	164,858
Analysed between				
Charitable activities (note 7)	118,580	58,838	177,418	164,858

Governance costs includes payments to the auditors of £12,900 (2021 - £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:

	2022 Number	2021 Number
	8	10

Employment costs	2022 £	2021 £
Wages and salaries	178,985	214,490
Social security costs	10,742	13,338
Other pension costs	40,309	56,892

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

12 Other

	Unrestricted funds	Restricted funds	Endowment funds general	Total 2022	Total 2021
				£	£
Net (gain)/loss on disposal of assets	(187,699)	-	-	(187,699)	10,000
Release of funds	-	143,453	584	144,037	47,858
Other expenditure	23,932		-	23,932	16,665
	(163,767)	143,453	584	(19,730)	74,523
For the year ended 30 November 2021	26,665	46,358	1,500		74,523

13 Net gains on investments

	Unrestricted funds	Restricted funds	Endowment funds general	Total 2022	Total 2021
	£	£	£	£	£
Net (loss)/gain on investments	(634,947)	(226,537)	(180,797)	(1,042,281)	626,666
Revaluation of investment properties	45,000	-	-	45,000	23,000
	(589,947)	(226,537)	(180,797)	(997,281)	649,666
For the year ended 30 November 2021	401,321	129,735	118,610		649,666

14 Tangible fixed assets

	Heritable Property	Office Equipment	Total
	£	£	£
Cost			
At 1 December 2021	2,466,122	3,219	2,469,341
Additions	11,181	10,521	21,702
Disposals	(792,028)	-	(792,028)
At 30 November 2022	1,685,275	13,740	1,699,015
Depreciation and impairment			
At 1 December 2021	-	1,816	1,816
Depreciation charged in the year	-	1,805	1,805
At 30 November 2022	-	3,621	3,621
Carrying amount			
At 30 November 2022	1,685,275	10,119	1,695,394
At 30 November 2021	2,466,122	1,403	2,467,525

15 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	7,296	3,080
Other debtors	81,367	56,837
Prepayments and accrued income	3,197	3,515
	91,860	63,432

	2022	2021
Amounts falling due after more than one year:	£	£
Other debtors	80,000	80,000
Total debtors	171,860	143,432

16 Investment property

	2022 £
Fair value	
At 1 December 2021	544,999
Net gains through fair value adjustments	45,000
At 30 November 2022	589,999

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

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

	2022 £	2021 £
Cost	404,140	404,140
Accumulated depreciation	-	-
Carrying amount	404,140	404,140

17 Fixed asset investments

	Other investments £
Cost or valuation	
At 30 November 2021	5,656,870
Additions	100,000
Valuation changes	(1,042,281)
Disposals	(30,000)
At 30 November 2022	4,684,589
Carrying amount	
At 30 November 2022	4,684,589
At 30 November 2021	5,656,870

18 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	3,517	3,875
Trade creditors	3,979	-
Other creditors	24,494	21,433
Accruals and deferred income	36,324	34,527
	68,314	59,835

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				
	Balance at 1 December 2021	Incoming resources	Resources expended	Transfers	Revaluation (losses)	Balance at 30 November 2022
	£	£	£	£	£	£
Congregational Funds	608,890	-	(126,015)	-	-	482,875
The St George's Fund	1,012,221	21,377	(11,613)	(14,250)	(186,050)	821,685
The Bishop's Discretionary Fund (Stanton Bequest)	172,691	7,357	(3,825)	-	(27,065)	149,158
The West Bequest Fund	-	-	-	42,341	(13,422)	28,919
Portpatrick/Stranraer Fund	-	30,000	(2,000)	30,000	-	58,000
	1,793,802	58,734	(143,453)	58,091	(226,537)	1,540,637

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 £21,377 (2021: £13,459). The East End share of the income is remitted directly to the charge £7,126 (2021: £4,487).

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

The West Bequest Fund, 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 Portpatrick/Stranraer Fund was set up in 2022 to hold monies from these congregations to be drawn upon for the stipend / pension cost of their priest-in charge.

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:

	Balance at 1 December 2021	Resources expended	Balance at 30 November 2022
	£	£	£
Learning, Development & Pastoral Fund	23,386	(9,909)	13,477
	23,386	(9,909)	13,477

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 2021	Incoming resources	Resources expended	Transfers	Revaluation (losses)	Balance at 30 November 2022
	£	£	£	£	£	£
Permanent endowments						
The Bishop Goldie Memorial Fund	101,027	1,749	(584)	-	(15,215)	86,977
The Gordon Fund	859,591	17,476	-	(17,476)	(152,109)	707,482
The West Bequest	72,341	-	-	(72,341)	-	-
The Drumchapel Legacy Fund	72,009	-	-	-	(13,473)	58,536
	1,104,969	19,225	(584)	(89,817)	(180,797)	852,996

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 charity was dissolved on the 31 Oct 2014 with the funds being transferred to the Diocese of Glasgow & Galloway. Following approval of the Diocesan Council the fund has been re-classified as restricted. The fund continues to be for the use of providing or augmenting the stipend of a priest, or towards the stipend for a lay preacher, or 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 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total 2022 £
Fund balances at 30 November 2022 are represented by:				
Tangible assets	1,695,394	-	-	1,695,394
Investment properties	589,999	-	-	589,999
Investments	2,909,904	974,192	800,493	4,684,589
Current assets/(liabilities)	284,543	566,445	52,503	903,491
	5,479,840	1,540,637	852,996	7,873,473

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

25	**Cash generated from operations**	**2022**	**2021**
		£	**£**
	(Deficit)/surpus for the year	(1,122,621)	1,100,146
	Adjustments for:		
	Investment income recognised in statement of financial activities	(160,064)	(137,450)
	(Gain)/loss on disposal of tangible fixed assets	(187,699)	10,000
	Net loss/(gain) on investments	1,042,281	(626,666)
	Fair value (gains) on investment properties	(45,000)	(23,000)
	Depreciation and impairment of tangible fixed assets	1,805	521
	Movements in working capital:		
	(Increase) in debtors	(28,428)	(26,117)
	Increase/(decrease) in creditors	8,479	(142,575)
	Cash (absorbed by)/generated from operations	(491,247)	154,859

Appendix 1
Diocesan properties

Heritable

Quadrant Road, Newlands, Glasgow
Northfield Park, Annan, Dumfries & Galloway
Erradale Street, Lambhill, Glasgow
Kelvin Crescent, East Kilbride, Glasgow
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