Charity registration number SC013925 (Scotland)

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

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 2023

The trustees present their report and accounts for the year ended 30 November 2023.

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
Revd Verity Brown – co-opted November 2023
Mrs Helena Hailstone – co-opted November 2023
Revd Lee Johnston – resigned October 2023
Revd Canon Willi Nesbett
Ronald Orr - resigned April 2023
Nigel Rayner
Dr Beth Routledge
Dr David Simmons
Revd Canon Paul Watson
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
Petko Marinov
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) (effective 1 January 2019).

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:

- undertook training programme on trustee' responsibilities.
- had oversight of the Diocese's requirements under the Land Reform (Scotland) Act 2016 (Register of Persons Holding a Controlled Interest in Land) Regulations 2021.
- considered and moved to implement a staffing review of the Diocesan office.
- 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.
- 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 Mothers' Union AFIT and raised £10,006.
- 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 within the Statement of Financial Activities on page 10 and Balance Sheet on page 11.

Total funds as 30 November 2023 amounted to £8.164m (2022 £7.873m), an increase over the period under review of £291k (2022 £(1.122m)).

Total income saw an increase on the previous year primarily as a result of funds received following the closure of St Batholomew's, Gourock and the Drumchapel Mission.

Funds were also received from the sale of the former rectory of St Oswald's, King's Park, these funds have been designated by the Diocese for the benefit of Kings Park (note 22).

Expenditure on charitable activities increased on the previous year from £747,230 (2022) to £931,304 (2023) an increase of 24.6%, due in the main to additional costs re Support for ministry.

Restricted Funds at the year end were £1,488m (2022 £1,541m) and Endowment Funds £889k (2022 £853k).

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 investments is a further source of revenue to the general fund.

The Diocese is grateful for, the grant received from Benefact Trust.

Investment policy and performance

The Diocesan investment portfolio is held within over to SEC Unit Trust Pool. The investment objective of the Unit Trust Pool is to earn a return on the assets, over the long term, sufficient at least to maintain the real value of the distribution to unit holders.

A general unsettled tone existed across global stock markets over the year. Ongoing conflict in Ukraine and uncertainty across energy markets continued to be an investment theme. However, it is encouraging to record that the value of investments saw a marginal increase over the year.

Ethical investment

As per the ethical statement of practice issued by the General Synod of the Scottish Episcopal Church 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. The intention of the Diocesan Council is to hold sufficient unrestricted reserves amounting to 6 months expenditure.

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 Diocese will continue to support the ministry of its clergy and congregations.

The Diocese will become increasingly engaged in the climate change initiatives encouraged by the Scottish Episcopal Church, which aim to achieve a position of Net Zero Carbon emissions by 2030. This will be a considerable challenge given the age and history of many of the church buildings in the Diocese.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2023

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.

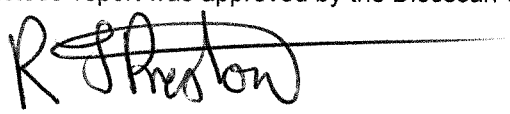
The Code of Canons require the Diocesan Synod to supervise all church properties, capital funds, payment of charges stipends, salaries and insurance premiums, and maintenance of and adherence to church constitutions. The Synod consists of (a) all clergy meeting certain criteria, and (b) a lay member elected by each charge in the Diocese.

The Diocesan Council is made up of the following ex-officio members - The Bishop, who is elected by an Electoral Synod, broadly congruent with the Diocesan Synod, the Dean, and the Provost, both appointed by the Bishop, and the Synod Clerk, who is elected by the House of Clergy. Of the ten elected members, four will be from the House of Clergy and six from the House of Laity. The Diocesan Secretary and Diocesan Treasurer are appointed annually by the Synod while the Chancellor and the Canon Missioner are appointed by the Bishop

The members of Diocesan Council receive sufficient information provided through Vestry Resources on the Provincial website to enable them to perform 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 Very Revd R Preston (Dean)

Dated: 3 February 2024

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 NOVEMBER 2023

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 2023 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 2023 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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 (as amended). 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 gaining a detailed understanding of the Charity operations, including enquiries of management, identifying and assessing the risk of irregularities, testing the posting of journals, reviewing accounting estimates for bias and fixed assets for impairment. Consideration was given to transactions with related parties, as well as reviewing Charity correspondence including reading minutes of all Charity group meetings. We also undertook Analytical Review of the figures against budget in order to assess movements which may be caused by irregularities or fraud.

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.

Use of our report

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

SRG (Audit) LLP

12 February 2024

Chartered Accountants
Statutory Auditor

4th Floor
Turnberry House
175 West George Street
Glasgow
G2 2LB

SRG (Audit) LLP is eligible for appointment as auditor in terms of 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 2023

	Notes	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
Income and endowments from:						
Donations and legacies	3	609,802	-	-	609,802	39,309
Charitable activities	4	385,039	-	-	385,039	372,787
Investments	5	144,120	28,568	24,411	197,099	160,064
Other income	6	-	201	-	201	30,000
Total income and endowments		1,138,961	28,769	24,411	1,192,141	602,160
Expenditure on:						
Expenditure on charitable activities	7	931,304	-	-	931,304	747,230
Other	13	119,574	89,743	1,868	211,185	(19,730)
Total resources expended		1,050,878	89,743	1,868	1,142,489	727,500
Net gains/(losses) on investments	14	165,398	41,646	34,220	241,264	(997,281)
Net incoming/(outgoing) resources before transfers		253,481	(19,328)	56,763	290,916	(1,122,621)
Gross transfers between funds		54,073	(33,535)	(20,538)	-	-
Net movement in funds		307,554	(52,863)	36,225	290,916	(1,122,621)
Fund balances at 1 December 2022		5,479,840	1,540,636	852,997	7,873,473	8,996,094
Fund balances at 30 November 2023		5,787,394	1,487,773	889,222	8,164,389	7,873,473

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

The statement of financial activities includes all gains and losses 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 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	**15**		1,694,225		1,695,394
Investment properties	**17**		629,999		589,999
Investments	**18**		5,137,749		4,684,589
			7,461,973		6,969,982
Current assets					
Debtors	**16**	88,725		171,860	
Cash at bank and in hand		705,729		799,945	
		794,454		971,805	
Creditors: amounts falling due within one year	**20**	(46,918)		(68,314)	
Net current assets			747,536		903,491
Total assets less current liabilities			8,209,509		7,873,473
Provisions for liabilities			(45,120)		-
Net assets			8,164,389		7,873,473
Capital funds					
Endowment funds - general	**23**		889,222		852,997
Income funds					
Restricted funds	**21**		1,487,773		1,540,636
Unrestricted funds					
Designated funds	**22**	313,323		13,477	
General unrestricted funds		5,474,071		5,466,363	
			5,787,394		5,479,840
			8,164,389		7,873,473

The accounts were approved by the Diocesan Council on 3 February 2024

The Very Revd R Preston
(Dean)

Mr R Burgon
(Diocesan Treasurer)

DIOCESE OF GLASGOW AND GALLOWAY SCOTTISH EPISCOPAL CHURCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Cash absorbed by operations	27		(37,843)		(512,659)
Investing activities					
Purchase of tangible fixed assets		(1,575)		(21,702)	
Proceeds on disposal of tangible fixed assets		-		979,727	
Repayment of investment loans and receivables		-		21,412	
Purchase of investments		(251,897)		(100,000)	
Proceeds on disposal of investments		-		30,000	
Investment income received		197,099		160,064	
Net cash (used in)/generated from investing activities			(56,373)		1,069,501
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(94,216)		556,842
Cash and cash equivalents at beginning of year			799,945		243,103
			705,729		799,945
Analysis of cash and cash equivalents					
Cash at bank and in hand			705,729		799,945

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2023

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) (effective 1 January 2019).

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. The Trustees may choose to set aside part of the unrestricted funds as a designated fund for a particular future project or commitment.

Restricted funds are subject to specific conditions by donors or grantors 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 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.

In terms of Concessionary Loans these are initially measured at the amount paid and recognised in the balance sheet. The loan is subsequently reviewed for impairment.

1 Accounting policies **(Continued)**

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.

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 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

1.15 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 Accounting policies (Continued)

1.16 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 2023 amounted to £46,467 (2022 - £40,309) and there were no contributions outstanding as at 30 November 2023 (2022 - £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

	2023	2022
	£	£
Benefact Trust	14,895	25,048
Assets introduced	594,285	12,674
Other donations	622	1,587
	609,802	39,309

4
Charitable activities

	General fund	Restricted funds	2023 Total Funds	2022 Total Funds
	£	£	£	£
Quota receipts due from Charges	242,535	-	242,535	306,869
General Synod grant funding and other grants				
Provincial Stipend Support	51,704	-	51,704	44,598
Transitional Stipend Assistance Grant	63,600	-	63,600	-
	115,304	-	115,304	44,598
Dunderdale fund endowment for bishoprics				
Bishop's Stipend	14,260	-	14,260	11,400
Dunderdale fund endowment for Charges				
Dunderdale grant for needy chuches	9,800	-	9,800	7,400
Dean's allowance				
Dean's expenses	3,140	-	3,140	2,520
Total income from charitable activities	385,039	-	385,039	372,787

	General Fund	Restricted Funds	Endowment Funds	Total
Fund totals 2022:				
Quota receipts due from Charges	306,869	-	-	306,869
General Synod grant funding	44,598	-	-	44,598
Dunderdale fund endowment for bishoprics	11,400	-	-	11,400
Dunderdale fund endowment for Charges	7,400	-	-	7,400
Dean's Allowance	2,520	-	-	2,520
	372,787	-	-	372,787

5 Income from investments

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total 2022 £
Rental income	23,641	-	-	23,641	26,276	-	-	26,276
Income from unlisted investments	94,295	28,568	24,411	147,274	79,991	28,734	19,225	127,950
Interest receivable	26,184	-	-	26,184	5,838	-	-	5,838
	144,120	28,568	24,411	197,099	112,105	28,734	19,225	160,064

6 Other income

	Restricted funds	Total
	2023	2022
	£	£
Congregational funds introduced	-	30,000
Bishop's Discretionary Fund	201	-
	201	30,000

7 Expenditure on charitable activities

	Direct Costs	Grant Funding	Support Costs	Total Funds 2023	Total Funds 2022
		£	£	£	£
Quota paid to General Synod	132,786			132,786	131,064
Episcopal Ministry & Administration	74,812		40,557	115,369	99,807
Support for Ministry	261,875		40,557	302,432	224,557
Mission	94,754		26,363	121,117	112,748
External Property Expenses	66,690		40,558	107,248	91,978
Grants to local congregations		45,277	4,057	49,334	40,982
General Contingency	52,320		50,698	103,018	46,094
	683,237	45,277	202,790	931,304	747,230
Analysis by Fund:					
General	683,237	45,277	202,790	931,304	747,230
Restricted	-			-	-
Endowment	-			-	-
	683,237	45,277	202,790	931,304	747,230

8 Trustees

The following Trustees were remunerated during the year: The Bishop £45,517 (2022: £41,242), Canon Missioner £38,745 (2022: £37,435), Diocesan Secretary £10,115 (2022: £9,165) and the Diocesan Treasurer £10,115 (2022: £9,165).

The following Trustees also received employer pension contributions: The Bishop £9,771 (2022: £8,853) and the Canon Missioner £9,771 (2022: £8,853)

Remuneration paid to the Bishop and Canon Missioner conforms to the scales determined by the General Synod of the Scottish Episcopal Church.

The Dean, Synod Clerk and Diocesan Secretary were refunded expenses. The expenses refunded was £12,792 (2022: £8,414).

9 Grants payable

	2023	2022
	£	£
Grants	45,277	37,433

10 Support costs

	Support costs	Governance costs	2023	2022
	£	£	£	£
Staff costs	99,901	23,497	123,398	113,033
Depreciation	2,744	-	2,744	1,805
Diocesan Centre	28,270	-	28,270	24,041
Audit fees	-	12,900	12,900	12,900
Legal and professional	-	8,713	8,713	5,238
Synods & meetings	-	5,343	5,343	2,459
Deans charge and expenses	-	21,422	21,422	17,941
	130,915	71,875	202,790	177,417
Analysed between				
Charitable activities (note 7)	130,915	71,875	202,790	177,417

Governance costs includes payments to the auditors of £12,900 (2022 - £12,900) 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:

	2023 Number	2022 Number
Clergy	1	1
Mission and ministry	1	1
Administration and communications	6	6
	8	**8**
Full time equivalent		
Clergy	1	1
Mission and ministry	1	1
Administration and communications	3.60	3.60
	5.60	5.60

Employment costs	2023 £	2022 £
Wages and salaries	190,126	178,985
Social security costs	11,527	10,742
Other pension costs	45,728	40,309

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

12 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

13 Other

	Unrestricted funds	Restricted funds	Endowment funds general	Total 2023 £	Total 2022 £
Net (gain) on disposal of assets	-	-	-	-	(187,699)
Release of funds	20,445	89,743	1,868	112,056	144,037
Cancelled Diocesan Loan	80,000	-	-	80,000	
Other expenditure	19,129		-	19,129	23,932
	119,574	89,743	1,868	211,185	(19,730)
For the year ended 30 November 2022	(163,767)	143,453	584		(19,730)

14 Net gains on investments

	Unrestricted funds	Restricted funds	Endowment funds general	Total 2023	Total 2022
	£	£	£	£	£
Revaluation of investments	125,398	41,646	34,220	201,264	(1,035,777)
Net (loss) on investments	-	-	-	-	(6,504)
Revaluation of investment properties	40,000	-	-	40,000	45,000
	165,398	41,646	34,220	241,264	(997,281)
For the year ended 30 November 2022	(589,947)	(226,537)	(180,797)		(997,281)

15 Tangible fixed assets

	Heritable Property	Office Equipment	Total
	£	£	£
Cost			
At 1 December 2022	1,685,275	13,740	1,699,015
Additions	-	1,575	1,575
At 30 November 2023	1,685,275	15,315	1,700,590
Depreciation and impairment			
At 1 December 2022	-	3,621	3,621
Depreciation charged in the year	-	2,744	2,744
At 30 November 2023	-	6,365	6,365
Carrying amount			
At 30 November 2023	1,685,275	8,950	1,694,225
At 30 November 2022	1,685,275	10,120	1,695,394

16 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	294	7,296
Other debtors	80,628	59,955
Prepayments and accrued income	3,804	3,197
	84,726	70,448

16 Debtors (Continued)

	2023	2022
Amounts falling due after more than one year:	£	£
Other debtors	3,999	101,412
Total debtors	88,725	171,860

Other Debtors includes various concessionary loans, interest free, made to a number of charges during the year.

An amount of £80,000 relating to St Mary's Port Glasgow was expensed in the year, as detailed in Note 13.

17 Investment property

	2023
	£
Fair value	
At 1 December 2022	589,999
Net gains through fair value adjustments	40,000
At 30 November 2023	629,999

In determining the fair value of the investment properties the trustees sought the view of the Professionally Qualified Diocesan Surveyor as to their values at 30 November 2023.

The Diocesan Surveyor has assessed the Fair Value of the investment properties based on the location and class of the investment properties being valued.

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

	2023	2022
	£	£
Cost	404,140	404,140
Accumulated depreciation	-	-
Carrying amount	404,140	404,140

18 Fixed asset investments

	Other investments £
Cost or valuation	
At 30 November 2022	4,684,589
Additions	251,897
Valuation changes	201,263
At 30 November 2023	5,137,749
Carrying amount	
At 30 November 2023	5,137,749
At 30 November 2022	4,684,589

The investments consist of amounts held in the Scottish Episcopal Church Unit Trust Pool and are shown at market valuation. The Diocese's investment policy is set out in the Trustees' Report.

19 Provisions for liabilities

	2023 £	2022 £
Land Reform (Scotland) Act 2016	45,120	-

Movements on provisions:

	Land Reform (Scotland) Act 2016 £
Additional provisions in the year	45,120

The Trustees have recognised a provision regarding legal costs associated with complying with the Land Reform (Scotland) Act 2016, Register of Controlled Interests in Land. The timing of payments is expected to be prior to 31 March 2024, being the date on which compliance with the Act is required.

20 Creditors: amounts falling due within one year

	2023	2022
	£	£
Other taxation and social security	4,138	3,517
Trade creditors	835	3,979
Other creditors	9,393	24,494
Accruals, grants payable and deferred income	32,552	36,324
	46,918	68,314

21 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

		Movement in funds				
	Balance at 1 December 2022	Incoming resources	Resources expended	Transfers	Revaluation (losses)	Balance at 30 November 2023
	£	£	£	£	£	£
Congregational Funds	482,874	-	(67,425)	(16,789)	-	398,660
The St George's Fund	821,685	21,063	-	(16,746)	35,216	861,218
The Bishop's Discretionary Fund (Stanton Bequest)	149,158	7,706	(10,318)	-	5,121	151,667
The West Bequest Fund	28,919	-	-	-	1,309	30,228
Portpatrick/Stranraer Fund	58,000	-	(12,000)	-	-	46,000
	1,540,636	28,769	(89,743)	(33,535)	41,646	1,487,773

Congregational funds represent monies held on behalf of individual congregations which may be accessed by approach to the Diocesan trustees.

The St George's Fund was set up in 2007 from the sale of St George's Church, Maryhill, Glasgow and includes monies held on behalf of East End Episcopal Churches from the sale of property. The Fund is split two thirds and one third respectively with the Diocesan share of the income (two thirds) being expended for ministry support. The St George's Fund generated a total income of £21,063 (2022 - £21,377) of which one third has been remitted to East End Episcopal Churches.

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

Income from the West Bequest Fund may be applied only in providing for, or augmenting, the stipend of a priest, the expenses of a lay preacher, or for the provision of regular services at St Ninian's, Portpatrick. Income received is transmitted directly to the charge.

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.

22 Designated funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

				Movement in funds				
	Balance at 1 December 2021	Resources expended	Balance at 1 December 2022	Incoming resources	Resources expended	Transfers	Gains and losses	Balance at 30 November 2023
	£	£	£	£	£	£	£	£
Learning, Development & Pastoral Fund	23,386	(9,909)	13,477	7,000	(9,359)	-	-	11,118
Kings Park Fund	-	-	-	326,650	(26,590)	2,897	(752)	302,205
	23,386	(9,909)	13,477	333,650	(35,949)	2,897	(752)	313,323

Learning, Development & Pastoral Fund is to provide financial support to clergy and lay readers in respect of learning, ministry development, and pastoral care.

The King's Park Fund, set up in 2023, is used to provide housing costs as requested by the congregation of St Oswald's King's Park at the discretion of the Diocesan trustees. Income form the Fund is remitted to the congregation for its general use.

23 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 2022	Incoming resources	Resources expended	Transfers	Revaluation (losses)	Balance at 30 November 2023
	£	£	£	£	£	£
Permanent endowments						
The Bishop Goldie Memorial Fund	86,979	2,054	(1,681)	-	2,880	90,231
The Gordon Fund	707,482	20,538	-	(20,538)	28,791	736,273
The Drumchapel Legacy	58,536	1,819	(187)	-	2,549	62,717
	852,997	24,411	(1,868)	(20,538)	34,220	889,222

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 Drumchapel Legacy Fund represents monies to be used for the benefit of the Drumchapel Mission Of Holy Cross, Knightswood, Glasgow. The Mission was dissolved permanently in 2022, the income will continue to used for missional purposes.

24 Analysis of net assets between funds

	Unrestricted funds 2023	Restricted Funds 2023	Endowment Funds 2023	Total 2023
	£	£	£	£
Fund balances at 30 November 2023 are represented by:				
Tangible assets	1,694,225	-	-	1,694,225
Investment properties	629,999	-	-	629,999
Investments	3,287,197	1,015,838	834,714	5,137,749
Current assets/(liabilities)	221,093	471,935	54,508	747,536
Provisions	(45,120)	-	-	(45,120)
	5,787,394	1,487,773	889,222	8,164,389

25 Analysis of changes in net funds

Accounting Standards require the Cash Flow Statement to be accompanied by an Analysis of Changes in Net Debt. The charity had no debt during the year. Accordingly, the changes in Net Debt is apparent from the Statement of Cash Flows above.

26 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.

The Diocese pays quota to and receives grants from General Synod, as detailed in the accounts . The Diocese also receives quota from and pays grants to individual congregations.

A number of properties are held by the Diocesan Heritable Trustees.

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.

27 Cash generated from operations

	2023	2022
	£	£
Surplus/(deficit) for the year	290,916	(1,122,621)
Adjustments for:		
Investment income recognised in statement of financial activities	(197,099)	(160,064)
(Gain) on disposal of tangible fixed assets	-	(187,699)
Net loss/(gain) on investments disposal	-	6,504
Fair value (gains) on investment properties	(40,000)	(45,000)
Fair value (gains) and losses on investments	(201,263)	1,035,777
Depreciation and impairment of tangible fixed assets	2,744	1,805
Movements in working capital:		
Decrease/(increase) in debtors	83,135	(49,840)
(Decrease)/increase in creditors	(21,396)	8,479
Increase in provisions	45,120	-
Cash absorbed by operations	(37,843)	(512,659)

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