

REGISTERED CHARITY NUMBER: SC010576



**Report of the Trustees and
Audited Financial Statements for the Year Ended 31 December 2018
for
the Roman Catholic Diocese of Galloway**

The Roman Catholic Diocese of Galloway

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for the Year Ended 31 December 2018**

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The Roman Catholic Diocese of Galloway

FOREWORD

This year the Lord Lyon granted Arms to the Diocese of Galloway. We are the last of the Scottish Dioceses to receive a coat of arms and much thought went into the crest and the motto. Prominent on the shield is a copy of the Kirkmadrine Cross. This cross dates from the sixth century. The motto, Te Dominum Laudamus, (We Praise You, Lord), is taken from the Latinus Stone dating from around the year 450. Together these show that the origins of Galloway Diocese go right back to long before the restoration of the hierarchy in 1878, back to the beginnings of Christianity in Scotland and the missionary effort of St Ninian.

One of Ninian's first actions was to build a church. And the provision and maintenance of suitable churches is and always has been a necessary duty for the Diocese. Ninian's monks also provided care to the disadvantaged and the poor. Again the Diocese of Galloway continues that ministry of supporting those in need. All this activity is made possible by the charitable giving of parishioners. To them I would like to express my gratitude for their generosity and for their concern for the spiritual and material needs of others.

The Diocese has the responsibility of ensuring that these charitable givings are well managed, and I commend the professional work done by our curial staff in always seeking to implement best financial practice, so that all who give to the Diocese can be assured of the proper use of their donations. I am grateful also to the many volunteers in parishes who give of their time and expertise. The hard work of everyone, staff and volunteers, is reflected in the Annual Report and Accounts.

Right Reverend William Nolan, Bishop of Galloway

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

The Trustees present their report with the financial statements of the charity for the year ended 31 December 2018. The Trustees have adopted the provisions of 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 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objectives of the Roman Catholic Diocese of Galloway are as follows:

- The advancement of the Roman Catholic religion
- The advancement of education
- The relief of poverty
- The relief of illness or disease

The Diocese of Galloway exists to serve the People of God in the districts of North, South and East Ayrshire and Dumfries and Galloway. We do this through our priests and parish communities. We have formed close relationships with local communities, including with schools, whether Catholic or non-denominational, and offer chaplaincy support in a variety of ways. The diocese also provide a primary school and secondary school Religious Education Advisor. In addition local priests and designated deacon chaplains also visit hospitals and prisons on a frequent basis.

Through our parish communities, we receive donations and take up special collections throughout the year for the work of the Church and to assist with the relief of poverty, the provision of education, and the relief of illness both at home and abroad. Some individual parishes also have unique programmes of support for areas in need in poorer countries.

Volunteers

During 2018, the Diocese offered pastoral provision to individuals and communities through its network of parishes. The Diocese and its parishes rely heavily upon the efforts of many hundreds of volunteers who give generously of their time and talents. We are assisted greatly in the provision of religious services, general administration, safeguarding duties and fundraising by people throughout the Diocese. Parishes do not only look inwardly to their own needs, but their many volunteers give help to the sick, elderly, homeless and disadvantaged in their local areas.

The Trustees wish to record their sincere gratitude for the assistance received by the priests and deacons, the volunteers and for the generosity of all parishioners.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Diocese in the form of their parish communities undertook a variety of charitable activities throughout 2018.

The number of individuals participating in the parishes varied from week to week, but on the weekend designated for the annual census, the total Mass attendance in the Diocese was 6,484.

Children and adults celebrated the Sacraments of Initiation in many of the parish communities, and the numbers which were noted in the annual parish returns totalled 1,032. 2018 saw the centenary of the Catholic Education Act in Scotland and the occasion was commemorated with various celebrations including a Mass at St Margaret's Cathedral in Ayr with representatives from every primary and secondary school in the diocese as well as guests from the four local education authorities.

Bishop Nolan continued his practice of a pastoral visit to each parish, where he would celebrate the Vigil and Sunday Masses, and of visiting the primary schools where he would meet with pupils and staff. He also attended a variety of events in the secondary schools. During Prisoners' Week he visited Dumfries and Kilmarnock prisons where he celebrated Mass, met members of the prison staff, and had lunch with the prisoners.

2018 saw the Ad Limina visit to Rome where all of Scotland's Bishops held meetings and dialogue with the various Vatican dicasteries and departments. In addition, the bishops had a private audience with His Holiness, Pope Francis to discuss the situation of the Roman Catholic Church in Scotland

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

ACHIEVEMENT AND PERFORMANCE

Charitable activities (continued)

Communication in the Diocese was promoted by the diocesan website, the diocesan Facebook page, and the diocesan newsletter, The Galloway News, which was produced regularly and distributed widely. Four issues are published throughout the year.

The Society of Saint Vincent de Paul (SSVP) reached 150 years of serving the poor and needy in the community and the members of the society acknowledged the occasion by committing themselves to further engagement in the important work they undertake. Bishop Nolan joined with SSVP members at a commemorative Mass at St Margaret's Cathedral to celebrate the anniversary.

The annual pilgrimage to St Ninian's cave in Whithorn took place on the last Sunday August where pilgrims from all across the Diocese, and indeed Scotland, gathered on the beach and in the local parish church to celebrate Mass in honour of St Ninian. Bishop Nolan was the principal celebrant at Mass on the beach which is historically the place of St Ninian's arrival in Scotland and where he established the first Christian community in the country.

In October 2018, 42 pilgrims, led by Bishop Nolan, visited the Holy Land. The first part of the week long pilgrimage focussed on the Birth, Passion, Death and Resurrection of Jesus and the pilgrims visited all the major Christian sites in Bethlehem and Jerusalem including the Basilica of the Nativity and the Church of the Pater Noster at the top of the Mount of Olives. The second part of the focused on Christ's life and ministry and the pilgrimage sites around Nazareth and the Sea of Galilee. Pilgrims visited Mary's Well and the Basilica of the Annunciation as well as taking a sail on the Sea of Galilee before travelling to the Mount of Beatitudes.

Galloway Catholic Youth is a diocesan ministry which seeks to bring young people to know and love Jesus Christ. In addition to worship and activity in the parish, Galloway Catholic Youth brings young Catholics of Galloway Diocese together to celebrate and deepen their faith. Events in 2018 have included gatherings of senior pupils from the Catholic secondary schools of the diocese for formation about the Caritas Award, and an overnight retreat experience led by Net Ministries. The Youth Chaplain also works with the agency of the Bishops' Conference for young people, the Scottish Catholic Youth Service.

The Diocese assists in the education of our young people by providing materials and support in schools. We have representatives on the local authority education committees and assist teachers who wish to participate in the CREDL (Certificate in Religious Education by Distance Learning), offered by Glasgow University.

Our Rite of Christian Initiation of Adults (RCIA) teams work to encourage and support adults seeking initiation into the Christian community and assist them towards full membership of the Church. The number of adults who celebrated the Rite of Election with Bishop Nolan in St Margaret's Cathedral, Ayr, during lent was 20.

The permanent diaconate exists within the Diocese. Deacons can conduct many of the liturgies such as baptisms, weddings and funerals. They preach occasionally, visit the sick and the housebound, and take part in many parish groups, either in place of, or alongside, priests. As of 2018, we had 5 active deacons, including one, Robert Mackie, who was ordained in 2018, and 2 who are retired.

Continuing to prepare individuals and parishes for future pastoral provision remains an important aspect of diocesan planning. The four deaneries of the Diocese remained committed to addressing the process known as 'Embracing Change', and as part of this Embracing Change process, the North Ayrshire Deanery continued a Pastoral Ministry Leadership course facilitated by the Maryvale Institute in Birmingham. Several participants completed this course during 2018.

The ongoing formation of clergy during 2018 included input from Rev. Stuart Chalmers of the Royal Scots College in Salamanca, Spain, who presented on Pope Francis' Apostolic Exhortation *Evangelii Gaudium*, and a retreat held in Larne, Northern Ireland, shared with the priests of the Diocese of Paisley. There were also Days of Recollection for the clergy held in Lent and Advent, and the retired priests of the diocese were invited to a Day of Prayer and Reflection on the topic of "Pope Francis: An Evaluation of Six Years as Pope".

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

ACHIEVEMENT AND PERFORMANCE

Charitable activities (continued)

The clergy were invited to attend a Day on Safeguarding where the new document published by the Bishops' Conference of Scotland, "In God's Image", was presented by Tina Campbell, the National Safeguarding Co-Ordinator. There was also a presentation on the new legislation concerning data protection, and the different requirements this now demands of priests and parish offices.

Clergy provision saw the retirement of one priest, Fr Eamonn Flynn who had served the diocese in North Ayrshire including laterally in Largs. Fr Flynn was succeeded as parish priest in Largs by Monsignor Peter Magee who returned to the diocese following a successful appointment as the Officialis in the National Canon Law Office in Glasgow. A second seminarian, Michael Kearns, joined our existing seminarian, Kevin Rennie, as a student for the diocese in the Pontifical Scots College, Rome.

During 2018, two priests, Fr Gerald Donnelly and Fr Jim Hayes, celebrated the 25th anniversary of their ordination to the priesthood.

A congregation of religious sisters moved into the parish house in Saltcoats where they will collaborate in serving the parishes in Saltcoats, Stevenston and Ardrossan. The diocese also welcomed 2 Holy Ghost Fathers from Africa - Father Gabriel and Father Stan.

Two parishes celebrated significant anniversaries during the year. St Peter-in-Chains, Ardrossan, with 80 years and St Teresa's, Dumfries with 60. The parish communities marked the occasion with joyful liturgies.

Two church properties were sold during 2018: the former sites of St Michael's, Kilmarnock, and St Conal's, Kirkconnel. In accordance with Canon Law the proceeds of both sales went to the parishes in which both had been incorporated when they were officially closed. Two further sites are still on the market for sale, namely the properties in Stewarton and in Gatehouse of Fleet.

Safeguarding

Our Safeguarding team have continued to work to ensure the safety of all children young people and vulnerable adults within our parish communities across the diocese. Over 2018 they have faced a number of challenges and opportunities.

On 20 May 2018 In Gods Image Safeguarding in the Catholic Church in Scotland was promulgated by decree and implemented reinforcing the mandatory nature of the requirements set out in each of the 8 key standards that have to be delivered to assure the delivery of positive Safeguarding culture and practices across all parish communities within the diocese. Training on raising awareness for both clergy parish safeguarding coordinators and volunteers on these requirements was delivered through the remainder of 2018.

Our Safeguarding training team welcomed 5 new members following completion of their 2 day course in Kilmarnock. These 12 volunteers will be responsible for taking forward the ongoing requirements for training and updating going forward. 700 volunteers across the diocese involved through their ministry in regulated work are required to complete Safeguarding Induction training at Level 1 to allow them to either commence or continue in ministry. Non-compliance with this safe recruitment requirement requires the volunteer to step back from ministry. Planning for the delivery of Induction Level 2 focusing on prevention and detection has commenced. Again completion of this level of training will be a mandatory requirement of all volunteers Parish Safeguarding Coordinators. All our parish priests are encouraged to attend sessions alongside their coordinators and volunteers.

The development of a data base in Galloway diocese to effectively manage recruitment training and PVG management of all involved in regulated work within the diocese is to be adopted across Scotland. We need to applaud our colleague and IT consultant Chris Lawrence and Chancellor Ann Tierney for their work in taking this critical development forward.

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

ACHIEVEMENT AND PERFORMANCE

Charitable activities (continued)

Parish and diocesan safeguarding audits for 2018 are going through a transition period and will more reflect not only the quantitative information required to support the returns but will also offer a qualitative response to the 8 standards set out within In Gods Image alongside a reflection by both parishes and diocese of their assessment of the progress of embedding positive safeguarding culture and practice, where gaps exist and that actions are being taken to address these through both a parish and diocesan action planning framework.

Our Diocesan Safeguarding Advisory Group and Diocesan Risk Assessment Team are now well established. Work on terms of reference and increased independent oversight are to be taken forward.

We have established a self-referral protocol with Health in Mind an independent counselling service commissioned by Bishops Conference of Scotland to offer access to appropriate counselling services for survivors of abuse within the catholic church in this diocese. The self-referral protocol is unique to Galloway diocese and enables survivors to make contact directly without the need to engage with church offices. We are investigating options on how to publicise this service more widely within the public domain i.e. libraries; GP Surgeries; Health Centres; Customer Service Centres.

Planning for the external and independent audit for our diocese's Safeguarding culture and practice by Social Care Institute for Excellence and Children in Scotland commissioned by the Independent Review Group through the Bishops Conference of Scotland has commenced. Our diocese is one of the 2 chosen this year to be subject to external scrutiny in 2019.

The conviction and sentencing of Paul Moore a priest of the diocese for sexual offences against children has severely affected the confidence of a wide range of people across our diocese and nationally. The Diocese has offered a sincere and heartfelt apology to the victims/survivors of Paul Moore's abuse. We continue to seek to work with the survivors who have engaged with the diocese and have tried to reach out to those who continue to retain their anonymity.

INVESTMENT PERFORMANCE

Diocesan current asset investments

An additional £619,350 was invested across three portfolios held with Barclays Investment Solutions Limited during the year. The yield across the three portfolios averaged at 3% with negative growth of 3.1% (unrealised). The closing value as at 31st December 2018 across the portfolios was £4,249,208 (2017: £3,938,864). The fall in the value of current asset investments was in line with the performance of the stock market particularly during the latter half of 2018.

Parochial current asset investments

The performance of parochial investments held by St Mary's, Largs and St Mary's, Irvine mirrored the fall in the market. The closing value of these investments as at 31st December 2018 was £582,236 (2017: £620,165). There were no further funds invested or withdrawn from either of these portfolios during the year.

Losses on the sale and revaluation of all current asset investments totalled £343,480 (2017: £336,026 gain).

FINANCIAL REVIEW

Financial position at the end of the accounting period

The Trustees report a deficit of £172,487 (2017 - £176,887 surplus). Funds carried forward total £13,058,979 (2017 - £13,231,466).

Unfavourable current asset investment returns (realised and unrealised) of £343k (2017: £336k favourable) have had a negative impact on the financial position as at 31st December, 2018.

As with the prior year, during 2018, parishes were encouraged to transfer bank balances over £50k to the Diocese to be lodged in the Parochial Investment Fund (PIF). A total of £993k was transferred from parish funds to the Diocese. Deposits in the PIF currently earn 2% interest per annum as opposed to minimal amounts of credit interest awarded by the banks. The interest due is reviewed by the Trustees on a regular basis. Although consolidated out in the accounts, balances held by parishes in the PIF at 31st December totalled £2.763m.

The Retired Priests Fund received a very generous bequest of property during the year for which the Trustees are extremely grateful.

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

FINANCIAL REVIEW

Revaluation of Property

During 2008, the Diocese had its non-church portfolio of property professionally valued and included within the accounts. This exercise meant that all detached parochial properties, excluding churches, i.e. parish halls, presbyteries and other parochial properties not physically joined to each other or the church, and diocesan properties were valued by Shepherd Chartered Surveyors on 1st December 2008 at £4,743,862 and incorporated into the 2008 financial statements. Heritage assets - churches and attached buildings - have not been capitalised due to their incomparable nature and the lack of reliability which could be placed upon conventional valuation methods.

The values of all detached properties are depreciated on an annual basis and reviewed to ensure that the figures remain realistic. During 2013, a more thorough, in-house review of the properties was undertaken and diocesan finance and estates staff revalued the properties in light of the current market trends. The Trustees considered a full revaluation exercise of these assets during 2018 however, they felt that the cost of such an exercise would outweigh any potential benefits. The Trustees are satisfied that the carrying value of land and buildings as at 31st December 2018 does not differ materially from the fair value of the assets at the end of the reporting period.

Investment policy and objectives

The Diocese currently holds 4 investment portfolios:

1. Number 1 Account - a portfolio of stocks and shares held to provide an income stream to cover the costs of running the Diocese
2. Number 2 Account - a portfolio of stocks and shares held to cover the deposits of parishes in the Parochial Investment Fund
3. Students Fund - a modest portfolio of stocks and shares held to cover the costs of seminarians
4. CNET4 - a 7.205% share of the Provision for Future Contingencies Fund. Income from this fund is used to defray the cost of providing for the needs of sick and retired clergy.

All funds are managed on a discretionary basis by professional independent investment managers and stockbrokers. The first 3 funds listed are managed by Barclays Investment Solutions Limited and the fourth is managed by Brewin Dolphin. All investments are liquid. All portfolios held with Barclays have a moderate risk profile.

The Diocese seeks not to invest in equities directly or mainly involved in the manufacture and/or the supply of goods and services which would be in conflict with the teachings of the Gospel and the social teachings of the Catholic Church. The Diocese looks to invest in equities which do not contravene the dignity of the human person, the sanctity of human life and the imperative of peace on earth.

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

FINANCIAL REVIEW

Reserves policy

The Trustees have forecast the level of free reserves required to ensure the charity's continuance in future years. The Trustees regard around 30% of diocesan current asset investments (£1.3m) at 31 December 2018 as free reserves, but consider the retention of the remaining investments as an essential source of income. Whilst the current level of reserves may prove sufficient for the immediate future, it is the Trustees view that it is prudent to ensure that there are sufficient free reserves to provide for financial flexibility over the longer term.

The diocese has a General Fund, a Designated Fund, a Parochial Fund and two Restricted Funds.

The General Fund is available for use at the discretion of the Trustees in furtherance of the general objectives of the diocese and its parishes.

The Designated Fund is monies held in the Catholic National Endowment Trust (CNET4). The investments held here have been purchased with sums set aside from income to provide the Diocese with a separate reserve fund which could be readily utilised at the Trustees' discretion. At present, income from the CNET4 investment portfolio is used to defray the costs of retired clergy.

The Parochial Fund is available for use at the discretion of the Trustees and parish priests, in furtherance of the general objectives of the parishes. Parochial funds are disclosed separately with in the Statement of Financial Activities, the Balance Sheet and the notes to the financial statements.

Restricted Funds are funds which are to be used in accordance with specific instructions imposed by the donor. These include bank accounts and investment portfolios for the Retired Priests Fund and the Students Fund. These funds are disclosed separately within the Statement of Financial Activities, the Balance Sheet and the notes to the financial statements.

Retired Priests Fund

The fund is used for the benefit of priests who have retired from full time active ministry, whether by age or infirmity. Assistance is usually by way of a monthly allowance and/or accommodation costs. From time to time, the Diocese makes one-off payments or provide help on an individual basis as not all retired priests avail themselves of a monthly payment or require accommodation from the Diocese. The current income is insufficient to meet current costs, and general funds are used to top up the underlying account.

Students Fund

The fund is used for the education of students in seminaries, mostly in connection with fees, and a small personal allowance for maintenance and travel.

The balances held in reserves as at 31 December 2018 were:

	£
Unrestricted funds	
General fund	5,286,023
Designated fund	1,367,486
Parochial funds	5,188,472
Restricted funds	
Retired Priests fund	819,651
Students fund	397,347
Total funds	<u>13,058,979</u>

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

FINANCIAL REVIEW

Review of Pensions

The Diocese operates a Group Personal Pension Scheme with both Standard Life and Nucleus for priests. This is available to priests under the age of fifty at commencement of entry to the scheme. The Diocese also offers support to all of its retired priests on an individual basis, and will seek to continue in these schemes in the future. Whilst there is no formal pension scheme beyond the Standard Life and Nucleus schemes, the Diocese recognises its moral obligation to ensure the well-being of its retired priests and holds funds designated for this purpose. In addition, income from the designated funds held in CNET 4 has been used to defray the sums expended on retired clergy. We will seek to continue this practice.

The Diocese has always used the services of an Independent Financial Advisor to give advice to the members of both schemes.

All eligible diocesan staff are auto-enrolled in the People's Pension scheme in line with legal requirements as set out by the Pensions Regulator.

Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. There are no material uncertainties affecting the current year's accounts.

FUTURE PLANS

The Trustees of the Diocese will continue to be aware of and seek to implement the objectives and aims as detailed above. The pastoral focus of the Diocese will remain the process entitled 'Embracing Change'. This seeks to present a vision of collaborative ministry and to encourage lay participation and responsibility in the local parish communities and beyond.

The Diocese will continue to make available, to the best of its ability, the provision of the sacraments, support religious education of both children and adults, and facilitate opportunities for supporting the poor and needy both locally and internationally.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Roman Catholic Diocese of Galloway was established by the Apostolic Letter "Ex Supremo" of Pope Leo XIII dated 4th March 1878 being the date of the restoration of the Roman Catholic Hierarchy which had been extinct since 1603.

The Diocese of Galloway is recognised by the Office of the Scottish Charity Regulator (OSCR) as having Designated Religious Charity status. (Scottish Charity number SC010576.)

Recruitment and appointment of new Trustees

There were no changes to the Trustees during the financial year. All Trustees are serving members of the clergy in the Diocese.

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational and governance structure

Canon Law

The Diocese is governed by the Bishop of Galloway in accordance with provisions of the Code of Canon Law. In this, the Bishop is supported by the curia which consists of 'those institutions and persons which assist the bishop in the governance of the whole Diocese, especially in guiding pastoral action, in caring for the administration of the Diocese and in exercising judicial power' (Code of Canon Law, c.469).

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

- The Council of Priests: this is a 'group of priests which, representing the presbyterium,... assists the bishop in the governance of the Diocese according to the norm of law to promote as much as possible the pastoral good of the portion of the people of God entrusted to him' (Code of Canon Law c.495). This group consists of priests chosen by the Bishop and others elected. The Council of Priests meet five times a year and the Bishop is obliged to have consulted with his Council before making certain decisions for example the closure of a church.

- The College of Consultors: this group is appointed by the Bishop and must be consulted upon matters of major significance to the Diocese. The College of Consultors meets as and when is necessary as determined by the Bishop.

- The Finance Committee: this is made up of the Trustees and lay advisers and meets bi-monthly to discuss and give advice on financial, estates and major administrative matters, including advice on setting remuneration of staff.

In addition to the three bodies prescribed by canon law, the priests of the Diocese meet in deaneries on a regular basis to discuss relevant matters.

Civil Law

Civil law determines that the Trustees of the Diocese are the owners of all heritable property and have control over the assets of the component parts of the charity, including parishes. The church however, also abides by The Code of Canon Law and as such, parish funds are regarded as being separate from diocesan curial funds and are shown separately within the financial statements. Day to day administration of the curial funds is carried out by the senior officers who report to the Trustees and appropriate committees. Administration of the parochial funds is the responsibility of each parish priest who is assisted in this task by a parish finance committee, as required by Canon Law. Parishes are required to submit an Annual Financial Return to the Diocese setting out the income and expenditure for the year. This is then consolidated in the financial statements, the separate canonical status of parochial funds explaining the separate treatment of these funds in the accounts.

The Trustees of the Diocese, who are all serving clergy, meet bi-monthly to discuss and take decisions on matters of significance.

Induction and training of new Trustees

We have identified and prepared material for inducting new Trustees and assisting with the on-going formation of existing Trustees.

Related parties

The Diocese is associated with the following bodies which are connected to, or supported by, the diocese:

- The Bishops' Conference of Scotland
- The Pontifical Scots College, Rome
- The Scottish Catholic International Aid Fund (SCIAF)
- SPRED Galloway

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Principal risks and uncertainties

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Trustees receive regular reports of the charity's activities.

The Trustees have identified various areas of potential risk including those associated with health and safety. The Diocese continues to work closely with our insurers and are involved in ongoing statutory testing of electric and gas installations. The Trustees have recently appointed a Health and Safety consultancy firm to take forward this area of work within the diocese.

The principal risks and uncertainties facing the Diocese relate primarily to the age and potential cost of repair of buildings, the declining number of parishioners, the availability of priests and the demographic of the current clergy. The Diocese has reviewed its ability to provide for a reducing number of parishioners spread over a considerable geographical area covering the whole of Ayrshire and Dumfries and Galloway. By doing so, we hope to be able to continue with a parish presence for as long as possible in as many areas as possible, but we recognise that some consolidation will be inevitable, even in the short term.

Trustees' expenses

All of the Trustees are clergy of the Roman Catholic Diocese of Galloway. They are housed and remunerated by the Diocese and are reimbursed expenses for carrying out their ministry in the same way as other priests.

No Trustee received any remuneration or expenses from the charity in connection with their duties as Trustees during the year. No Trustee had any beneficial interest in any contract with the charity.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

SC010576

Principal address

Candida Casa
8 Corsehill Road
Ayr
Ayrshire
KA7 2ST

Trustees

Right Reverend William Nolan	Bishop of Galloway
Reverend William R. McFadden	Vicar General
Very Reverend Martin D. Canon Poland	

Finance Officer

Suzanne Maxton, BA (Hons), FCPFA

Auditors

Campbell Dallas Audit Services
Accountants and Statutory Auditors
3 Wellington Square
Ayr
Ayrshire
KA7 1EN

Solicitors

McSparran McCormick
19 Waterloo Street
Glasgow
G2 6AH

The Roman Catholic Diocese of Galloway

**Report of the Trustees
for the Year Ended 31 December 2018**

REFERENCE AND ADMINISTRATIVE DETAILS (continued)

Advisors

Investment Advisors

Barclays Investment Solutions Limited
1 Churchill Place
Canary Wharf
London
E14 5HP

True Potential Wealth Management LLP
Newburn House
Gateway West
Newburn Riverside
Newcastle Upon Tyne
NE15 8NX

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

Bankers

Bank of Scotland
123 High Street
Ayr
KA7 1QP

SCOPE OF THE FINANCIAL STATEMENTS

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

Diocesan funds (restricted, designated and unrestricted)

Diocesan funds are used to support the Bishop in providing diocesan services, to meet the costs of the central administration and to support the parishes of the diocese.

Parochial funds

The parochial funds are administered by the parish priests, with guidance from the Diocese, and are used to carry out the work of the Church within local areas and to help fund the Diocese.

Approved by order of the board of Trustees on 31 July, 2019 and signed on its behalf by:



Right Reverend William Nolan, Bishop of Galloway - Trustee

The Roman Catholic Diocese of Galloway

Report of the Trustees for the Year Ended 31 December 2018

The Trustees are responsible for preparing 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, the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution 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, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant audit information of which the Diocese' auditors are unaware, and each Trustee has taken all the steps that he ought to have taken as a Trustee in order to make himself aware of any relevant audit information, and to establish that the Diocese' auditors are aware of that information.

The Roman Catholic Diocese of Galloway

Independent Auditors Report to the Trustees of the Roman Catholic Diocese of Galloway for the Year Ended 31 December 2018

Opinion

We have audited the financial statements of RC Diocese of Galloway (the 'charity') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 31 December 2018, 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report¹, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

The Roman Catholic Diocese of Galloway

**Independent Auditors Report to the Trustees of the Roman Catholic Diocese of
Galloway for the Year Ended 31 December 2018**

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 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 trustees' responsibilities statement [set out on page ...], the trustees are responsible for the preparation of financial statements which 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 liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

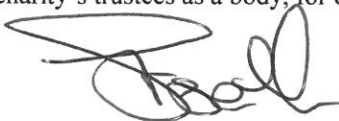
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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.



Stephen Wilkie (Senior Statutory Auditor)
For and behalf of Campbell Dallas Audit Services
Statutory Auditor



3 Wellington Square
Ayr
KA7 1EN

Campbell Dallas Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Roman Catholic Diocese of Galloway

Statement of Financial Activities
for the Year Ended 31 December 2018

	Notes	Diocesan funds £	Parochial funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	372,522	2,060,876	162,720	2,596,118	2,679,562
Charitable activities						
Charitable activities	5	17,167	127,803	-	144,970	121,851
Further incoming resources		69,417	448,993	1	518,411	168,939
Other trading activities	3	-	315,911	-	315,911	287,865
Investment income	4	166,555	54,518	12,606	233,679	195,202
Total		625,661	3,008,101	175,327	3,809,089	3,453,419
EXPENDITURE ON						
Raising funds	6	10,040	2,339	827	13,206	44,347
Charitable activities						
Administration costs	7	419,884	996,668	47,132	1,463,684	1,671,863
Property costs		16,720	197,758	13,108	227,586	265,628
Parish house management		-	322,868	-	322,868	394,525
Church management		-	822,483	-	822,483	655,473
Hall management		-	237,662	-	237,662	192,246
Special collections		27,498	236,036	-	263,534	302,609
Payments to parishes		40,585	-	-	40,585	29,849
Other	9	6,360	-	134,997	141,357	95,751
Total		521,087	2,815,814	196,064	3,532,965	3,652,291
Net gains/(losses) on investments		(261,125)	(49,462)	(32,893)	(343,480)	336,026
NET INCOME/(EXPENDITURE)		(156,551)	142,825	(53,630)	(67,356)	137,154
Transfers between funds	19	765,734	(911,988)	146,254	-	-
Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets		(105,131)	-	-	(105,131)	39,733
Net movement in funds		504,052	(769,163)	92,624	(172,487)	176,887
RECONCILIATION OF FUNDS						
Total funds brought forward		6,149,453	5,957,640	1,124,373	13,231,466	13,054,579
TOTAL FUNDS CARRIED FORWARD		6,653,505	5,188,477	1,216,997	13,058,979	13,231,466

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

The Roman Catholic Diocese of Galloway

Balance Sheet
At 31 December 2018

	Notes	Diocesan funds £	Parochial funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
FIXED ASSETS						
Tangible assets	12	784,481	3,038,898	750,486	4,573,865	4,477,252
Investments	13	<u>1,367,486</u>	<u>-</u>	<u>-</u>	<u>1,367,486</u>	<u>1,472,616</u>
		2,151,967	3,038,898	750,486	5,941,351	5,949,868
CURRENT ASSETS						
Debtors: amounts falling due within one year	14	23,135	-	6,761	29,896	9,780
Debtors: amounts falling due after more than one year	14	15,550	-	-	15,550	5,950
Investments	15	3,861,079	582,236	388,129	4,831,444	4,559,029
Cash at bank and in hand		<u>801,387</u>	<u>1,568,268</u>	<u>74,923</u>	<u>2,444,578</u>	<u>3,033,467</u>
		4,701,151	2,150,504	469,813	7,321,468	7,608,226
CREDITORS						
Amounts falling due within one year	16	<u>(149,609)</u>	<u>(930)</u>	<u>(3,301)</u>	<u>(153,840)</u>	<u>(296,628)</u>
NET CURRENT ASSETS		<u>4,551,542</u>	<u>2,149,574</u>	<u>466,512</u>	<u>7,167,628</u>	<u>7,311,598</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,703,509	5,188,472	1,216,998	13,108,979	13,261,466
PROVISIONS FOR LIABILITIES	18	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(30,000)</u>
NET ASSETS		<u>6,653,509</u>	<u>5,188,472</u>	<u>1,216,998</u>	<u>13,058,979</u>	<u>13,231,466</u>
FUNDS						
19						
Unrestricted funds:						
General fund					5,286,023	4,676,837
Designated Fund					<u>1,367,486</u>	<u>1,472,616</u>
					6,653,509	6,149,453
Restricted funds						
Endowment funds:					5,188,472	5,957,640
Retired Priests Fund					819,651	676,250
Students Fund					<u>397,347</u>	<u>448,123</u>
					1,216,998	1,124,373
TOTAL FUNDS					<u>13,058,979</u>	<u>13,231,466</u>

The notes form part of these financial statements

The Roman Catholic Diocese of Galloway

**Balance Sheet (continued)
At 31 December 2018**

The financial statements were approved by the Board of Trustees on 31 July, 2019..... and were signed on its behalf by:



Right Reverend William Nolan, Bishop of Galloway - Trustee



Reverend William McFadden, Vicar General -Trustee

The Roman Catholic Diocese of Galloway

**Cash Flow Statement
for the Year Ended 31 December 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	34,020	(199,620)
Interest paid		<u>(46,465)</u>	<u>(38,277)</u>
Net cash provided by (used in) operating activities		<u>(12,445)</u>	<u>(237,897)</u>
 Cash flows from investing activities:			
Purchase of tangible fixed assets		(91,941)	(31,584)
Sale of tangible fixed assets		-	128,200
Purchase of current asset investments		(1,303,622)	(1,870,209)
Disposal of current asset investments		678,277	905,073
Movement in cash held		9,450	428,788
Interest received		40,642	32,206
Dividends received		<u>193,032</u>	<u>162,996</u>
Net cash provided by (used in) investing activities		<u>(474,162)</u>	<u>(244,530)</u>
 Cash flows from financing activities:			
New personal loans granted		(13,400)	(1,000)
Personal loans repaid		<u>3,800</u>	<u>6,550</u>
Net cash provided by (used in) financing activities		<u>(9,600)</u>	<u>5,550</u>
 Change in cash and cash equivalents in the reporting period			
		<u>(496,207)</u>	<u>(476,877)</u>
Cash and cash equivalents at the beginning of the reporting period	2	<u>2,817,580</u>	<u>3,294,457</u>
Cash and cash equivalents at the end of the reporting period	2	<u><u>2,321,373</u></u>	<u><u>2,817,580</u></u>

The notes form part of these financial statements

The Roman Catholic Diocese of Galloway

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2018**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(67,356)	137,154
Adjustments for:		
Depreciation charges	125,325	122,422
Losses/(gain) on investments	343,480	(336,023)
Interest received	(40,642)	(32,206)
Interest paid	46,465	38,277
Dividends received	(193,032)	(162,996)
Increase in provision	20,000	30,000
Donation of shares	-	(152,776)
Donation of fixed assets	(130,000)	-
(Increase)/decrease in debtors	(20,116)	129,092
(Decrease)/increase in creditors	<u>(50,104)</u>	<u>27,436</u>
Net cash provided by (used in) operating activities	<u>34,020</u>	<u>(199,620)</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	2,763	3,533
Notice deposits (less than 3 months)	2,441,815	3,029,934
Overdrafts included in bank loans and overdrafts falling due within one year	<u>(123,205)</u>	<u>(215,887)</u>
Total cash and cash equivalents	<u>2,321,373</u>	<u>2,817,580</u>

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements for the Year Ended 31 December 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities and Trustee Investment (Scotland) Act 2005. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Parishes

The financial statements incorporate the activities of the parishes within the Diocese, the central support activities, youth services and other centres of religious activities.

Income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

Charitable expenditure comprises those costs incurred by the Diocese in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Diocese and include the audit fees and costs linked to the strategic management of the Diocese.

Other resources expended

Other resources expended includes those costs of both training students to become priests and the provision of pensions to retired priests, and professional fees incurred.

Allocation and apportionment of costs

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly and other costs are apportioned on a usage basis where applicable.

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued for the Year Ended 31 December 2018

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 20% on cost
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 15% on cost

Heritable property was initially shown in the balance sheet at cost, consisting of Candida Casa - the Bishop's residence and pastoral offices - and houses occupied by some of our retired priests. This did not include any properties relating to the parishes of the Diocese. To rectify this, in December 2008, the Diocese instructed Shepherd Chartered Surveyors to carry out valuations on the Diocesan property portfolio, excluding Heritage assets, once ownership had been established.

This resulted in the revaluation of the properties already held within the balance sheet and the introduction of a number of parish houses and halls which had previously not been included due to difficulties in valuation.

Heritage Assets

The Diocese holds a number of heritage assets in the form of churches and attached church halls and parish houses which are held in support of the Diocese of Galloway's objectives of the advancement of religion, education and the relief of poverty.

The Trustees consider that, owing to the incomparable nature of the churches, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the Diocese and the users of the accounts. As a result, no value is reported for these assets within the Diocese balance sheet.

Due to the nature and age of the parish buildings, it is recognised that substantial repair costs may be expected in a number of circumstances.

Fixed asset investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

The charity maintains various types of funds as follows:

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Diocese and the Parishes.

Designated funds are funds held in the Catholic National Endowment Trust No. 4 Account, CNET 4.

The investments held here have been purchased with sums set aside from income to provide the Diocese with a reserve fund which could be readily utilised at the Trustees' discretion.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. These include bank accounts and investment portfolios for the Retired Priests fund and the Students fund.

These funds are disclosed separately within the Statement of Financial Activities and the notes to the financial statements.

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2. DONATIONS AND LEGACIES

	2018	2018	2018	2018	2017
	Unrestricted				
	Diocesan	Parochial	Restricted	Total	Total
	£	£	£	£	£
Parish levies	300,033	-	-	300,033	307,015
Church collections	-	1,351,292	-	1,351,292	1,390,317
Donations	400	96,636	9,369	106,405	283,047
Covenants and tax repayments	574	180,413	2,093	183,080	168,561
Grants	-	2,000	-	2,000	-
Special collections	57,570	232,527	21,258	311,355	339,069
Bishop Hay Trust	12,945	-	-	12,945	13,386
Bequests	1,000	124,277	130,000	255,277	98,226
Building fund collections	-	63,503	-	63,503	68,438
Jars of hope & church boxes	-	4	-	4	1,658
Mass stipends	-	9,789	-	9,789	8,734
Whithorn bus	-	435	-	435	1,111
	<u>372,522</u>	<u>2,060,876</u>	<u>162,720</u>	<u>2,596,118</u>	<u>2,679,562</u>

3. OTHER TRADING ACTIVITIES

	2018	2018	2018	2018	2017
	Unrestricted				
	Diocesan	Parochial	Restricted	Total	Total
	£	£	£	£	£
Social income	-	-	-	-	1,093
Hall & fundraising income	-	170,225	-	170,225	174,229
Church fundraising	-	145,686	-	145,686	112,543
	<u>-</u>	<u>315,911</u>	<u>-</u>	<u>315,911</u>	<u>287,865</u>

4. INVESTMENT INCOME

	2018	2018	2018	2018	2017
	Unrestricted				
	Diocesan	Parochial	Restricted	Total	Total
	£	£	£	£	£
Income from investments	116,255	13,876	12,606	142,737	111,096
CNET 4 dividend disbursement	50,300	-	-	50,300	51,900
Interest receivable	-	57	-	57	2,357
Interest from parochial investments	-	40,585	-	40,585	29,849
	<u>166,555</u>	<u>54,518</u>	<u>12,606</u>	<u>233,679</u>	<u>195,202</u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

5. INCOME FROM CHARITABLE ACTIVITIES

Incoming Resources from Charitable Activities

	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan £	Parochial £	£	£	£
Hospitals & schools chaplaincy	14,481	5,257	-	19,738	16,208
Primary RE income	2,478	-	-	2,478	4,641
Income from stalls, sale of candles	-	86,233	-	86,233	79,688
Rents	208	36,313	-	36,521	21,314
	17,167	127,803	-	144,970	121,851

Further Incoming Resources

	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan £	Parochial £	£	£	£
CCIA membership award	7,349	-	-	7,349	-
Other income	1,222	37,936	1	39,159	38,207
Rebates & refunds	47,850	77,904	-	125,754	55,590
Insurance claims	-	-	-	-	260
Sale of land and property	-	293,164	-	293,164	-
Canon Law Society reimbursement	10,324	-	-	10,324	12,046
Repayment of misappropriated funds	-	17,750	-	17,750	18,000
Priests' pension contributions	1,236	-	-	1,236	6,884
Solar panel income	-	1,141	-	1,141	-
Subsidies	-	2,000	-	2,000	-
Pilgrimage Income	800	18,760	-	19,560	34,220
Youth income	636	338	-	974	3,732
	69,417	448,993	1	518,411	168,939

6. RAISING FUNDS

Investment management costs

	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan £	Parochial £	£	£	£
Portfolio management fees	10,040	2,339	827	13,206	44,347

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

7. CHARITABLE ACTIVITIES COSTS

Administration Costs	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
	£	£	£	£	£
Priest salaries	-	66,192	-	66,192	53,542
Parish salaries	-	58,793	-	58,793	46,688
ER's National Insurance	10,623	-	-	10,623	10,450
National Commissions	65,348	-	-	65,348	75,374
Bishop's house expenses	2,616	-	-	2,616	4,543
Retired housekeepers & domestics fund	5,865	-	-	5,865	6,900
Pastoral office expenses	138,834	-	-	138,834	174,578
Supply costs	-	22,112	-	22,112	18,483
Other fees to religious charities	6,674	-	22,134	28,808	28,818
Courses and retreat expenses	7,657	24,029	-	31,686	60,417
Primary RE expenses	490	-	-	490	3,002
Post and stationery	8,203	80,697	211	89,111	93,500
Priest pension costs	5,494	-	-	5,494	6,049
Diocesan levy	-	300,033	-	300,033	307,015
Stall supplies	-	45,305	-	45,305	39,948
Donations	19,100	85,230	-	104,330	92,415
Telephone	4,310	30,687	398	35,395	35,250
Minibus hire	-	-	-	-	11,699
Parish development and education	-	2,498	-	2,498	4,105
Youth Fund expenses	3,962	573	-	4,535	4,989
Sundry expenses	11,656	71,482	(209)	82,929	72,242
Parish travel expenses	-	86,339	-	86,339	83,498
Bishop's salary	2,915	-	-	2,915	2,872
Bishop's travel expenses	5,502	-	-	5,502	6,619
Chaplaincy	3,881	-	-	3,881	2,880
Diocesan heat and light	5,726	-	-	5,726	6,577
Staff pension costs	23,967	-	-	23,967	34,730
Pilgrimage expenses	4,599	11,444	-	16,043	44,892
Galloway newsletters	5,650	-	-	5,650	6,155
IT costs	18,188	-	-	18,188	8,478
GDPR compliance costs	4,200	-	-	4,200	-
Funeral costs	-	945	-	945	3,963
Club expenses	-	9,579	-	9,579	14,466
Loss on disposal of fixed assets	-	-	-	-	128,200
Misappropriation of parish funds	-	17,750	-	17,750	18,000
Bank interest and charges	3,695	2,106	78	5,879	8,428
Depreciation					
Land and buildings	15,400	67,359	12,340	95,099	93,737
Improvements to property	15,855	-	11,255	27,110	25,036
Fixtures and fittings	1,622	215	-	1,837	2,296
Motor vehicles	-	38	-	38	50
Computer equipment	1,241	-	-	1,241	1,303
Governance costs					
Audit	13,000	-	-	13,000	13,000
Professional fees	3,611	13,262	925	17,798	16,677
	<u>419,884</u>	<u>996,668</u>	<u>47,132</u>	<u>1,463,684</u>	<u>1,671,863</u>

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

7. CHARITABLE ACTIVITIES COSTS - continued

Property Costs	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
	£	£	£	£	£
Insurances	2,996	99,002	3,209	105,207	107,819
General and water rates	2,898	41,649	5,893	50,440	55,621
Grounds and security costs	7,014	57,107	1,436	65,557	51,627
Equipment purchase	94	-	-	94	1,412
Other property expenses	3,718	-	2,570	6,288	10,170
Demolition costs	-	-	-	-	38,979
	<u>16,720</u>	<u>197,758</u>	<u>13,108</u>	<u>227,586</u>	<u>265,628</u>

Parish House Management	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
	£	£	£	£	£
Food and newspapers	-	80,480	-	80,480	73,796
Heat and light	-	65,284	-	65,284	63,926
Repairs and maintenance	-	86,779	-	86,779	139,283
Equipment purchase - parish houses	-	37,636	-	37,636	51,719
Cleaning materials and wages	-	52,689	-	52,689	65,801
	<u>-</u>	<u>322,868</u>	<u>-</u>	<u>322,868</u>	<u>394,525</u>

Church Management	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
	£	£	£	£	£
Heat and light	-	126,441	-	126,441	135,641
Routine costs	-	88,869	-	88,869	78,270
Cleaning materials and wages	-	12,262	-	12,262	13,166
Repairs and maintenance	-	442,308	-	442,308	352,493
Equipment purchase	-	132,866	-	132,866	61,063
Fundraising expenses	-	19,737	-	19,737	14,840
	<u>-</u>	<u>822,483</u>	<u>-</u>	<u>822,483</u>	<u>655,473</u>

Hall Management	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
	£	£	£	£	£
Heat and light	-	53,499	-	53,499	43,787
Cleaning materials and wages	-	16,153	-	16,153	15,052
Hall keeper	-	34,889	-	34,889	36,141
Repairs and maintenance	-	63,374	-	63,374	43,265
Equipment purchases	-	40,067	-	40,067	26,568
Fundraising expenses	-	29,680	-	29,680	27,433
	<u>-</u>	<u>237,662</u>	<u>-</u>	<u>237,662</u>	<u>192,246</u>

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

7. CHARITABLE ACTIVITIES COSTS - continued

Special Collections	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
Special collections	<u>27,498</u>	<u>236,036</u>	-	<u>263,534</u>	<u>302,609</u>

Payments to Parishes	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
Interest on parochial deposits	<u>40,585</u>	-	-	<u>40,585</u>	<u>29,849</u>

8. SUPPORT COSTS

Administration costs	Governance costs
	£
	<u>30,798</u>

9. OTHER

	2018		2018	2018	2017
	Unrestricted		Restricted	Total	Total
	Diocesan	Parochial			
Students allowances & travel	-	-	6,139	6,139	2,872
Student fees	-	-	40,631	40,631	20,375
Payments to retired priests	<u>6,360</u>	-	<u>88,227</u>	<u>94,587</u>	<u>72,504</u>
	<u>6,360</u>	-	<u>134,997</u>	<u>141,357</u>	<u>95,751</u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

10. TRUSTEES' REMUNERATION AND BENEFITS

Trustees were remunerated during the year as serving clergy but not in their office as Trustee. All of the Trustees are serving clergy, and in addition to their responsibilities as Trustees, are actively involved in carrying out the objectives of the Diocese. Accordingly, all Trustees benefitted from accommodation costs and other associated expenditure included within charitable activities expenditure.

	2018	2017
	£	£
Salaried Clergy		
Right Reverend William Nolan - Bishop of Galloway	2,915	2,872
Very Reverend Martin D. Canon Poland - Trustee	2,915	2,872
Reverend William R McFadden - Vicar General	2,915	2,872
	<u>8,745</u>	<u>8,616</u>

Trustees' expenses

The Trustees benefitted from the following expenditure:

	2018	2017
	£	£
Travel	15,111	20,709
Housekeeping	9,928	9,620
Training	1,271	365
Accommodation - market value rent	16,400	16,400
Fuel - utilities	4,908	3,219
Housekeeper	3,881	7,167
Council Tax	4,055	3,912
Telephone	150	150
	<u>55,704</u>	<u>61,542</u>

During the year, Diocesan funds were used to pay for Trustees Indemnity Insurance, the premium being included within the general insurance costs. This insurance protects the Diocese from loss arising from the neglect or defaults of its Trustees, employees or agents, or to indemnify the Trustees or other officers against the consequences of any neglect or default on their part.

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

11. STAFF COSTS

Staff costs were as follows:

	2018	2017
	£	£
Salaries and wages	159,503	203,213
Social security costs	8,919	13,450
Pension costs	21,672	34,730
	<u>190,094</u>	<u>251,393</u>

Staff costs relate to curial staff, staff at parishes and staff employed in Diocesan related activities.

No employee receives in excess of £60,000 remuneration.

	2018	2017
Head count		
Diocesan - Finance	2	2
Diocesan - Administration	2	3
Diocesan - Estates	0	1
Parochial	34	34
	<u>38</u>	<u>40</u>

The full time equivalent number of diocesan staff is 2.9.

It should be noted that priests actively working within the diocese are not classed as employees of the charity. Staff working in parishes are employees of the parish and not the Diocese.

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

12. TANGIBLE FIXED ASSETS

	Freehold property £	Improvement to property £	Fixtures and fittings £
COST			
At 1 January 2018	4,724,813	131,959	17,957
Additions	<u>215,954</u>	<u>5,982</u>	<u>-</u>
At 31 December 2018	<u>4,940,767</u>	<u>137,941</u>	<u>17,957</u>
DEPRECIATION			
At 1 January 2018	359,420	33,519	8,773
Charge for year	<u>95,099</u>	<u>27,110</u>	<u>1,836</u>
At 31 December 2018	<u>454,519</u>	<u>60,629</u>	<u>10,609</u>
NET BOOK VALUE			
At 31 December 2018	<u>4,486,248</u>	<u>77,312</u>	<u>7,348</u>
At 31 December 2017	<u>4,365,393</u>	<u>98,440</u>	<u>9,184</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2018	2,000	13,433	4,890,162
Additions	<u>-</u>	<u>-</u>	<u>221,936</u>
At 31 December 2018	<u>2,000</u>	<u>13,433</u>	<u>5,112,098</u>
DEPRECIATION			
At 1 January 2018	1,850	9,348	412,910
Charge for year	<u>37</u>	<u>1,241</u>	<u>125,323</u>
At 31 December 2018	<u>1,887</u>	<u>10,589</u>	<u>538,233</u>
NET BOOK VALUE			
At 31 December 2018	<u>113</u>	<u>2,844</u>	<u>4,573,865</u>
At 31 December 2017	<u>150</u>	<u>4,085</u>	<u>4,477,252</u>

Included in cost or valuation of land and buildings is freehold land of £38,000 (2017 - £38,000)

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2018 £	2017 £
Cost	<u>4,812,848</u>	<u>4,682,848</u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

12. TANGIBLE FIXED ASSETS - continued

Aggregate depreciation	<u>774,760</u>	<u>679,661</u>
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Freehold land and buildings were revalued on 1st December 2013 on an open market basis by the then Diocesan Estates Manager. The Trustees considered a full revaluation exercise of the non-heritage assets (unattached church houses and halls) during 2018 however, they felt that the cost of such an exercise would outweigh any potential benefits. The previous full revaluation exercise in 2008 cost c. £25,000 and the Trustees did not consider spending this amount of money to be a good use of charitable funds. The Trustees are satisfied that the carrying value of land and buildings as at 31st December 2018 does not differ materially from the fair value of the assets at the end of the reporting period.

13. FIXED ASSET INVESTMENTS

		Listed investments £
MARKET VALUE		
At 1 January 2018		1,472,616
Revaluations		<u>(105,130)</u>
At 31 December 2018		<u>1,367,486</u>
 NET BOOK VALUE		
At 31 December 2018		<u>1,367,486</u>
At 31 December 2017		<u>1,472,616</u>

All investments are listed UK securities.

There are no investments held at 31st December 2018 which are over 5% of the total market value of the portfolio.

National Contingency Investment Fund

The fund is administered on behalf of the Diocese by independent advisors, Brewin Dolphin.

All of the funds within the portfolio are in listed investments.

	2018 £	2017 £
Cost of diocesan share at 31st December 2018	<u>568,408</u>	<u>568,408</u>

The investment was set up to provide funds which would be available to meet future diocesan needs. The diocese intends to utilise at least part of the income from this fund to defray the cost of providing for the needs of sick and retired clergy.

As at 31st December 2018, the Diocese of Galloway holds 7.205% share of the total value of the investment. The financial statements to 31st December 2018 include the sum of £50,300 received from this source. The investment is available on demand.

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

14. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Prepayments and accrued income	<u>29,896</u>	<u>9,780</u>
Amounts falling due after more than one year:		
Personal loans	<u>15,550</u>	<u>5,950</u>
Aggregate amounts	<u>45,446</u>	<u>15,730</u>

15. CURRENT ASSET INVESTMENTS

	2018 £	2017 £
Listed investments	4,181,284	3,868,800
Parochial investments	580,021	610,640
Cash funds held	<u>70,139</u>	<u>79,589</u>
	<u>4,831,444</u>	<u>4,559,029</u>

	2018 Cost £	2018 Market Value £	2017 Cost £	2017 Market Value £
Roman Catholic Diocese of Galloway	<u>3,781,819</u>	<u>3,797,829</u>	<u>3,079,466</u>	<u>3,447,465</u>
TOTAL GENERAL FUNDS	<u>3,781,819</u>	<u>3,797,829</u>	<u>3,079,466</u>	<u>3,447,465</u>
Parochial Funds	<u>532,549</u>	<u>580,021</u>	<u>507,731</u>	<u>610,640</u>
TOTAL PAROCHIAL FUNDS	<u>532,549</u>	<u>580,021</u>	<u>507,731</u>	<u>610,640</u>
Students Fund	<u>382,483</u>	<u>383,455</u>	<u>365,217</u>	<u>421,335</u>
TOTAL RESTRICTED FUNDS	<u>382,483</u>	<u>383,455</u>	<u>365,217</u>	<u>421,335</u>
TOTAL INVESTMENTS	<u>4,696,851</u>	<u>4,761,305</u>	<u>3,952,414</u>	<u>4,479,440</u>

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

15. CURRENT ASSET INVESTMENTS - continued

GENERAL FUNDS

	GENERAL Investment	FUND Cash	Funds c/fwd
Opening market value	3,447,465	68,984	3,516,449
Dividends received	-	116,255	116,255
Funds transferred from diocese	-	619,350	619,350
Dividends transferred to bank	-	(107,884)	(107,884)
Portfolio management fees	-	(21,966)	(21,966)
Purchases	1,177,968	(1,177,968)	-
Disposals	(566,479)	566,479	-
Gain/(loss) on disposal	1,148	-	1,148
Unrealised (loss)/gain on revaluations	(262,273)	-	(262,273)
Closing market value	<u>3,797,829</u>	<u>63,250</u>	<u>3,861,079</u>

PAROCHIAL FUNDS

	PAROCHIAL Investment	FUND Cash	Funds c/fwd
Opening market value	610,640	9,525	620,165
Dividends received	-	13,871	13,871
Portfolio management fees	-	(2,338)	(2,338)
Purchases	35,675	(35,675)	-
Disposals	(16,832)	16,832	-
(Loss)/gain on disposal	(566)	-	(566)
Unrealised (loss)/gain on revaluation	(48,896)	-	(48,896)
Closing market value	<u>580,021</u>	<u>2,215</u>	<u>582,236</u>

RESTRICTED FUNDS

	STUDENTS Investment £	FUND Cash £	Funds c/fwd £
Opening market value	421,335	1,080	422,415
Dividends received	-	12,608	12,608
Dividends transferred to bank	-	(11,576)	(11,576)
Portfolio management fees	-	(2,425)	(2,425)
Purchases	89,979	(89,979)	-
Disposals	(94,966)	94,966	-
(Loss)/gain on disposal	(1,093)	-	(1,093)
Unrealised (loss)/gain on revaluation	(31,800)	-	(31,800)
Closing market value	<u>383,455</u>	<u>4,674</u>	<u>388,129</u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

15. CURRENT ASSET INVESTMENTS - continued

TOTAL FUNDS

	TOTAL Investment £	FUNDS Cash £	Funds c/fwd £
Opening market value	4,479,440	79,589	4,559,029
Dividends received	-	142,734	142,734
Funds transferred from diocese	-	619,350	619,350
Dividends transferred to bank	-	(119,460)	(119,460)
Portfolio management fees	-	(26,729)	(26,729)
Purchases	1,303,622	(1,303,622)	-
Disposals	(678,277)	678,277	-
(Loss)/gain on disposal	(511)	-	(511)
Unrealised (loss)/gain on revaluation	(342,969)	-	(342,969)
	<u>4,761,305</u>	<u>70,139</u>	<u>4,831,444</u>
Closing market value			

LISTED INVESTMENTS - GENERAL AND RESTRICTED FUNDS

Investment assets held in the UK and those outside the UK are as follows:

	Market Value £
Cash and short maturity bonds	110,802
Developed government bonds	130,206
Investment grade bonds	203,255
High yield emerging markets bonds	284,766
Developed market equities	2,914,861
Emerging market equities	607,033
Alternative	418,880
Other	161,641
	<u>4,831,444</u>

All of the funds within the portfolios are in listed investments.

There are no investments held at 31st December 2018 which are over 5% of the total market value of the combined portfolios.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank loans and overdrafts (see note 17)	123,205	215,887
Social security and other taxes	3,698	2,003
Accrued expenses	26,937	78,738
	<u>153,840</u>	<u>296,628</u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

17. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year on demand:		
Bank overdrafts	<u>123,205</u>	<u>215,887</u>

18. PROVISIONS FOR LIABILITIES

	2018	31.12.17
	£	£
Provisions	<u>50,000</u>	<u>30,000</u>

A provision for retirement costs was established in 2017. This figure has been agreed by the Trustees as being the best estimate of amounts due which have not previously been accounted for. The Trustees decided the addition of a further £20,000 to the provision was necessary in 2018.

Retirement provision	£	
Balance at 1 January 2018	30,000	
Arising during the year	20,000	
Reversed unutilised during the year	-	
Utilised during the year	-	
Balance at 31 December 2018	<u>50,000</u>	

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

19. MOVEMENT IN FUNDS

	At 1.1.18 £	Net movement in funds £	Transfers between funds £	At 31.12.18 £
Diocesan funds				
General fund	4,676,837	(206,848)	816,034	5,286,023
Designated Fund	<u>1,472,616</u>	<u>(54,830)</u>	<u>(50,300)</u>	<u>1,367,486</u>
	6,149,453	(261,678)	765,734	6,653,509
Parochial funds				
St Margaret's, Ayr	245,854	(13,451)	25,603	258,006
St Paul's, Ayr	57,389	24,150	(42,369)	39,170
St Columba's, Annan & St Francis, Langholm	135,651	(7,805)	(81,056)	46,790
St Peter in Chains, Ardrossan	250,019	(5,785)	(5,704)	238,530
Our Lady of Lourdes & St Patrick, Auchinleck	209,294	5,588	(27,834)	187,048
Our Lady of Perpetual Succour, Beith	27,437	2,125	168	29,730
St John the Evangelist, Cumnock	249,518	(8,093)	(105)	241,320
St Peter's, Dalbeattie	40,521	24,341	(12,161)	52,701
St Palladius, Dalry	25,654	1,447	433	27,534
St Clare's, Drongan	857	(147)	230	940
St Andrew's, Dumfries	382,955	(3,107)	(81,635)	298,213
St Teresa's, Dumfries	265,700	16,544	3,605	285,849
St Sophia's, Galston	85,532	9,072	(20,203)	74,401
The Sacred Heart of Jesus & Mary, Girvan	181,514	1,412	(590)	182,336
St Paul's, Hurlford	220,797	(2,593)	(20,462)	197,742
St John Ogilvie, Irvine	9,791	20,091	(4,168)	25,714
St Mary's, Irvine	218,876	(3,051)	(42,902)	172,923
St Brigid's, Kilbirmie	171,596	12,744	(21,969)	162,371
St Joseph's, Kilmarnock	73,775	276,690	(263,580)	86,885
St Matthew's, Kilmarnock	82,092	(10,028)	6,088	78,152
Our Lady of Mount Carmel, Kilmarnock	132,702	(29,098)	(113)	103,491
St Winin's, Kilwinning	189,467	788	110	190,365
St Andrew's & St Cuthbert's, Kirkcudbright	80,271	(4,342)	(2,493)	73,436
St Mary, Star of the Sea, Largs	1,160,917	(23,576)	(183,990)	953,351
Holy Trinity, Lockerbie	190,391	(5,875)	(2,492)	182,024
Our Lady & St Cuthbert, Maybole	43,245	3,409	(525)	46,129
Our Lady of Perpetual Succour, Millport	8,366	(7,808)	5,141	5,699
St Luke's, Moffat	29,161	(3,013)	234	26,382
St Ann's, Mossblown	10,371	(9,758)	5,282	5,895
St Thomas Apostle, Muirkirk	38,402	3,196	277	41,875
Our Lady of St Ninian, Newton Stewart	185,003	(46,172)	421	139,252
St Quivox, Prestwick	319,451	(12,103)	(44,493)	262,855
Our Lady Star of the Sea, Saltcoats	77,928	(74,268)	70,635	74,295
St John's, Stevenston	91,696	17,925	(17,464)	92,157
Our Lady & St John's, Stewarton	510	273	6	789
St Joseph's, Stranraer	95,840	(15,429)	(30,572)	49,839
Our Lady of the Assumption & St Meddan's, Troon	203,971	14,699	(123,306)	95,364
St Francis Xavier, Waterside	11,410	(1,535)	(125)	9,750
St Bride's, West Kilbride	<u>153,716</u>	<u>(4,637)</u>	<u>90</u>	<u>149,169</u>
	5,957,640	142,820	(911,988)	5,188,472
Restricted funds				
Retired Priests Fund	676,250	7,147	136,254	819,651
Students Fund	<u>448,123</u>	<u>(60,776)</u>	<u>10,000</u>	<u>397,347</u>
	<u>1,124,373</u>	<u>(53,629)</u>	<u>146,254</u>	<u>1,216,998</u>
TOTAL FUNDS	<u><u>13,231,466</u></u>	<u><u>(172,487)</u></u>	<u><u>-</u></u>	<u><u>13,058,979</u></u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

19. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Diocesan funds				
General fund	575,360	(521,083)	(261,125)	(206,848)
Designated Fund	<u>50,301</u>	<u>-</u>	<u>(105,131)</u>	<u>(54,830)</u>
	625,661	(521,083)	(366,256)	(261,678)
Parochial funds				
St Margaret's, Ayr	143,835	(157,286)	-	(13,451)
St Paul's, Ayr	94,381	(70,231)	-	24,150
St Columba's, Annan & St Francis, Langholm	35,377	(43,182)	-	(7,805)
St Peter in Chains, Ardrossan	144,048	(149,833)	-	(5,785)
Our Lady of Lourdes & St Patrick, Auchinleck	34,034	(28,446)	-	5,588
Our Lady of Perpetual Succour, Beith	18,777	(16,652)	-	2,125
St John the Evangelist, Cumnock	64,837	(72,930)	-	(8,093)
St Peter's, Dalbeattie	57,954	(33,613)	-	24,341
St Palladius, Dalry	39,325	(37,878)	-	1,447
St Clare's, Drongan	5,981	(6,128)	-	(147)
St Andrew's, Dumfries	109,430	(112,537)	-	(3,107)
St Teresa's, Dumfries	152,381	(135,837)	-	16,544
St Sophia's, Galston	41,347	(32,275)	-	9,072
The Sacred Heart of Jesus & Mary, Girvan	57,950	(56,538)	-	1,412
St Paul's, Hurlford	38,794	(41,387)	-	(2,593)
St John Ogilvie, Irvine	59,164	(39,073)	-	20,091
St Mary's, Irvine	112,102	(105,985)	(9,168)	(3,051)
St Brigid's, Kilbirnie	39,370	(26,626)	-	12,744
St Joseph's, Kilmarnock	461,370	(184,680)	-	276,690
St Matthew's, Kilmarnock	66,719	(76,747)	-	(10,028)
Our Lady of Mount Carmel, Kilmarnock	53,588	(82,686)	-	(29,098)
St Winin's, Kilwinning	67,639	(66,851)	-	788
St Andrew's & St Cuthbert's, Kirkcudbright	70,925	(75,267)	-	(4,342)
St Mary, Star of the Sea, Largs	229,036	(212,318)	(40,294)	(23,576)
Holy Trinity, Lockerbie	23,544	(29,419)	-	(5,875)
Our Lady & St Cuthbert, Maybole	36,244	(32,835)	-	3,409
Our Lady of Perpetual Succour, Millport	24,907	(32,715)	-	(7,808)
St Luke's, Moffat	8,362	(11,375)	-	(3,013)
St Ann's, Mossblown	17,258	(27,016)	-	(9,758)
St Thomas Apostle, Muirkirk	39,431	(36,235)	-	3,196
Our Lady of St Ninian, Newton Stewart	59,494	(105,666)	-	(46,172)
St Quivox, Prestwick	89,658	(101,761)	-	(12,103)
Our Lady Star of the Sea, Saltcoats	154,278	(228,546)	-	(74,268)
St John's, Stevenston	106,151	(88,226)	-	17,925
Our Lady & St John's, Stewarton	3,989	(3,716)	-	273
St Joseph's, Stranraer	55,663	(71,092)	-	(15,429)
Our Lady of the Assumption & St Meddan's, Troon	143,232	(128,533)	-	14,699
St Francis Xavier, Waterside	14,540	(16,075)	-	(1,535)
St Bride's, West Kilbride	<u>32,986</u>	<u>(37,623)</u>	<u>-</u>	<u>(4,637)</u>
	3,008,101	(2,815,819)	(49,462)	142,820
Restricted funds				
Retired Priests Fund	155,589	(148,442)	-	7,147
Students Fund	<u>19,738</u>	<u>(47,621)</u>	<u>(32,893)</u>	<u>(60,776)</u>
	<u>175,327</u>	<u>(196,063)</u>	<u>(32,893)</u>	<u>(53,629)</u>
TOTAL FUNDS	<u><u>3,809,089</u></u>	<u><u>(3,532,965)</u></u>	<u><u>(448,611)</u></u>	<u><u>(172,487)</u></u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

Purpose of Designated Funds

National Contingency Fund

This fund represents the market value of investments, purchased with annual sums set aside from income, to provide the Diocese with a reserve fund which could be readily utilised at the Trustees' discretion. At present, income from this fund is used to defray the costs of sick and retired clergy.

Purpose of Restricted Funds

Retired Priests

The fund is used for the benefit of priests who have retired from full time active ministry. Assistance is usually by way of a monthly allowance and/or accommodation costs. From time to time, we make one-off payments or provide help on an individual basis, as not all retired priests avail themselves of a monthly payment or require accommodation from the Diocese. The current income falls well below current costs, and general funds are used to top up the underlying account.

The fund includes a separate bank account with the Bank of Scotland.

Students Fund

The fund is used for the education of students in seminaries, mostly in connection with fees, and a small personal allowance for maintenance and travel.

The fund includes a separate bank account with the Bank of Scotland, and an investment portfolio maintained by Barclays Investment Solutions Ltd.

Transfers between funds

During the year, a number of transfers took place between General, Parochial and Restricted funds.

	General Funds	Parochial Funds	Restricted Funds
	£	£	£
Transfer of CNET dividend disbursement	(50,300)	-	50,300
Parish loans repaid and PIF deposits made in year	992,623	(992,623)	-
Parish loans and PIF withdrawals made in year	(126,661)	126,661	-
Levies paid by parishes during year	307,089	(307,089)	-
Levies due by parishes at year end	(300,033)	300,033	-
Funding for sound system and contras	(11,895)	11,895	-
Interest charged on parish deposits	40,585	(40,585)	-
Purchase of fixed assets	(85,954)	-	85,954
Contribution towards student fees	(10,000)	-	10,000
Youth fund contributions from parish	10,280	(10,280)	-
	<u>765,734</u>	<u>(911,988)</u>	<u>146,254</u>

The Roman Catholic Diocese of Galloway

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

20. RELATED PARTY TRANSACTIONS

The Diocese is associated with the following bodies which are connected to, or supported by, the Diocese:

- The Bishops' Conference of Scotland
- The Pontifical Scots College, Rome
- The Scottish Catholic International Aid Fund (SCIAF)
- SPRED Galloway

During 2018, the following transactions took place with related parties:

- Bishop's Conference of Scotland: monies received £63,245 monies paid £78,938
- The Pontifical Scots College, Rome: monies paid £40,631
- SCIAF: monies paid £6,592
- SPRED Galloway: monies received £28,325; monies paid £10,000

21. POST BALANCE SHEET EVENTS

The Chapel of Ease, Our Lady and St John's, Stewarton, was sold on 29th March, 2019. The net proceeds of the sale were transferred to Our Lady of Mount Carmel in Kilmarnock.

The Diocese received a significant cash bequest in March 2019. The Trustees are considering how best to utilise these funds to further diocesan aims and objectives.

The Roman Catholic Diocese of Galloway

Detailed Statement of Financial Activities
for the Year Ended 31 December 2018

	Diocesan funds £	Parochial funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS					
Donations and legacies					
Parish levies	300,033	-	-	300,033	307,015
Church collections	-	1,351,280	-	1,351,280	1,390,314
Donations	400	96,644	9,369	106,413	283,051
Covenants and tax repayments	574	180,414	2,092	183,080	168,559
Grants	-	2,000	-	2,000	-
Special collections	57,570	232,529	21,259	311,358	339,069
Bishop Hay trust	12,945	-	-	12,945	13,386
Bequests	1,000	124,277	130,000	255,277	98,226
Building fund collections	-	63,504	-	63,504	68,439
Jars of hope & church boxes	-	4	-	4	1,658
Mass stipends	-	9,789	-	9,789	8,734
Minibus income	-	435	-	435	1,111
	372,522	2,060,876	162,720	2,596,118	2,679,562
Other trading activities					
Social income	-	-	-	-	1,093
Hall & fundraising income	-	170,224	-	170,224	174,226
Church fundraising	-	145,687	-	145,687	112,546
	-	315,911	-	315,911	287,865
Investment income					
Income from investments	116,255	13,871	12,606	142,732	111,093
CNET 4 dividend disbursement	50,300	-	-	50,300	51,900
Interest receivable	-	62	-	62	2,358
Interest from parochial investments	-	40,585	-	40,585	29,851
	166,555	54,518	12,606	233,679	195,202
Charitable activities					
Hospitals & schools chaplaincy	14,481	5,257	-	19,738	16,209
Primary RE Income	2,478	-	-	2,478	4,641
Income from stalls, sale of candles	-	86,233	-	86,233	79,688
Rents	208	36,313	-	36,521	21,313
CCIA	7,349	-	-	7,349	-
Other income	1,222	37,937	1	39,160	38,206
Rebates & refunds	47,850	77,903	-	125,753	55,592
Insurance claims	-	-	-	-	260
Sale of land & property	-	293,164	-	293,164	-
Canon Law Society reimbursement	10,324	-	-	10,324	12,046
Repayment of misappropriated funds	-	17,750	-	17,750	18,000
Priests' Pension contributions	1,236	-	-	1,236	6,884
Carried forward	85,148	554,557	1	639,706	252,839

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The Roman Catholic Diocese of Galloway

Detailed Statement of Financial Activities - continued
for the Year Ended 31 December 2018

	Diocesan funds £	Parochial funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Charitable activities					
Brought forward	85,148	554,557	1	639,706	252,839
Pilgrimage income	800	18,760	-	19,560	34,219
Subsidies	-	2,000	-	2,000	-
Youth income	636	338	-	974	3,732
Solar panel income	-	1,141	-	1,141	-
	<u>86,584</u>	<u>576,796</u>	<u>1</u>	<u>663,381</u>	<u>290,790</u>
Total incoming resources	625,661	3,008,101	175,327	3,809,089	3,453,419
EXPENDITURE					
Investment management costs					
Portfolio management fees	10,040	2,339	827	13,206	44,347
Charitable activities					
Priests salaries	-	66,192	-	66,192	53,542
Parish salaries	-	58,794	-	58,794	46,688
ER's National Insurance	10,623	-	-	10,623	10,450
National commissions	65,348	-	-	65,348	75,374
Bishop's house expenses	2,616	-	-	2,616	4,543
Retired housekeeper & domestics fund	5,865	-	-	5,865	6,900
Pastoral office expenses	138,831	-	-	138,831	174,573
Church supplies	-	22,112	-	22,112	18,483
Other fees to religious	6,674	-	22,132	28,806	28,818
Courses and retreat expenses	7,657	24,029	-	31,686	60,419
Primary RE expenses	490	-	-	490	3,002
Post & stationery	8,203	80,700	211	89,114	93,496
Priests pension costs	5,494	-	-	5,494	6,049
Diocesan levy	-	300,033	-	300,033	307,015
Stall supplies etc.	-	45,303	-	45,303	39,946
Donations	19,100	85,230	-	104,330	92,415
Telephone	4,310	30,687	398	35,395	35,253
Minibus hire	-	-	-	-	11,699
Parish development & education	-	2,498	-	2,498	4,104
Demolition costs	-	-	-	-	38,979
Youth fund expenses	3,962	573	-	4,535	4,989
Sundry expenses	11,656	71,483	(209)	82,930	72,243
Property costs	16,720	-	13,108	29,828	226,649
Parish house management	-	-	-	-	394,525
Church management	-	-	-	-	655,473
Hall management	-	-	-	-	192,246
Special collection disbursement	27,498	-	-	27,498	302,609
Interest on parochial deposits	40,585	-	-	40,585	29,849
Parish travel expenses	-	86,339	-	86,339	83,501
Bishop's Salary	2,915	-	-	2,915	2,872
Chaplaincy	3,881	-	-	3,881	2,880
Carried forward	382,428	873,973	35,640	1,292,041	3,079,584

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The Roman Catholic Diocese of Galloway

Detailed Statement of Financial Activities - continued
for the Year Ended 31 December 2018

	Diocesan funds £	Parochial funds £	Restricted funds £	2018 Total funds £	31.12.17 Total funds £
Charitable activities					
Brought forward	382,428	873,973	35,640	1,292,041	3,079,584
Diocese Heat & light	5,726	-	-	5,726	6,577
Staff pension costs	23,967	-	-	23,967	34,730
Pilgrimage expenses	4,599	11,444	-	16,043	44,892
Galloway newsletters	5,650	-	-	5,650	6,155
IT costs	18,187	-	-	18,187	8,478
Funeral expenses	-	945	-	945	3,963
Club expenses	-	9,579	-	9,579	14,466
Misappropriation of parish funds	-	17,750	-	17,750	18,000
Bishop's Travel Expenses	5,502	-	-	5,502	6,619
Profit / loss on sale of fixed assets	-	-	-	-	128,200
GDPR compliance costs	4,200	-	-	4,200	-
Depreciation of freehold property	15,400	67,359	12,340	95,099	93,737
Depreciation of improvements to property	15,855	-	11,255	27,110	25,036
Depreciation of fixtures and fittings	1,622	215	-	1,837	2,296
Depreciation of motor vehicles	-	38	-	38	50
Depreciation of computer equipment	1,241	-	-	1,241	1,303
Special Collections	-	236,036	-	236,036	-
Property Costs	-	197,758	-	197,758	-
Parish house management	-	322,868	-	322,868	-
Church management	-	822,483	-	822,483	-
Hall management	-	237,662	-	237,662	-
Bank interest & charges	3,695	2,108	79	5,882	8,429
	<u>488,072</u>	<u>2,800,218</u>	<u>59,314</u>	<u>3,347,604</u>	<u>3,482,515</u>
Other					
Students allowances & travel	-	-	6,139	6,139	2,872
Fees in respect of retired priests	6,360	-	88,227	94,587	72,504
Fees in respect of Students	-	-	40,631	40,631	20,375
	<u>6,360</u>	<u>-</u>	<u>134,997</u>	<u>141,357</u>	<u>95,751</u>
Support costs					
Governance costs					
Auditors' remuneration	13,000	-	-	13,000	13,000
Legal and professional fees	3,611	13,262	925	17,798	16,678
	<u>16,611</u>	<u>13,262</u>	<u>925</u>	<u>30,798</u>	<u>29,678</u>
Total resources expended	<u>521,083</u>	<u>2,815,819</u>	<u>196,063</u>	<u>3,532,965</u>	<u>3,652,291</u>
Net income/(expenditure) before gains and losses	<u>104,578</u>	<u>192,282</u>	<u>(20,736)</u>	<u>276,124</u>	<u>(198,872)</u>

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The Roman Catholic Diocese of Galloway

**Detailed Statement of Financial Activities - continued
for the Year Ended 31 December 2018**

	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total funds £	2017 Total funds £
Realised recognised gains and losses					
Recognised gains/(losses) on current asset investments	1,148	(566)	(1,093)	(511)	17,862
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(expenditure)	<u>105,726</u>	<u>191,716</u>	<u>(21,829)</u>	<u>275,613</u>	<u>(181,010)</u>

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