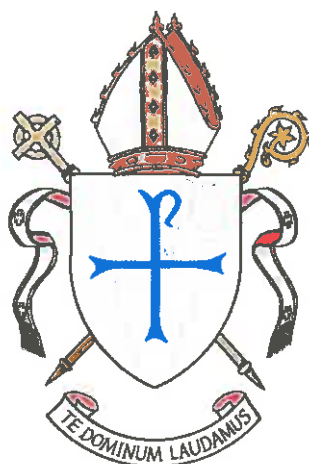


**REGISTERED CHARITY NUMBER: SC010576**



**Diocese of Galloway**

**Report of the Trustees and  
Audited Financial Statements  
for the Year Ended 31 December 2022**

# **The Roman Catholic Diocese of Galloway**

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## The Roman Catholic Diocese of Galloway

### REFERENCE AND ADMINISTRATIVE DETAILS

**Registered Charity number**

SC010576

**Principal address**

Candida Casa  
8 Corsehill Road  
Ayr  
KA7 2ST

**Trustees**

Right Rev W Nolan	Bishop of Galloway	Resigned 26 February 2022
Rev W.R. McFadden	Diocesan Administrator	Appointed 28 February 2022
Canon M.D. Poland	Treasurer	
Mrs Theresa Cervone D'Urso		Appointed 28 April 2022
Miss Angela Marioni		Appointed 28 April 2022

**Director of Finance**

Louise F Devine DSS BAcc CA LTCL

**Auditors**

Azets Audit Services  
Chartered Accountants and Registered Auditors  
3 Wellington Square  
Ayr  
KA7 1EN

**Solicitors**

McSparran McCormick  
19 Waterloo Street  
Glasgow  
G2 6AH

**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

**Rathbone Investment Management Limited**

George House  
50 George Square  
Glasgow  
G2 1EH

**Brewin Dolphin**

Atria One  
144 Morrison Street  
Edinburgh  
EH3 8BR

**Bankers**

Bank of Scotland  
123 High Street  
Ayr  
KA7 1QP

## The Roman Catholic Diocese of Galloway

### FOREWORD

With the appointment in February 2022 of Bishop Nolan as the Archbishop of Glasgow, the Diocese of Galloway has since that time been a *Sede Vacante*, i.e. a diocese awaiting the appointment of a bishop. In this period, the elected Diocesan Administrator takes on the role and responsibility of governance previously held by the bishop.

In overseeing the governance of the Diocese during the *Sede Vacante* period, the Diocesan Administrator is assisted by the College of Consultors, who have met diligently each month to evaluate and assess diocesan activities and any other matters requiring a response.

The Diocesan Administrator has also met frequently with the Trustees of the Diocese, and with the Diocesan Finance and Estates Committee. During 2022, in response to an initiative of former Bishop Nolan, two new trustees were appointed: Angela Marioni and Theresa McDermott d'Urso. We welcome their contribution and expertise.

Two new members of the diocesan curial staff were also appointed: Tony Fisher replaced Helena Rameckers as our Diocesan Safeguarding Advisor, and Lorna Cairney joined with a part-time remit for Estates.

Clergy who celebrated particular anniversaries during 2022 included Fr Eddie McGhee and Canon Archie Brown, having their 50<sup>th</sup> ordination anniversaries, and Fr Stephen Latham his 25<sup>th</sup> anniversary of ordination. One student began the process of discernment for ordination to the permanent diaconate.

As Diocesan Administrator, I would like to express my thanks to everyone throughout the Diocese who has contributed to the spiritual, pastoral, religious, financial and educational opportunities which have been an expression of our Roman Catholic faith during 2022, and which have allowed the Diocese to fulfil the aims and objectives which provide the framework for spreading the message of the Gospel in Galloway.

**Reverend William McFadden**  
**Diocesan Administrator**

# The Roman Catholic Diocese of Galloway

## Report of the Trustees for the Year Ended 31 December 2022

### INTRODUCTION

The Trustees of the Diocese of Galloway present their report together with the financial statements of the charity for the year ended 31 December 2022.

#### *Scope of the Financial Statements*

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

☐ *Curial Funds*

Curial 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*

Parochial Funds are administered by the Parish Priests, with guidance from the Curial Office and are used to carry out the work of the Church within local areas and to help fund the Curial Office.

### 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 which was the date of the restoration of the Roman Catholic Hierarchy, 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).

#### **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 two 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.

## **The Roman Catholic Diocese of Galloway**

### **Report of the Trustees for the Year Ended 31 December 2022 (continued)**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **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. Each Parish is required to submit an Annual Financial Return to the Diocese setting out the income and expenditure for the year. These are then consolidated in the financial statements, respecting the separate canonical status of parochial funds.

The Trustees of the Diocese meet four times a year to discuss and take decisions on matters of significance. Two of the Trustees are serving clergy and two new appointments of lay Trustees were made during the year, as detailed on page 1. Material has been identified for inducting new Trustees and assisting with the ongoing development of existing Trustees. The Trustees receive regular reports of the charity's activities.

##### **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 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 Diocese has engaged a professional company to complete a rolling programme of Parish health and safety reviews and compile a handbook for Parishes.

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, it is hoped to continue with a Parish presence for as long as possible in as many areas as possible, but it is recognised that some consolidation will be inevitable, even in the short term.

#### **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.

In fulfilling these objectives and aims, the Diocese of Galloway, through the ministries of the various parish communities, serves the People of God in the districts of North, South and East Ayrshire and Dumfries and Galloway.

The Trustees wish to record their sincere appreciation for the work done by the ordained priests and deacons, by the lay and religious volunteers, and for the generosity of all parishioners, in helping the diocese meet the objectives and aims during 2022.

## **The Roman Catholic Diocese of Galloway**

### **Report of the Trustees for the Year Ended 31 December 2022 (continued)**

#### **ACHIEVEMENT AND PERFORMANCE**

##### **The Advancement of the Roman Catholic Religion**

The advancement of the Roman Catholic religion was achieved in 2022 by the numerous activities of the lay faithful, women and men religious, deacons and priests, serving throughout the Diocese who contributed of their time and talents in a variety of ways.

In communion with the Universal Church, and responding to the initiative of Pope Francis, synodal meetings were held in parishes throughout the Diocese to listen to one another and to seek to discern the ways in which the Holy Spirit might be leading the Church today. Parish responses were collated into a diocesan response, which was then added to form a national response, and then a continental response, which, together with the other continental responses, helped form the basis for the document which will be used at Synod of Bishops to be held in Rome in 2023. In engaging with this synodal process, the people of the Diocese are contributing to the overall movement of the Roman Catholic Church as she moves into the 21<sup>st</sup> century.

The celebration of the Sacraments is a major source for expanding and progressing the Roman Catholic religion, and prior to his departure for Glasgow in March, Bishop Nolan completed a final round of Confirmations in the diocese. In his absence, Parish Priests continue to celebrate Confirmations, as well as Baptisms, Reconciliation, First Holy Communions, Anointings and Marriages.

Pilgrimages continue to attract people who wish to express their faith, and as well as the Annual Pilgrimage to Whithorn which was led by Bishop Brian McGee from Argyll and the Isles, the diocese was well represented by school children and their teachers, clergy and lay faithful, at a day designated for the diocese in Carin Grotto to pray before the relics of St Bernadette, which had been brought from Lourdes. There was also a diocesan Lourdes Hospitalité Day held in Carfin.

##### **The Advancement of Education**

The diocesan community continues to be present in many aspects of education: primary and secondary schools; colleges and universities; and adult faith formation. As well as the educational element of the Synodal process involvement mentioned above, a significant number of parishes actively took part in the Sycamore Programme, which encouraged participants to learn about and share their own faith experience, after listening to teaching provided by video presentations.

The clergy of the Diocese were invited to take part in their own ongoing education and continuing professional development with events held to look at (1) the Synodal Process in a variety of expressions, (2) to reflect on difference aspects of Safeguarding, and (3) to become more informed about gender issues which were forming part of the gender identity bill going through the Scottish Parliament at the time.

The trustees and friends involved Special Religious Education (SPRED) in the diocese have been in a process of re-evaluation during 2022, and will seek to offer a vision and way forward during 2023.

##### **The Relief of Poverty**

Outreach to the poor, who can be found in multiple situations and circumstances, is integral to the work of the diocese. Financial contributions are given to a wide variety of appeals and causes, and individual parishes respond to local needs with generosity and willingness. The work of Foodbanks is well supported throughout the Diocese, and local, national and international situations of need continue to be very well supported. Among other charities, the agencies of the Bishop' Conference of Scotland, SCIAF and MISSIO, received particularly good support during 2022. The Annual Mission Appeal held in each parish again received generous support in the Diocese.

##### **The Relief of Illness or Disease**

Regular visitation of the sick and housebound takes place in parishes throughout the Diocese, and hospitals and care homes are regularly visited by deacons, priests and lay ministers. During 2022, a new team of clergy and religious sisters was established to visit the sick in Crosshouse Hospital in Kilmarnock, and Fr Benjamin Mkeri was appointed as Chaplain for Ayr Hospital.

## The Roman Catholic Diocese of Galloway

### Report of the Trustees for the Year Ended 31 December 2022 (continued)

#### ACHIEVEMENT AND PERFORMANCE (continued)

##### The Relief of Illness or Disease (continued)

Support for those suffering because of abuse in its many forms remains a priority for the Diocese, and the Safeguarding priorities and standards as outlined in “In God’s Image v2” continue to set the agenda for parish priests, parish safeguarding co-ordinators, and all involved with the diocesan training and implementation of the required standards.

##### Summary

While much of the work of advancing the Roman Catholic Religion, including via education and the relief of poverty, disease and illness, is of its nature difficult to quantify, the above precis does show that the Diocese of Galloway is engaged in seeking to fulfil its aims and objective.

#### FINANCIAL REVIEW

The Trustees report a deficit for the year of £1,157,479 (2021 – surplus £1,230,659) and net current assets of £2,612,686 at 31 December 2022 (2021: £2,495,671).

The deficit of £1,157,479 comprises:

	Diocese £	Parishes £	Total £
Operating surplus/(deficit)	109,633	(76,958)	32,675
Losses on assets and investments	(1,068,658)	(121,496)	(1,190,154)
Total net movement in funds for the year	(959,025)	(198,454)	(1,157,479)

The funds at the end of the year totalled £14,892,116 (2021: £16,049,595).

The principal source of income for the Diocese is the annual levy paid by Parishes and Special Collections for particular purposes. During 2022, £349,996 was paid by way of levy and £42,535 donated through Special Collections. As both of these sources of income are *intra* the charity, they are included in the “Transfers between Funds” line of the Statement of Financial Activities (page 17).

2022 saw the churches being open for the full year, following the closures of the pandemic, and collections rose approximately 11% compared with 2021. Whilst this level is below pre-pandemic contributions, it is only 6% lower than 2019 donations and is encouraging; the additional standing orders set up by many parishioners in 2020 to support their Parish have been maintained. Both of these factors, in the face of the cost of living crisis, are positive and reassuring. However, the implications of inflation and delayed property repairs and maintenance should not be under-estimated; the former is outwith the control of diocese and parishes and the latter can only be delayed for so long.

In line with market fluctuations, the investment gains of the previous year were reversed in the investment portfolios belonging to the Diocese and to two Parishes, resulting in realised and unrealised losses of almost £1.2 million.

##### Parish Special Collections

During 2022, the people of the Diocese of Galloway contributed over £205,000 to diocesan and non-diocesan special collections during the year. The diocesan special collections are included as income in the Statement of Financial Activities (page 17) and the remainder is accounted for through the Balance Sheet as the Diocese and the Parishes are acting as agents in the collection of these funds.



**The Roman Catholic Diocese of Galloway**

**Report of the Trustees  
for the Year Ended 31 December 2022 (continued)**

**FINANCIAL REVIEW (continued)**

**Investment policy and objectives**

The Diocese currently holds the following investments:

- a portfolio of stocks and shares held to provide an income stream to offset the costs of running the Diocese valued at 31 December 2022 at £1,843,932 (2021: £2,109,139),
- a portfolio of stocks and shares held to cover the deposits of Parishes and restricted funds in the Parochial Investment Fund valued at £3,638,185 at 31 December 2022 (2021: £4,125,712),
- a modest portfolio of stocks and shares held to cover the costs of seminarians valued at £429,625 at 31 December 2022 (2021: £495,023) and
- a 6.6470% share of the Catholic National Endowment Trust No 4 Provision for Future Contingencies Fund (the National Contingency Fund) valued at £1,689,867 at 31 December 2022 (2021: £1,928,559).

Capital of £150,000 was withdrawn from the Diocese of Galloway No 2 Portfolio during the year (2021: net deposit £370,000) to meet the requirements of parishes. The closing value as at 31st December 2022 across the diocesan portfolios was £7,601,609 (2021: £8,658,433).

*Policy and objectives*

All funds are managed on a discretionary basis by professional independent investment managers and stockbrokers. The first three 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.

*Ethical Considerations*

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.

*Parochial Investments*

The performance of parochial investments held by St Mary's, Largs and St Mary's, Irvine mirrored the fluctuations of the market during 2022. The closing value of these investments as at 31st December 2022 was £661,044 (2021: £775,987). There were no capital deposits or withdrawals during the year (2021: £Nil).

**Reserves**

The intention of the Trustees is to hold sufficient free (i.e. unrestricted) reserves to ensure the charity's continuance in future years. Note 16 shows that net current assets in general unrestricted funds amount to £991,199 which is the equivalent of almost three years' worth of general unrestricted fund expenditure. In addition, the Trustees consider the retention of the general investment portfolio 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 and will continue to review budgeted income, expenditure and cash flow to achieve this goal.

## **The Roman Catholic Diocese of Galloway**

### **Report of the Trustees for the Year Ended 31 December 2022 (continued)**

#### **FINANCIAL REVIEW (continued)**

##### **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 and this practice will continue.

The Diocese uses 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**

Parish activities returned to near normal levels in 2022 compared with pre-pandemic levels although attendance remains lower. Parish collections saw a rise of 11% compared with 2021, following a 14% rise the previous year and are now only 6% below 2019.

Parish net current assets increased by £24k year on year.

Investment portfolio valuations fluctuated in line with market conditions and the gains of 2021 were almost completely lost during 2022 through the market downturn following the war in Ukraine and the cost of living crisis.

The cost of living crisis in the UK will affect parishioners and their ability to give and, secondly, the rising energy prices will directly impact Parishes, particularly in heating and lighting costs for churches. The Trustees are aware of the need to encourage practical steps to minimise the effect of this latter risk in particular,

The Trustees do not consider that the above factors jeopardise the charity's ability to continue as a going concern.

##### **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 2022 (continued)**

#### **FUTURE PLANS**

The Diocese is still awaiting the appointment of a bishop. We are hopeful that this will happen soon. When this takes place, the bishop will automatically become a trustee of the Diocese and take over his administrative and legislative role as outlined in the Code of Canon Law.

In the meantime, the Trustees will continue to oversee the governance of the Diocese, and the Diocesan Administrator, together with the College of Consultors, will maintain the day-to-day running, and ensure that the aims and objectives of the Diocese are met.

2023 will see several priests retiring from active ministry and there will therefore be a relocation of some priests to other parish appointments. In addition, the Spiritan Fathers will offer another two priests to the Diocese and they will take up full time ministry working alongside the diocesan priests in parishes and in chaplaincy roles.

The forthcoming Synod on Synodality, which Pope Francis has initiated, remains a major pastoral focus for parishes. Responding to the preparatory documents will give individuals and groups an opportunity to continue to participate in this activity of the universal Church and to promote the advancement of the Catholic religion.

Local engagement with foodbanks and with other initiatives responding to those experiencing financial difficulties, will continue to be an important part of our response to the relief of poverty for those most affected by the present financial climate. Supporting other charitable appeals and activities will also be a significant area for diocesan participation.

Engagement with all areas and forms of education will remain a focal point, thereby ensuring that the objective of advancing education will be realised and visitation to, and care of, the sick in the variety of ways in which people experience disease and illness, will maintain a priority.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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.

**The Roman Catholic Diocese of Galloway**

**Report of the Trustees  
for the Year Ended 31 December 2022 (continued)**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

Approved by order of the board of Trustees on 21 September 2023 and signed on its behalf by:

*W R McFadden*

Reverend William McFadden, Diocesan Administrator and Trustee

*Martin D. Poland*

Very Reverend Martin Canon Poland, Trustee

## The Roman Catholic Diocese of Galloway

### Independent Auditor's Report to the Trustees of the Roman Catholic Diocese of Galloway for the Year Ended 31 December 2022

#### Opinion

We have audited the financial statements of the Roman Catholic Diocese of Galloway (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Basis for opinion

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

#### Conclusions relating to going concerns

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **The Roman Catholic Diocese of Galloway**

### **Independent Auditor's Report to the Trustees of the Roman Catholic Diocese of Galloway for the Year Ended 31 December 2022 (continued)**

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to 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 auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the charity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud.

**The Roman Catholic Diocese of Galloway**

**Independent Auditor's Report to the Trustees of the Roman Catholic Diocese of  
Galloway for the Year Ended 31 December 2022 (continued)**

**The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with the trustees, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and taxation, data protection, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the trustees and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators and the charity's legal advisors.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**The Roman Catholic Diocese of Galloway**

**Independent Auditor's Report to the Trustees of the Roman Catholic Diocese of  
Galloway for the Year Ended 31 December 2022 (continued)**

**Use of our report**

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



**Jennifer Alexander (Senior Statutory Auditor)  
for and behalf of Azets Audit Services**

Statutory Auditor  
Chartered Accountants

22/9/23  
.....

3 Wellington Square  
Ayr  
KA7 1EN



## The Roman Catholic Diocese of Galloway

### Accounting Policies for the Year Ended 31 December 2022

#### **Basis of preparing the financial statements**

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and “Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)”. The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and, with the exception of investments which are included at market value. The principal accounting policies adopted are set out below.

#### **Going concern**

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

The charity pays special attention to the impact of the Covid-19 pandemic and the current cost-of-living crisis. The main risks being faced include:

- reduced future income due to church closures and falling attendance,
- reduction in investment value and
- increase in energy costs.

Whilst income may not have recovered to pre-pandemic levels, 2022 again saw an increase in collections and donations following the removal of restrictions. Investment portfolios have followed financial market conditions and, at the time of approval of the financial statements, are close to pre-pandemic levels, having risen in value during 2021 and fallen gain during 2022. The rising costs of energy will have implications for parishes in particular and practical steps will need to be put in place to minimise the effects. As such, the Trustees consider that it is appropriate to prepare the financial statements on the going concern basis.

#### **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.

When donations are received by the charity acting as an agent, the funds are not included in the Statement of Financial Activities but held in the balance sheet until the liability has been paid to the relevant beneficiary.

#### **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.

## The Roman Catholic Diocese of Galloway

### Accounting Policies for the Year Ended 31 December 2022 (continued)

#### 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.

#### Tangible fixed assets

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

Land and buildings	- 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 the 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.

#### Debtors

Amounts due from trade and other debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoiced amount, less any allowance for doubtful debts.

**The Roman Catholic Diocese of Galloway**  
**Accounting Policies**  
**for the Year Ended 31 December 2022 (continued)**

**Cash and cash equivalents**

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

**Creditors**

Creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

**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 unrestricted funds assigned by the Trustees for particular purposes.
- 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.

**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.

**Critical accounting estimates and judgements**

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

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

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**The Roman Catholic Diocese of Galloway**

**Statement of Financial Activities  
for the Year Ended 31 December 2022**

		Curial Funds				Parochial Funds Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
		Unrestricted Funds		Restricted Funds £	Total Funds £			
		General £	Designated £					
<b>Income and Endowments from:</b>								
Donations and legacies	1	9,494	58,946	20,702	89,142	1,801,956	1,891,098	1,920,087
Charitable activities:	2							
- Charitable activities		2,295	1,293	-	3,588	96,015	99,603	77,442
- Further incoming resources		1,345	-	488	1,833	64,284	66,117	231,421
Other trading activities	3	-	-	-	-	143,075	143,075	56,079
Income from investments	4	140,325	30,200	10,118	180,643	12,844	193,487	173,844
<b>Total Income</b>		<b>153,459</b>	<b>90,439</b>	<b>31,308</b>	<b>275,206</b>	<b>2,118,174</b>	<b>2,393,380</b>	<b>2,458,873</b>
<b>Expenditure on:</b>								
Raising funds	5	34,229	-	2,619	36,848	6,275	43,123	44,849
Charitable activities:	6							
Administration costs		259,193	5,547	23,681	288,421	711,453	999,874	817,417
Property costs		11,556	-	-	11,556	201,204	212,760	197,908
Parish house management		-	-	-	-	276,562	276,562	274,168
Church management		-	-	-	-	498,614	498,614	566,389
Hall management		-	-	-	-	171,919	171,919	101,377
Special collections		-	-	-	-	2,955	2,955	9,523
Seminarians fees and allowances		-	-	3,327	3,327	-	3,327	25,863
Retired Priests' costs		6,360	-	145,211	151,571	-	151,571	143,905
<b>Total Expenditure</b>		<b>311,338</b>	<b>5,547</b>	<b>174,838</b>	<b>491,723</b>	<b>1,868,982</b>	<b>2,360,705</b>	<b>2,181,399</b>
Net gains/(losses) on investments	10	(7,691)	-	1,719	(5,972)	(15,848)	(21,820)	51,947
<b>Net income/(expenditure)</b>		<b>(165,570)</b>	<b>84,892</b>	<b>(141,811)</b>	<b>(222,489)</b>	<b>233,344</b>	<b>10,855</b>	<b>329,421</b>
<b>Transfers between funds</b>								
Levy		349,996	-	-	349,996	(349,996)	-	-
Other transfers	15	(171,403)	(27,686)	175,243	(23,846)	23,846	-	-
		178,593	(27,686)	175,243	326,150	(326,150)	-	-
<b>Other Recognised Gains</b>								
Gains/(losses) on revaluation of assets	10	(759,559)	(238,692)	(64,435)	(1,062,686)	(105,648)	(1,168,334)	901,238
<b>Net Movement in Funds</b>		<b>(746,536)</b>	<b>(181,486)</b>	<b>(31,003)</b>	<b>(959,025)</b>	<b>(198,454)</b>	<b>(1,157,479)</b>	<b>1,230,659</b>
<b>Reconciliation of Funds:</b>								
Total funds brought forward		4,381,243	2,095,183	1,449,065	7,925,491	8,124,104	16,049,595	14,818,936
<b>Total Funds Carried Forward</b>	15	<b>3,634,707</b>	<b>1,913,697</b>	<b>1,418,062</b>	<b>6,966,466</b>	<b>7,925,650</b>	<b>14,892,116</b>	<b>16,049,595</b>

**CONTINUING OPERATIONS**

All income and expenditure have arisen from continuing activities.

The notes on pages 22 to 38 form part of the financial statements.

The Roman Catholic Diocese of Galloway

Statement of Financial Activities  
for the Year Ended 31 December 2021

		Curial Funds				Parochial Funds Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
		Unrestricted Funds General £	Designated £	Restricted Funds £	Total Funds £			
<b>Income and Endowments from:</b>								
Donations and legacies	1	3,655	133,707	6,694	144,056	1,776,031	1,441,461	
Charitable activities:	2							
- Charitable activities		1,838	3,533	-	5,371	72,071	74,740	
- Further incoming resources		41,110	-	-	41,110	190,311	149,588	
Other trading activities	3	-	-	-	-	56,079	89,436	
Income from investments	4	121,096	33,400	8,199	162,695	11,149	177,135	
<b>Total Income</b>		<b>167,699</b>	<b>170,640</b>	<b>14,893</b>	<b>353,232</b>	<b>2,105,641</b>	<b>1,932,360</b>	
<b>Expenditure on:</b>								
Raising funds	5	35,501	-	2,874	38,375	6,474	34,449	
Charitable activities:	6							
Administration costs		281,488	4,720	11,868	298,076	519,341	937,404	
Property costs		19,129	-	-	19,129	178,779	206,263	
Parish house management		-	-	-	-	274,168	247,772	
Church management		-	-	-	-	566,389	446,399	
Hall management		-	-	-	-	101,377	131,879	
Special collections		-	-	-	-	9,523	35,799	
Seminarians fees and allowances		-	-	25,863	25,863	-	50,977	
Retired Priests' costs		6,360	-	137,545	143,905	-	98,050	
<b>Total Expenditure</b>		<b>342,478</b>	<b>4,720</b>	<b>178,150</b>	<b>525,348</b>	<b>1,656,051</b>	<b>2,188,992</b>	
Net gains/(losses) on investments	10	49,490	-	2,483	51,973	(26)	45,182	
<b>Net income/(expenditure)</b>		<b>(125,289)</b>	<b>165,920</b>	<b>(160,774)</b>	<b>(120,143)</b>	<b>449,564</b>	<b>(211,450)</b>	
<b>Transfers between funds</b>								
Levy		349,257	-	-	349,257	(349,257)	-	
Other transfers	15	(261,328)	(31,746)	98,325	(194,749)	194,749	-	
		87,929	(31,746)	98,325	154,508	(154,508)	-	
<b>Other Recognised Gains</b>								
Gains on revaluation of assets	10	521,262	253,780	46,018	821,060	80,178	187,378	
<b>Net Movement in Funds</b>		<b>483,902</b>	<b>387,954</b>	<b>(16,431)</b>	<b>855,425</b>	<b>375,234</b>	<b>(24,072)</b>	
<b>Reconciliation of Funds:</b>								
Total funds brought forward		3,897,341	1,707,229	1,465,496	7,070,066	7,748,870	14,843,008	
<b>Total Funds Carried Forward</b>	15	<b>4,381,243</b>	<b>2,095,183</b>	<b>1,449,065</b>	<b>7,925,491</b>	<b>8,124,104</b>	<b>14,818,936</b>	

**CONTINUING OPERATIONS**

All income and expenditure have arisen from continuing activities.

The notes on pages 22 to 38 form part of the financial statements.

The Roman Catholic Diocese of Galloway

Balance Sheet  
At 31 December 2022

	Note	Curial 2022 £	Parochial 2022 £	Total 2022 £	Total 2021 £
<b>Fixed Assets</b>					
Tangible assets	9	1,347,099	2,719,678	4,066,777	4,169,504
Investments	10	7,601,609	661,044	8,262,653	9,434,420
		8,948,708	3,380,722	12,329,430	13,603,924
<b>Current Assets</b>					
Debtors	11	52,064	-	52,064	35,785
Cash at bank and in hand		1,315,703	1,362,082	2,677,785	2,547,749
		1,367,767	1,362,082	2,729,849	2,583,534
<b>Current Liabilities</b>					
Amounts falling due within one year	12	(77,401)	(39,762)	(117,163)	(87,863)
<b>Net Current Assets</b>		1,290,366	1,322,320	2,612,686	2,495,671
<b>Total Assets</b>		10,239,074	4,703,042	14,942,116	16,099,595
<b>Creditors: Amounts falling due after more than one year</b>					
Parochial Investment Fund	13	(3,222,608)	3,222,608	-	-
Provisions	14	(50,000)	-	(50,000)	(50,000)
		(3,272,608)	3,222,608	(50,000)	(50,000)
<b>Total Net Assets</b>		6,966,466	7,925,650	14,892,116	16,049,595
<b>The Funds of the Charity:</b>					
Unrestricted General Funds	15	3,634,706	-	3,634,706	4,381,243
Unrestricted Designated Funds	15	1,913,697	-	1,913,697	2,095,183
Restricted Funds	15	1,418,063	7,925,650	9,343,713	9,573,169
<b>Total Funds</b>		6,966,466	7,925,650	14,892,116	16,049,595

The financial statements were approved by the Board of Trustees on 21 September 2023 and were signed on its behalf by:

*W.R. McFadden*

Reverend William McFadden, Diocesan Administrator and Trustee

*Martin D. Poland*

Very Reverend Martin Canon Poland, Trustee

REGISTERED CHARITY NUMBER: SC010576

The Roman Catholic Diocese of Galloway

Cash Flow Statement  
for the Year Ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows (used in)/generated from operating activities:</b>			
Cash generated from/(used in) operations	18	(39,804)	144,709
Interest paid		(1,158)	(1,014)
<b>Net cash provided (used in)/by operating activities</b>		<u>(40,962)</u>	<u>143,695</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(6,502)	(310)
Sale of tangible fixed assets		-	173,750
Purchase of investments		(1,229,422)	(3,499,242)
Disposal of investments		1,234,036	3,113,915
Movement in cash held		(23,001)	51,688
Interest received		16	3
Dividends received		193,471	173,841
<b>Net cash provided by/(used in) investing activities</b>		<u>168,598</u>	<u>13,645</u>
<b>Cash flows from financing activities:</b>			
Personal loans repaid		2,400	3,450
<b>Net cash provided by financing activities</b>		<u>2,400</u>	<u>3,450</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>130,036</u>	<u>160,790</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>2,547,749</u>	<u>2,386,959</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>2,677,785</u></u>	<u><u>2,547,749</u></u>

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2022 £	2021 £
Cash in hand	891	786
Bank accounts	2,676,894	2,546,963
<b>Total cash and cash equivalents</b>	<u><u>2,677,785</u></u>	<u><u>2,547,749</u></u>

**The Roman Catholic Diocese of Galloway**

**Notes to the Financial Statements  
for the Year Ended 31 December 2022**

**1. Donations and Legacies – 2022**

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Church collections	-	-	-	-	1,247,598	1,247,598
Donations	972	-	3,039	4,011	118,579	122,590
Gift Aid Tax Reclaim	158	-	2,343	2,501	164,253	166,754
Special collections	-	-	-	-	39,205	39,205
Bishop Hay Trust	-	10,665	-	10,665	-	10,665
Bequests	8,364	48,281	15,320	71,965	114,816	186,781
Building fund collections	-	-	-	-	38,668	38,668
Other income	-	-	-	-	78,837	78,837
	9,494	58,946	20,702	89,142	1,801,956	1,891,098

**Donations and Legacies – 2021**

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Church collections	-	-	-	-	1,124,188	1,124,188
Donations	1,155	-	4,194	5,349	98,014	103,363
Gift Aid Tax Reclaim	-	-	-	-	162,987	162,987
Special collections	-	-	-	-	31,168	31,168
Bishop Hay Trust	-	9,679	-	9,679	-	9,679
Bequests	2,500	124,028	2,500	129,028	247,526	376,554
Building fund collections	-	-	-	-	64,146	64,146
Other income	-	-	-	-	48,002	48,002
	3,655	133,707	6,694	144,056	1,776,031	1,920,087

**2. Incoming Resources from Charitable Activities**

**(a) Charitable Activities – 2022**

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Hospitals and schools chaplaincy	-	1,293	-	1,293	-	1,293
Primary RE income	2,087	-	-	2,087	-	2,087
Income from stalls, sale of candles	-	-	-	-	39,092	39,092
Rents	208	-	-	208	56,923	57,131
	2,295	1,293	-	3,588	96,015	99,603

**Incoming Resources from Charitable Activities**

**Charitable Activities – 2021**

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Hospitals and schools chaplaincy	-	3,533	-	3,533	1,260	4,793
Primary RE income	1,630	-	-	1,630	-	1,630
Income from stalls, sale of candles	-	-	-	-	17,407	17,407
Rents	208	-	-	208	53,404	53,612
	1,838	3,533	-	5,371	72,071	77,442



The Roman Catholic Diocese of Galloway

Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)

(b) Further Incoming Resources – 2022

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
CIS Ltd membership award	-	-	-	-	-	-
Rebates and refunds	90	-	443	533	14,452	14,985
Sale of land and property	-	-	-	-	500	500
Insurance claims received	-	-	-	-	16,810	16,810
Other income	1,255	-	45	1,300	32,522	33,822
	1,345	-	488	1,833	64,284	66,117

Further Incoming Resources – 2021

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
CIS Ltd membership award	39,682	-	-	39,682	-	39,682
Rebates and refunds	-	-	-	-	14,996	14,996
Sale of land and property	-	-	-	-	122,150	122,150
Other income	1,428	-	-	1,428	53,165	54,593
	41,110	-	-	41,110	190,311	231,421

3. Other Trading Activities – 2022

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Hall and fundraising income	-	-	-	-	82,334	82,334
Church fundraising income	-	-	-	-	60,741	60,741
	-	-	-	-	143,075	143,075

Other Trading Activities – 2021

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Hall and fundraising income	-	-	-	-	32,232	32,232
Church fundraising income	-	-	-	-	23,847	23,847
	-	-	-	-	56,079	56,079

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)

4. Investment Income – 2022

	Curial			Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted	Restricted Funds	Total Funds		
	General £				
Income from investments	140,325	10,118	150,443	12,828	163,271
CNET 4 dividend disbursement	-	30,200	30,200	-	30,200
Interest receivable	-	-	-	16	16
	140,325	30,200	180,643	12,844	193,487

Investment Income – 2021

	Curial			Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted	Restricted Funds	Total Funds		
	General £				
Income from investments	121,096	8,199	129,295	11,146	140,441
CNET 4 dividend disbursement	-	33,400	33,400	-	33,400
Interest receivable	-	-	-	3	3
	121,096	33,400	162,695	11,149	173,844

5. Raising Funds – 2022

	Curial			Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted	Restricted Funds	Total Funds		
	General £				
Portfolio management fees	34,229	2,619	36,848	6,275	43,123
	34,229	-	2,619	6,275	43,123

Raising Funds – 2021

	Curial			Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted	Restricted Funds	Total Funds		
	General £				
Portfolio management fees	35,501	2,874	38,375	6,474	44,849
	35,501	-	2,874	6,474	44,849

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)

6. Charitable Activities Costs  
(a) Administration Costs – 2022

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted	Designated	Restricted	Total		
	General £	Designated £	Funds £	Funds £		
Priests' salaries, supply costs + travel	-	-	-	-	163,825	163,825
Priests' pension costs	5,256	-	-	5,256	-	5,256
Bishop's salary and expenses	1,351	-	-	1,351	-	1,351
Parish staff salaries	-	-	-	-	74,149	74,149
Diocesan staff salaries and expenses	111,286	-	-	111,286	-	111,286
Stationery, postage, telephone etc	7,764	-	-	7,764	104,792	112,556
Diocesan heat and light	7,268	-	-	7,268	-	7,268
National commissions	34,375	417	11,241	46,033	-	46,033
Retired Housekeepers' Fund	5,520	-	-	5,520	-	5,520
Other fees to Religious	3,567	-	-	3,567	-	3,567
Donations and grants	13,000	2,000	2,000	17,000	78,275	95,275
IT costs	15,536	-	-	15,536	5,768	21,304
Audit and professional fees	15,756	-	-	15,756	28,313	44,069
Depreciation	22,098	-	-	22,098	66,259	88,357
GDPR compliance	742	-	-	742	-	742
Health and safety	5,280	-	-	5,280	7,311	12,591
Sundry club and fund expenditure	-	3,130	10,440	13,570	-	13,570
Organ Fund expenditure	-	-	-	-	87,803	87,803
Stall supplies etc	-	-	-	-	15,349	15,349
Other expenditure	10,394	-	-	10,394	79,609	90,003
	259,193	5,547	23,681	288,421	711,453	999,874

Charitable Activities Costs  
Administration Costs – 2021

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted	Designated	Restricted	Total		
	General £	Designated £	Funds £	Funds £		
Priests' salaries, supply costs + travel	-	-	-	-	139,442	139,442
Priests' pension costs	5,286	-	-	5,286	-	5,286
Bishop's salary and expenses	6,623	-	-	6,623	-	6,623
Parish staff salaries	-	-	-	-	70,628	70,628
Diocesan staff salaries and expenses	114,348	-	-	114,348	-	114,348
Stationery, postage, telephone etc	7,494	-	-	7,494	98,333	105,827
Diocesan heat and light	5,153	-	-	5,153	-	5,153
National commissions	28,642	447	6,408	35,497	-	35,497
Retired Housekeepers' Fund	5,520	-	-	5,520	-	5,520
Other fees to Religious	199	-	-	199	-	199
Donations	13,455	700	2,000	16,155	62,062	78,217
IT costs	19,908	-	-	19,908	6,693	26,601
Audit and professional fees	34,878	-	-	34,878	6,392	41,270
Depreciation	31,312	-	-	31,312	66,285	97,597
GDPR compliance	1,362	-	-	1,362	-	1,362
Health and safety	(810)	-	-	(810)	6,306	5,496
Sundry club and fund expenditure	-	3,069	3,460	6,529	519	7,048
Stall supplies etc	-	-	-	-	9,973	9,973
Other expenditure	8,118	504	-	8,622	52,708	61,330
	281,488	4,720	11,868	298,076	519,341	817,417

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)

6. Charitable Activities Costs (continued)

(b) Property Costs – 2022

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Insurance	2,712	-	-	2,712	104,703	107,415
Council tax and water rates	3,251	-	-	3,251	52,152	55,403
Grounds and security costs	3,363	-	-	3,363	44,349	47,712
Other property costs	2,230	-	-	2,230	-	2,230
	11,556	-	-	11,556	201,204	212,760

Property Costs – 2021

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Insurance	2,207	-	-	2,207	80,004	82,211
General and water rates	3,158	-	-	3,158	47,440	50,598
Grounds and security costs	3,116	-	-	3,116	51,335	54,451
Other property costs	10,648	-	-	10,648	-	10,648
	19,129	-	-	19,129	178,779	197,908

(c) Parish House Management – 2022

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Food and newspapers	-	-	-	-	76,102	76,102
Heat and light	-	-	-	-	65,032	65,032
Repairs and maintenance	-	-	-	-	72,690	72,690
Equipment purchase	-	-	-	-	12,647	12,647
Cleaning materials and wages	-	-	-	-	50,091	50,091
	-	-	-	-	276,562	276,562

Parish House Management – 2021

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Food and newspapers	-	-	-	-	66,770	66,770
Heat and light	-	-	-	-	73,857	73,857
Repairs and maintenance	-	-	-	-	70,806	70,806
Equipment purchase	-	-	-	-	20,951	20,951
Cleaning materials and wages	-	-	-	-	41,784	41,784
	-	-	-	-	274,168	274,168

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)

6. Charitable Activities Costs (continued)

(d) Church Management – 2022

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Heat and light	-	-	-	-	119,339	119,339
Routine costs	-	-	-	-	48,917	48,917
Cleaning materials and wages	-	-	-	-	15,576	15,576
Repairs and maintenance	-	-	-	-	277,509	277,509
Equipment purchase	-	-	-	-	30,805	30,805
Fundraising expenses	-	-	-	-	6,468	6,468
	-	-	-	-	498,614	498,614

Church Management – 2021

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Heat and light	-	-	-	-	143,953	143,953
Routine costs	-	-	-	-	42,158	42,158
Cleaning materials and wages	-	-	-	-	17,547	17,547
Repairs and maintenance	-	-	-	-	39,527	39,527
Equipment purchase	-	-	-	-	321,382	321,382
Fundraising expenses	-	-	-	-	1,822	1,822
	-	-	-	-	566,389	566,389

(e) Hall Management – 2022

	Curial				Parochial Restricted Funds £	Total Funds 2022 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Heat and light	-	-	-	-	34,088	34,088
Cleaning materials and wages	-	-	-	-	17,707	17,707
Hall keeper	-	-	-	-	27,726	27,726
Repairs and maintenance	-	-	-	-	81,473	81,473
Equipment purchase	-	-	-	-	6,900	6,900
Fundraising expenses	-	-	-	-	4,025	4,025
	-	-	-	-	171,919	171,919

Hall Management – 2021

	Curial				Parochial Restricted Funds £	Total Funds 2021 £
	Unrestricted		Restricted Funds £	Total Funds £		
	General £	Designated £				
Heat and light	-	-	-	-	35,931	35,931
Cleaning materials and wages	-	-	-	-	10,657	10,657
Hall keeper	-	-	-	-	16,331	16,331
Repairs and maintenance	-	-	-	-	34,985	34,985
Equipment purchase	-	-	-	-	1,627	1,627
Fundraising expenses	-	-	-	-	1,846	1,846
	-	-	-	-	101,377	101,377

**The Roman Catholic Diocese of Galloway**

**Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)**

**6. Charitable Activities Costs – continued**  
**(f) Special Collections – 2022**

	<i>Curial</i>			<i>Parochial Restricted Funds</i>	<i>Total Funds 2022</i>
	<i>Unrestricted</i>		<i>Restricted</i>		
	<i>General</i>	<i>Designated</i>	<i>Funds</i>		
	£	£	£	£	£
Special collections	-	-	-	2,955	2,955

**Special Collections – 2021**

	<i>Curial</i>			<i>Parochial Restricted Funds</i>	<i>Total Funds 2021</i>
	<i>Unrestricted</i>		<i>Restricted</i>		
	<i>General</i>	<i>Designated</i>	<i>Funds</i>		
	£	£	£	£	£
Special collections	-	-	-	9,523	9,523

There are two different types of special collection taken up by Parishes – diocesan collections and collections for third party beneficiaries where the Diocese and/or the Parish is acting as an agent. In the latter case, the funds may be remitted to the Diocese by the Parish for accumulation and payment to the relevant beneficiary or paid directly by the Parish to the beneficiary. Receipts and payments of third party collections are neither income nor expenditure to the Diocese and are accounted for through the balance sheet. In the case of diocesan special collections, the income from the donors is treated as income but the payment to the Diocese and the receipt by the Diocese are accounted for through Transfers as these transactions are internal to the charity.

The expenditure above of £2,955 (2021: £9,523) largely comprises payments to the Diocese and third party beneficiaries relating to collections in the previous financial year where remittances has not been made by the end of the financial year and had not been accrued at that date.

During 2022, £166,344 (2021: £63,852) was donated for third party beneficiaries and £37,042 (2021: £24,782) remained unpaid at 31 December 2022; this amount is included in Other Creditors.

**7. Remuneration of Trustees**

Two of the four Trustees of the Diocese of Galloway are clergy and are therefore housed and remunerated by the Diocese and are reimbursed expenses for carrying out their ministry in the same way as other priests. None of the Trustees receive remuneration for their services as Trustees. Accordingly, the two Trustees who are clergy benefitted from accommodation costs and other associated expenditure included within Charitable Activities expenditure in accordance with the Code of Canon Law. The Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 require disclosure of remuneration and expenses paid to Trustees in whatever capacity. The total remuneration paid to the Trustees amounted to £7,065 (2021: £9,527) and the cost of accommodation and reimbursement of expenses for the same Trustees totalled £36,783 (2021: £48,033).

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.

No Trustee had any beneficial interest in any contract with the charity.

**The Roman Catholic Diocese of Galloway**  
**Notes to the Financial Statements**  
**for the Year Ended 31 December 2022 (continued)**

**8. Staff Costs**

**(a) Curial Office**

Included in Diocesan costs are staff costs as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Salaries and wages	103,126	105,410
Social Security costs	3,640	5,300
Pension costs	1,931	2,848
	<u>108,697</u>	<u>113,558</u>

Staff costs relate to Curial staff only.

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

The headcount is as follows:

	<b>2022</b>	<b>2021</b>
Finance	2	2
Administration	2	2
Estates	1	-
Safeguarding	1	1
	<u>6</u>	<u>5</u>

The full-time equivalent number of diocesan staff is 3.4 (2021: 3.5).

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.

**(b) Parishes**

In addition to the above, the total number of people engaged in Parish work in the Parishes was 24 (2021: 23), i.e. a full-time equivalent of 7.6, at a total cost of £147,821 (2021: £125,065). These figures are not included in the above analysis but are included in Charitable Activities expenditure.

**The Roman Catholic Diocese of Galloway**

**Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)**

9. Tangible Fixed Assets – Total	Land and Buildings £	Improvements to property £	Fixtures & fittings £	Motor Vehicles £	Computer Equipment £	Total £
<b>Cost</b>						
At 1 January 2022	4,880,767	174,590	18,267	2,000	13,433	5,089,057
Additions	-	-	-	6,502	-	6,502
Disposals	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>4,880,767</b>	<b>174,590</b>	<b>18,267</b>	<b>8,502</b>	<b>13,433</b>	<b>5,095,559</b>
<b>Depreciation</b>						
At 1 January 2022	739,083	150,866	14,258	1,953	13,393	919,553
Charge for year	96,855	9,881	815	1,638	40	109,229
Disposals	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>835,938</b>	<b>160,747</b>	<b>15,073</b>	<b>3,591</b>	<b>13,433</b>	<b>1,028,782</b>
<b>Net Book Value</b>						
<b>At 31 December 2022</b>	<b>4,044,829</b>	<b>13,843</b>	<b>3,194</b>	<b>4,911</b>	<b>-</b>	<b>4,066,777</b>
<b>At 31 December 2021</b>	<b>4,141,684</b>	<b>23,724</b>	<b>4,009</b>	<b>47</b>	<b>40</b>	<b>4,169,504</b>
<b>2022 Split:</b>						
Curia	1,325,539	13,843	2,842	4,875	-	1,347,099
Parishes	2,719,290	-	352	36	-	2,719,678
	<b>4,044,829</b>	<b>13,843</b>	<b>3,194</b>	<b>4,911</b>	<b>-</b>	<b>4,066,777</b>

Included in cost or of land and buildings is freehold land of £38,000 (2021 - £38,000).

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

	2022 £	2021 £
Cost	<u>4,622,848</u>	<u>4,622,848</u>
Depreciation	<u>1,159,381</u>	<u>1,065,126</u>

Freehold land and buildings were revalued on 1 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. While the Trustees are satisfied that the carrying value of land and buildings as at 31 December 2022 does not differ materially from the fair value of the assets at the end of the reporting period, it is intended to carry out a full revaluation of properties during 2023.



**The Roman Catholic Diocese of Galloway**  
**Notes to the Financial Statements**  
**for the Year Ended 31 December 2022 (continued)**

**10. Fixed Asset Investments**

	£
<b>Valuation</b>	
At 1 January 2021	9,434,420
Purchased during the year	1,229,422
Sold during the year	(1,234,036)
Loss on disposal	(21,820)
Deficit on revaluation	(1,168,334)
Movement in cash held by stockbroker	23,001
<b>At 31 December 2022</b>	<b>8,262,653</b>
Cost at 31 December 2022	6,805,597

The above total is represented by:

	2022 £	2021 £
National Contingency Fund (CNET 4)	1,689,867	1,928,559
Investments listed on a recognised investment exchange:		
▫ General Diocesan Funds No 1 Portfolio	1,843,932	2,109,139
▫ Designated Funds No 2 Portfolio	3,638,185	4,125,712
▫ Student Funds	429,625	495,023
▫ Parochial Investment Funds	661,044	775,987
<b>Total Investment Funds</b>	<b>8,262,653</b>	<b>9,434,420</b>

All the investments are listed UK securities.

No individual investment is in excess of 5% of the total value of the investments.

The National Contingency Fund is an unlisted unit trust which holds its funds in investments listed on a recognised investment exchange. At 31 December 2022, the Diocese of Galloway had ownership of 6.6470% of the total fund (2021: 6.6575%), which was valued at £25,422,851 (2021: £28,968,040). The cost of the investment at 31 December 2022 was £568,408 (2021: £568,408). All of the funds within the portfolio are in listed investments.

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 and the financial statements to 31 December 2022 include the sum of £30,200 received from this source. The investment is available on demand.

Post year-end, £350,000 was withdrawn from the National Contingency Fund to purchase two houses for two priests due to retire during 2023.

**The Roman Catholic Diocese of Galloway**

**Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)**

**10. Fixed Asset Investments (continued)**

**Investments – General and Restricted Funds**

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

	<b>Valuation at 31/12/22 £</b>
Cash and short maturity bonds	89,432
Developed government bonds	542,072
Investment grade bonds	208,110
High yield emerging markets bonds	404,604
Developed market equities	3,982,613
Emerging market equities	164,376
Commodities	137,555
Real Estate	525,584
Alternative	177,055
Other	341,385
	<u><u>6,572,786</u></u>

**11. Debtors**

	<b>2022 £</b>	<b>2021 £</b>
Prepayments and Accrued Income	37,421	23,354
Personal Loans	1,900	4,300
Levy due to Diocese from Parishes	6,076	3,190
Special Collections due to Diocese from Parishes	6,667	4,941
	<u><u>52,064</u></u>	<u><u>35,785</u></u>

**12. Creditors**

	<b>2022 £</b>	<b>2021 £</b>
Accrued Expenses	58,012	43,782
PAYE & NIC Creditor	2,853	2,812
Deferred Income	6,335	6,295
Levy due by Parishes to Diocese	6,076	3,190
Special Collections due by Parishes to Diocese	6,667	4,941
Other Creditors	37,220	26,843
	<u><u>117,163</u></u>	<u><u>87,863</u></u>

**The Roman Catholic Diocese of Galloway**

**Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)**

**13. Parochial Investment Fund**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Balance at 31 December 2021:		
- Parishes	3,264,043	2,885,733
- Diocesan Restricted Funds	243,299	115,311
	3,507,342	3,001,044
Deposits during the year	68,324	386,195
Withdrawals during the year	(175,000)	(120,215)
Interest added to balances	70,107	64,607
Parish debt written off	-	175,711
Balance at 31 December 2022	3,470,773	3,507,342
Split:		
- Parishes	3,222,608	3,264,043
- Diocesan Restricted Funds	248,165	243,299
	3,470,773	3,507,342

As in previous years, Parishes were encouraged to transfer bank balances over £50,000 to the Diocese to be lodged in the PIF. A total of £68,324 was deposited from two Parishes and two Parishes withdrew a total of £175,000 from their accumulated deposits. Deposits in the PIF currently attract interest of 2% per annum and this rate is reviewed regularly by the Trustees.

**14. Provisions for Liabilities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Provision	50,000	50,000

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. No monies were added to the provision during 2022.

<b>Retirement Provision</b>	<b>£</b>
Balance at 1 January 2022	50,000
Arising during the year	-
Reversed unutilised during the year	-
Utilised during the year	-
Balance at 31 December 2022	50,000

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)

15. Movement in Funds

(a) Curial Unrestricted General Funds

	At 31/12/21 £	Income £	Expenditure £	Investment Losses £	Transfers £	At 31/12/22 £
General Funds	4,381,243	153,459	(311,338)	(767,250)	178,593	3,634,707

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.

(b) Curial Designated Funds

	At 31/12/21 £	Income £	Expenditure £	Investment Losses £	Transfers £	At 31/12/22 £
CNET 4	1,928,559	30,200	-	(238,692)	(30,200)	1,689,867
St Ninian's Charitable Fund	9,833	-	(417)	-	-	9,416
Bishop Hay Fund	21,065	10,665	(2,000)	-	-	29,730
Chaplaincy Fund	10,044	1,293	(3,130)	-	-	8,207
ECO Fund	125,682	-	-	-	2,514	128,196
Duffin Bequest	-	48,281	-	-	-	48,281
	2,095,183	90,439	(5,547)	(238,692)	(27,686)	1,913,697

**Description of Funds**

*CNET* – 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.

*St Ninian's Charitable Fund* – In response to requests for assistance, a fund has been set up for general charitable activities for disbursement at the Trustees' discretion. The source of the fund is unused, accumulated donations over several years.

*Bishop Hay Fund* – The annual distribution from the Bishop George Hays Trust has been designated as a fund to be used at the Bishop's discretion in accordance with the purposes of the Trust.

*Chaplaincy Fund* – The income received for chaplaincy services has been designated in a separate fund to cover these services provided by the Diocese.

*ECO Fund* – A significant bequest received by the Diocese was designated by the Trustees to form an ECO Fund to provide financial assistance to less wealthy parishes in the transition to more environmentally friendly energy.

*Duffin Bequest* – A bequest of £48,281.11 was received during 2022 from Miss A Duffin. The Trustees have decided that 50% of the bequest will be used for educational purposes in the Diocese, e.g. for adult learning and training, with the remainder waiting designation.

The Roman Catholic Diocese of Galloway

Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)

15. Movement in Funds (continued)

(c) Curial Restricted Funds

	At 31/12/21 £	Income £	Expenditure £	Investment Losses £	Transfers £	At 31/12/22 £
Retired Priests	693,714	19,248	(145,213)	-	154,932	722,681
Students	500,457	11,697	(5,944)	(62,716)	7,329	450,823
Youth	127,553	-	(3,697)	-	3,387	127,243
Justice and Peace	53,269	41	(2,222)	-	7,067	48,155
Communications	7,768	322	(12,363)	-	108	(4,165)
Pro Life	46,397	-	(5,399)	-	3,076	44,074
Catherine Fitzgerald Bequest	29,907	-	-	-	(656)	29,251
	<u>1,449,065</u>	<u>31,308</u>	<u>(174,838)</u>	<u>(62,716)</u>	<u>175,243</u>	<u>1,418,062</u>

Description of 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, assistance is given on an individual basis, as not all retired priests avail themselves of a monthly payment or require accommodation from the Diocese.

*Students* – The fund is used for the education of students in seminaries, mostly in connection with fees, and a personal allowance for maintenance and travel. Funding for the fund comes from an annual collection in Parishes and dividend income from an investment portfolio.

*Youth* – The fund is to promote the youth ministry in supporting and encouraging youth people to become involved in the Church. The income derives largely from the annual youth levy paid by Parishes.

*Justice and Peace* – The fund encourages promotion of justice and peace issues at a national and diocesan level. The income arises from an annual collection in Parishes.

*Communications* – The fund supports the work of responsible communication at national and diocesan level, including the production of the quarterly Galloway Newsletter. An annual collection in Parishes supports the work of the fund. The deficit at 31 December 2022 will be covered by General Funds.

*Pro Life* – The fund exists to promote pro life issues at diocesan and national level. Its income derives from an annual collection in Parishes.

*Catherine Fitzgerald Bequest* – This bequest was made to the Diocese to fund a young person and their helper to go to Lourdes. The income is the interest arising on the Bequest's share of the Parish Investment Portfolio.

(d) Parochial Funds

	At 31/12/21 £	Income £	Expenditure £	Investment Losses £	Transfers £	At 31/12/22 £
Parishes	8,124,104	2,118,174	(1,868,982)	(121,496)	(326,150)	7,925,650
	<u>8,124,104</u>	<u>2,118,174</u>	<u>(1,868,982)</u>	<u>(121,496)</u>	<u>(326,150)</u>	<u>7,925,650</u>

**The Roman Catholic Diocese of Galloway**

**Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)**

**15. Movement in funds (continued)**

**Parochial Funds (continued)**

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 within the Statement of Financial Activities, the Balance Sheet and the Notes to the Financial Statements, in accordance with Canon Law.

**Transfers between funds**

During the year, a number of transfers took place between Unrestricted, Restricted and Parochial Funds.

	Diocese			Total Funds £	Parochial Restricted Funds £
	Unrestricted General £	Designated £	Restricted Funds £		
CNET disbursement		(30,200)	30,200	-	-
Retired Priests Fund	(110,000)		110,000	-	-
Levy paid by Parishes	349,996			349,996	(349,996)
Youth levy			9,660	9,660	(9,660)
Parochial Investment Fund – Interest	(70,107)	2,514	2,352	(65,241)	65,241
Bank accounts – movement in share	7,705		(7,705)	-	-
Special collections paid during the year	5,999		36,536	42,535	(42,535)
Youth and Lourdes Funds	(5,000)		(5,800)	(10,800)	10,800
	178,593	(27,686)	175,243	326,151	(326,150)

Special collections include Justice and Peace, Communications, Catholic Education, Students, Retired Priests and Pro Life collections. As these are *intra* the charity, the payment by Parishes to the Diocese of these collections has to be treated as transfers.

**The Roman Catholic Diocese of Galloway**

**Notes to the Financial Statements  
for the Year Ended 31 December 2022 (continued)**

**16. Analysis of Net Assets between Funds**

<b>2022</b>	<b>Unrestricted Funds</b>		<b>Restricted</b>	<b>Total</b>
	<b>General</b>	<b>Designated</b>	<b>Funds</b>	<b>Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	682,163	-	3,384,614	4,066,777
Investments	5,482,117	1,689,867	1,090,669	8,262,653
Cash at bank and in hand	1,037,271	84,970	1,555,544	2,677,785
Other net current assets/(liabilities)	(46,071)	10,665	(29,693)	(65,099)
Creditors over 1 year	(3,470,773)	128,195	3,342,578	-
Provisions	(50,000)	-	-	(50,000)
	<u>3,634,707</u>	<u>1,913,697</u>	<u>9,343,712</u>	<u>14,892,116</u>
<b>2021</b>				
	<b>General</b>	<b>Designated</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>Funds</b>	<b>Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	697,759	-	3,471,745	4,169,504
Investments	6,234,851	1,928,559	1,271,010	9,434,420
Cash at bank and in hand	1,028,413	32,754	1,486,582	2,547,749
Other net current assets/(liabilities)	(22,438)	8,188	(37,828)	(52,078)
Creditors over 1 year	(3,507,342)	125,681	3,381,661	-
Provisions	(50,000)	-	-	(50,000)
	<u>4,381,243</u>	<u>2,095,182</u>	<u>9,573,170</u>	<u>16,049,595</u>

**17. Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)</b>	10,855	329,421
<b>Adjustments for:</b>		
Depreciation charges	109,229	125,295
Loss/(Gain) on investments	21,820	(51,947)
Gain on sale of fixed assets	-	(122,150)
Interest received	(16)	(3)
Interest paid	1,158	1,014
Dividends received	(193,471)	(173,841)
(Increase)/Decrease in debtors	(18,679)	1,736
Increase in creditors	29,300	35,184
<b>Net cash (used in)/provided by operating activities</b>	<u>(39,804)</u>	<u>144,709</u>

**The Roman Catholic Diocese of Galloway**  
**Notes to the Financial Statements**  
**for the Year Ended 31 December 2022 (continued)**

**18. 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
- St Margaret's Children and Family Care Society

During 2022, the following transactions took place with related parties:

- Bishops' Conference of Scotland: monies received £39,879; monies paid £39,539
- SCIAF: monies paid £60,364
- SPRED Galloway: monies paid £10,000
- St Margaret's Children and Family Care Society: monies paid £3,000

**19. Post Balance Sheet Events**

There were no post balance sheet events which require disclosure, other than the purchases of property mentioned in Note 10.