

OSCR

Charity No: SC008540

**ARCHDIOCESE OF ST ANDREWS AND EDINBURGH**

**ANNUAL REPORT and ACCOUNTS**

**For the year ended 31 December 2017**

**ANNUAL REPORT and ACCOUNTS**

**For the year ended 31 December 2017**

<b>Contents</b>	<b>Page</b>
Trustees' Report	1 - 10
Independent Auditor's Report	11 - 12
Statement of Financial Activities	13 – 14
Balance Sheet	15
Statement of Cash Flows	16
Notes to the Accounts	17 – 35
Appendix 1 Detailed Income and Expenditure Account	36
Appendix 2 Detailed Balance Sheet	37

## TRUSTEES' REPORT

### Reference & Administrative Details

The Archdiocese of St Andrews & Edinburgh ("the Archdiocese") was established by the Apostolic Letter *Ex Supremo* of Pope Leo XIII dated 4 March 1878, being the date of the restoration of the Catholic Hierarchy, which had been extinct since 1603.

The Most Reverend Leo William Cushley is the Ordinary of the Archdiocese and is responsible for ensuring the good governance of the Catholic Church within the Archdiocese. The Archdiocese has charitable status and is a Designated Religious Charity under the Charities and Trustee Investment (Scotland) Act 2005. The charity is registered in Scotland with charity number SC008540.

### Trustees

The Trustees of the Archdiocese during the year ended 31 December 2017 were:-

<b>Name</b>	<b>Position</b>	<b>Appointed by</b>
The Most Reverend Leo Archbishop Cushley	Trustee	<i>ex officio</i>
Monsignor Patrick Burke VG	Trustee	<i>ex officio</i>
Monsignor Allan Chambers VG	Trustee	<i>ex officio</i>
Reverend Jeremy Bath	Trustee	Archbishop ( <i>demitted 22/1/2018</i> )
Mr Alastair Lamond	Trustee	Archbishop
Mrs Zelia Hope	Trustee	Archbishop
Mr Nicholas Ruck Keene	Trustee	Archbishop
Mrs Mary Buchan	Trustee	Archbishop ( <i>appointed 02/02/2017</i> )
Reverend R Kevin Murray	Trustee	Archbishop ( <i>appointed 04/05/2017</i> )
Lord James Drummond Young	Trustee	Archbishop ( <i>appointed 11/04/2017</i> )

At 25 June 2018, when the accounts were signed, the Trustees were:-

<b>Name</b>	<b>Position</b>	<b>Appointed by</b>
The Most Reverend Leo Archbishop Cushley	Trustee	<i>ex officio</i>
Monsignor Patrick Burke VG	Trustee	<i>ex officio</i>
Monsignor Allan Chambers VG	Trustee	<i>ex officio</i>
Mr Alastair Lamond	Trustee	Archbishop
Mrs Zelia Hope	Trustee	Archbishop
Mr Nicholas Ruck Keene	Trustee	Archbishop
Mrs Mary Buchan	Trustee	Archbishop ( <i>appointed 02/02/2017</i> )
Reverend R Kevin Murray	Trustee	Archbishop ( <i>appointed 04/05/2017</i> )
Lord James Drummond Young	Trustee	Archbishop ( <i>appointed 11/04/2017</i> )
Very Rev Patrick Canon Boylan	Trustee	Archbishop ( <i>appointed 22/01/2018</i> )

### Chief Operating Officer

Elsbeth Atkinson

### Address

The principal address of the Archdiocese is:

Archdiocesan Offices  
Gillis Centre  
100 Strathearn Road  
Edinburgh, EH9 1BB

### Solicitor

Anderson Strathern LLP  
1 Rutland Court  
Edinburgh  
EH3 8EY

### Auditor

Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh, EH3 6NL

TRUSTEES' REPORT

**Reference & Administrative Details (contd.)**

**Bankers**

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YB

Royal Bank of Scotland  
36 St Andrew Square  
Edinburgh  
EH2 2YB

**Investment Advisors**

Brewin Dolphin Securities Ltd  
48 St Vincent Street  
Glasgow  
G2 5TS

Standard Life Wealth Ltd  
Standard Life House  
30 Lothian Road  
Edinburgh  
EH2 2DH

Investec Wealth Management Ltd  
Forsyth House  
93 George Street  
Edinburgh EH2 3ES

**Objectives & Activities**

**Objectives**

The charitable objectives of the Archdiocese are: -

1. The advancement of the Roman Catholic Religion.
2. The advancement of education.
3. The relief of poverty.
4. The cure or alleviation of human sickness or disease.

**Activities**

The primary mechanism for fulfilling the charitable aims of the Archdiocese of St Andrews & Edinburgh is the local parish.

"A parish is a certain community of the Christian faithful stably constituted in a particular church, whose pastoral care is entrusted to a pastor (*parochus*) as its proper pastor (*pastor*) under the authority of the diocesan bishop," Code of Canon Law 515 §1.

It is the parish where the Gospel of Jesus Christ is proclaimed, the sacraments are administered, practical charity is performed and the young, in conjunction with the family and the local authority, are educated.

The Second Vatican Council (1962-65) envisages that a bishop serve his priests who, in turn, serve their lay people, forming them spiritually and intellectually, helping them to grow in holiness and equipping them to re-evangelise their local community.

The role of the diocesan curia is to support that work of the bishop and, in keeping with the Catholic principle of subsidiarity, to provide assistance to parishes in those areas of service delivery which they may struggle to generate locally, such as safeguarding training, health and safety guidance, and financial guidance & support.

The curial offices of the Archdiocese includes the chancery, communications, safeguarding, property and finance departments.

**TRUSTEES' REPORT**

**Objectives & Activities (contd.)**

**Achievements & Performance**

All of the apostolic work of the Archdiocese is rooted in life with Jesus Christ in both prayer and sacrament. It is estimated that the weekly Sunday Mass attendance is around 26,085 and during 2017 there were 1,174 Baptisms (2016: 1,231) and 222 Marriages (2016: 239), there were no seminarians ordained to the priesthood during 2017, with seven seminarians in training for the priesthood and two others in training for the permanent diaconate at the end of 2017.

The fulfilment of the charitable aims of the Archdiocese of St Andrews & Edinburgh finds priests, religious and lay people undertaking a range of apostolic works most often aimed at serving those in greatest need. We help provide:

- A network of 104 parishes across 10 local authority areas
- A network of 70 Catholic primary schools and 10 Catholic high schools
- Chaplains to 39 hospitals and four hospices
- Chaplains to three prisons and one young offender institution
- Chaplains to six universities

It is through this extensive network that we assist a significant number of beneficiaries: parishioners, families, the elderly, the young, the sick, the dying, the poor and those in prison. In addition, the Archdiocese through its' network of parishes continues to support and assist the work of external agencies such as the Scottish Catholic Internal Aid Fund, Missio Scotland, the Society of St Vincent de Paul, the Apostleship of the Sea, Mary's Meals, the Sisters of the Gospel of Life and African Missions and Holy Places. All such beneficiaries are aligned with the charitable objectives of the Archdiocese.

Archbishop Leo Cushley used his BBC Scotland Thought for the Day slot on Burns Night, 25 January, to hold up the relationship between Robert Burns and John Geddes, Coadjutor Vicar Apostolic of the Lowland District of Scotland, as a timely reminder to contemporary society as to how differing world views can learn to co-exist, dialogue and, even, develop friendship.

In May, Archbishop Cushley conferred the Sacrament of Confirmation on hundreds of children, largely drawn from the Archdiocese's 70 primary schools. He explained to each group how the sacrament "is the permanent indwelling gift of God's Holy Spirit in the life of a Christian," that would sustain them through life's inevitable travails. Earlier in the year, Archbishop Cushley announced that the age at which children receive the Sacrament of Confirmation would move from Primary 4 to Primary 7, effective from August 2017.

Over a thousand pilgrims from across Scotland braved the rain and travelled to Dunfermline on Sunday 11 June to participate in the St Margaret's Pilgrimage 2017. During the day pilgrims explored the numerous historic sites across Dunfermline that are associated with St Margaret, Queen of Scots (1045-93). A procession of the saint's relics through the Fife town then followed, led by a local pipe band. The day concluded at St Margaret's parish church where Holy Mass was offered by Archbishop Leo Cushley with over a dozen priests from across the country concelebrating.

Over 250 pilgrims from the Archdiocese of St Andrews & Edinburgh made their way to Lourdes from 7 to 14 July, led by Archbishop Leo Cushley. The small French town at Lourdes is situated in the foothills of the Pyrenees, and has been a site of pilgrimage since the year 1858 when a young local girl, Bernadette Soubirous, received repeated visions of Mary, the mother of Jesus Christ.

All of the priests of the Archdiocese of St Andrews & Edinburgh travelled to St Mary's Monastery, Kinnoull, Perthshire, for a retreat from 28 August to 1 September, led by the Irish Dominican, Father Paul Murray OP, a renowned academic, poet and writer. During their five days away, the priests spent time praying together, with preached meditations, the recitation of the Divine Office and Eucharistic Adoration being part of the retreat's daily regimen.

Hundreds of pilgrims gathered in Edinburgh in September to pray for the beatification of Venerable Margaret Sinclair (1900-1925) at St Patrick's Church in the Cowgate, her home parish and final resting place. "We are here today to remember our dear Margaret, to remember Sister Mary Frances of the Five Wounds, we're here today to bring our petitions to this shrine and we're all here today to realise and celebrate the fact that we are not on our own – all of us belong to the Holy Catholic and Apostolic Church," said homilist Fr Richard Reid CSsR, a London-based Redemptorist priest who previously served the parish of St Patrick's 2001-08.

In October, Archbishop Leo Cushley consecrated the Archdiocese of St Andrews and Edinburgh to the

### TRUSTEES' REPORT

Immaculate Heart of Mary in Fatima, Portugal, upon the 100th anniversary of Our Lady's appearance there to three local shepherd children. The consecration came at the end of a Mass in the Chapel of Apparitions, the location of the Marian apparitions in 1917. The Archbishop was leading a group of over 80 pilgrims from the Archdiocese.

Dr Jonathan Reyes, Executive Director of the Department of Justice, Peace and Human Development for the United States Conference of Catholic Bishops, visited Scotland in November to help mark the centenary of the birth of Blessed Oscar Romero (1917-80). During his visit, Dr Reyes delivered the Scottish Parliament's Time for Reflection as well as an evening lecture entitled 'Oscar Romero: A Saintly Path to Social Justice' to a group of parliamentarians and invited guests. He also met with high school pupils from across the Archdiocese and students at the University of St Andrews.

Archbishop Cushley delivered a series of Friday evening talks for young adults, entitled, "Unwrapping Advent", which delved into holy tradition, sacred scripture and the teachings of the Church to better explain the relevance of the Incarnation to contemporary society. All three talks were held at St Mary's Metropolitan Cathedral and were well attended, leading to requests for a similar series of talks in Lent 2018.

### Developments

#### *Parishes*

Archbishop Cushley published his pastoral letter "We Have Found the Messiah" on Palm Sunday 2015 discussing the future for the Archdiocese, beginning a period of review and transition with a clear goal: the more effective evangelisation of contemporary society within the Archdiocese of St Andrews & Edinburgh.

Archbishop Cushley met with church members across the Archdiocese winter and spring 2015/16 to explain his vision for the Archdiocese and outline the next steps. Each public meeting drew together people from a number of parishes that are already working together in a particular locality, these pastoral sub-units are known as "clusters", and in total over 7,000 people attended the meetings.

At Easter 2017 Archbishop Cushley received responses from the 28 pastoral clusters. At the beginning of Lent 2018, the Archbishop set out, in a pastoral letter, his proposal to merge clusters of parishes into single parishes, retaining existing church buildings. The detailed proposals are being presented to Parishes in May and June 2018.

The guiding principle in every case is how best to generate a new evangelisation in all localities which has the Sunday Eucharist as its source and summit.

#### *Key Management Group*

Development of the Key Management Group continued during 2017 with the appointment of a number of new Lay members of the Finance Committee.

#### *Mount Vernon*

Following investigation by Police Scotland, a former employee was charged with fraud and theft. He was convicted in September 2017 and received a custodial sentence.

The Archdiocese continues to take all steps possible to contact and provide pastoral care to those people who are affected. The Cemetery procedures, controls and records have been reviewed.

#### *Gillis Centre*

In 1993, following closure of the Gillis College, a bed and breakfast operation with function rooms for events and catering facilities, was established in the same buildings, known as the Gillis Centre. The objective was to contribute to the running costs of the building and grounds and support the activities of the Archdiocese. In recent years usage had decreased, while costs increased with operating losses increasing each year.

An independent financial review was undertaken, reporting early in 2017 that the Centre required very significant investment in facilities, but that income would continue to be uncertain and may not be consistent with the charitable objectives of the Archdiocese. After a significant period of careful consideration and discussion of possible options, the Trustees reluctantly concluded that the accommodation and events functions should close in November 2017. A period of consultation was undertaken with the staff affected, prior to their leaving the Archdiocese.

#### *Reform of the Curia*

In the recent past, lay individuals had been employed, in a pastoral resources office, to undertake some elements of sacramental preparation, catechetics, adult formation, marriage preparation and youth work. Following much prayer, reflection and discussion, in August 2017 the Archbishop set out a reform of the Curia of the Archdiocese,

## TRUSTEES' REPORT

moving away from a centralised model to a devolved model with these activities organised and undertaken at Deanery and Parish level, with the Curia only undertaking those things which cannot be accomplished at local level (regulatory responsibilities in financial; health and safety; and safeguarding areas, a Chancery office and property maintenance).

The Archbishop has also delegated some of his pastoral responsibilities to five Vicars Episcopal (Catechetics; Marriage and the Family; Justice and Peace; Ecumenism; and an Office for Clergy and Religious), each of whom chair a Commission composed of lay Catholic men and women. The Vicars Episcopal and members from the Commissions also form a new Archdiocesan Pastoral Council.

A new Department for Schools has been established, headed by a Priest, assisted by a schools adviser who joins us in August 2018.

## **Financial Review**

These accounts have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Statement of Recommended Practice: Accounting and Reporting by Charities (the "SORP") preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102).

The notes to the accounts set out on pages 17 to 35 provide further details on the accounting policies used in preparing these accounts.

## **Financial**

The year has resulted in a net deficit on funds of (£3,000) with a surplus of £525,000 attributable to the funds of the Parishes and a deficit of (£528,000) attributable to Curial funds.

Included within the net movement on curial funds is a realised loss on investments of (£19,000) and an unrealised gain on the sale of investments of £1,086,000. Included within the net movement on parish funds is a realised gain on investments of £2,000 and an unrealised gain on investments of £2,000.

Total income has increased by £59,000 to £9,016,000 in the year. Donations and legacies increased by £75,000, other trading activities increased by £47,000 and investment income increased by £31,000, offset by a decrease in income from charitable activities of £94,000.

Total expenditure has increased by £1,573,000 to £10,090,000 due to an additional provision for support to retired priests of £1,200,000 an increase of £360,000 in the cost of Charitable Activities and an increase of £10,000 to £198,000 in the cost of Raising Funds.

The cost of Parish charitable activities has increased by £188,000 due mainly to an increase in the cost of repairs and renovations to parish properties of £152,000 and the cost of Curial Charitable Activities has increased by £175,000 due to the restructuring during the year and property maintenance. Further details on the cost of Charitable Activities can be found in note 8 of the Notes to the Accounts.

The main sources of income for Parishes is from donations and legacies, which includes offertory and gift aid income as well as amounts received from special collections, given through the generosity of parishioners.

Sources of funds which support the work of the curia are derived from investment income, an annual assessment/levy received from parishes, a grant received from the Charleston Estate, some income from trading activities and special collections received by parishes and transferred to the curia for specific purposes, which are either utilised for internal purposes such as the Aged and Infirm and Clergy fund or distributed onward to the intended third party beneficiary.

Excluding gains from investments and property sales, and the additional provision for retired priests, the underlying deficit on curia activities, including transfers from parishes, was (£395,000), a deterioration from the surplus of £266,000 in 2016. This underlying deficit for 2017 has arisen as result of the redundancy and professional fees costs of restructuring; a reduction in donations and legacies; additional costs for the Mount Vernon cemetery; and property repairs. It continues to be the case that the curia resources remain under pressure to meet its commitments and responsibilities to educate seminarians and deacons and provide support to retired clergy, as well as fulfil its national responsibilities to the Bishops' Conference of Scotland, run and administer the diocesan offices (Chancery, Property, Safeguarding, Finance, Communications).

During the year no major capital projects were undertaken.

## TRUSTEES' REPORT

### Investments – Performance

The value of the Archdiocesan investment portfolios increased during 2017 as follows.

<i>Market Value</i>	<i>FTSE All Share Index</i>	<i>Brewin Dolphin £'000</i>	<i>Standard Life £'000</i>	<i>Investec £'000</i>	<i>Shares held separately £'000</i>
At December 2017	4,222	2,659	6,797	7,604	84
At December 2016	3,873	2,421	6,275	7,064	124

The short-term uncertainties of stock market investments should be acknowledged, however, the Trustees remain of the view that equities and stocks will provide real growth in income and capital in the long term.

### Investments – Policy

The Trustees have power to invest in such stocks, shares, investments and property as they see fit. It is the Trustees' policy to invest in the stock market to obtain a balanced return combining capital and income growth to protect the real value of both capital and income. These investments will seek to achieve this by investing in a range of assets suitable for the investment of charitable monies, which will take account of our ethical requirements. The Trustees have adopted an ethical investment policy based on the teaching of the Catholic Church, which is kept under review, the ethical policy lists activities which the investment portfolios must avoid.

### Reserves

The total reserves of the Archdiocese at the end of 2017 amount to £50,713,000.

The balance of unrestricted reserves at the end of the year was £45,766,000, with £26,965,000 of this balance represented by tangible fixed assets and heritage assets. The amount of reserves represented by tangible fixed assets and heritage assets is realisable only if these assets were to be sold. Unrestricted free reserves at the year-end were £18,834,000 (excluding designated reserves of £117,000, and the amount of unrestricted reserves represented by tangible fixed assets and heritage assets).

The balance of restricted reserves at the end of the year was £3,402,000 with £150,000 of these reserves represented by tangible fixed assets.

The balance of endowment reserves at the end of the year was £1,545,000 with no amount of tangible fixed assets included within the balance of this reserve.

It is the Trustees' policy to increase unrestricted funds in order to provide support to the parishes and the administration of the Archdiocese. During the year the unrestricted parish reserves increased by £525,000 and unrestricted curia reserves decreased by (£660,000). Excluding realised and unrealised gains on investments relating to the unrestricted funds of the curia of £907,000, the unrestricted reserves of the curia would have decreased by £1,567,000.

This underlying negative movement on curia unrestricted funds for the year arises as a result of the support provided by way of transfer of funds from the unrestricted to the restricted reserves of the curia, which in 2017 amounted to £382,000.

The transfer of £382,000 is made to meet the portion of the costs of the Ecclesiastical Students Fund, the Aged and Infirm Clergy Fund ("AICF") and the Special Collection Funds that could not be met during the year, wholly by assets of the respective restricted funds themselves or from income received specifically for the purposes of these restricted funds. In addition, an additional provision of £1,200,000 was made for the financial support of retired priests (see note 17).

It is the intention of the Trustees to increase the reserves of the AICF over a period of time by implementing a number of fundraising measures to increase income for the AICF. Until such times as the AICF reserves have increased sufficiently to support the annual costs of the fund, the unrestricted reserves of the curia will continue to provide support to the AICF, principally from income derived from unrestricted investments.

During the year special collections were taken throughout the parishes of the Archdiocese for the benefit of the Aged and Infirm Clergy Fund resulting in special collection income of £118,000 (2016 - £124,000).

The restricted and endowment funds which have been given for specific purposes are detailed in notes 18 and 19 to the accounts.



## TRUSTEES' REPORT

### **Principal risks and uncertainties**

Whilst risk management can limit risk it does not eliminate risk. The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operation and finances of the charity and are satisfied that the systems that are in place to mitigate exposure to these risks are operating effectively.

Key risks identified by the Trustees, and steps being taken to mitigate them are set out below:

#### **Governance**

The Trustees are aware that sound governance arrangements are central to the operations and activities of the Archdiocese and are developing an updated overarching trust deed for the administration of the charity. A draft trust deed has been submitted to OSCR and discussions are ongoing.

During the review work being undertaken the Trustees want to ensure that the administrative structure remains fit for purpose, supports local parishes, provides an effective governance framework with sound financial systems and controls, and with processes and procedures that mitigate against identified risks. During 2017 new, lay members, with financial expertise, were appointed to the Trustees and to the Archdiocese Finance Committee.

#### **Strategic Plan**

An expected reduction in the number of clergy over the next five years presents a number of challenges to the Archdiocese.

Archbishop Cushley set out his vision through his pastoral letter 'We have found the Messiah'. The Archdiocese is now working through proposals for merging Parishes as well as developing the roles of five Vicars Episcopal with supporting Commissions.

#### **Financial**

The Trustees are aware of the financial pressures on the central finances of the curia and parishes and are committed to looking at ways to maintain and enhance financial sustainability, and to link this with the pastoral planning of the Archdiocese.

#### **Health & Safety**

Health and Safety legislation continues to place additional compliance requirements on the Archdiocese. This legislation, which is mandatory for all parishes and organisations, is likely to require additional resources to ensure compliance.

#### **Safeguarding**

The Bishops' Conference has approved the new safeguarding manual "In God's Image". On 10 April 2018 Archbishop Cushley signed the canonical decree bringing this into effect in the Archdiocese from 21 May 2018. This manual establishes a framework of safeguarding standards for the Catholic Church in Scotland and can be accessed on the Scottish Catholic Safeguarding Service website. Training on the new policy has been undertaken by clergy and is being provided for all volunteers at parish level.

**TRUSTEES' REPORT**

**Future Plans**

The Archdiocese continues to promote the Gospel of Jesus Christ, in accordance with the teachings of the Catholic Church, and to carry out the mission of the Church throughout the Archdiocese of St Andrews & Edinburgh.

This will be carried out through the continuation of current activities and the development of further plans to enable the work of the Church to be fulfilled. The Archbishop's Pastoral Letter "We Have Found the Messiah" provides the way forward for the development of the Archdiocese, with proposals for merging parishes being developed during 2018.

The Trustees and their advisors continue to monitor the financial position of the Archdiocese to ensure that the stewardship of resources and the availability of funds to meet commitments is managed for the long term welfare of the Archdiocese.

It is likely that capital expenditure will continue to be limited for all projects for the foreseeable future except for essential maintenance and health and safety projects. The Trustees, with their advisors and managers, continue to pursue and develop strategies to address the financial pressures previously mentioned.

The requirements of OSCR and the Statement of Recommended Practice: Accounting and Reporting by Charities (the "SORP") FRS102 in conjunction with the requirements of Canon Law, continue to form the basis for the financial controls and governance of the Archdiocese.

**Structure, Governance & Management**

**Organisational Structure**

During the year ended 31 December 2017 the Archdiocese comprised 104 parishes located in various cities, towns and villages throughout its boundaries. A parish priest is appointed by and is accountable to the Archbishop and is responsible for a single or multiple parishes. Parishes are grouped into deaneries on a geographical basis. The Archbishop appoints a Dean from the parish priests in each deanery.

**Governance**

The Central Funds Trust Deed dated 1939 governs the majority of the charity's moveable property, that is cash and other investments, furniture, equipment, vehicles and any other assets not comprising land and buildings. There is no overarching trust deed which governs heritable properties, that is land and buildings, and the majority of the heritable titles are held in the names of the Finance Committee.

The Trustees of the Archdiocese are,

- (a) the Archbishop and Vicar(s) General ex officio, and
- (b) such other person(s), whether clergy or lay persons and whether in an ex officio capacity or otherwise, as the Archbishop may from time to time, in his sole discretion, appoint on such terms and for such duration as he sees fit.

The purpose of (b) is to facilitate the appointment of lay persons as well as clergy to the role of trustee and thus enable the Archdiocese to take advantage of a wider range of skills, expertise and diversity among those exercising the function of charity trustees.

The Archdiocese utilises a committee structure to assist with administration and the Archbishop is a member of all committees. The following were the main committees used for administration purposes during the year ended 31 December 2017:

- College of Consultors
- Council of Priests
- Chapter of Canons
- Committee of Management of the Aged and Infirm Clergy Fund
- Management Committee of the Mission Fund and the Friendly Society
- Management Committee of the Sick Priests' Fund
- Finance Committee

During the year the Lease Committee and Mount Vernon Committee met as delegated by the Trustees to assist them as required.

## TRUSTEES' REPORT

### **Structure, Governance & Management (Cont'd)**

#### **Management and Remuneration Policy**

Archbishop Cushley and the Trustees are responsible for the management and administration of the Archdiocese.

The Curia assists the Archbishop in governing the Archdiocese and a number of senior managers support the Trustees in the management and administration of the charity. In addition, Monsignor Patrick Burke (from May 2017, previously Rev Kevin Murray), as Moderator of the Curia, represented Archbishop Cushley and was delegated authority by the Trustees in relation to management of the Curia during the year.

During 2017, a Chief Operating Officer, Elspeth Atkinson, was appointed by the Trustees to lead and manage the activities of the Curia. The Chief Operating Officer reports to the Moderator and is the line manager to other managers within the Curia.

The Trustees consider that the trustees, and the senior managers of the Curia comprise the key management personnel of the charity, the trustees are charged with direction and oversight, and Curia management with controlling, running and operating the charity on a day to day basis. Details of Trustee remuneration and expenses claimed are set out in note 6 to the accounts. Total remuneration of the key management personnel during 2017 was £176,000 (2016: £220,000).

The Trustees receive no remuneration for their services as Trustees. The Trustees who are clergy are housed, remunerated and reimbursed expenses for carrying out their ministry as clergy members of the Archdiocese, in the same way as other priests of the Archdiocese and in accordance with the Code of Canon Law. The remuneration of other key management personnel is considered and agreed by the Trustees.

The Trustees met 8 times during the year at which they were provided with reports and information relating to the governance, principal risks and finances of the Archdiocese for consideration and decision making purposes.

#### **Induction & Training**

The Archdiocese has an ongoing policy for the training of its Trustees and Curia staff to ensure that they are kept up to date with relevant legislation and management standards, through induction briefings and periodic updates for new matters.

#### **Retired clergy**

The Trustees provide retirement benefits to retired Archdiocesan clergy in line with the rules of the Aged and Infirm Clergy Fund.

#### **Grant Making**

Grants may be made to any parish which requires financial support, after a review by the relevant committees and the Trustees. The Trustees also award grants from the special collection Care Fund.

#### **Parish Accounts**

The accounts of the parishes are included in the Archdiocesan Accounts in order to reflect the overall financial position of the Archdiocese as required by charity legislation. The Trustees extend their thanks to the parish priests and their finance committees for their co-operation and efforts in assisting with this obligation.

#### **Conclusion**

The Trustees wish to thank all Archdiocesan personnel, clergy and laity, for their hard work during 2017 with a special word of thanks to the many volunteers for their continued involvement in the Archdiocese. Without this involvement the Archdiocese would not function as effectively as it does and it is hoped that this involvement will continue to grow and become even stronger in future.

TRUSTEES' REPORT

**Statement of Trustees Financial Responsibilities**

The Trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice 2015 (FRS102);
- 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the terms of the charity's founding deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Signed on behalf of the Trustees**



**Patrick Burke VG**  
Trustee

25 June 2018

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ARCHDIOCESE OF ST ANDREWS & EDINBURGH**

**Opinion on accounts**

We have audited the accounts of the Archdiocese of St Andrews and Edinburgh for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017, 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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts 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 Report, other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ARCHDIOCESE OF ST ANDREWS & EDINBURGH (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 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; or
- the accounts 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 10, the trustees are responsible for the preparation of accounts which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 accounts**

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 accounts 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 accounts.

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

**Use of our report**

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



Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh EH3 6NL

1 August 2018

Chiene + Tait is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

ARCHDIOCESE OF ST ANDREWS & EDINBURGH

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2017

	Notes	Parishes			Curial				2017 Total Funds £'000	2016 Total Funds £000
		Un- restricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Un- restricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	Total Funds £'000		
<b>INCOME AND ENDOWMENTS FROM:</b>										
Donations and legacies	2	5,382	480	5,862	407	14	-	421	6,283	6,208
Charitable activities	5	470	-	470	225	124	-	349	819	913
Other trading activities	3	993	-	993	-	-	-	-	993	946
Investments	4	110	-	110	699	64	48	811	921	890
<b>TOTAL INCOME</b>		<b>6,955</b>	<b>480</b>	<b>7,435</b>	<b>1,331</b>	<b>202</b>	<b>48</b>	<b>1,581</b>	<b>9,016</b>	<b>8,957</b>
<b>EXPENDITURE ON:</b>										
Raising funds	7	119	-	119	67	4	8	79	198	188
Charitable activities	8, 9, 10	5,714	154	5,868	1,820	1,001	-	2,821	8,689	8,329
Loss on disposal of fixed assets		2	-	2	1	-	-	1	3	
Provision for Retired Priests	17	-	-	-	1,200	-	-	1,200	1,200	
<b>TOTAL EXPENDITURE</b>		<b>5,835</b>	<b>154</b>	<b>5,989</b>	<b>3,088</b>	<b>1,005</b>	<b>8</b>	<b>4,101</b>	<b>10,090</b>	<b>8,517</b>
<b>Net income/ (expenditure) before net gains/(losses) on investments</b>		<b>1,120</b>	<b>326</b>	<b>1,446</b>	<b>(1,757)</b>	<b>(803)</b>	<b>40</b>	<b>(2,520)</b>	<b>(1,074)</b>	<b>440</b>
<b>Realised gains/(losses) on investments</b>		<b>2</b>	<b>-</b>	<b>2</b>	<b>(6)</b>	<b>(6)</b>	<b>(7)</b>	<b>(19)</b>	<b>(17)</b>	<b>71</b>
<b>Unrealised gains/ (losses) on investments</b>	14	<b>2</b>	<b>-</b>	<b>2</b>	<b>913</b>	<b>124</b>	<b>49</b>	<b>1,086</b>	<b>1,088</b>	<b>1,609</b>
<b>NET INCOME/ (EXPENDITURE)</b>		<b>1,124</b>	<b>326</b>	<b>1,450</b>	<b>(850)</b>	<b>(685)</b>	<b>82</b>	<b>(1,453)</b>	<b>(3)</b>	<b>2,120</b>
<b>Transfers between funds: Parish Assessment, levies and special collections</b>	18, 19, 20	<b>(599)</b>	<b>(326)</b>	<b>(925)</b>	<b>190</b>	<b>804</b>	<b>(69)</b>	<b>925</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>										
Unrealised gains on revaluation of properties		-	-	-	-	-	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>525</b>	<b>-</b>	<b>525</b>	<b>(660)</b>	<b>119</b>	<b>13</b>	<b>(528)</b>	<b>(3)</b>	<b>2,120</b>
<b>Reconciliation of funds:</b>										
Total funds brought forward	18, 19, 20	31,307	-	31,307	14,594	3,283	1,532	19,409	50,716	48,596
Total funds carried forward	21	31,832	-	31,832	13,934	3,402	1,545	18,881	50,713	50,716

An analysis of continuing and discontinued operations is shown on page 14. The notes on pages 17 to 35 form part of these accounts.

## STATEMENT OF FINANCIAL ACTIVITIES – Unrestricted funds – continued and discontinued

For the year ended 31 December 2017

	Notes	2017 Unrestricted Funds			2016 Unrestricted Funds		
		Continuing £'000	Dis- continued £'000	Total £'000	Continuing £'000	Dis- continued £'000	Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies	2	5,789	-	5,789	5,582	-	5,582
Charitable activities	5	369	326	695	423	380	803
Other trading activities	3	993	-	993	946	-	946
Investments	4	809	-	809	786	-	786
Other income – gains on disposal of fixed assets		-	-	-	-	-	-
<b>TOTAL INCOME</b>		<b>7,960</b>	<b>326</b>	<b>8,286</b>	<b>7,737</b>	<b>380</b>	<b>8,117</b>
<b>EXPENDITURE ON:</b>							
Raising funds	7	186	-	186	177	-	177
Charitable activities	8, 9, 10	6,918	616	7,534	6,607	521	7,128
Loss on disposal of fixed assets		3	-	3	-	-	-
Provisions		1,200	-	1,200	-	-	-
<b>TOTAL EXPENDITURE</b>		<b>8,307</b>	<b>616</b>	<b>8,923</b>	<b>6,784</b>	<b>521</b>	<b>7,305</b>
<b>Net income/ (expenditure) before net gains/(losses) on investments</b>		<b>(347)</b>	<b>(290)</b>	<b>(637)</b>	<b>953</b>	<b>(141)</b>	<b>812</b>
Gain on sale of investment properties		-	-	-	-	-	-
Realised gains/(losses) on investments		(4)	-	(4)	(6)	-	(6)
Unrealised gains/ (losses) on investments	14	915	-	915	1,327	-	1,327
<b>NET INCOME/ (EXPENDITURE)</b>		<b>564</b>	<b>(290)</b>	<b>(274)</b>	<b>2,274</b>	<b>(141)</b>	<b>2,133</b>
<b>Transfers between funds:</b>							
Parish Assessment, levies and special collections	18, 19, 20	(409)	-	(409)	(1,366)	-	(1,366)
<b>Other recognised gains/(losses)</b>							
Unrealised gains on revaluation of properties		-	-	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>155</b>	<b>(290)</b>	<b>(135)</b>	<b>908</b>	<b>(141)</b>	<b>767</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward	18, 19, 20			45,901			45,134
<b>Total funds carried forward</b>	21			<b>45,766</b>			<b>45,901</b>

The notes on pages 17 to 35 form part of these accounts.



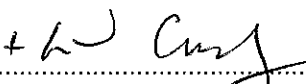
# ARCHDIOCESE OF ST ANDREWS & EDINBURGH


## BALANCE SHEET

As at 31 December 2017

	Notes	2017	2016
		£'000	£'000
<b>Fixed assets</b>			
Tangible assets	12	25,912	26,000
Heritage assets	13	1,053	1,053
Investments	14	17,149	15,884
<b>Total fixed assets</b>		<b>44,114</b>	<b>42,937</b>
<b>Current assets</b>			
Debtors	15	834	911
Cash at bank and in hand		10,511	10,438
<b>Total current assets</b>		<b>11,345</b>	<b>11,349</b>
<b>Liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	16	(446)	(470)
<b>Net current assets</b>		<b>10,899</b>	<b>10,879</b>
<b>Total assets less current liabilities</b>		<b>55,013</b>	<b>53,816</b>
<b>Provision for liabilities and charges</b>	17	(4,300)	(3,100)
<b>Total net assets</b>		<b>50,713</b>	<b>50,716</b>
<b>The funds of the charity:</b>			
Curial unrestricted funds	20	9,866	10,526
Curial unrestricted funds – revaluation	20	4,068	4,068
Parish unrestricted funds	20	31,832	31,307
<b>Total unrestricted funds</b>		<b>45,766</b>	<b>45,901</b>
Curial endowments	18	1,545	1,532
Curial restricted income funds	19	3,402	3,283
<b>Total charity funds</b>	21	<b>50,713</b>	<b>50,716</b>

Approved by the Trustees on 25 June 2018

  
 .....  
 Leo Cushley      Trustee

  
 .....  
 Patrick Burke      Trustee

The notes on pages 17 to 35 form part of these accounts.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
<b>Cash flows from operating activities:</b>					
Net cash (used in)/provided by operating activities	24		(536)		(370)
<b>Cash flows from investing activities:</b>					
Dividends, interest and rent from investments		921		890	
Proceeds from the sale of property, plant and equipment		40		159	
Purchase of property, plant and equipment		(158)		(296)	
Proceeds from the sale of investments		1,854		1,207	
Purchase of investments		(2,048)		(1,408)	
<b>Net cash provided by investing activities</b>			609		552
<b>Change in cash and cash equivalents in the reporting period</b>			73		182
<b>Cash and cash equivalents at the beginning of the reporting period</b>			10,438		10,256
<b>Cash and cash equivalents at the end of the reporting period</b>			10,511		10,438
<b>Analysis of cash and cash equivalents</b>					
Cash at bank – current accounts			10,511		9,847
Cash at bank – term deposits			-		591
			10,511		10,438

The notes on pages 17 to 35 form part of these accounts.

## NOTES to the ACCOUNTS

### For the year ended 31 December 2017

#### **1 Accounting Policies**

##### **Basis of preparation**

The Archdiocese of St Andrews and Edinburgh is recognised as a Scottish Charity (No. SC008540). Parishes are considered to be part of the charity, and accordingly parish income, expenditure, assets and liabilities are reflected in the accounts.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (the "SORP") preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity constitutes a public benefit entity as defined by FRS 102.

##### **Going concern**

The accounts have been prepared on a going concern basis. The trustees have assessed the Charity's ability to continue as a going concern and have reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these accounts and are satisfied that no material uncertainties exist in respect of going concern.

##### **Significant judgements and estimation uncertainty**

When applying the trust's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for carrying amounts of tangible assets.

##### **(ii) Value of Heritage Assets**

Heritage assets are included at what the Trustees consider to be reliable values, although it is acknowledged that these values themselves whilst derived from valuations for insurance purposes, or expert opinion, contain an element of subjectivity due to the unique nature of the heritage assets.

##### **(iii) Value of Investment Properties**

Investment properties are accounted for based on the Trustees' assessment of fair value which incorporates consideration of yields, comparative market values, and previous external valuations.

**NOTES to the ACCOUNTS (Contd.)**

**For the year ended 31 December 2017**

**1 Accounting Policies (Contd.)**

**Income recognition**

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

**Offertory and Special Collections Income**

Offertory and Special Collections Income is credited to the Statement of Financial Activities in the year in which it is receivable.

**Other Donations and Legacies**

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

**Grants**

Grants received, including capital grants, are reflected in the Statement of Financial Activities when relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Where grants are made specifically for the performance of charitable activities in a period subsequent to the year-end they are deferred and excluded from the Statement of Financial Activities.

**Income from other trading activities**

Income from sales of goods, fundraising events, and letting of occasional surplus space is recognised when it is received.

**Income from Investments**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

**Expenditure recognition**

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 settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to parish or curial activities under the applicable expenditure headings in the Statement of Financial Activities. For further information on attribution to specific charitable activities please refer to note 9 below.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

NOTES to the ACCOUNTS (Contd.)

**For the year ended 31 December 2017**

**1 Accounting Policies (Contd.)**

**Allocation of support and governance costs**

Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice, rather than day to day management, and are included within expenditure on Charitable Activities.

Governance costs and support costs relating to charitable activities have been directly allocated to Parish and Curial funds as set out in note 8, and apportioned by activity as set out in note 9 on the basis of an estimate of the time or resource expended on each activity.

**Irrecoverable VAT**

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

**Costs of raising funds**

The costs of raising funds consists of investment management fees and parish fundraising costs.

**Charitable activities**

- Charitable activities include expenditure associated with meeting the Archdiocese's primary objectives and include grants made, governance costs and support costs as shown in note 8.
- Costs directly attributable to charitable activities and governance are allocated to the appropriate activity. Support costs, including staff costs, which cannot be directly attributed to an activity are allocated on the basis of an estimate of the time or resource expended on each activity.

**Tangible Fixed Assets**

All fixed assets, other than investment properties, have been capitalised either at cost or, where no cost is available, at a reasonable estimate of value at the date of capitalisation. Depreciation is provided where appropriate in equal annual instalments over the estimated useful lives of the assets.

Certain assets which are inalienable and historic have not been capitalised or depreciated. While these assets are functional, due to their nature, cost information is unavailable and conventional valuation techniques cannot be applied. Consequently, no reliable value can be attributed to these assets.

Items of equipment are capitalised where the purchase price exceeds £3,000.

**Heritage assets**

Assets that, in the opinion of the Trustees, meet the definition of heritage assets under the SORP where appropriate, relevant and reliable valuation information is available, have been included in the balance sheet.

Depreciation is not charged on heritage assets as they are maintained in good condition and therefore considered to have indefinite useful lives.

Further details of the assets are disclosed in note 13 to the accounts.

**Depreciation**

**Heritable properties:-**

The SORP requires all assets to be depreciated over their estimated economic life, taking account of any residual value of the assets. Heritable properties are considered to have a high residual value and a useful economic life in excess of 50 years. The depreciation charge is therefore immaterial and no charge has been made.

Where no charge for depreciation is made and where the useful economic life exceeds 50 years an impairment review should be carried out on an annual basis. Such a review has been performed and the Trustees are satisfied that the value of the properties is not less than the carrying value in the accounts.

**NOTES to the ACCOUNTS (Contd.)**

**For the year ended 31 December 2017**

**1 Accounting Policies (Contd.)**

Depreciation has been charged on the other fixed assets as follows:-

Furnishings and equipment	-	25% per annum on a straight line basis
Motor vehicles	-	25% per annum on a straight line basis

These rates are calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life. Land valued in the accounts is not depreciated.

**Investment Properties**

The charity classifies land and buildings as investment properties when they are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost which comprises purchase price and any directly attributable expenditure. Investments are subsequently remeasured to fair value at each reporting date with changes in fair value recognised in the Statement of Financial Activities. Fair value is assessed by the Trustees on the basis of investment valuations undertaken by qualified external valuers from time to time, yield in the form of income and/or capital appreciation, and market values of similar properties. In accordance with the SORP, depreciation is not provided on investment properties that are held as freehold investment properties.

**Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the fair values at the year end and their carrying value.

**Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**Pensions**

The Archdiocese operates a number of defined contribution pension schemes. Contributions to the scheme are charged to the Statement of Financial Activities and represent the contributions payable in the year. The assets of the scheme are held separately from those of the Archdiocese in an independently administered fund.

**Provisions for retired priests**

The Archdiocese accepts the responsibility to assist retired priests where possible under obligations arising from Canon Law.

Amounts paid in respect of these obligations are financed by special collections and the Archdiocesan reserves, but are ultimately unfunded. Further details are included in note 22 to the accounts.

A provision is made against the unrestricted funds of the Archdiocese for the priests of the Archdiocese who are retired as described in note 17.

**NOTES to the ACCOUNTS (Contd.)**

**For the year ended 31 December 2017**

**1 Accounting Policies (Contd.)**

**Fund Accounting**

The nature and purpose of each restricted and designated fund is explained in note 21.

Unrestricted funds represent the funds which the Trustees are free to use in accordance with the charitable objects.

Designated funds are unrestricted funds designated for particular purposes by the Trustees.

Restricted funds are derived from legacies, bequests and donations which were donated for specific purposes. The Trustees may only use these restricted funds for the purpose for which they were given.

Endowment funds are invested in investments, the income from which is used for the normal operation of the charity, and must be spent in accordance with the terms of the endowment.

<b>2 Donations and legacies</b>	<b>2017</b> £'000	<b>2016</b> £'000
Donations	447	621
Legacies	397	264
Special collections income	480	572
Offertory collections and gift aid	4,384	4,224
Miscellaneous collections and donations	202	143
Grants received	373	384
	-----	-----
	6,283	6,208
	=====	=====

In 2017 of the income from donations and legacies, £494,000 (2016:£626,000) was attributable to restricted funds, £Nil (2016: £Nil) was attributable to endowment funds, with the balance of £5,789,000 (2016: £5,582,000) adding to unrestricted funds.

<b>3 Income from other trading activities</b>	<b>2017</b> £'000	<b>2016</b> £'000
Fundraising and parish hall and other property income	993	946
	=====	=====

In 2017 and 2016, all income from other trading activities was attributable to unrestricted funds.

<b>4 Investment Income</b>	<b>2017</b> £'000	<b>2016</b> £'000
Income from listed investments	563	532
Bank interest receivable	3	4
Other interest receivable	7	3
Rental income from investment properties	348	351
	-----	-----
	921	890
	=====	=====

In 2017 of the income from investments, £64,000 (2016:£55,000) was attributable to restricted funds, £48,000 (2016: £49,000) was attributable to endowment funds, with the balance of £809,000 (2016: £786,000) adding to unrestricted funds.

## NOTES to the ACCOUNTS (Contd.)

## For the year ended 31 December 2017

5 Income from charitable activities	2017 £'000	2016 £'000
Gillis Centre income - discontinued in 2017	206	221
Café Camino (Cathedral) - discontinued in 2017	120	159
Other Cathedral complex income	28	33
Mount Vernon cemetery income	123	110
Church stall	312	292
Chaplaincy income	10	53
Courses and workbook income	20	45
	819	913

In 2017 of the income from charitable activities, £124,000 (2016: £110,000) was attributable to restricted funds, £nil (2016: £Nil) was attributable to endowment funds, with the balance of £695,000 (2016: £803,000) adding to unrestricted funds.

## 6 Analysis of staff costs and numbers, trustee remuneration and expenses, and the cost of key management personnel

Staff costs	2017 £'000	2016 £'000
<i>Curia</i>		
Wages and salaries	739	735
Social security costs	59	58
Pension costs	33	33
	831	826
<i>Parishes</i>		
Wages and salaries	510	529
	1,341	1,355
Redundancy payments	148	-
	1,489	1,355

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

During the year the trading activities of the Gillis Centre and Café Camino were discontinued with redundancy costs of £148,000 associated with the closure of these activities.

	No	No
Average number of employees for curial and parish activities during the year		
Head count	92	88
Full-time equivalent	53	54

The above numbers include lay men and women and religious sisters who were employed but excludes parish priests. Priests who perform administrative duties for the Archdiocese do not receive remuneration for their services.

During the year there were ten Trustees of the Archdiocese, with five of these being clergy. The Trustees of the Archdiocese receive no remuneration for their services as Trustees. All of the Trustees who are clergy of the Archdiocese of St Andrews & Edinburgh are housed, remunerated and reimbursed expenses for carrying out their ministry in the same way as other priests of the Archdiocese, in accordance with the Code of Canon Law.



**NOTES to the ACCOUNTS (Contd.)**

**For the year ended 31 December 2017**

**6 Analysis of staff costs and numbers, trustee remuneration and expenses, and the cost of key management personnel (Contd)**

Remuneration paid to the Trustees of the Archdiocese during the year was as follows:

	<b>2017</b>	<b>2016</b>
	£	£
Most Reverend Leo Cushley	2,872	2,840
Right Reverend Monsignor Patrick Burke	2,872	2,840
Very Reverend Monsignor Allan Chambers	2,872	2,320
Reverend Jeremy Bath	2,872	1,645
Reverend Kevin Murray (appointed 04/05/2017)	2,140	-
Right Reverend Monsignor Alistair Canon Lawson (resigned 03/06/2016)	-	1,195
Right Reverend Monsignor Philip Canon Kerr (resigned 03/06/2016)	-	1,195

During the year, the total cost of accommodation and expenses provided and incurred by the clergy Trustees was £230,034 (2016: £172,236).

The key management personnel of the charity comprise the Trustees and a number of managers who work within the offices of the curia. The total remuneration and employment benefits of the key management personnel of the charity during the year was £175,898 (2016: £219,752).

During the year, the Archdiocese purchased insurance to protect the Archdiocese from loss arising from neglect or default of its Trustees and insurance to indemnify the Trustees against the consequences of neglect or default on their part. Those Trustees who are members of the clergy are entitled to assistance in their retirement as detailed in note 25.

**7 Costs of raising funds**

	<b>2017</b>	<b>2016</b>
	£'000	£'000
Investment management fees	79	73
Parish fundraising costs	119	115
	-----	-----
	198	188
	-----	-----

In 2017, £67,000 (2016: £62,000) of investment management costs were attributable to unrestricted funds, £4,000 (2016: £4,000) were attributable to restricted funds, and £8,000 (2016:£7,000) were attributable to endowment funds.

Parish fundraising costs were all unrestricted in both 2017 and 2016.

## NOTES to the ACCOUNTS (Cont.)

## For the year ended 31 December 2017

8 Charitable activities	Discontinued £'000	Continuing £'000	2017 £'000	2016 £'000
<b>Direct charitable activities - Parish</b>				
Special collections remitted	-	154	154	180
Travel and car expenses	-	230	230	228
Repairs and renovations	-	1,348	1,348	1,376
Church costs	191	1,110	1,301	1,276
Hall costs	-	330	330	234
Priests' house costs	-	828	828	772
Insurance	-	231	231	232
Retreats and courses	-	120	120	140
Donations	-	93	93	84
Clergy & staff salaries and national insurance	-	678	678	672
	191	5,122	5,313	5,194
<b>Support costs of charitable activities - Parish</b>				
Depreciation and impairment	1	184	185	188
Loss on disposal of fixed assets	2	-	2	3
Professional and legal fees	-	24	24	19
Office and stationery	-	259	259	226
Interest payable	-	1	1	2
Miscellaneous	-	86	86	50
	3	554	557	488
<b>Total parish charitable activities</b>	194	5,676	5,870	5,682

In 2017, of the total expenditure on parish charitable activities £5,714,000 (2016: £5,502,000) was expenditure from unrestricted funds and £154,000 (2016: £180,000) was expenditure from restricted funds.

Curial and Diocesan charitable activities	Discontinued £'000	Continuing £'000	2017 £'000	2016 £'000
<b>Direct charitable activities</b>				
Staff salaries and national insurance	-	98	98	71
Education of priests and students	-	176	176	193
Mission fund expenses	-	11	11	29
Grants paid (note 10)	-	27	27	20
Special collections	-	143	143	174
Religious education and chaplaincies	-	176	176	260
Mount Vernon cemetery costs	-	156	156	67
	-	787	787	814
<b>Support costs of charitable activities</b>				
Curial administration expenses	176	370	546	407
Curial property expenses	82	222	304	237
Care of sick and retired priests	-	410	410	410
Contribution to national assessments	-	133	133	130
Staff salaries and national insurance	164	436	600	608
Governance costs (see note 11)	-	39	39	38
Loss on disposal of fixed assets	-	1	1	-
Interest payable	-	2	2	3
	422	1,613	2,035	1,833
<b>Total Curial and Diocesan charitable activities</b>	422	2,400	2,822	2,647
<b>Total of charitable activity expenditure</b>	616	8,076	8,692	8,329

During 2017 restructuring, including the Gillis Centre and Pastoral Resources department, incurred redundancy costs of £148,000 and professional fees of £28,000.

# NOTES to the ACCOUNTS (Contd.)

## For the year ended 31 December 2017

### 8 Charitable activities (Cont'd)

In 2017, of the total expenditure on Curial and Diocesan charitable activities, £1,821,000 (2016: £1,626,000) was expenditure from unrestricted funds and £1,001,000 (2016: £1,021,000) was expenditure from restricted funds.

### 9 Analysis of charitable expenditure

	2017 £'000	2016 £'000
Advancement of Religion	4,713	4,419
Advancement of Education	2,334	2,354
Relief of Poverty	1,002	874
Cure/alleviation of sickness/disease	643	682
	-----	-----
	8,692	8,329
	=====	=====

Charitable activities include the direct costs of carrying out the charitable activities, along with the support costs. Support costs, where possible, have been apportioned between the associated charitable activities on the basis of estimated time spent on each activity. Otherwise support costs have been allocated to the four principal charitable objectives based on the following percentages determined by the trustees; Advancement of Religion 40% (2016; 40%), Advancement of Education 35% (2016; 35%), Relief of Poverty 15% (2016; 15%) and Cure/alleviation of sickness/disease 10% (2016; 10%). These percentages have been reviewed for reasonableness by the Trustees.

The charity also undertakes some of its charitable activities through grant making, as set out in note 10.

### 10 Grants Paid

The amounts payable in the year, which are included within charitable activities, comprise:

	2017 £'000	2016 £'000
<b>Grants to institutions</b>		
Net Ministries Scotland	-	10
Scottish Churches Housing	5	5
Missionaries of Charity	5	-
Bethany Christian Trust	5	-
Lifeline	8	-
Other institutional grants	4	5
	-----	-----
<b>Total Grants Paid (note 8)</b>	27	20
	=====	=====

### 11 Governance costs

	2017 £'000	2016 £'000
Statutory audit fees	39	38
	=====	=====

The remuneration paid to the auditor in respect of taxation advisory services amounted to £3,780 (2016: £3,600), and other services £14,090 (2016: £11,193).

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 December 2017

**12 Tangible Fixed Assets**

	Investment Properties £'000	Land and Heritable Properties £'000	Furnishings and Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost or valuation</b>					
Balance brought forward	7,501	17,215	1,959	579	27,254
Additions	-	-	30	128	158
Disposals	-	-	(6)	(109)	(115)
Balance carried forward	7,501	17,215	1,983	598	27,297
<b>Depreciation and impairment</b>					
Balance brought forward	-	-	858	396	1,254
Charge for the year	-	-	103	100	203
Disposals	-	-	(4)	(68)	(72)
Balance carried forward	-	-	957	428	1,385
<b>Net Book Value</b>					
As at 31 December 2017	7,501	17,215	1,026	170	25,912
As at 31 December 2016	7,501	17,215	1,101	183	26,000

Investment properties were last independently valued by Ryden LLP, Chartered Surveyors, as at 31 December 2013 on the basis of open market value. The historic cost of the investment properties is £2,248,044 (2016: £2,248,044). In the opinion of the Trustees, having assessed the market for similar properties, the fair value of the investment properties as at 31 December 2017 is not materially different from the open market values provided by the external valuer at 31 December 2013.

The Archdiocese owns St Mary's Cathedral together with a large number of properties throughout the 104 parishes. Most of the buildings are regarded as inalienable or historic assets, and while functional, no reliable cost information is available nor conventional valuation techniques possible. As a result, these properties are therefore excluded from the values above.

The heritable property portfolio was independently valued by Ryden LLP, Chartered Surveyors, as at 31 December 2013 for impairment review purposes and to inform the Trustees on current values. Having reviewed the investment and heritable property portfolio the Trustees are of the view that there is no significant difference in the carrying value of these properties at 31 December 2017.

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 December 2017

**13 Heritage Assets**

	Parishes £'000	Curial £'000	Total £'000
<b>Valuation</b>			
At 1 January 2017 and at 31 December 2017	689	364	1,053

There were no additions or disposals of heritage assets in the last five years.

The Trustees consider the following to fall within the definition of heritage assets under the SORP on the basis that they contribute to knowledge and culture through their retention and use, and are accessible to the public for viewing and/or research.

Artworks and artefacts and historic treasures

The Archdiocese is in possession of a variety of artworks, artefacts and historic treasures which have been commissioned or donated to the Diocese and Parishes over many years, and are held for both their historical and artistic significance. Their significance derives from association with the history of the Archdiocese, the Roman Catholic Church in Scotland, or Scottish art in general.

The Trustees have assessed where practicable the charity's heritage assets and have accounted for these assets where, in their opinion, reliable values are available. Other items identified have not been included because the Trustees consider that no reliable values can be attributed. The definition of heritage assets also excludes fixed assets held for functional purpose such as religious worship and as a result, altars, tabernacles, relics, vestments and crucifixes are not included in the above value.

Management, preservation, valuation

Departments within the Archdiocesan Curia advise the Trustees and have responsibility for ensuring that the heritage assets are appropriately catalogued, maintained in good condition and covered by insurance. The condition and completeness of the heritage assets is reviewed periodically and is ongoing and reasonable access to the public is available on request. It is not the general policy of the Diocese to dispose of heritage assets and acquisitions are not currently made.

The heritage assets were valued in accordance with the accounting policies in note 1 as at 31 December 2017.

<b>14 Investments</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Fair value at beginning of year	15,884	14,003
Additions	2,048	1,408
Disposals	(1,871)	(1,136)
Unrealised gain	1,088	1,609
	=====	=====
Fair value at end of year	17,149	15,884
	=====	=====
Cost at 31 December 2017	13,135	12,580
	=====	=====

All investments are listed and dealt on a recognised stock exchange.

Investments at fair value comprised:	<b>2017 £'000</b>	<b>2016 £'000</b>
Investments held in the UK	15,261	14,587
Investments held out with the UK	1,888	1,297
	=====	=====
	17,149	15,884
	=====	=====

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 December 2017

**14 Investments (Contd)**

Investments include the following investments which are greater than 5% of the portfolio valuation.

	2017 £'000	2016 £'000
SRI Fund for Charities	2,801	2,594
	=====	=====

All investments are carried at their fair value. Investments in equities and fixed securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial stability of the charity is considered in the financial review and investment policy sections of the Trustees' Report.

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility yield. Markets rose during the year, with some volatility along the way, arising mainly from uncertainty over the UK relationship with the EU, the future of the Euro and the development of US policy under a new President. The Archdiocese continues to take a long- term approach to it's investment holdings as markets react to political and economic events in the short term.

The charity's investments are mainly traded in markets with good liquidity and high trading volumes. The charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

The charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges.

**15 Debtors**

	2017 £'000	2016 £'000
Trade debtors	30	16
Other debtors	791	859
Prepayments	13	36
	-----	-----
	834	911
	=====	=====

**16 Creditors:** amounts due within one year

	2017 £'000	2016 £'000
Accruals and other creditors	421	427
Taxation and social security	25	43
	-----	-----
	446	470
	=====	=====

**For the year ended 31 December 2017**

**17 Provisions for liabilities and charges**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Provision for financial support of retired priests:</b>		
Provision brought forward as at 1 January	3,100	3,100
Additional provision during the year	1,200	-
	<u>4,300</u>	<u>3,100</u>
Provision carried forward at 31 December	<u>4,300</u>	<u>3,100</u>

The Archdiocese has an obligation to provide financial support to its retired priests. The charity provides for this within its accounts on the basis of an actuarial valuation obtained from professional advisors of the total obligation that exists for those priests that were retired at 31 December 2017 of £4,300,000 (2016: £3,100,000).

The most recent formal actuarial valuation was undertaken at 31 December 2017.

**18 Curial Endowments**

	<b>Balance</b>			<b>Revaluation,</b>		<b>Balance</b>
	<b>at 1</b>	<b>Incoming</b>	<b>Outgoing</b>	<b>Transfers</b>	<b>Realised</b>	<b>at 31</b>
	<b>January</b>	<b>Resources</b>	<b>Resources</b>	<b>Between</b>	<b>and</b>	<b>December</b>
	<b>2017</b>			<b>Funds</b>	<b>Unrealised</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Investments</b>	<b>gains/</b>	<b>£'000</b>
				<b>(losses) on</b>	<b>on</b>	
Funds for special purposes	1,532	48	(8)	(69)	42	1,545
	<u>1,532</u>	<u>48</u>	<u>(8)</u>	<u>(69)</u>	<u>42</u>	<u>1,545</u>

Details of individual funds are set out in note 21.

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 December 2017

**19 Restricted Funds**

	Balance at 1 January 2017	Incoming Resources	Outgoing Resources	Transfers Between Funds	Revaluation, Realised and Unrealised gains/ (losses) on Investments	Balance at 31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Curial:</i>						
Special collections	130	-	(143)	160	-	147
Care Fund	148	3	(25)	20	2	148
Ecclesiastical Education fund	155	6	(168)	165	5	163
Aged and Infirm Clergy fund	966	37	(387)	457	13	1,086
Taggart Bursary	13	-	-	-	-	13
Rev J C Barry Trust	16	-	-	-	-	16
Mount Vernon	914	138	(265)	-	41	828
Vocations	78	-	-	2	-	80
SPRED	-	-	-	-	-	-
Mission fund	565	13	(10)	-	44	612
Sick Priests fund	60	-	-	-	-	60
Margaret Sinclair fund	161	5	(6)	-	13	173
Friendly Society	59	-	-	-	-	59
Farquharson fund	17	-	-	-	-	17
Stipend fund	1	-	(1)	-	-	-
Total curial restricted funds	3,283	202	(1,005)	804	118	3,402
Parish restricted funds	-	480	(154)	(326)	-	-

Details of the individual funds are set out in note 21.



## NOTES to the ACCOUNTS (Contd.)

For the year ended 31 December 2017

## 20 Unrestricted Funds

	Balance as at 1 Jan 2017 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers Between Funds £'000	Realised and Unrealised Gains/ (Losses) £'000	Balance as at 31 December 2017 £'000
<b>Designated funds:-</b>						
Development fund	200	-	(176)	-	-	24
Gains on sale of heritable property	93	-	-	-	-	93
	293	-	(176)	-	-	117
<b>Other unrestricted funds:</b>						
Curial central fund	10,233	1,331	(2,912)	190	907	9,749
Curial Revaluation fund	4,068	-	-	-	-	4,068
Total curial unrestricted funds	14,594	1,331	(3,088)	190	907	13,934
Parish unrestricted fund	31,307	6,955	(5,835)	(599)	4	31,832

Details of the individual funds are set out in note 21.

## NOTES to the ACCOUNTS (Contd.)

For the year ended 31 December 2017

## 21 Analysis of Net Assets between Funds

	Tangible Fixed Assets £'000	Heritage Assets £'000	Invest- ments £'000	Net Current Assets/ (Liabilities) £'000	Total £'000
<b>Endowments:</b>					
Funds for Special Purposes	-	-	1,354	191	1,545
<b>Restricted Funds:</b>					
Special collections	-	-	-	147	147
Care Fund	-	-	66	82	148
Ecclesiastical students fund	-	-	163	-	163
Aged and Infirm Clergy Fund	150	-	638	298	1,086
Taggart Bursary	-	-	-	13	13
Rev. J C Barry Trust	-	-	-	16	16
Mount Vernon	-	-	553	275	828
Vocations	-	-	-	80	80
Mission Fund	-	-	595	17	612
Sick Priests Fund	-	-	50	10	60
Margaret Sinclair	-	-	143	30	173
Friendly Society	-	-	-	59	59
Farquharson Fund	-	-	-	17	17
Stipend Fund	-	-	-	-	-
	150	-	2,208	1,044	3,402
<b>Unrestricted Funds:</b>					
<b>Designated Funds:</b>					
Development Fund	-	-	-	24	24
Gains on sale of Heritable Property	-	-	-	93	93
	-	-	-	117	117
<b>Other Unrestricted Funds:</b>					
Curial Central Fund	4,791	-	13,553	(8,595)	9,749
Revaluation Fund	3,704	364	-	-	4,068
Total curial unrestricted funds	8,495	364	13,553	(8,478)	13,934
Total parish unrestricted funds	17,267	689	34	13,842	31,832
<b>Total</b>	25,912	1,053	17,149	6,599	50,713

## Endowment Funds

## 1 Funds for Special Purposes

These funds have been given to the Archdiocese for the exclusive benefit of certain clearly defined specific purposes, relating to the charity's general charitable objectives.

## Other Restricted Funds

## 2 Special Collections

These funds represent the balance of collections taken up in the parishes of the Archdiocese for particular causes due to be remitted as at the year end.

**NOTES to the ACCOUNTS (Contd.)**

**For the year ended 31 December 2017**

**21 Analysis of Net Assets between Funds (Contd)**

- 3 Care Fund  
This fund is used to provide grants to further the charitable objectives of the Archdiocese.
- 4 Ecclesiastical Education Fund  
This fund relates to the training of students for the priesthood.
- 5 Aged and Infirm Clergy Fund  
This fund is for the care and support of clergy who have retired from active service due to age or ill-health.
- 6 Taggart Bursary  
This fund is to be used for four Edinburgh students in Rome or Spain to study at the Scots College.
- 7 Rev J C Barry Trust  
This fund is to be used to send Edinburgh students to the Holy Land, preferably to study on a recognised course.
- 8 Mount Vernon Fund  
This fund is to be used for the maintenance of Mount Vernon Cemetery in Edinburgh.
- 9 Vocations Fund  
This fund is to be used to meet expenses incurred in promoting vocations to the priesthood.
- 10 SPRED  
This fund is to be used to provide assistance to allow disabled people to take their rightful place in the parish community.
- 11 Mission Fund  
This fund is to be used for the benefit of Archdiocesan clergy.

The Mission fund has been restructured and will work in tandem with the Friendly Society fund. The Mission fund holds a general fund for the advancement of religion through the provision of support to priests who are qualifying beneficiaries, to assist them with the fulfilment of their active missionary work within the Archdiocese or elsewhere, and for the relief of priests who are qualifying beneficiaries who have some particular need for additional funds or resources.

During the year a transfer of £57,000 was made from the Mission Fund to the Friendly Society as part of the reorganisation of cash balances of the two funds into separate bank accounts, to streamline the management of the assets of the Mission Fund and Friendly Society in accordance with the purposes of the two funds.

- 12 Sick Priests Fund  
This fund is to be used for the convalescence of sick priests.
- 13 Margaret Sinclair Fund  
This fund is for costs incurred in pressing the case for Margaret Sinclair to become canonised.
- 14 Friendly Society  
Operated in tandem with the Mission Fund, the Friendly Society has been restructured so as to hold a discretionary fund for the advancement of religion through the provision of financial support to priests who are qualifying beneficiaries, or for the relief of priests who are qualifying beneficiaries who may have some particular need for additional funds or resources.
- 15 Farquharson Fund  
For the relief of retired priests who have been incardinated in the Archdiocese, and who have worked in the Archdiocese or who have worked abroad, and/or for purposes that reflect those of the Aged and Infirm clergy fund.
- 16 Stipend Fund  
This fund is to be used for redistribution of stipend money.

**NOTES to the ACCOUNTS (Contd.)**

**For the year ended 31 December 2016**

**21 Analysis of Net Assets between Funds (Contd)**

Designated Funds

17 Development Fund

This fund represents amounts set aside for development projects.

18 Gains on Sale of Heritable Properties

This fund represents the accumulated net gains realised on the disposal of property for future property costs.

**22 Pension commitments**

The Archdiocese operates a number of defined contribution pension schemes. The assets of these schemes are held separately from those of the Archdiocese in independently administered funds. The pension cost charge represents contributions payable by the Archdiocese to the funds and amounted to £33,000 in the year (2016: £33,000).

The liability and expense is allocated to the activities and funds of the charity in line with other staff costs as set out in notes 1 and 9.

**23 Capital and major repairs commitments**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Amount committed, but not provided in the accounts	228	316
	=====	=====

The above commitments are shown net of grant funding to be received.

**24 Reconciliation of net income to net cash outflow from operating activities**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Net (expenditure)/income for the year	(3)	2,120
Interest and investment income	(921)	(890)
Depreciation and impairment	203	207
(Gain) on disposals of investments	(1,071)	(1,680)
Loss on disposal of other fixed assets	3	3
Decrease/(increase) in debtors	77	(148)
(Decrease)/increase in creditors	(24)	18
Movement in provisions	1,200	-
	-----	-----
Net cash used in operating activities	(536)	(370)
	=====	=====

**25 Contingent liability**

In accordance with its responsibilities under Canon Law the Archdiocese provides support, accommodation and gratuities where appropriate to former priests of the Parish, through the operation of the restricted fund for the Aged and Infirm Clergy. No provision has been made in these accounts for the support that will be given to priests who are not yet retired.

For the year ended 31 December 2017 the total amount of funding provided for the care of the Aged and Infirm Clergy amounted to £387,000 (2016: £352,000).

**NOTES to the ACCOUNTS** *(Contd.)*

**For the year ended 31 December 2017**

**26 Related party transactions**

**Trustees**

During the year there were five Trustees of the Archdiocese who are members of the clergy, and who, as either Parish Priests or Archbishop, are provided with accommodation and re-imbursed with expenses in the performance of their duties as Parish Priest or Archbishop.

Archbishop Cushley and Monsignor Burke, who are Trustees of the Archdiocese of St Andrews & Edinburgh, are also Trustees of the John Menzies of Pitfodels Trust (Charleston Estate), from which the Archdiocese receives a grant annually. The grant amount received from the Charleston Estate in the year ended 31 December 2017 was £350,000 (2016: £350,000).

During 2017, the Archdiocese received £95,000 from Monsignor Lawson who was a trustee until 3 June 2016.

Appendix 1

DETAILED INCOME and EXPENDITURE ACCOUNT

For the year ended 31 December 2017

	Total 2017 £'000	Total 2016 £'000
<b>Income</b>		
Investment income	921	890
Gillis Centre income	206	221
Special collections income	480	572
Legacies	397	264
Donations	447	621
Offertory collections and gift aid	4,384	4,224
Fundraising and hall rental	993	946
Church stall	312	292
Cathedral complex income	148	192
Grants received	373	384
Miscellaneous	202	143
Mount Vernon cemetery income	123	110
Chaplaincy income	10	53
Courses and workbooks	20	45
Gain on disposal of fixed assets	-	-
<b>Total income</b>	<b>9,016</b>	<b>8,957</b>
<b>Expenditure</b>		
<u>Direct charitable expenditure:</u>		
Staff costs	776	748
Special collections and donations	390	438
Education of priests and students	176	193
Grants paid	27	20
Mount Vernon cemetery costs	156	67
Property expenses	3,931	3,761
Religious education, chaplaincies and pastoral activities	283	384
Retreats and courses	120	140
Mission costs	11	29
Travel and car expenses	230	228
<u>Support costs of charitable activities:</u>		
Staff costs	600	608
Care of sick and retired priests	410	410
Contributions to national assessments	133	130
Miscellaneous	86	50
Administration expenses	552	407
Office and stationery	259	226
Property expenses	304	237
Depreciation and impairment	203	207
Interest payable	3	5
Loss on disposal of fixed assets	3	3
<u>Costs of generating funds</u>		
Investment managers' fees	79	73
Fundraising and church stall costs	119	115
<u>Governance costs</u>	39	38
<u>Provision for retired priests</u>	1,200	-
<b>Total expenditure</b>	<b>(10,090)</b>	<b>8,517</b>
<b>Net income/(expenditure) before net gains/(losses) on investments</b>	<b>(1,074)</b>	<b>440</b>

## Appendix 2

## DETAILED BALANCE SHEET

As at 31 December 2017

	Parish	Curial	Sub-total	Removed on consol.	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>						
Tangible Fixed Assets	17,267	8,645	25,912	-	25,912	26,000
Heritage Assets	689	364	1,053	-	1,053	1,053
Investments	34	17,115	17,149	-	17,149	15,884
Total Fixed Assets	17,990	26,124	44,114	-	44,114	42,937
<b>Current Assets</b>						
Other debtors	666	371	1,037	(203)	834	911
Loans to parishes	-	982	982	(982)	-	-
Loans to curial	7,308	-	7,308	(7,308)	-	-
Cash at bank	8,309	2,202	10,511	-	10,511	10,438
Total current assets	16,283	3,555	19,838	(8,493)	11,345	11,349
<b>Liabilities</b>						
Creditors: amounts due within one year						
Other creditors	(210)	(439)	(649)	203	(446)	(470)
Loans from parishes	-	(3,536)	(3,536)	3,536	-	-
Loans from curial	(2,231)	-	(2,231)	2,231	-	-
Total current liabilities	(2,441)	(3,975)	(6,416)	5,970	(446)	(470)
Net current assets/(liabilities)	13,842	(420)	(13,422)	(2,523)	10,899	10,879
Creditors: amounts falling due after one year						
Loans from parishes	-	(3,772)	(3,772)	3,772	-	-
Provisions for liabilities and charges	-	(4,300)	(4,300)	-	(4,300)	(3,100)
Net assets	31,832	17,632	49,464	1,249	50,713	50,716
<b>Funds of the charity:</b>						
Curial Endowments	-	1,545	1,545	-	1,545	1,532
Curial Restricted	-	3,402	3,402	-	3,402	3,283
Curial Unrestricted	-	8,617	8,617	1,249	9,866	10,526
Curial Unrestricted – revaluation	-	4,068	4,068	-	4,068	4,068
Parish Unrestricted	31,832	-	31,832	-	31,832	31,307
Total charity funds	31,832	17,632	49,464	1,249	50,713	50,716

Balances between curial and parish are eliminated for the purposes of the full Archdiocesan balance sheet on page 13.

