

REGISTERED CHARITY NUMBER: SC 022180

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 OCTOBER 2013
FOR**

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

Johnston Carmichael LLP
Chartered Accountants and Registered Auditors
29 Albyn Place
Aberdeen
AB10 1YL

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

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FOR THE YEAR ENDED 31 OCTOBER 2013**

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**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 OCTOBER 2013**

The trustees present their report with the financial statements of the charity for the year ended 31 October 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

SC 022180

Principal address

Diocesan Office
St Clement's Church House
Mastrick Drive
ABERDEEN
AB16 6UF

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 OCTOBER 2013**

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Charity Trustees (the "Standing Committee")

The Right Rev Dr Robert A Gillies	Ex-officio: Bishop
The Very Rev Dr A Emsley Nimmo	Ex-officio: Dean
The Rev Canon John B Walker	Ex-officio: Convenor, Mission and Ministry Board
Mr Peter Murray	Ex-officio: Registrar
Dr Lorraine Paisey	Ex-officio: Honorary Diocesan Treasurer
Mr John Whittall	Ex-officio: Honorary Diocesan Secretary
Miss Mary Allardyce	Elected by Synod
Rev Prof David Atkinson	Elected by Synod
Mr David R Crosley	Elected by Synod
Dr Hugh Dawson	Elected by Synod
Miss Audrey Masson	Elected by Synod
The Rev Lisa Eunson	Elected by Synod (from 9/3/13)

Trustees for the Diocesan Synod (the "Property Trustees")

The Right Rev Dr Robert A Gillies	Bishop
The Very Rev Dr A Emsley Nimmo	Dean
The Rev Canon John B Walker	Synod Clerk
Mr Peter Murray	Registrar
Mr Graham Robertson	Chancellor

Finance & Property Board

Convenor	Dr Lorraine Paisey
Ex Officio	Bishop Dean Registrar Honorary Treasurer Diocesan Representative to the Provincial Finance Committee
Elected by Synod	Miss Mary Allardyce Mr John MacCormack Mr John Whittall Rev Richard N O'Sullivan Very Rev Dr A Emsley Nimmo Miss Anne Harper (from 9/3/13)

**Diocesan Representative to the
Provincial Finance Committee**

Mr John Whittall (to 8/3/13)
Miss Anne Harper (from 9/3/13)

Honorary Diocesan Treasurer

Dr Lorraine Paisey

Honorary Diocesan Secretary

Mr John Whittall

Assistant Treasurer

Mr Ian S Fraser

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 OCTOBER 2013**

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Johnston Carmichael LLP
Chartered Accountants and Registered Auditors
29 Albyn Place
Aberdeen
AB10 1YL

Solicitors

Ledingham Chalmers LLP
Johnstone House
52-54 Rose Street
Aberdeen
AB10 1HA

Bankers

Clydesdale Bank plc
62 Union Street
Aberdeen
AB10 1WD

Stockbrokers

Brewin Dolphin
Blenheim House
Fountainhall Road
Aberdeen
AB15 6DT

**SCOTTISH EPISCOPAL CHURCH
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**REPORT OF THE TRUSTEES
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STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Diocese of Aberdeen and the Diocese of Orkney were incorporated by long usage into the Scottish Episcopal Church in 1690 and became united in 1865 under the name, style and title of the United Diocese of Aberdeen and Orkney.

The parent organisation of the Diocese of Aberdeen and Orkney is The General Synod of the Scottish Episcopal Church. There are seven Dioceses of the Scottish Episcopal Church. The General Synod and the seven Dioceses are separate registered charities.

The Diocese is constituted under, and governed by, the Canons of the Scottish Episcopal Church. The day-to-day operation of the Diocese has been conducted under the Governing Regulations (of the Synod of the United Diocese of Aberdeen and Orkney) since 3 March, 2012: when the Constitution of the Synod of the Diocese of 2001 was repealed and the new document proposed, seconded and passed. The Governing Regulations were approved, confirmed and ratified by the Bishop on 14 May, 2012. For convenience, they are referred to as "The Diocesan Constitution 2012".

Recruitment and appointment of new trustees

All Diocesan (Property) Trustees hold office ex officio, according to the provisions of the Digest of Resolutions of the General Synod, Resolution 7.1.3. There were no changes of personnel in the period covered by this report.

The implementation of The Diocesan Constitution 2012 established the Standing Committee as the Diocese's Charity Trustees. Prior to 3 March, 2012, the Diocesan (Property) Trustees were held to be the Charity Trustees. Six members of the Standing Committee are ex-officiis; six were elected by Synod. The Rev Lisa Eunson was elected to the Committee at the Synod of 9 March, 2013. Four members of the Standing Committee are, also, Diocesan (Property) Trustees.

Induction and training of new trustees

The Charity Trustees have confidence in the experience and ability of the trustees to administer the activities of the Diocese. Induction and training will be considered on an ongoing basis, particularly in the event of a new trustee being elected or appointed.

Organisational structure

The Finance and Property Board has responsibility for the general administration of the Diocesan finances. The day-to-day records are maintained by Mr Ian Fraser, Assistant Treasurer. Miss Anne Harper replaced Mr John Whittall as Diocesan Representative to the Provincial Finance Committee at the Synod of 9 March, 2013

Risk management

The Trustees have examined the major strategic, business and operational risks which the Diocese faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

**SCOTTISH EPISCOPAL CHURCH
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**REPORT OF THE TRUSTEES
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OBJECTIVES AND ACTIVITIES

Objectives and aims

The aim of the Diocese is to provide leadership, encouragement, guidance, training and counsel to clergy and congregations: to enable them to maximise the effectiveness of their mission to their local communities through provision of Christian worship and pastoral support. The Diocese's formal objective, as approved by the Office of the Scottish Charity Regulator (OSCR), is "the advancement of religion".

The main financial activities of the Diocese throughout the year were the support of the Charges (churches and congregations) by stipend support and other grants from the Province and the Diocese, the provision of financial assistance to clergy and lay persons for their training and development, and the pursuance of mission projects in areas of growth potential.

**SCOTTISH EPISCOPAL CHURCH
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**REPORT OF THE TRUSTEES
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ACHIEVEMENT AND PERFORMANCE

Charitable activities

The following is the Bishop's report to Synod 2014:

Comings and Goings

With great pleasure I present my report for 2013. As I do so I recognize we are continuing a series of significant milestones for a number of churches in our diocese. St Matthew and St George Church in Oldmeldrum celebrated its 150th Anniversary in September last. In the year to come the Cathedral celebrates its centenary of elevation to Cathedral status. The Primus is to visit both St Mary's Carden Place for its 150th in March and also St Magnus Lerwick in June as it celebrates its 150th with six months of activity. Meantime St Peter's Peterhead has its 200th anniversary at Christmas 2014.

These are important milestones for us, a tribute to those who have gone before and a hope for the future.

A great weight was lifted off my shoulders when, after many years of combined graft and worry, ownership of the 250 seater church of St Margaret's, Braemar was transferred to the Scottish Redundant Churches Trust. Following a failed restoration in the early 1990's the church had to all intents and purposes become redundant. It remains a consecrated church though now in private ownership.

Ecumenical

I have been involved in ecumenical services and meetings with Aberdeen's Regional Ecumenical Team, with the churches in Alford and, memorably, in Yell where I perceive interchurch relations are amongst the strongest in the diocese.

At Fraserburgh West Church, a very full church saw the Moderator of the Church of Scotland's General Assembly, Eilidh Whiteford MP and myself answer questions from the floor in a 'question time' format.

Especially moving was the memorial service for those killed or who have died in the oil and gas industry whilst working offshore. Poignancy was added to the occasion this year as we remembered and shared the occasion with families of those killed in the helicopter crash off Sumburgh Head.

The Diocese's Public Profile

Many of you within the diocese and from other denominations have commented appreciatively on the raised public profile of our church in the local and national press.

Much of this has arisen as a consequence of a pastoral visit I undertook with the Episcopal Church's Communications Officer, Lorna Finley, to the Editor and offices of the Press and Journal. Arising from that visit two further meetings were planned whereby on each occasion four clergy would come with Miss Finley and me to the P and J offices and present to three reporters something of interest they and their churches were doing in their local area. The reporters would question them on this, make follow up visits and then report in the Press and Journal. In every respect the resulting coverage has been good and very extensive with many half-page articles resulting. A number of these have been picked up both by tabloid and broadsheet national newspapers, all of them accurately.

To add to these were about ten feature or comment pieces of my own. Given the circulation of the P and J is some 200,000 our diocese has risen to the top of the scale in respect of Episcopal Church publicity. For this I express my thanks to the Editor, Damian Bates, and the Depute Editor, David Knights and the reporters who have worked with us.

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Charitable activities

St John's Church, Aberdeen and its neighbouring Mosque

On a cold December day four years ago, Canon Poobalan of St John's saw Muslim worshippers spilling out from their Mosque to pray on the pavement outside. The Mosque is in St John's grounds and is physically connected to our church's halls. Being a good neighbour Canon Poobalan invited those outside in to St John's to continue their praying - it may not have been very much warmer than outside, but it is rainproof and less draughty. It was a fine gesture of neighbourliness.

Some nuisance arose from internet trolls and from one extremist political group but compared to the wonderful responses from elsewhere, not least thirty schoolchildren who each wrote a letter of support from their class to St John's. Thirty members of St John's wrote personal replies.

I know many other churches in the diocese are doing good things by way of community outreach but because what is happening at St John's has gained national and international recognition over a sustained period of time I have had to single it out for specific mention. I do so gladly and endorse it fully.

Westminster

My reading of the visits to the Press and Journal offices and the clear capacity of our clergy to articulate confidently and clearly what they are doing in their local communities led me to consider that the same could be done with the Members of Parliament who serve their constituencies.

Accordingly, in October, I accompanied Samantha Ferguson, Ian Ferguson and Isaac Poobalan to Parliament in London. Each of them presented what their church was doing in its local setting to their local MP's, Frank Doran, Anne Begg and Robert Smith.

I was singularly proud of each of them as they spoke and then answered questions about what they are respectively doing in Seaton, Crown Terrace and Westhill. My mind is now turning towards a repeat exercise, this time with the equivalent MSP's in Holyrood.

New Builds

Approximately eleven years ago the vision was begun of building a new church for the growing congregation at Westhill.

Since then the growth has continued. The congregation has seen numerical growth. It has deepened in quality of faith. It has changed and evolved. The vision has grown. The new church is nearing completion as I write these words in Advent 2013. It is the first Episcopal Church to be built in about fifty years. It is real growth and it is of the Lord.

At All Saints' Whiterashes there has also been a new build. This is the necessary sort of thing that every congregation should undertake. No church should be without a toilet accessible to everyone. Every church should have disabled access permanently in place. A good modern kitchen (such as most of you reading this have in your homes) should be found in every one of our churches and there should be a good hall or meeting room such as previously built at Ballater, Ellon, Inverurie, St John's (also re-consecrated, following renovation, during the year), and now Whiterashes.

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St Peter's Torry

The Diocesan Synod in March formally agreed to the closure of St Peter's Torry ending a long chapter in our church's history. The original St Peter's church was a huge building on Victoria Road. It was converted to sheltered housing accommodation some twenty or more years ago. The hall to the back of this building was retained as a church. But the congregation declined. When snow and ice blocked the two pathways leading to the church over successive winters and its maintenance rose by far more than its income the heart had gone from the congregation to keep it going.

Bucksburn / Bridge of Don and Cove / Muchalls

Significant new areas of domestic housing along with light commercial enterprises are to be built in these areas. The diocese addressed the opportunity for mission and evangelism amongst new housing in Westhill and Kingswells some years ago through the entrepreneurial skills of committed priests who were in the right place at the right time. Last year we began the same process with the appointment of a priest at St Drostan's Inch.

With the new development to the north of the city between Bridge of Don and Bucksburn and to the south between Cove Bay and Muchalls further challenges are before us.

Training for Ministry

As I write a major review of training for accredited ministry is under way in the Province.

This will affect the way we prepare candidates for ministry, both ordained and in lay reader categories. Change is going to have to happen. I look forward to what will emerge when the Theological Institute is revamped. My hope, and I hope it is not a forlorn hope, is that it will have a greater emphasis on mission and evangelism. These are somethings we are good at talking about; less good at doing.

Continuing Ministerial Development and 'Journeys in faith'

Currently we offer a number of half-day training events for clergy and lay readers through the year. They began a few years ago following suggestions after a clergy and lay readers conference.

A number of these have been on a mid-week afternoon, though not all. There were three sessions on this theme with the emphasis of working with young people in our schools and making the school curriculum work for us. This was all put onto the web to help those at a distance and those not free on weekday afternoons.

They have been supplemented by bigger all-day Saturday events, some of which have been locally organized whereas others have been put together by the diocese. Over a memorable three Saturdays at the end of September and beginning of October we had three successive events including Noel Tredennick from All Souls' Church, Langham Place, London leading a day on music in worship, Stephanie Brock and Claire Benton-Evans on how to lead all age worship. The third was at St Ternan's Banchory with Anne Tomlinson from the Diocese of Glasgow and Galloway leading us.

The 'Journeys in Faith' evenings have now resumed. They are good evenings involving supper, a talk and lively questions. Following the successful one in Banchory with Jimmy McLean of the Royal Bank of Scotland on the economy and rural life, a further one is scheduled for March 2nd with the editor of the Press and Journal.

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This year's Clergy and Lay Reader's Conference was, yet again, a major success. Mark Russell, Chief Executive Officer of the Church Army, led us through a gripping engagement with how to do evangelism. His style, technically known as narrative theology, was to use personal anecdotes and stories to highlight the need to tell people of Jesus. Simply put it is this. Jesus loves everybody. As Christians we know this. Not everyone is a Christian. Therefore we, as Christians, should explicitly tell people about this and at the same time show people what it means.

Small Churches' Conference

Arising from the Peterhead Mission Conference we held about four years ago were a series of small churches' conferences. These came to their completion when we held the final one in Orkney and we need to generate something new.

Just about all our churches now have websites. The final ones will come on stream in the next few weeks. This has been another outworking of the small churches' conferences and also an outworking of our commitment to IT through the appointment of Mary McKinnell. We can have all the small church conferences we like but unless mission, a vision for it and a passion to undertake it, is worked out locally then we are missing something really important.

Youth Work

In another diocese I heard of a congregation saying that it didn't need the youth worker to come and visit because everyone was old and there were no youth. It did occur to me that the mindset behind this view was probably linked to the fact that that church had no youth.

Every church can pray for youth; the youth it doesn't have and the youth that other churches do have. Every church can give money towards youth work and be committed to it even if they don't see the benefits on their own doorsteps.

Children and Families Work

Stephanie Brock has opened new avenues in this for us area. All Saints' Strichen now has quarterly messy church with several dozen people all of whom it seems are drawn from the play group that meets in its church hall. This is a truly good in-road into the local community and I commend it.

As I write these words Stephanie is preparing to go to Orkney where in each of our congregations she will advise on materials and 'child safe and friendly' areas for children in church.

Website

This has been a great success. Mary McKinnell built a new website for the diocese in the early part of the year. It took a huge amount of effort, far beyond what we paid for. But the need for an active and lively website (and, yes, with Facebook and Twitter) is a necessary means and medium of contact with the world beyond our immediate selves. Mary McKinnell's commitment to the task is immense.

Amongst the very few people (perhaps less than a dozen) who have challenged this I find an attitude that is content to look no further than the immediate members of their congregation. This isn't missionary, it isn't evangelistic and it's not the Christian message.

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We have peaked twice with a very high level of visits both to the website and to our Facebook sites. On the weekend of the tragic helicopter crash off Sumburgh Head we more than doubled our previous best twenty four hours 'hits' and 'visits'. On the day of the visit of Mark Russell for the Clergy and Lay Readers' Conference that figure rose five-fold.

The message is clear and it is a hard one if you don't like modern communications. If your congregation hasn't got a website and / or Facebook account, your congregation is unlikely to be noticed. It certainly won't be remembered.

But there is a message. We can't sit still. Media, social media, and the way people access these are changing. So must we.

Diocesan Archive

Differently important for the future is the Diocesan Archive. This doesn't have the drama of a hot chocolate run amongst the nowhere-to-go teenagers in Mastrick on a Friday night, nor yet the 'interactivity' of web communications but building a good archive now will be invaluable for the diocese in the future. This is what Stuart Donald and a dedicated team of volunteers do week by week in the former Lady Chapel at St Clement's church.

I am truly grateful for what is done in the archive. I don't have the personal precision that archivy demands and that makes me all the more appreciative of those who do.

Meanwhile a three hundred year old map of Orkney was gifted to the Diocese in March. That was a lovely gift. After framing it hangs in my office at St Clement's.

More sadly

During the year the deaths occurred of several clergy in the diocese. Canon Haines in Banff and Canon McGillivray from Woodhead as well as Tony Fennell of Ballater will all be sadly missed by those who knew them. Sad too was the death of Bill Underwood, one of our two lay readers in Yell. Gwen Duthie, wife of the Revd John Duthie, lived the prayer, 'à for a holy and happy death à'

Personal initiatives

Amongst many things that I could speak of I will single out the overseas visits that were privately initiated by Isaac Poobalan and Emsley Nimmo at the Festival of Homiletics in Nashville, Ian Ferguson's preaching visit to Alabama and Paul Watson's return to his beloved Sri Lanka. Like my own trip to New York, where I attended the institution of the new diocesan bishop and then preached in the Cathedral, these trips were combined with holiday. After New York Grace Church, Charleston, South Carolina, funded a preaching visit for me. This last was a real privilege but also a sadness. The diocese of South Carolina has formally split from the Episcopal Church of the USA. Grace Church has not gone with it. I saw the raw reality and felt the hurt of a church that has deliberately divided. Surely a deviation from John 17. This must not be so with our church in Scotland.

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ACHIEVEMENT AND PERFORMANCE

Charitable activities

Acknowledgements

I have said a great deal and must now end with my real expressions of gratitude.

In the Diocesan Office I have two fine colleagues whose never failing support in the task and personal companionship along the way make the office a good and happy place to work. The diocese is well served by them in every way. We run an appropriately minimalist but, I truly believe, effective operation and what many of you say to me bears this out.

John Whittall and Lorraine Paisey serve the diocese in voluntary capacities as Diocesan secretary and treasurer respectively. Their service and commitment are distinguished by the excellence with which they fulfil their duty to God and to his church and we are blessed indeed because of them and because of what they do.

Anne Harper has succeeded John Whittall on the Provincial Finance Committee. This body manages, amongst other things, the funding request that a number of our charges rely on. Sufficient to say that our diocese's application this year was heralded as a model for the rest of the Province to follow. All our applications were successful. Anne had prepared herself for this very well indeed.

Ken Elliott keenly and appropriately advises me on stewardship matters and though this year has seen only one crisis needing to be managed in a congregation his work has proved life saving for others in the past. One congregation who could well use his resources and expertise has sadly not responded to his, and my own, offer of a visit from him. Surely a mistake on the part of the priest to whom we each wrote.

Others also work hard for us. Pat Johnston is the Diocese's Officer for the Protection of Vulnerable Groups. This is an absolutely crucial role. Sometimes her work is private and discreet, known only to the few who need to know. Other times it is upfront not least in the training events which she and the Provincial Officer have offered us in several locations around the diocese.

A whole raft of people assist in the discernment of vocations and then their formation for accredited ministry: Graham Taylor and Avril Hern, Alistair Mason and Peter Mander who together with others who supervise and assist placements for candidates. To each my heartfelt thanks.

And then many more serve on Diocesan Committees, Diocesan Synod and some on General Synod. To each my heartfelt thanks without exception.

I am now in my seventh year as your bishop. I love every visit I do to every congregation and find encouragement and new life just yearning to be lived everywhere.

No bishop anywhere could be more privileged to serve amongst so many wonderful people as am I.

My blessings to you all,

Robert Gillies
Advent 2013

**SCOTTISH EPISCOPAL CHURCH
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 OCTOBER 2013**

FINANCIAL REVIEW

Treasurer's report

The incoming resources to the Diocese have dropped by £25,000 overall from over last year. Quota has risen by £21,000 or 12.5% (2012 3.8%) in accordance with the increases agreed at Provincial and Diocesan level, with a 20% increase in Diocesan quota but an inflation uplift from the Province. Grant support from both the Province and NHS Grampian has fallen for another year, and this has been partially offset by significantly larger grant support from the Dr John Anderson Trust. Donations received dropped to £33,000 from £83,000, but last year donations included a one-off transfer of restricted funds previously held by the Province. Dividend income has risen from £54,000 to £55,000, representing a yield of 3.7% of the market value of the Diocese' investments (2012: 4.1%) Bank interest has risen by almost £5,000. It is unlikely that 2013/2014 will see a significant level of bank interest received and the Diocese decided to invest some of the monies previously held for cash flow purposes to generate additional investment income. This was done during the year and partly accounts for the drop in investment yield as new investments did not generate a full year's income

Outgoing resources have also decreased, by £20,000 overall from last year. This is attributable to a decrease in grants paid, which in turn reflects a reduction in grant received from the Province. Other costs overall are at a similar level to last year. In general the day-to-day running costs of the Diocesan Office have been reduced by active management of expenditure. However, other costs have increased. Although not all increases were planned, increased expenditure arose largely from the decisions made to invest in various areas of the Diocese's work, notably ICT and work with children and young people.

The Diocese shows a surplus on sale / revaluation of assets - this is largely due to revaluation of investments at the year end.

The Diocese has net assets of £2.47 million. 26% of these are held in heritable property and 60% in investments. A review of the Balance Sheet resulted in around £100,000 being transferred from Bank to Investments and the monies held in the bank now account for 11% of net worth (2012: 12.9%). The banking arrangements of the Diocese were also reviewed to minimise risk to the Diocese.

Overall the net result for the year was a deficit of £12,000 before gains on investment assets. This compares favourably with a budgeted deficit of £13,000.

TRUST FUNDS

The Diocese is extremely fortunate in having the support of the Dr John Anderson Trust, to which application can be made for assistance with a specific project or objective, and without whose help such activities might have to be curtailed, delayed or abandoned. The fund is administered by a firm of Solicitors in Aberdeen and whose income is derived from agricultural land in the Cruden Bay area. In the year to 31 October, 2013, the Diocese received grants of £14,500 (2012 - £13,250): £11,500 towards stipend support for five posts and £3,000 towards the Children and Family initiative.

In addition, the Diocese is grateful for support from the Allchurches Trust - the umbrella charitable organisation which derives its income from the Ecclesiastical Insurance Group - which gives an annual grant of £6,000 towards assisting charges which struggle to pay stipend.

In this financial year, the Diocese is grateful for the assistance of the Prince of Wales's Charitable Foundation - via its Small Grants Programme - for its generous support of St Margaret's, Braemar.

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FINANCIAL REVIEW

Treasurer's report

RESERVES POLICY

It is the policy of the Diocese to maintain unrestricted reserves at a level sufficient to meet planned expenditure requirements for the next year. The Diocese has traditionally monitored that portion of unrestricted fund balance arising from accumulated surpluses and unrealised gains or losses on investments.

At the year end the net worth of the Diocese was £2.5 million of which £652,253 was held as tangible fixed assets.

The Trustees will continue to review its Reserves Policy, with the intention of restoring, over the longer term, previously attained levels. This is considered necessary as there is no provision for planned property renewal or major emergency repairs within the Diocesan budget.

As a result of the timing of grant payments, the Diocese carries forward balances at the year end on a number of Revenue funds which fall due to be disbursed shortly after the year end.

FUNDS

The Diocesan Fund (incorporating the Cruickshank and Gordon Funds)

The Cruickshank Fund was inaugurated in 1983 on the death of Mr J S R Cruickshank, Advocate in Aberdeen, and a former Chancellor of the Diocese. He bequeathed the bulk of his Estate to the Diocese without any conditions attached. The Gordon Fund came to the Diocese in 1990 as a bequest from the late Colonel F W Gordon with no stipulations as to its use or purpose. Following approval by Synod, the Gordon Fund was amalgamated with the Diocesan Fund on 1 November 2002 and the Cruickshank Fund amalgamated with that joint fund following the Diocesan Synod on 12 March 2011.

Restricted Funds

The Diocese benefits from funding left to the Diocese for specific purposes as prescribed by the donor. The main ongoing restricted fund is to support the Bishop's stipend. Funds raised by the Bishop's Lent Appeal each year are also held in a restricted fund for the purpose of that year's Lent Appeal.

Investment policy

All funds are invested in low-to-medium risk investments which comply with the ethical investment policy approved by the Diocesan Synod. The Trustees' objective is to maximise income and achieve a level of capital appreciation. The Trustees believe that this objective has been achieved in the current year as far as has been possible in the prevailing market conditions.

FUTURE DEVELOPMENTS

The Trustees will continue to support Charges in their mission and ministry.

The Trustees will continue to monitor the Diocesan budget and plan for the medium term - to achieve a balanced budget. The financial planning process will seek to balance affordability for the Diocese and for congregations with identified needs for investment for mission.

**SCOTTISH EPISCOPAL CHURCH
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**REPORT OF THE TRUSTEES
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STATEMENT OF TRUSTEES RESPONSIBILITIES

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

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

The 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.

ON BEHALF OF THE BOARD:

The Right Rev Dr Robert A Gillies - Trustee

17 February 2014

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

We have audited the financial statements of Scottish Episcopal Church Diocese of Aberdeen and Orkney for the year ended 31 October 2013 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors' 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 October 2013 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 applicable to smaller entities; 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).

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

Matters on which we are required to report by exception

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

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

Johnston Carmichael LLP
Chartered Accountants and Registered Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
29 Albyn Place
Aberdeen
AB10 1YL

17 February 2014

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 OCTOBER 2013**

	Notes	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	132,745	16,115	148,860	200,192
Investment income	3	59,691	4,356	64,047	57,870
Incoming resources from charitable activities					
Income from charges	4	<u>186,401</u>	<u>-</u>	<u>186,401</u>	<u>165,665</u>
Total incoming resources		378,837	20,471	399,308	423,727
RESOURCES EXPENDED					
Costs of generating funds					
Investment management costs	5	8,586	131	8,717	8,455
Charitable activities					
Grants payable	6	70,867	1,936	72,803	94,952
Costs directly attributable to activities		256,528	64,982	321,510	319,775
Governance costs	9	<u>7,865</u>	<u>-</u>	<u>7,865</u>	<u>7,844</u>
Total resources expended		343,846	67,049	410,895	431,026
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS					
		34,991	(46,578)	(11,587)	(7,299)
Gross transfers between funds	16	<u>(47,742)</u>	<u>47,742</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before other recognised gains and losses		(12,751)	1,164	(11,587)	(7,299)
Other recognised gains/losses					
Gains/losses on investment assets		<u>137,420</u>	<u>12,865</u>	<u>150,285</u>	<u>56,054</u>
Net movement in funds		124,669	14,029	138,698	48,755

The notes form part of these financial statements

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**STATEMENT OF FINANCIAL ACTIVITIES - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

	Notes	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
RECONCILIATION OF FUNDS					
Total funds brought forward		2,191,415	139,371	2,330,786	2,282,031
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD		<u>2,316,084</u>	<u>153,400</u>	<u>2,469,484</u>	<u>2,330,786</u>

The notes form part of these financial statements

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**BALANCE SHEET
AT 31 OCTOBER 2013**

	Notes	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
FIXED ASSETS					
Tangible assets	12	652,253	-	652,253	653,694
Investments	13	<u>1,387,416</u>	<u>115,794</u>	<u>1,503,210</u>	<u>1,311,475</u>
		2,039,669	115,794	2,155,463	1,965,169
CURRENT ASSETS					
Debtors	14	87,248	1,704	88,952	112,464
Cash at bank		<u>247,894</u>	<u>37,245</u>	<u>285,139</u>	<u>300,036</u>
		335,142	38,949	374,091	412,500
CREDITORS					
Amounts falling due within one year	15	(58,727)	(1,343)	(60,070)	(46,883)
		<u>276,415</u>	<u>37,606</u>	<u>314,021</u>	<u>365,617</u>
NET CURRENT ASSETS					
		<u>2,316,084</u>	153,400	2,469,484	2,330,786
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>2,316,084</u>	<u>153,400</u>	<u>2,469,484</u>	<u>2,330,786</u>
NET ASSETS					
		<u>2,316,084</u>	<u>153,400</u>	<u>2,469,484</u>	<u>2,330,786</u>
FUNDS					
Unrestricted funds	16			2,316,084	2,191,415
Restricted funds				<u>153,400</u>	<u>139,371</u>
TOTAL FUNDS					
				<u>2,469,484</u>	<u>2,330,786</u>

The notes form part of these financial statements

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**BALANCE SHEET - CONTINUED
AT 31 OCTOBER 2013**

The financial statements were approved by the Board of Trustees on 17 February 2014 and were signed on its behalf by:

The Right Rev Dr Robert A Gillies -Trustee

The Very Rev Dr A Emsley Nimmo -Trustee

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013**

1. ACCOUNTING POLICIES

Accounting convention

The Accounts are prepared under the historical cost convention modified to the extent that the cost of fixed assets is the cost as borne by the Diocese, i.e. net of funding from other sources at the time of acquisition and by the revaluation of investments. The Accounts are prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), the Financial Reporting Standard for Smaller Entities (effective April 2008), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the Diocese is entitled to the income and the amount can be quantified with reasonable accuracy.

- Voluntary income is received by way of donations, gifts and grants and is included in full in the Statement of Financial Activities when received.
- Dividends and other investment income are recognised when received.
- Quota payable by the charges to the Diocese is included when receivable.
- Other income is accounted for as it becomes receivable.
- Grants are received from Provincial and other funds for assistance with Ministry, property and other costs.

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

Resources expended

Expenditure is accounted for on an accruals basis as a liability is incurred and includes irrecoverable VAT where applicable.

Costs of generating funds include amounts paid to the Investment Fund Managers for the management of the investment portfolio.

Charitable expenditure comprises those costs incurred by the Diocese in the delivery of its activities and services for its beneficiaries. Grants payable are grants awarded from the various funds to churches and individuals as appropriate. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Diocese, including audit fees.

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is calculated at 20% per annum (straight line) on Office Equipment and 10% per annum (straight line) on Office Fittings. Office equipment and fitting items over £500 are capitalised.

Heritable properties are shown at cost or at market value at the point of donation. Expenditure on improvements is capitalised. The heritable properties have useful lives in excess of fifty years. No depreciation has been provided against the book value of heritable properties and in the opinion of the Trustees, due to the long useful economic lives of the properties and their high residual values, any depreciation charge and resultant accumulated depreciation are immaterial. In the opinion of the Trustees, no impairment of the carrying values has occurred during the year.

Heritage assets

The Diocese owns a collection of books of theological material dating mostly from the eighteenth and nineteenth centuries. These books are on permanent loan to the University of Aberdeen. The Trustees do not consider that a reliable cost or valuation information can be obtained for these books, therefore they are not recognised in the Balance Sheet.

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds are available for use, at the Trustees' discretion, in furtherance of the Diocese's objectives; restricted funds are those given for specific purposes. Designated funds are unrestricted funds which have been allocated for a specific purpose by the Trustees. The Diocese has one main fund, which is unrestricted, and comprises the amalgamation of the Diocesan, Gordon and Cruickshank Funds, as approved by Diocesan Synod.

In addition the Diocese benefits from a number of small funds which are restricted.

Pensions

The Diocese contributes to a defined benefit pensions scheme, the SEC Pension Fund, which is independently managed by the Pension Fund Trustees. The scheme is subject to formal actuarial valuation on a triennial basis using the projected unit method. This scheme covers all seven Dioceses of the Scottish Episcopal Church and The General Synod Office. The assets and liabilities of any one participant in the scheme cannot be identified separately. The provisions of FRS 17 allow employers participating in such schemes to treat their pension disclosures as if the scheme were a defined contribution scheme. This is the treatment which has been adopted by the Diocesan Trustees in these statements, with contributions charged to the Income and Expenditure Account of the Diocesan General Fund but no asset or liability appearing on the Balance Sheet.

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

1. ACCOUNTING POLICIES - continued

Exceptional items

Material items which derive from events or transactions that fall within the ordinary activities of the Diocese and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the accounts are to give a true and fair view, are classed as exceptional items and included in Charitable Activities in the SOFA.

Investments

Investments are included at market value. Gains and losses on disposal of investments and movement in market value of investments are charged or credited to the Statement of Financial Activities (SOFA). Investments not listed on the Stock Exchange, SEC Units, are included at the year end value provided by SEC.

2. VOLUNTARY INCOME

	2013 £	2012 £
Donations	33,548	83,105
Grants	<u>115,312</u>	<u>117,087</u>
	<u>148,860</u>	<u>200,192</u>

Grants received, included in the above, are as follows:

	2013 £	2012 £
General Synod	85,673	90,120
Dr Anderson's Trust	14,083	10,417
NHS Grampian	6,562	10,056
Sundry other grants	3,000	500
Allchurches Trust	<u>5,994</u>	<u>5,994</u>
	<u>115,312</u>	<u>117,087</u>

3. INVESTMENT INCOME

	2013 £	2012 £
Rents received	2,848	2,866
Deposit account interest	6,016	1,320
Dividends	<u>55,183</u>	<u>53,684</u>
	<u>64,047</u>	<u>57,870</u>

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	2013 £	2012 £
Income from charges	Income from charges	<u>186,401</u>	<u>165,665</u>

5. INVESTMENT MANAGEMENT COSTS

	2013 £	2012 £
Portfolio management	<u>8,717</u>	<u>8,455</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 7) £	Grant funding of activities (See note 8) £	Totals £
Costs directly attributable to activities	321,510	-	321,510
Grants payable	<u>-</u>	<u>72,803</u>	<u>72,803</u>
	<u>321,510</u>	<u>72,803</u>	<u>394,313</u>

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2013 £	2012 £
Staff costs	158,197	158,597
Quota	70,425	68,563
Travel costs	9,340	7,569
Postage, telephone and stationery	2,351	4,012
Rates, council tax and insurance	12,850	14,886
Heat and light	1,762	1,521
Repairs and renewals	8,786	788
Cathedral, Dean, Primus and Synod expenses	7,762	9,159
Training and education expenses	9,542	4,823
Library	482	695
Miscellaneous	3,578	4,339
Website	2,965	195
Legal and professional fees	5,661	4,200
St Margaret's Braemar transfer costs	2,250	-
Pastoral services	24,048	21,973
Depreciation	1,511	1,599
Repairs to St Clement's Church	-	16,856
	<u>321,510</u>	<u>319,775</u>

8. GRANTS PAYABLE

	2013 £	2012 £
Grants payable	<u>72,803</u>	<u>94,952</u>

The total grants paid to institutions during the year was as follows:

	2013 £	2012 £
Charges and individuals	<u>72,803</u>	<u>94,952</u>

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

8. GRANTS PAYABLE - continued

Grants are made to charges and individuals within the Scottish Episcopal Church for a variety of purposes and to non-church bodies. Where grants are made from Restricted Funds, these are made in compliance with the restrictions placed upon the use of such funds. The main grants awarded by the Finance and Property Committee relate to maintenance of church buildings. The Mission Committee awards grants relating to training and education and for general mission purposes.

	Grants to Charges £	Grants to 3rd parties £	Grants to Individuals £	2013 Total £
Maintenance of church buildings	5,632	-	-	5,632
Training and education	-	-	7,500	7,500
General mission purposes	58,314	-	1,357	59,671
	<u>63,946</u>	<u>-</u>	<u>8,857</u>	<u>72,803</u>

	Grants to Charges £	Grants to 3rd parties £	Grants to Individuals £	2012 Total £
Maintenance of church buildings	12,187	-	-	12,187
Training and education	-	-	8,750	8,750
General mission purposes	61,589	11,422	1,004	74,015
	<u>73,776</u>	<u>11,422</u>	<u>9,754</u>	<u>94,952</u>

9. GOVERNANCE COSTS

	2013 £	2012 £
Legal fees	2,305	2,714
Auditors' remuneration	<u>5,560</u>	<u>5,130</u>
	<u>7,865</u>	<u>7,844</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

Other than as disclosed in Note 11, there were no trustees' remuneration or other benefits for the year ended 31 October 2013 nor for the year ended 31 October 2012.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 October 2013 nor for the year ended 31 October 2012.

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

11. STAFF COSTS

	2013 £	2012 £
Wages and salaries	110,559	110,563
Social security costs	10,008	9,876
Other pension costs	<u>37,630</u>	<u>38,158</u>
	<u>158,197</u>	<u>158,597</u>

The average monthly number of employees during the year was as follows:

	2013	2012
Bishop	1	1
Clergy	2	3
Administration	<u>2</u>	<u>2</u>
	<u>5</u>	<u>6</u>

The following remuneration was paid to a Trustee, in his capacity as Bishop, during the year to 31 October 2013.

	Salary £	NIC £	Pension Contribution £
The Right Reverend Robert A Gillies	35,493	3,848	8,258

No employee received remuneration of more than £60,000.

The number of staff to whom retirement benefits are accruing under the defined benefit pension scheme, in 2013, is 5 (2012 - 6).

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

12. TANGIBLE FIXED ASSETS

	Heritable property £	Office equipment £	Totals £
COST			
At 1 November 2012	648,827	10,918	659,745
Additions	<u>-</u>	<u>70</u>	<u>70</u>
At 31 October 2013	<u>648,827</u>	<u>10,988</u>	<u>659,815</u>
DEPRECIATION			
At 1 November 2012	-	6,051	6,051
Charge for year	<u>-</u>	<u>1,511</u>	<u>1,511</u>
At 31 October 2013	<u>-</u>	<u>7,562</u>	<u>7,562</u>
NET BOOK VALUE			
At 31 October 2013	<u>648,827</u>	<u>3,426</u>	<u>652,253</u>
At 31 October 2012	<u>648,827</u>	<u>4,867</u>	<u>653,694</u>

The above properties are stated at cost. No current valuations have been obtained for the properties. In the opinion of the Trustees the valuation of the six properties is not less than £1,700,000, therefore no impairment review is required.

13. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 November 2012	1,311,475
Additions	95,259
Disposals	(51,043)
Revaluations	<u>147,519</u>
At 31 October 2013	<u>1,503,210</u>
NET BOOK VALUE	
At 31 October 2013	<u>1,503,210</u>
At 31 October 2012	<u>1,311,475</u>

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

13. FIXED ASSET INVESTMENTS - continued

The above is represented by :

	2013	2012
	£	£
Government securities	19,322	19,267
Cash	6,171	4,824
SEC - UTP units	255,168	177,277
Fixed interest/Preference shares	380,682	426,880
Listed investments	520,900	405,028
Foreign investments	289,262	249,525
Property Investment Trusts	<u>31,705</u>	<u>28,674</u>
	<u>1,503,210</u>	<u>1,311,475</u>

14. DEBTORS

	2013	2012
	£	£
Amounts falling due within one year:		
Other debtors	<u>49,913</u>	<u>71,709</u>
Amounts falling due after more than one year:		
Other debtors	<u>39,039</u>	<u>40,755</u>
Aggregate amounts	<u>88,952</u>	<u>112,464</u>

Included in debtors which are due after more than one year are a £30,000 loan to St Mary's Vestry, Auchindoir and car loans of £9,039 (2012 - £10,755).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Taxation and social security	2,920	3,206
Other creditors	<u>57,150</u>	<u>43,677</u>
	<u>60,070</u>	<u>46,883</u>

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

16. MOVEMENT IN FUNDS

	At 1.11.12 £	Net movement in funds £	Transfers between funds £	At 31.10.13 £
Unrestricted funds				
Diocesan General Fund	2,191,415	172,411	(47,742)	2,316,084
Restricted funds				
Bishop's Stipend	37,648	(53,147)	55,977	40,478
Bishop's Lent Appeal	157	8,078	(8,235)	-
Browning Bursary	55,104	7,362	-	62,466
Trust and Other	46,462	3,994	-	50,456
	<u>139,371</u>	<u>(33,713)</u>	<u>47,742</u>	<u>153,400</u>
TOTAL FUNDS	<u>2,330,786</u>	<u>138,698</u>	<u>-</u>	<u>2,469,484</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Diocesan General Fund	378,837	(343,846)	137,420	172,411
Restricted funds				
Bishop's Stipend	9,094	(65,074)	2,833	(53,147)
Bishop's Lent Appeal	8,078	-	-	8,078
Browning Bursary	1,782	-	5,580	7,362
Trust and Other	1,517	(1,975)	4,452	3,994
	<u>20,471</u>	<u>(67,049)</u>	<u>12,865</u>	<u>(33,713)</u>
TOTAL FUNDS	<u>399,308</u>	<u>(410,895)</u>	<u>150,285</u>	<u>138,698</u>

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

16. MOVEMENT IN FUNDS - continued

Bishop's Stipend	The fund exists to support the funding of the Bishop's stipend and expenses.
Bishop's Lent Appeal	The fund raises money annually for a charitable purpose. A different charity is chosen each year with donations being sought principally from individuals and vestries within the Diocese.
Browning Bursary	The fund generates income in order to fund training and education opportunities for prospective ordinands.
Trust and Other	Five small trusts funds exist, the income from which is used to relieve hardship and provide funds for specified charitable causes within the Diocese.

Transfers between funds

Each year the equivalent of the net deficit, excluding gains/losses on investments, on the Bishop's Stipend Fund, is transferred from the Diocesan General Fund to the Bishop's Stipend Fund.

17. CONTINGENT LIABILITIES

The Diocese is the guarantor for loans made, during the year, by the Provincial Office of the Scottish Episcopal Church to All Saints Buckie (£6,000) and St Magnus, Lerwick (£30,000). At 31 October 2013 the amounts outstanding were £6,000 and £26,500 respectively.

18. OTHER FINANCIAL COMMITMENTS

At the year end the Diocese had no grant commitments. (2012 - £2,632).

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

19. RELATED PARTY DISCLOSURES

During the year the Diocese incurred fees of £1,011 (2012 - £1,200) from Ledingham Chalmers, Solicitors, in consideration of Peter Murray's work in his capacity as Registrar. Peter Murray is a trustee of the Diocese and a partner in Ledingham Chalmers. Fees of £6,505 (2012 - £2,713) for other matters were also incurred during the year.

A short term loan of £30,000 was granted in 2011 to St Matthew and St George Episcopal Church, Oldmeldrum. Graham Robertson, Chancellor of the Diocese, is Chairman of the Vestry of St Matthew and St George Episcopal Church, Oldmeldrum. The loan was for an initial period of six months, interest free for the first three months and thereafter interest accrued at 2.5% per annum. This loan has been repaid post year end.

Grants of £85,673 (2012 - £90,120) were received by the Diocese of Aberdeen & Orkney from The General Synod of the Scottish Episcopal Church during the year, and Quota of £70,425 (2012 - £68,063) was paid to The General Synod of the Scottish Episcopal Church. Grants of £72,803 (2012 : £74,880) were paid to charges and individuals within the Scottish Episcopal Church.

During the year costs of £5,566 (2012 - £4,534) were incurred on behalf of St Margaret's Braemar. The Right Rev Dr Robert A Gillies, trustee of the Diocese, is the sole trustee of St Margaret's Braemar.

The Diocese has entered into a grant undertaking, up to the value of £30,000, with St Mary's Episcopal Church, Auchindoir. Certain conditions exist whereupon this grant may be repayable to the Diocese : if St Mary's sells or otherwise transfers ownership of the Rectory it shall repay the grant to the Diocese with a premium calculated at a rate of 5% of the grant being made, compounded annually. If St Mary's rents out the Rectory as a private dwelling house after 1 January 2013, it shall pay 15% of such rent to the Diocese. The £30,000 is currently included in debtors.

20. ULTIMATE CONTROLLING PARTY

The Diocese of Aberdeen and Orkney is a constituent part of the Scottish Episcopal Church and, as such, operates within the framework or regulation (the Canons of the Scottish Episcopal Church) passed by the General Synod. Within this framework the Diocese has a completely independent decision-making process.

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 OCTOBER 2013**

21. PENSIONS

The Diocese contributes to a defined benefit pensions scheme, the SEC Pension Fund, which is independently managed by the Pension Fund Trustees. The scheme is subject to formal actuarial valuation on a triennial basis using the projected unit method. This scheme covers all seven Dioceses of the Scottish Episcopal Church and The General Synod Office. The assets and liabilities of any one participant in the scheme cannot be identified separately. The provisions of FRS 17 allow employers participating in such schemes to treat their pension disclosures as if the scheme were a defined contribution scheme. This is the treatment which has been adopted by the Diocesan Trustees in these statements, with contributions charged to the Income and Expenditure Account of the Diocesan General Fund but no asset or liability appearing on the Balance Sheet.

The most recent actuarial valuation was at 31 December 2011. The valuation used the projected unit credit method and concluded that the Fund showed a deficit of £3 million. The contribution rate will continue at 34.9%, following approval by the Pensions Regulator of the Recovery Plan submitted by the Pension Fund Trustees. A further element of the recovery plan was the payment, by the Scottish Episcopal Church, of a one-off contribution of £2.0 million to the Fund in February, 2010. If the assumptions of the recovery plan are borne out in practice, the shortfall is expected to be eliminated by 2021.

The pension charge for the year was £37,630 (2012 - £38,158). At 31 October 2013, outstanding contributions payable to the Scheme amounted to £nil (2012 - £nil).

**SCOTTISH EPISCOPAL CHURCH
DIOCESE OF ABERDEEN AND ORKNEY**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 OCTOBER 2013**

	2013 £	2012 £
INCOMING RESOURCES		
Voluntary income		
Donations	33,548	83,105
Grants	<u>115,312</u>	<u>117,087</u>
	148,860	200,192
Investment income		
Rents received	2,848	2,866
Deposit account interest	6,016	1,320
Dividends	<u>55,183</u>	<u>53,684</u>
	64,047	57,870
Incoming resources from charitable activities		
Income from charges	<u>186,401</u>	<u>165,665</u>
Total incoming resources	399,308	423,727
RESOURCES EXPENDED		
Investment management costs		
Portfolio management	8,717	8,455
Charitable activities		
Wages	110,559	110,563
Social security	10,008	9,876
Pensions	37,630	38,158
Quota	70,425	68,563
Travel costs	9,340	7,569
Postage, telephone and stationery	2,351	4,012
Rates, council tax and insurance	12,850	14,886
Heat and light	1,762	1,521
Repairs and renewals	8,786	788
Cathedral, Dean, Primus and Synod expenses	7,762	9,159
Training and education expenses	9,542	4,823
Library	482	695
Carried forward	281,497	270,613

This page does not form part of the statutory financial statements

