



**Diocese of Edinburgh  
Scottish Episcopal Church**

Scottish Charity Number SC001214

**Report and Accounts  
for the Year ended  
31 December 2015**

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## Reference and administrative details

<b>NAME OF CHARITY</b>	Diocese of Edinburgh Scottish Episcopal Church (Edinburgh Diocesan Synod)
<b>SCOTTISH CHARITY NUMBER</b>	SC001214
<b>PRINCIPAL ADDRESS</b>	Edinburgh Diocesan Office 21A Grosvenor Crescent Edinburgh EH12 5EL
	<i>Email:</i> office@edinburgh.anglican.org
	<i>Internet:</i> www.edinburgh.anglican.org
<b>STANDING COMMITTEE (TRUSTEES)</b>	For the purposes of charities law, the members of the Standing Committee are the Charity Trustees of the Diocese.
	<i>Ex officio:</i> The Right Rev. Dr John Armes (Convenor) Mr David Palmer (Diocesan Secretary and Convenor, Finance and Management Committee) (Vice Convenor) The Very Rev. Susan Macdonald (Dean) Mr Colin Heggie (Registrar) Mr Nigel Cook (Treasurer) ( <i>member with effect from 19 May 2015</i> ) The Rev. Canon Fred Tomlinson (Convenor, Mission and Ministry Committee) ( <i>retired as Convenor MMC 7 March 2015</i> ) The Rev. John Conway (Convenor, Mission and Ministry Committee) ( <i>elected 7 March 2015</i> )
	<i>Appointed by Synod:</i> Mrs Anne Pankhurst The Rev. Canon Ian Paton ( <i>appointed 7 March 2015</i> ) The Rev. Canon Malcolm Round Ms Zoe van Zwanenberg
	<i>Co-opted:</i> The Rev. Canon Fred Tomlinson ( <i>retired 12 March 2016</i> )
<b>TRUSTEES FOR THE CHARITY</b>	The following are trustees for the Diocese in respect of heritable and moveable property:  The Right Rev. Dr John Armes (Bishop) The Very Rev. Susan Macdonald (Dean) Iain Peebles, Lord Bannatyne (Chancellor) ( <i>appointed 1 January 2015</i> ) Mr Colin Heggie (Registrar)
<b>SECRETARY</b>	Mr David Palmer
<b>TREASURER</b>	Mr Nigel Cook
<b>ADMINISTRATOR</b>	Mr Simon Filsell
<b>BANKERS</b>	Reliance Bank Ltd Faith House, 23-24 Lovat Lane, London EC3R 8E
<b>SOLICITORS</b>	Heggie Alexander 6 Hill Street, Edinburgh EH2 3JZ
<b>AUDITORS</b>	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street, Edinburgh EH3 6NL

Except where stated otherwise, all Trustees served throughout the financial year.

## **Report of the Standing Committee (Trustees' report) Year ended 31 December 2015**

As Trustees of the Diocese of Edinburgh, the Standing Committee presents its report and the audited accounts of the Diocese for the year ended 31 December 2015. These have been prepared in accordance with applicable charities law and the requirements of the Statement of Recommended Practice Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

### **Objectives and activities**

The primary charitable purpose of the Diocese is the advancement of religion and to provide public benefit. The main activities of the Diocese are the provision of spiritual, pastoral, administrative and financial support to its Charges (or local congregations) and their members in carrying out the ongoing mission of the Christian Church.

These activities are pursued through:

- training and leadership in mission and ministry;
- conferences, retreats and educational events;
- support for youth and children's activities;
- grants to Charges to support mission activity;
- access to central administrative facilities.

### **Achievements and performance**

The Diocese has continued to pursue its principal objectives and activities.

Once again the Standing Committee has built on the developments of previous years. The main emphasis continues to be in the area of mission and ministry development.

Two significant changes concerning funding and activities are taking place:

- i. training for ministry previously carried out in dioceses, and funded by General Synod, is being transferred to a national body, the Scottish Episcopal Institute, and funding to the Diocese is being scaled down, and withdrawn after 2016;
- ii. grants received from General Synod to support specific areas of ministry are being replaced from January 2016 with a formula based block grant system. The grant may be utilised at the discretion of dioceses within defined parameters. It is currently believed that the Diocese of Edinburgh will benefit financially from this development, but the process is under review.

The following specific activities have taken place:

- a successful application was made to General Synod for funding of a number of ministry support projects in the Diocese;
- further grants were awarded to Charges from the diocesan St Hilda's Fund and from General Synod's Dunderdale fund;
- a mission officer was appointed to scope this role for the longer term, and Diocesan Synod agreed to appoint a mission enabler on a full-time basis from spring 2016;
- increased hours were agreed for the youth and children's officer;
- a communications co-ordinator was appointed to scope such a role for the longer term, and to provide support in the development of websites for the Diocese and for Charges;
- the former St Andrew's Church, Prestonpans was sold and the proceeds transferred to the Diocese, where they will be used to fund a system of building grants for Charges;
- the Administrative Scheme (the Constitution of the Diocese) was revised to respond to changes in charities legislation and to reflect organisational and operational changes.

A full review of the activities of the year is given in the reports to Synod of the various committees, which are available from the Diocesan Office.

## Report of the Standing Committee (continued)

### Year ended 31 December 2015

#### Financial review

##### *Sources of funding*

The Diocese is dependent for the majority of its income on quota contributions from Charges, and grant funding from General Synod. In 2015 these accounted for respectively 58% and 18% of total recurring income. A further 13% is derived from the return on diocesan investments. Quota requested from Charges is based on budgeted expenditure and allocated among Charges in proportion to their assessable income. General Synod funding is given in respect of specific mission and ministry posts applied for, but from 2016 this funding will switch to a formula-based block grant system.

##### *Review of the financial position*

The budget for 2015 was approved by Diocesan Synod in October 2014, and forecast a deficit of £19,207. The budget provided for the continuing new post of mission officer, extended hours for the youth and children's officer, and the appointment of a communications co-ordinator. Through a series of cost savings in the diocesan office, early receipt of grant income, and the unplanned deferral of staff appointments and grant awards, the expected deficit was turned to surplus.

Additionally, the Diocese received the proceeds from the sale of the former St Andrew's Church, Prestonpans, which closed in 2014, (£92,987) and a legacy of £16,467 was received. The income from the sale of Prestonpans has been used to create a designated fund which will be used to support diocesan Charges with urgent building maintenance. The legacy income has been added to the St Hilda's fund for diocesan mission projects.

The resulting outcome for the year was overall net operating income of £151k. Including unrealised gains on revaluation of investment assets, the change in funds during the year was as follows:

<i>£'000s</i>	<b>General fund</b>	<b>Designated funds</b>	<b>Restricted funds</b>	<b>Total funds</b>
Net operating income	26.3	118.9	6.1	151.3
Gains on investment assets	9.2	96.6	6.3	112.1
Transfers between funds	(10.5)	10.5	-	-
Net movement in funds	25.0	226.0	12.4	263.4

##### *Policy on investments*

The Diocese retains all its securities investments in the Scottish Episcopal Church Unit Trust Pool (UTP). The investment policy of the UTP, which accords with that of the Standing Committee, is to earn a return on the assets, over the long term, sufficient at least to maintain the real value of the distribution to unit holders. The UTP Investment Committee recognises its responsibilities to optimise investment returns whilst striving to meet reasonable ethical investment expectations. It aims to invest in companies that will not only successfully develop their business financially in the interests of shareholders, but also demonstrate responsible employment and good corporate governance practices, are conscientious regarding environmental performance and human rights, and act with sensitivity to the communities in which they operate.

The Investment Committee has also adopted strict "negative" criteria as a significant element of the ethical investment policy. No direct investment will be made in companies whose main business is in any of the following restricted categories: armaments, gambling, tobacco and pornography. The Committee is committed to seeking to identify companies whose operational activities give rise to ethical concerns, and will positively engage with, and if deemed appropriate, disinvest from such companies whose securities are held within the investment portfolio.

## Report of the Standing Committee (continued)

### Year ended 31 December 2015

#### Financial review (continued)

##### *Principal risks and uncertainties*

The Standing Committee has initiated a fresh review of risks and uncertainties, and the mitigating measures that can be adopted to minimise exposure. The principal risks are:

- dependency on collecting quota from Charges – this is managed through regular monitoring of receipts and follow-up with Charges; review of Charges’ annual accounts; and regular pastoral contact with Charges;
- reliance on investment performance – all funds are placed with the Scottish Episcopal Church UTP, which is considered to be a low-risk product with a sound ethical basis;
- security of assets and systems – the diocesan office is protected against fire and intrusion, data backups are held off-site, and the Diocese is developing a disaster recovery plan;
- the potential loss of key personnel – the Diocese plans to review the terms of employment contracts and will review and document temporary cover for critical tasks.

##### *Policy on reserves*

The net assets of the Diocese are held in a range of diverse funds. Some of these are restricted funds, whose income can only be expended in accordance with the wishes of the donor or the purposes for which the fund was raised. Other funds are held to generate income to fund the activities of the Diocese.

Total funds at 31 December 2015 were as follows:

<i>£'000s</i>	Total funds	Funds held as:		
		Tangible assets	Investments	Other assets
Restricted income funds	191.9	–	139.3	52.6
Designated capital funds	2,341.2	924.3	1,370.5	46.4
Designated income funds	1,047.6	–	937.8	109.8
General fund	138.9	12.2	203.6	(76.9)
<b>Total funds</b>	<b>3,719.6</b>	<b>936.5</b>	<b>2,651.2</b>	<b>131.9</b>

Designated capital funds represent either (a) past sums granted to the Diocese with the intention that they be invested to generate income to further the activities of the Diocese or (b) funds invested in the Episcopal residence. In 2015 invested capital funds generated income of £50.6k to support diocesan expenditure.

Designated revenue funds represent sums invested to generate income for mission or building grants within the Diocese. The income generated in 2015 amounted to £34.6k, of which £25k was expended during the year. Standing Committee intends that the income of these funds be expended each year.

The Standing Committee has a number of responsibilities to meet, which include payment of stipends and salaries to central and diocesan personnel, maintenance of the diocesan office and its facilities, and support of diocesan Charges in their mission. The committee considers it necessary to retain a sum sufficient to provide working capital to cover day-to-day expenditure and to enable its responsibilities to be discharged in the event of any significant interruption or reduction in its income. This would enable the Diocese to maintain its current level of activities for a reasonable period until replacement funding can be obtained.

## **Report of the Standing Committee (continued)**

### **Year ended 31 December 2015**

#### **Financial review (continued)**

##### *Policy on reserves (continued)*

In line with other charitable bodies of similar size and level of financial commitment, the Standing Committee seeks to maintain a minimum of 3 months' average annual expenditure in freely available reserves. At 31 December 2015 the minimum requirement of 3 months amounted to £193.6k; freely available reserves at the same date (general fund excluding tangible assets) amounted to £126.7k (or 8.5 weeks' expenditure).

#### **Plans for future periods**

Standing Committee anticipates continuing all the activities in which the Diocese is currently involved. Beyond 2015, the transfer of ministry training to the Scottish Episcopal Institute will lead to considerable change in the activities and funding of the Diocese. With the change in ministry funding to a block grant system, Standing Committee expects the benefit from General Synod funding to improve. However, the method of allocation of a finite sum between the 7 Scottish dioceses is under review.

Standing Committee looks forward to appointing a full-time enabler of mission, at an annual cost of £45,000. The post-holder will support the Bishop and Mission and Ministry Committee to further develop, implement and communicate the mission strategy of the Diocese. There are also new developments in information and communications with the development of a new diocesan website and increased presence on social media. The St Hilda's fund will continue to provide support for mission and curate stipends within the Diocese, and the new St Andrew's fund will be available to provide support to Charges for urgent buildings maintenance.

Diocesan budgets continue to forecast deficits. While these have not come to fruition in recent years, this cannot be guaranteed into the future. The weak financial position of some Charges in the Diocese will increase pressure to support them and may impact on the payment of quota by Charges to the Diocese. The Diocese has each year been paying an increasingly larger share of the quota raised by General Synod.

#### **Structure, governance and management**

Founded in 1633, the Diocese is one of seven dioceses of the Scottish Episcopal Church, part of the Anglican Communion. The Diocese covers an area comprising Edinburgh, the Lothians, Scottish Borders and Falkirk. The Bishop of Edinburgh is chief pastor to 54 Charges, or local congregations, within this area. Congregational Charges within the Diocese are separate registered charities, and their transactions do not form part of these accounts.

The principal governing body of the Diocese is Diocesan Synod, which meets at least once each year to receive reports, appoint committees and officials, and transact any other business referred to it. Its membership comprises the Bishop, all instituted, licensed or commissioned clergy in the Diocese, a Lay Representative elected by each Charge, diocesan officials and members of the laity licensed to a specific duty within the Diocese.

Charges in the Diocese are grouped into seven areas. Each has an Area Council, comprised of the lay representative and clergy representative and one other lay person for each Charge in the area. The councils further the work of the Church in their area and act as a channel of communication between the congregations and Synod in both directions. Area Councils are required by the Constitution to meet at least three times each year.

The Diocese is an unincorporated association. Subject to Canon Law of the Scottish Episcopal Church and Resolutions of its General Synod, the Diocese is governed by a Constitution (the 'Administrative Scheme'); a new version was approved by Synod during 2015.

## **Report of the Standing Committee (continued) Year ended 31 December 2015**

### **Structure, governance and management (continued)**

Between meetings of Synod the Standing Committee acts as Executive Committee of the Diocese. It is responsible for managing and safeguarding the assets of the Diocese. It implements Synod decisions, supervises diocesan committees and communications between them, and considers business raised by Charges within the Diocese. It is required by the Constitution to meet at least three times each year.

For the purposes of charities law, the members of the Standing Committee are the Trustees of the Diocese; all are appointed or elected from within the Diocese and its Charges. The Convenor of the Standing Committee is the Bishop, who is elected by representatives of Charges in the Diocese. The Vice convenor is a lay person appointed by the Standing Committee from within its membership. Two clerical and two lay members are elected by the Diocesan Synod. The elected members have a four year term of office. The Dean, Registrar, Secretary, Treasurer, and Convenors of the Mission and Ministry, and Finance and Management, committees are members ex officio. The Standing Committee has power to fill ad interim vacancies occurring between meetings of Synod.

New members of the Standing Committee are provided with an induction pack and receive relevant support for their role on appointment.

The remuneration of key personnel is determined on the basis of scales compiled by General Synod of the Scottish Episcopal Church.

The Standing Committee has two pendant committees. The Mission and Ministry Committee exists to encourage, accompany and resource local congregations and individuals on their journey of faith. Its remit also includes training for ministry and ministerial development. The Finance and Management Committee is concerned with the administration and day-to-day finances of the Diocese. It is responsible for the preparation of budgets and cash flows, the setting of Quota levels from Charges, and the preparation of the annual accounts. Each committee has a number of subsidiary committees reporting to it.

### **Reference and administrative details**

Reference and administrative details are given on page 2.

### **Conclusion**

The members of the Standing Committee would like to thank all those who contribute their time, energy and money so generously to ensure that the Diocese can continue to provide a central support and common link point to all the Charges within the Diocese.

**ON BEHALF OF THE TRUSTEES**

**DAVID J PALMER**

*Vice Convenor, Standing Committee*

12 March 2016

## **Statement of responsibilities of the Members of the Standing Committee**

The Members of the Standing Committee, as charity trustees, are responsible for preparing the Annual Report and the Accounts in accordance with applicable law and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The law applicable to charities in Scotland requires the members of the Standing Committee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Diocese and of its income and expenditure for that period. In preparing these accounts members of the Standing Committee are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Diocese will continue in operation.

The members of the Standing Committee are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Diocese 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 provisions of the Administrative Scheme for Edinburgh Diocesan Synod.

The members of the Standing Committee are also responsible for safeguarding the assets of the Diocese and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members of the Standing Committee are responsible for the maintenance and integrity of the charity and financial information included on the diocesan website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.



## **Independent auditor's report to the Standing Committee of Diocese of Edinburgh Scottish Episcopal Church**

We have audited the accounts of the Diocese of Edinburgh Scottish Episcopal Church for the year ended 31 December 2015 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of responsibilities of the Members of the Standing Committee set out on page 8, the trustees are responsible for the preparation of accounts which give a true and fair view.

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 responsibility is to audit and express an opinion on the accounts 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 accounts**

A description of the scope of an audit of accounts is provided on the website of the Financial Reporting Council (FRC) at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the Diocese of Edinburgh's affairs as at 31 December 2015 and of its incoming resources and application of resources, for the year then ended; and
- 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).

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## **Independent auditor's report (continued)**

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

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

- the information given in the Report of the Standing Committee is inconsistent in any material respect with the accounts; or
- proper accounting records have not been kept; or
- the accounts 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.

### **CHIENE + TAIT LLP**

*Chartered Accountants and Statutory Auditor*

61 Dublin Street

Edinburgh EH3 6NL

16 March 2016

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

## Statement of financial activities

### Year ended 31 December 2015

	Note	Unrestricted funds			Total funds	
		General fund	Designated funds	Restricted funds	2015	2014
		£	£	£	£	£
<b>Income and endowments from</b>						
Donations and legacies	3	33,404	16,468	4,520	54,392	24,720
<b>Charitable activities</b>						
Quota receipts due from Charges	4	456,907	-	-	456,907	435,823
General Synod grant funding		-	-	142,334	142,334	132,032
Other grants and funding		-	-	19,937	19,937	23,841
Other charitable activities		10,224	-	-	10,224	9,259
		467,131	-	162,271	629,402	600,955
Other trading activities	5	12,452	-	-	12,452	14,013
Investments	6	59,737	34,650	5,146	99,533	97,858
Other	7	-	92,987	-	92,987	10,877
<b>Total income and endowments</b>		<b>572,724</b>	<b>144,105</b>	<b>171,937</b>	<b>888,766</b>	<b>748,423</b>
<b>Expenditure on</b>						
Raising funds		-	-	-	-	(433)
<b>Charitable activities</b>						
Quota paid to General Synod	8	260,787	-	-	260,787	249,765
Mission and ministry activities		53,997	15,244	123,134	192,375	180,378
Grants and bursaries		2,655	10,000	32,391	45,046	50,303
Information and communication		9,649	-	-	9,649	7,009
Diocesan clergy		68,459	-	10,300	78,759	81,029
Diocesan office		130,385	-	-	130,385	132,855
Governance		20,501	-	-	20,501	26,437
		546,433	25,244	165,825	737,502	727,776
<b>Total expenditure</b>		<b>546,433</b>	<b>25,244</b>	<b>165,825</b>	<b>737,502</b>	<b>727,343</b>
Net operating income		26,291	118,861	6,112	151,264	21,080
Gains on investment assets	9	9,230	96,639	6,283	112,152	130,051
<b>Net income</b>		<b>35,521</b>	<b>215,500</b>	<b>12,395</b>	<b>263,416</b>	<b>151,131</b>
Transfers between funds	10	(10,500)	10,500	-	-	-
<b>Net movement in funds</b>		<b>25,021</b>	<b>226,000</b>	<b>12,395</b>	<b>263,416</b>	<b>151,131</b>
<b>Reconciliation of funds</b>						
Total funds at 1 January 2015		113,883	3,162,781	179,522	3,456,186	3,305,055
<b>Total funds at 31 December 2015</b>	20	<b>138,904</b>	<b>3,388,781</b>	<b>191,917</b>	<b>3,719,602</b>	<b>3,456,186</b>

All incoming and outgoing resources derive from continuing activities.  
The Diocese has no gains and losses other than those recognised above.

The notes on pages 14 to 26 form part of these accounts.

## Balance sheet

### 31 December 2015

	Note	Unrestricted funds			Total funds	
		General fund	Designated funds	Restricted funds	2015	2014
		£	£	£	£	£
<b>Fixed assets</b>						
Tangible assets	16	12,188	924,274	-	936,462	913,774
Investments	17	203,623	2,308,291	139,285	2,651,199	2,439,097
		215,811	3,232,565	139,285	3,587,661	3,352,871
<b>Current assets</b>						
Debtors	18	75,124	17,496	2,599	95,219	53,922
Cash at bank and in hand		(100,378)	151,720	51,458	102,800	127,519
		(25,254)	169,216	54,057	198,019	181,441
<b>Liabilities</b>						
Creditors: amounts falling due within one year	19	51,653	13,000	1,425	66,078	78,126
<b>Net current assets</b>		(76,907)	156,216	52,632	131,941	103,315
<b>Total net assets</b>		<b>138,904</b>	<b>3,388,781</b>	<b>191,917</b>	<b>3,719,602</b>	<b>3,456,186</b>
<b>Funds of the charity</b>						
Restricted income funds		-	-	191,917	191,917	179,522
<i>Unrestricted funds:</i>						
Designated funds		-	3,388,781	-	3,388,781	3,162,781
General fund		138,904	-	-	138,904	113,883
<b>Total charity funds</b>	20	<b>138,904</b>	<b>3,388,781</b>	<b>191,917</b>	<b>3,719,602</b>	<b>3,456,186</b>

APPROVED FOR ISSUE BY THE STANDING COMMITTEE (TRUSTEES) ON 11 MARCH 2016  
AND SIGNED ON THEIR BEHALF BY

**DAVID J PALMER**  
*Vice-Convenor, Standing Committee*

The notes on pages 14 to 26 form part of these accounts.

## Statement of cash flows

### Year ended 31 December 2015

	Note	2015	2014
		£	£
<i>Cash flows from operating activities</i>			
Net cash provided by / (used in) operating activities	24	512	(38,530)
<i>Cash flows from investing activities</i>			
Dividends, interest and rents from investments		98,659	95,055
Purchase of property and equipment		(23,940)	-
Proceeds from sale of investments		50	-
Purchase of investments		(100,000)	-
<b>Net cash (used in) / provided by investing activities</b>		<b>(25,231)</b>	<b>95,055</b>
<i>Change in cash and cash equivalents in the reporting period</i>		<b>(24,719)</b>	<b>56,525</b>
Cash and cash equivalents at the beginning of the reporting period		127,519	70,994
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>102,800</b>	<b>127,519</b>

The notes on pages 14 to 26 form part of these accounts.

## Notes to the accounts

### Year ended 31 December 2015

#### 1. Accounting policies

##### (a) Basis of preparation

These accounts have been prepared under the historical cost convention as modified by the revaluation of investment assets, and are in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Charities Accounts (Scotland) Regulations 2006 (as amended).

##### (b) Going concern

The accounts have been prepared on a going concern basis. The members of the Standing Committee have assessed the ability of the Diocese to continue as a going concern and have reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date of approving the accounts. They thus continue to adopt the going concern basis of accounting in preparing these accounts.

##### (c) Reconciliation with previous Generally Accepted Accounting Practice

The Standing Committee has considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. Although there has been some regrouping and re-ordering of information in the statement of financial activities, no restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the presentation of investment gains as a component of net income.

	£
<b>Reconciliation of reported net income</b>	
Net income for 2014 as previously stated	21,080
Adjustment for gains on investment assets now treated as a component of net income	130,051
<b>Net income for 2014 restated</b>	<b>151,131</b>

##### (d) Fund accounting

Unrestricted funds may be used at the discretion of Standing Committee to further any of the purposes of the Diocese, including to supplement expenditure from restricted funds. Standing Committee may choose to set aside part of the unrestricted funds as a designated fund for a particular future project or commitment.

Restricted funds can lawfully only be used for the purpose specified by the donor or resulting from the terms of an appeal. Some restricted funds may be capital funds in that only the income of the fund may be expended to further the objectives of the Diocese.

Details concerning the main funds of the Diocese are given in note 20.

##### (e) Recognition of income

Income is recognised in the statement of financial activities when the Diocese becomes entitled to the income, there is probability of receipt, and its monetary value, including any associated costs, can be measured reliably. Income is deferred where it relates to activities or services delivered in a later accounting period.

*Income from donations and legacies* includes donations, legacies and grants which are of a general nature. In the case of legacy income where there is uncertainty as to amount, the fair value of the income receivable may be estimated on the basis of available information.

*Income from charitable activities* comprises quota receivable from Charges, grants to support the activities of the Diocese, and income derived from courses, retreats and conferences which further the purposes of the Diocese.

*Income from other trading activities* includes receipts from activities which are not part of the main objectives of the Diocese. This includes income from sub-letting office space and recoveries in respect of use of office resources.

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 1. Accounting policies (continued)

##### (e) Recognition of income (continued)

*Income from investments*, derived from securities, deposits and let property, is recognised as it falls due.

*Other income* comprises income that cannot be reported under any other heading.

##### (f) Recognition of expenditure

Expenditure is accounted for on an accruals basis, being recognised when there is a legal or constructive obligation to pay, probability that settlement will be required, and the amount can be measured or estimated reliably.

*Expenditure on raising funds* includes costs of investment management, including agents' fees and maintenance costs incurred on let property.

*Expenditure on charitable activities* includes all costs incurred in undertaking the charitable objectives of the Diocese. This includes costs directly incurred by the Diocese, and stipend support costs and grants awarded to congregations and individuals.

Liability for grants payable is recognised at the time of the grant being awarded.

Governance costs represent the costs associated with general running of the Diocese as opposed to costs associated with charitable activities. These include external scrutiny, legal advice, Synod and committee meetings, honoraria paid to diocesan officials, and other costs associated with constitutional and statutory requirements. They include costs associated with strategic as opposed to day to day management of activities.

##### (g) Allocation of support and governance costs

There is considered to be one sole activity, the mission and ministry of the Christian Church. Therefore, support costs (including governance) are presented as an additional component of expenditure on charitable activities without apportionment to specific projects.

##### (h) Operating leases

Rentals paid under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged as an expense on a straight line basis over the period of the lease, even if the payments are not made on such a basis.

##### (i) Taxation

The Diocese is a registered Scottish charity exempt from tax on income and gains applied to charitable purposes. Income tax is recoverable in respect of gift-aided donations. The Diocese is not registered for Value Added Tax and is therefore unable to reclaim VAT incurred on expenditure, which is therefore shown gross of this irrecoverable VAT.

##### (j) Tangible fixed assets

*Heritable property* is valued at cost to the Diocese. The Standing Committee considers that the cost of carrying out a professional valuation to include properties in the accounts at valuation would be disproportionate to any additional benefit derived by users of these accounts. The properties are not depreciated in the accounts as residual value is deemed sufficiently high that any depreciation would be immaterial.

*Fittings* are written off to revenue in the year of acquisition.

*Equipment* with a purchase price greater than £2,000 is capitalised and depreciated over its assessed useful economic life on a straight-line basis. Other equipment is written off to revenue in the year of acquisition.

##### (k) Financial instruments

The Diocese carries only basic financial assets and liabilities. These may comprise investments in securities, amounts receivable and payable, and cash deposited with banks. Financial assets and liabilities are initially valued at cost; subsequently, investment assets are valued at market valuation (excluding any costs of realisation or disposal) and other assets and liabilities are valued at the best estimate of settlement amount.

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 1. Accounting policies (continued)

##### (l) Investment assets

The Diocese owns one social investment property: a former church building, St Andrew's, Niddrie, which is leased to a community arts group. The Diocese intends to continue to use this asset to support community and social projects in the area. This asset is recorded in the accounts with a notional value of £100.

Investments in securities (or ones valued by reference to such investments, such as unit trusts) are recorded at market valuation.

##### (m) Gains and losses

Realised gains and losses on security investments are calculated as the difference between the net sales proceeds and their valuation at the start of the year (or subsequent cost) and are recognised in the statement of financial activities in the year of disposal.

Unrealised gains and losses represent the movement in market valuation during the year and are recognised in the statement of financial activities based on market valuation at the year end.

##### (n) Retirement benefits

The Scottish Episcopal Church operates a defined benefit non-contributory pension scheme. The Diocese pays contributions to this multi-employer scheme in respect of its stipendiary clergy and administrative staff. Contributions to the scheme are set at rates designed to spread the cost of pensions over the working lives of its members, and are charged in the accounts on a due and payable basis. The rate of contributions is determined by a qualified actuary. The amount of the charge for the year is disclosed in note 12.

#### 2. Related party transactions

The nature of the Diocese requires that it has many financial transactions with the General Synod of the Scottish Episcopal Church and with Charges in the Diocese. As members of the Diocesan Standing Committee are connected with their respective local church congregations and certain members are also members of Boards and Committees of the General Synod, these bodies are related parties under FRS 102, and transactions with them are "related party transactions". The governance procedures of the Diocese and of General Synod require that members of all Boards and Committees declare their interest in any grant or loan application prior to its discussion by the Board or Committee.

FRS 102 requires disclosure of material related party transactions and year end balances with related parties. In the case of the accounts of the Diocese, these are for the most part separately disclosed in the statement of financial activities, the balance sheet or in the notes to the accounts. To reduce the volume of information given, FRS 102 permits aggregation of transactions of a similar nature. This practice has been followed in relation to quota from local congregations, and balances due in respect of the payroll bureau service.

As regards General Synod, the Diocese pays quota to and receives grants from General Synod. The Diocese also rents office space from General Synod at a cost of £20,189 (2014: £20,047). As regards local congregations, the Diocese receives quota from and pays grants to individual congregations. A central payroll bureau service and use of central office facilities are offered to congregations, for which nominal charges are made. Balances due by and to congregations in respect of quota and the payroll bureau service are disclosed in notes 18 and 19.

The total amount of unconditional donations received from trustees or other related parties was £2,520 (2014: £1,320).

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 3. Income from donations and legacies

	General fund	Designated funds	Restricted funds	Total funds	
	£	£	£	2015 £	2014 £
Donations and gifts					
AllChurches Trust	28,651	-	-	28,651	17,585
Other donations and gifts	4,753	-	4,520	9,273	7,135
Legacies	-	16,468	-	16,468	-
<b>Total income from donations and legacies</b>	<b>33,404</b>	<b>16,468</b>	<b>4,520</b>	<b>54,392</b>	<b>24,720</b>
<i>Fund totals 2014</i>	<i>21,542</i>	<i>-</i>	<i>3,178</i>	<i>24,720</i>	

#### 4. Income from charitable activities

	General fund	Designated funds	Restricted funds	Total funds	
	£	£	£	2015 £	2014 £
<b>Quota receipts due from Charges</b>	456,907	-	-	456,907	435,823
<b>General Synod grant funding</b>					
Curate support grants	-	-	65,033	65,033	60,665
Stipend support grants	-	-	21,151	21,151	14,877
Travel grants	-	-	3,300	3,300	3,300
Ministry development service	-	-	36,450	36,450	36,450
Dunderdale funds:					
Endowment of bishoprics	-	-	8,400	8,400	8,320
Endowment of charges	-	-	5,600	5,600	5,440
Dean's allowance	-	-	1,900	1,900	1,880
Other funding	-	-	500	500	1,100
	-	-	142,334	142,334	132,032
<b>Other grants and funding</b>					
Walker Trust	-	-	19,937	19,937	18,818
Stipend support for Charges	-	-	-	-	5,023
	-	-	19,937	19,937	23,841
<b>Other charitable activities</b>					
IME course fees	1,896	-	-	1,896	-
Clergy conference	5,410	-	-	5,410	5,270
Adventures in Faith	1,893	-	-	1,893	1,017
Diocesan retreat	880	-	-	880	2,370
Youth and children's events	145	-	-	145	602
	10,224	-	-	10,224	9,259
<b>Total income from charitable activities</b>	<b>467,131</b>	<b>-</b>	<b>162,271</b>	<b>629,402</b>	<b>600,955</b>
<b>Fund totals 2014:</b>					
Quota receipts due from Charges	435,823	-	-	435,823	
General Synod grant funding	-	-	132,032	132,032	
Other grants and funding	-	-	23,841	23,841	
Other charitable activities	9,259	-	-	9,259	
	445,082	-	155,873	600,955	

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 5. Income from other trading activities

	General fund	Designated funds	Restricted funds	Total funds	
	£	£	£	2015	2014
	£	£	£	£	£
Office earnings	12,452	-	-	12,452	8,408
Miscellaneous income	-	-	-	-	5,605
<b>Total income from other trading activities</b>	<b>12,452</b>	<b>-</b>	<b>-</b>	<b>12,452</b>	<b>14,013</b>
<i>Fund totals 2014</i>	<i>14,013</i>	<i>-</i>	<i>-</i>	<i>14,013</i>	

#### 6. Income from investments

	General fund	Designated funds	Restricted funds	Total funds	
	£	£	£	2015	2014
	£	£	£	£	£
Listed securities and unit trusts	58,160	34,650	5,146	97,956	96,244
Cash deposits	77	-	-	77	114
Investment properties	1,500	-	-	1,500	1,500
<b>Total income from investments</b>	<b>59,737</b>	<b>34,650</b>	<b>5,146</b>	<b>99,533</b>	<b>97,858</b>
<i>Fund totals 2014</i>	<i>60,913</i>	<i>31,685</i>	<i>5,260</i>	<i>97,858</i>	

#### 7. Other income

	General fund	Designated funds	Restricted funds	Total funds	
	£	£	£	2015	2014
	£	£	£	£	£
Funds transfer from former St Andrew's Church, Prestonpans	-	92,987	-	92,987	-
Edinburgh Diocesan Urban Trust funds	-	-	-	-	10,877
<b>Total other income</b>	<b>-</b>	<b>92,987</b>	<b>-</b>	<b>92,987</b>	<b>10,877</b>
<i>Fund totals 2014</i>	<i>-</i>	<i>10,877</i>	<i>-</i>	<i>10,877</i>	

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 8. Expenditure on charitable activities

Note	General fund	Designated funds	Restricted funds	Total funds	
	£	£	£	2015 £	2014 £
<b><i>Quota paid to General Synod</i></b>	260,787	-	-	260,787	249,765
<b><i>Mission and ministry activities</i></b>					
Ministry development:					
Stipends and salaries	4,260	5,000	21,751	31,011	35,377
Other costs	10,951	-	19,328	30,279	26,500
Clergy conference	12,568	-	-	12,568	11,045
Diocesan retreat	1,019	-	500	1,519	2,725
Youth and children:					
Salaries	22,128	-	-	22,128	15,447
Other costs	819	-	-	819	1,432
International links	655	-	-	655	6,343
Curate stipends	-	-	65,033	65,033	60,893
Local ministry	-	10,244	9,115	19,359	11,316
Chaplaincies	1,597	-	7,407	9,004	9,300
	53,997	15,244	123,134	192,375	180,378
<b><i>Grants and bursaries</i></b>					
Grants for congregations	40	10,000	8,900	18,940	19,424
Walker Trust grants and bursaries	-	-	16,837	16,837	16,624
Other grants and bursaries	2,615	-	6,654	9,269	14,255
	2,655	10,000	32,391	45,046	50,303
<b><i>Information and communication</i></b>					
Communications co-ordinator	3,875	-	-	3,875	-
The Edge (diocesan magazine)	4,705	-	-	4,705	5,646
Websites development and delivery	1,069	-	-	1,069	1,363
	9,649	-	-	9,649	7,009
<b><i>Diocesan clergy</i></b>					
Bishop:					
Stipend	40,419	-	8,400	48,819	47,880
Residence	9,543	-	-	9,543	13,048
Expenses	5,123	-	-	5,123	6,196
Dean (expenses and congregation allowance)	13,374	-	1,900	15,274	13,905
	68,459	-	10,300	78,759	81,029
<b><i>Diocesan office</i></b>					
Support staff salaries	65,489	-	-	65,489	62,839
Training and expenses	91	-	-	91	639
Premises costs	31,309	-	-	31,309	31,088
Administration	22,917	-	-	22,917	22,627
Equipment maintenance	9,327	-	-	9,327	15,662
Equipment depreciation	1,252	-	-	1,252	-
	130,385	-	-	130,385	132,855
carried forward	525,932	25,244	165,825	717,001	701,339

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 8. Expenditure on charitable activities (continued)

	Note	General fund £	Designated funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 £
brought forward		525,932	25,244	165,825	717,001	701,339
<b>Governance</b>						
Synod and committee expenses		2,874	-	-	2,874	7,746
Honoraria to diocesan officials		8,000	-	-	8,000	8,000
Auditors' remuneration	15	3,677	-	-	3,677	3,494
Legal fees and expenses		5,950	-	-	5,950	7,197
		20,501	-	-	20,501	26,437
<b>Total expenditure on charitable activities</b>		<b>546,433</b>	<b>25,244</b>	<b>165,825</b>	<b>737,502</b>	<b>727,776</b>
<b>Fund totals 2014:</b>						
Quota paid to General Synod		249,765	-	-	249,765	
Mission and ministry activities		51,372	7,440	121,566	180,378	
Grants and bursaries		-	10,416	39,887	50,303	
Information and communication		7,009	-	-	7,009	
Diocesan clergy		70,609	-	10,420	81,029	
Diocesan office		132,855	-	-	132,855	
Governance		26,437	-	-	26,437	
		538,047	17,856	171,873	727,776	

#### 9. Gains on investment assets

	General fund £	Designated funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 £
Realised gain on maturity of stock	50	-	-	50	-
Unrealised gains on revaluation of securities	9,180	96,639	6,283	112,102	130,051
	<b>9,230</b>	<b>96,639</b>	<b>6,283</b>	<b>112,152</b>	<b>130,051</b>
<b>Fund totals 2014</b>	<b>10,362</b>	<b>112,597</b>	<b>7,092</b>	<b>130,051</b>	

#### 10. Transfers between funds

	General fund £	Designated funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 £
Episcopal residence fund	(10,500)	10,500	-	-	-
<b>Fund totals 2014</b>	<b>55,887</b>	<b>(52,119)</b>	<b>(3,768)</b>	<b>-</b>	

The amount of £10,500 has been transferred from the general fund to the Episcopal residence fund representing the value of property improvements carried out during the period.

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 11. Trustee remuneration, benefits and expenses

No Trustee or member of the Standing Committee received remuneration or benefits in respect of service as trustee.

The following members of the Standing Committee received remuneration in respect of other service to the Diocese:

Name of trustee	Why remuneration paid	Remuner- ation paid	Pension contri- butions
		£	£
The Right Rev. Dr John Armes	Stipend paid for service as Bishop of the Diocese	37,035	8,617
Mr Nigel Cook	Honorarium for service as Diocesan Treasurer	4,000	-
Mr Colin Heggie	Fees paid (including Value Added Tax) in respect of service as Diocesan Registrar	6,000	-
Mr David Palmer	Honorarium for service as Diocesan Secretary	4,000	-

Remuneration paid to the Bishop conforms to scales determined by the General Synod of the Scottish Episcopal Church. Remuneration for service as Bishop also includes the benefit of rent-free residential accommodation, in respect of which the Diocese pays Council Tax.

Expenses totalling £27 incurred on travelling to Synod and Trustee meetings were reimbursed to 2 trustees.

No other trustee received remuneration in any respect, nor reimbursement of expenses in respect of performance of duties as trustee.

#### 12. Staff costs and key management personnel

	2015 £	2014 £
Gross stipends and salaries	122,048	121,283
Social security costs	7,563	7,218
Employer's contribution to defined benefit pension scheme	37,837	33,144
	<b>167,448</b>	<b>161,645</b>

<i>Average numbers employed during the year</i>	Average headcount		Full-time equivalent	
	2015	2014	2015	2014
Clergy (Bishop)	1.00	1.00	1.00	1.00
Mission and ministry	1.58	3.31	1.08	1.65
Administration	3.00	3.00	2.11	2.11
	<b>5.58</b>	<b>7.31</b>	<b>4.19</b>	<b>4.76</b>

No employee received emoluments greater than £60,000.

The foregoing excludes a communications co-ordinator engaged on a contractor basis.

The Diocese considers its key management personnel to comprise the members of the Standing Committee. Details of remuneration and benefits paid are disclosed in note 11.

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 13. Retirement benefits

All employees of the Diocese are eligible to join the Scottish Episcopal Church Pension Fund which is a non contributory defined benefit scheme. The Diocese is unable to identify its share of the underlying assets and liabilities of the Fund on a consistent and reasonable basis and so accounts for its contributions as if the scheme were a defined contribution scheme.

The periodic actuarial valuation of the entire fund as at 31 December 2008 revealed a deficit of £8.8 million. The Pensions Regulator approved a recovery plan, as part of which the contribution rate was increased from 25.3% to 34.9% with effect from 1 January 2010. The valuation as at 31 December 2011 showed that the deficit had fallen to £3 million. However, the cost of future benefits had increased materially, meaning that the reduction of the deficit was taking longer than planned. The increased contribution level was therefore maintained.

With effect from 1 January 2014, pensionable retirement age was increased to 67, and the annual increase in pensionable salary was capped at the increase in the retail prices index.

The latest valuation as at 31 December 2014 disclosed that the past service deficit has been eliminated and that the Fund was in surplus by £1.3 million. As a result of the changes introduced on 1 January 2014, the cost of future benefit accrual has been reduced and the contribution rate will be reduced to 32.2% of pensionable remuneration with effect from 1 January 2016.

There were no unpaid contributions outstanding at 31 December 2015 payable by the Standing Committee.

#### 14. Operating lease rentals

Diocesan office expenditure includes the following payments of operating lease rentals:

	<b>2015</b>	<b>2014</b>
	£	£
Amounts payable in respect of:		
hire of plant and machinery	2,652	5,137
other operating leases	20,189	20,047
	<b>22,184</b>	<b>25,184</b>

#### 15. Auditors' remuneration

Auditors' remuneration of £3,677 (2014: £3,494) consists solely of the fee for audit of the trustees' report and accounts.

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 16. Tangible fixed assets held for use by the Diocese

	<b>Land &amp; buildings</b>	<b>Office equipment</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 January 2015	913,774	–	913,774
Additions	10,500	13,440	23,940
At 31 December 2015	924,274	13,440	937,714
<b>Accumulated depreciation</b>			
At 1 January 2015	–	–	–
Charge for year	–	1,252	1,252
At 31 December 2015	–	1,252	1,252
<b>Net book value</b>			
At 31 December 2015	<b>924,274</b>	<b>12,188</b>	<b>936,462</b>
At 31 December 2014	<b>913,774</b>	<b>–</b>	<b>913,774</b>

The Diocese owns the Bishop's residence which is shown here at historic cost and is not depreciated. No impairment provision has been made in the accounts as the Standing Committee believes that the value of the property is in excess of the book value.

#### 17. Investment assets

	<b>Social investment property</b>	<b>Listed securities and unit trusts</b>	<b>Total</b>
	£	£	£
<b>Cost or valuation</b>			
Carrying value at 1 January 2015	100	2,438,997	2,439,097
Additions at cost	–	100,000	100,000
Unrealised gain on revaluation	–	112,102	112,102
Carrying value at 31 December 2015	<b>100</b>	<b>2,651,099</b>	<b>2,651,199</b>

The social investment property is leased to a community arts group in Craigmillar and is included at a notional value of £100.

Investments in securities (or ones valued by reference to such investments, such as unit trusts) are shown at market valuation. All security investments are held in the Scottish Episcopal Church Unit Trust Pool.

The investment policy of the Diocese is described on page 4 in the Report of the Standing Committee.

The Diocese had invested the sum of £50 in HM Treasury 3.5% War Loan (a stock originally raised by the then Government in 1917 to pay for the First World War). The original investment cost was written off on acquisition, but the annual income of £1.75 has been recognised each year within investment income. In March 2015 HM Government redeemed its outstanding War Loan debt, and the full proceeds of £50 is recognised in these accounts as an investment asset gain, as disclosed in note 9.

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 18. Debtors

	2015	2014
	£	£
Accrued investment income	49,462	48,589
Quota receipts from Charges in arrears	1,303	1,682
Payroll bureau balances due from Charges	-	3,290
Other debtors and prepayments	44,454	361
	<b>95,219</b>	<b>53,922</b>

All amounts fall due within one year.

#### 19. Creditors: amounts falling due within one year

	2015	2014
	£	£
Grants awarded	13,000	13,230
Quota receipts from Charges in advance	9,335	20,157
Payroll bureau balances due to Charges	7,378	8,628
Accruals and deferred income	5,950	3,725
Taxation and social security	4,327	4,613
Lent appeal funds owed	334	627
Other creditors	25,754	27,146
	<b>66,078</b>	<b>78,126</b>

#### Lent appeal funds

Lent appeal funds represent unexpended funds raised for the Bishop's annual Lent Appeal. Income is not shown in the statement of financial activities as it is collected by the Diocese on behalf of nominated recipients. The corresponding asset is included within cash at bank in the balance sheet.

During 2015 £11,108 was contributed to the appeal by congregations in the diocese. Payments of £5,700 each were made to the Scottish Episcopal Institute, to provide funding support for full time ordinands in training for ministry in the Scottish Episcopal Church, and to the International Justice Mission, a global organisation that aims to protect the poor from violence in the developing world.

#### Trust funds

Included within other creditors is the sum of £9,916 (2014: £8,548) relating to five small trusts with purposes related to the Scottish Episcopal Church. The diocesan property trustees comprise the trustees of the trusts concerned, which are administered by the Diocese. The corresponding asset is a designated trusts bank account included within cash at bank in the balance sheet.

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 20. Summary of fund movements

	Brought forward	Net operating income	Gains / (losses)	Transfers	Carried forward
	£	£	£	£	£
<b>Restricted funds</b>					
Bishop's discretionary fund (including Pitcairn library)	107,767	942	3,755	-	112,464
Funds for the benefit of specific Charges	44,017	1,430	1,748	-	47,195
Walker Bursary Fund	17,237	3,656	678	-	21,571
Other restricted funds	10,501	84	102	-	10,687
	<b>179,522</b>	<b>6,112</b>	<b>6,283</b>	<b>-</b>	<b>191,917</b>
<b>Unrestricted funds</b>					
<i>Capital funds:</i>					
Home mission funds	1,345,667	-	61,374	-	1,407,041
Overseas mission funds	9,436	-	446	-	9,882
Episcopal residence fund	913,774	-	-	10,500	924,274
<i>Revenue funds:</i>					
Diocesan projects funds	893,904	118,861	34,819	-	1,047,584
	<b>3,162,781</b>	<b>118,861</b>	<b>96,639</b>	<b>10,500</b>	<b>3,388,781</b>
General fund	113,883	26,291	9,230	(10,500)	138,904
	<b>3,276,664</b>	<b>145,152</b>	<b>105,869</b>	<b>-</b>	<b>3,527,685</b>
<b>Total funds</b>	<b>3,456,186</b>	<b>151,264</b>	<b>112,152</b>	<b>-</b>	<b>3,719,602</b>

#### Restricted funds:

The Bishop's discretionary fund provides grants for the benefit of individual diocesan clergy and also assists other beneficiaries and projects.

Funds for the benefit of Charges relate to the Charges at Livingston and Rosslyn.

The Walker bursary fund receives grants from the Walker Trust to provide bursaries for theological education.

Other restricted funds represent a number of small disparate funds.

#### Unrestricted funds:

Home and overseas mission funds hold investments which provide income to support the mission of the Diocese.

The Episcopal residence fund represents the value of the Episcopal residence.

Diocesan projects funds represent funds accumulated to assist Charges within the Diocese with mission projects (the St Hilda's fund), and buildings maintenance (the St Andrew's fund).

## Notes to the accounts (continued)

### Year ended 31 December 2015

#### 21. Commitments in respect of capital expenditure

At 31 December 2015 the following capital expenditure commitments existed:

	£
Improvements to heritable property	3,525
	<u>3,525</u>

#### 22. Commitments under operating leases

At 31 December 2015 the total future minimum lease payments in respect of non-cancellable operating leases were as follows:

	£
Amounts payable:	
not later than one year	21,600
later than one year	
and not later than five years	80,756
later than five years	-
<b>Total future commitments at 31 December 2015</b>	<b><u>102,356</u></b>

#### 23. Contingent liabilities

From time to time the Diocese is required to provide guarantees to third parties in respect of grants or loans advanced to Charges in the Diocese. In the event of non-performance in respect of a grant or non-payment of sums falling due in respect of a loan, the Diocese would have a legal obligation to pay any such sums due by the Charge. Obligations of this nature constitute a contingent liability of the Diocese.

#### 24. Reconciliation of net income to net cash flow from operating activities

	2015	2014
	£	£
Net income for the reporting period (as shown in the statement of financial activities)	263,416	151,131
Adjustments for non-cash transactions and investing or financing activities:		
Depreciation charges	1,252	-
(Gains) on investment assets	(112,152)	(130,051)
Dividends, interest and rents from investments	(99,533)	(97,858)
Changes in non-cash balances:		
(Increase) / decrease in debtors	(40,423)	49,708
(Decrease) in creditors	(12,048)	(11,460)
<b>Net cash provided by / (used in) operating activities</b>	<b><u>512</u></b>	<b><u>(38,530)</u></b>