



The Church of Scotland
General Trustees

ANNUAL REPORT & FINANCIAL STATEMENTS

For The Year Ended 31 December 2019

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

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THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT for the year ended 31 December 2019

A. OBJECTIVES AND ACTIVITIES

Article III of the Articles Declaratory of the Constitution of the Church of Scotland in Matters Spiritual says: "As a national Church representative of the Christian faith of the Scottish people it acknowledges its distinctive call and duty to bring the ordinances of religion to the people in every Parish of Scotland through a territorial ministry".

Objectives

Interpreting this declaration in modern terms as a duty and a desire for a Christian presence in every community, the General Trustees as a part of the national administration of the Church, aim to give practical effect to this by:

- supporting parish ministry in its various forms; and
- assisting congregations in the provision of suitable buildings for each parish.

Their trust purpose is to administer stipend endowments and any heritable assets such as land, churches, halls and manses and any moveable assets such as investments derived therefrom for such ends, uses and purposes as the General Assembly (or any body to which its powers are delegated) may direct.

This is reflected in the terms of the Trustees' Mission Statement:

"The General Trustees support congregations and Presbyteries in maintaining and developing appropriate flexible, robust and sustainable facilities capable of supporting local mission and worship."

Public Benefit

The Church of Scotland General Trustees is a Charity registered in Scotland. It provides public benefit through the achievement of the two objectives and the effective undertaking of the Trustees' activities in support of the Church of Scotland's national network of around 1,250 parishes, over 3,500 churches, halls and manses and about 1,000 ministers and other parish workers. This network offers spiritual, pastoral and practical care for all, whether they are Christian or not, who wish to engage with matters of faith and community care and action in a Christian context.

Principal Activities

The General Trustees undertake a number of activities in the carrying out of their trust purpose and the two charitable objectives.

Supporting Parish Ministry

a. Administering the Consolidated Stipend Fund

This Fund is administered for the benefit of the 1,250 or so congregations with holdings in it. The Fund capital is largely derived from the sale of glebeland since 1925 as well as from transfers of surplus capital from the Consolidated Fabric Fund and from the investment of new

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

A. OBJECTIVES AND ACTIVITIES (Continued)

Supporting Parish Ministry (Continued)

a. Administering the Consolidated Stipend Fund

monies by individual congregations. Revenue generated on the capital is applied to help the congregations meet their parish ministry costs.

Upon the sale of glebeland for a significant sum by way of development value, a congregation's capital holding may generate more income than required. On the recommendation of the Presbytery and with the concurrence of the Faith Nurture Forum (as successor to the Ministries Council), surplus capital may be transferred to the benefit of that congregation in the Consolidated Fabric Fund or to assist other congregations through the National Stipend Fund which is included within the Consolidated Stipend Fund.

b. Administering Glebeland Funds

Funds arising from the sale of glebeland are transferred to the capital of the Consolidated Stipend Fund once a particular transaction is complete. As with income from the Fund, rental income arising from the letting of glebeland is also applied to help congregations pay for parish ministry costs.

Assisting Congregations in the Provision of Suitable Buildings

a. Administering the Consolidated Fabric Fund

This Fund comprises two distinct elements, the first being capital derived from the sale of redundant properties and from the transfer from time to time of surplus capital from congregations' holdings in the Consolidated Stipend Fund. Subject to various safeguards and approvals, both capital and accrued revenue may be withdrawn to meet a wide range of buildings-related expenditure incurred by congregations on churches, halls and manses and enabling them to pay for repairs and improvements to their buildings.

General Assembly Regulations provide for the possibility of monies from the Fund being transferred to the benefit of the congregation in the Consolidated Stipend Fund or to assist other congregations through the Central Fabric Fund. Such transfers are implemented by the General Trustees on the recommendation of the Presbytery.

The second element of the Fund is the net capitalised value of heritable properties occupied by congregations and which are vested in the Trustees as legal owners. This information is a charity accounting requirement.

b. Administering Individual Funds and Temporary Funds

Individual Funds were derived from the sale of redundant properties and where the main purpose of the proceeds was for Christian mission rather than for the repair or improvement of

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TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

A. OBJECTIVES AND ACTIVITIES (Continued)

Assisting Congregations in the Provision of Suitable Buildings (Continued)

b. Administering Individual Funds and Temporary Funds

buildings. Release of accrued revenue and capital is subject to various approvals from congregations and Presbyteries.

Temporary Revenue Funds derived from the sales of redundant properties are normally transferred, together with interest thereon, to the Consolidated Fabric Fund once the transactions are complete.

c. Administering the Central Fabric Fund

The Fund is the main resource which enables the Trustees to provide financial assistance to congregations for repairing and improving the buildings which they use as local resources for Christian mission. In recent years the Trustees have made around £5m annually in the form of grants and loans.

Over the course of 2019, a short-term working group comprising representatives of the Fabric and the Finance & Resources Committees recommended the adoption of revised policies and protocols in relation to the awarding of grants and loans to ensure that robust and sustainable business plans for the long-term financing of the operation of new and refurbished buildings are in place. Publicity was given at the seven regional seminars run by the Trustees for congregational property conveners between the beginning of August and the end of October 2019.

The following guidelines are applied when assessing applications for financial assistance:

- Priority will be given to grant applications to the Central Fabric Fund from congregations in Priority Areas and in other areas of identified need.
- Grants will not be awarded to congregations which have holdings in the Consolidated Fabric Fund from which the relevant expenditure could be met.
- Grants will not be awarded to congregations which can finance the repayment of a loan, although the General Trustees may continue to make grants in this circumstance towards the cost of obtaining professional advice.
- Grants will only be awarded where the congregation has applied the whole or a substantial portion of its fabric reserves or has made significant efforts to raise funds locally or from other external sources.
- Before loans are offered, the Trustees will scrutinise relevant financial information to ensure that a congregation has the financial ability to repay the capital and interest of any loan which might be offered to it.
- From time to time the Trustees will make modest grants to external organisations such as the Historic Churches Trust (formerly the Scottish Redundant Churches Trust) where the aims of such organisations are deemed by the Trustees to support their own objectives including the disposal of redundant Church buildings.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

A. OBJECTIVES AND ACTIVITIES (Continued)

d. Administering the General Fund

The General Fund, which is unrestricted, is used to meet expenses incurred by the Trustees in the administration of their business, the main item being staff salaries and associated costs. After meeting administration costs, the net incoming resources of this Fund (primarily the payments received under Gift Aid from the Church of Scotland Insurance Services Ltd) have been applied towards reserves or have been transferred to the Central Fabric Fund to assist in the making of grants and loans to Congregations, and on one occasion to the then Ministries Council (now Faith Nurture Forum) to assist with Parish staffing costs.

e. The work of the Church of Scotland Insurance Services Limited

The Church of Scotland Insurance Services Limited ("the Company") is a limited company incorporated and domiciled in Scotland with registered company number SC001777. The registered office is 121 George Street, Edinburgh, EH2 4YN.

The Company is a wholly-owned subsidiary of the General Trustees and as such its assets, liabilities and results for the year are consolidated with those of the General Trustees.

The Company provides through its Church Scheme a first-class comprehensive package-type cover at competitive rates for buildings, liabilities and contents for congregations. In consultation with the Trustees, the Company approached Aviva, the Scheme Insurer, to renew the Scheme a year early in order to take advantage of the good claims record. Aviva offered a new three-year period from 1 January 2020 with the possibility of a further two-year extension combined with a reduction in the premium rate. This provides certainty for congregational Treasurers and will continue to generate a profit for the Trustees. The Trustees believe that the services which the Company provides represent a good deal for congregations and the Trustees.

B. ACHIEVEMENTS AND PERFORMANCE

Bearing in mind their trust purpose, the General Trustees have continued throughout 2019 to support parish ministry and to assist congregations in the provision of suitable buildings by the efficient administration of the Funds under their control.

Investment Performance

The General Trustees invest primarily in the Deposit, Growth and Income Funds of the Church of Scotland Investors Trust (COSIT). Although they obtain the benefits of professional management, continuous portfolio supervision, spread of investment risk and economies of scale, decisions as to the appropriate investment mix as between the three Funds are the responsibility of the General Trustees in relation to the Consolidated Stipend Fund, the Central Fabric Fund and the General Fund while individual Financial Boards of congregations are responsible for determining the mix of their holdings in the Consolidated Fabric Fund.

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TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

B. ACHIEVEMENTS AND PERFORMANCE (Continued)

Investment Performance (Continued)

The COSIT Trustees set internal benchmarks for the Growth Fund that take account of ethical constraints and these are used to assess the investment performance of the Fund Manager. In 2019 the total return was +17.04% (2018: +0.22%) against the composite benchmark of +17.02% (2018: -3.4%).

The Income Fund's total investment return was +9.2% (2018: -0.08%) compared with the composite benchmark return of +8.2% (2018: -1.18%).

The Deposit Fund's average rate of interest paid for 2019 was +0.84% (2018: +0.59%).

Land & Buildings Plan – “Well-equipped spaces in the right places”

2019 has been a year of change not just for the Trustees but also for the other parts of the Church's national administration and for Presbyteries. The 2019 Assembly adopted a Radical Action Plan (RAP) which led to the creation of a new Committee, the Assembly Trustees, to oversee the work of the Unincorporated Entities primarily through two new Forums – Faith Nurture and Faith Impact – to replace the four former Councils with effect from 1 January 2020. The General Trustees were delighted that as part of the RAP the 2019 General Assembly supported the proposal for a major consultation on a Land & Buildings Plan for the Church. The Built Environment Forum Scotland was commissioned by the General Trustees to facilitate 8 regional workshops which were attended by around 700 persons, a webinar which attracted around 300 attendees (including a number of Kirk Sessions) and an online questionnaire which attracted some 1,300 responses mostly from individual members of congregations, Kirk Sessions and Presbyteries. The response to the questionnaire has been uniformly positive and has enabled the General Trustees to formulate 5 key statements of principle and a corresponding number of developmental work-streams:

- Improving the understanding of the condition and suitability of buildings through a new survey system;
- Developing minimum standards for church buildings and guidelines on location (well-equipped spaces in the right places);
- Developing ways of supporting Presbyteries in their planning role including piloting the appointment of Presbytery Buildings Officers;
- Improving the guidelines on the responsibilities for the care and development of congregational buildings and land; and
- Developing legislation and operational procedures for buildings that are surplus to the church's requirements.

The principles and work-streams were to have been brought to the General Assembly in May 2020 for approval and support. Following the cancellation of the Assembly until 2021 as a result of the Coronavirus crisis, the General Trustees have determined to proceed as they believe that many congregations will be facing an uncertain future which in turn will call into question whether all the of the current building stock is necessary and whether the buildings that are to be retained are properly equipped to serve as resources for worship, outreach, mission and discipleship.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

B. ACHIEVEMENTS AND PERFORMANCE (Continued)

Strategic Engagement with Presbyteries

The members and staff of the Presbytery Strategy & Innovation Committee have undertaken a considerable level of engagement with Presbyteries across the whole of Scotland which have requested the Trustees' support in progressing revisions to Presbytery Plans with particular regard to how buildings are assessed for future retention and use or for closure and disposal. The development of aspects of a Land & Buildings Plan partly arising as a result of a major consultation process (see more under Future Plans) has benefitted the process. It is anticipated that there will be increasing demand for the Trustees' support over the next few years.

Organisational Review

The Trustees' Secretary has begun a review of the Trustees' staffing structure which has identified a clear need for an immediate increase in the level of professional and administrative resources if the Trustees are to successfully deliver the key elements of the Land & Buildings Plan to Presbyteries and congregations. The review will also be considering working culture, values and practices. An achievement has been the preparation and interim delivery of a Property and Land Database capable of serving as a single point of information and reference about congregational land and buildings.

Safe Buildings

As anticipated in last year's report, the Trustees have continued to strengthen the Safe Buildings team by the appointment on a 3-year fixed term basis of a Fire Safety Officer and a Health & Safety Officer, both of whom from their appointment at the beginning of May have been assisting individual congregations with advice and guidance. The team has also undertaken a major study assessing the safety of plaster ceilings in churches and halls used by East Lothian congregations. This was in response to a fall of plaster in one location where the fast and effective response by the team resulted in a decision by the local authority to refer the matter to the Health & Safety Executive without a recommendation for prosecution.

C. FINANCIAL REVIEW

Total Reserves

The financial statements as at 31 December 2019 show that the General Trustees have total reserves of £744,385,000. Of this total for the charity, £522,869,000 is represented by the value of land and property assets as shown in note 12 and £83,733,000 is represented by unrealised gains on investment assets to date. During 2019, the Finance & Resources Committee conducted a review of the Trustees' policy on reserves. The Trustees agreed to implement its proposals that no additional reserves were required for the Stipend and Fabric Funds held on behalf of individual congregations or for the Designated Fund but that a formal reserves policy be introduced for the General Fund and the Central Fabric Fund.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

C. FINANCIAL REVIEW (Continued)

Unrestricted Reserves

Of the total reserves of £744,385,000 only £9,548,000 are unrestricted and undesignated, the majority of the reserves being held in restricted funds for the benefit of individual congregations. There are risks relating both to income and expenditure within the funds:

- there is annual expenditure on the General Fund of around £1,471,000 with annual ordinary recurring income, excluding income from the Insurance Company which is solely dependent on its trading results, of £399,000;
- major essential maintenance costs or underinsured damage to buildings which cannot be met by the congregation concerned could become a liability of the General Trustees to be met from this reserve and while such instances are not common when they do arise the sums can be very significant; and
- the General Trustees have contingent liabilities as disclosed in note 29 to the financial statements which, if they arose, would significantly reduce unrestricted reserves.

Given the potential scale of the call on reserves arising from these risk categories, it is the policy of the General Trustees to hold approximately 4 years of annual expenditure in reserves that amounts to around £6m and currently retain over 6 years of annual expenditure within this reserve. The investment portfolio is conservatively structured with the aim of providing income and the prospect of capital growth in the medium term.

Designated Reserves

In addition to the General Trustees' own reserves, the consolidated financial statements show reserves in Designated Funds of £7,629,000 at the Balance Sheet date which represents the net assets of the Insurance Company. The Insurance Company operates under the Companies Act and is authorised and regulated by the Financial Conduct Authority. The Directors of the Company are conscious of the Trustees' desire to aid the work of the Church and continue to examine ways to assist in that process.

Restricted Reserves

There are restricted reserves of £723,665,000 at 31 December 2019, comprising £141,143,000 of Stipend Funds and £582,522,000 of Fabric and other Funds which includes £37,289,000 and £485,580,000 respectively of capitalised land and properties.

As explained on page 2, the Consolidated Stipend Fund is held for the benefit of the 1,250 or so congregations for whom it is earmarked, and the income is applied against the congregation's ministry costs. Capital is not normally withdrawn but upon receipt of additional capital, typically from the sale of glebeland, surplus monies can be transferred to the Consolidated Fabric Fund or to the National Stipend Fund administered by the Faith Nurture Forum. As agreed with the then Board of Ministry (now Faith Nurture Forum) and adopted and re-affirmed by the General Assembly on a number of occasions, the most recent being in 2016, the Fund is regarded as a permanent endowment for investment strategy purposes.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

C. FINANCIAL REVIEW (Continued)

Restricted Reserves (Continued)

Whilst the Trustees consider this internally as an endowment fund it is not treated as such within these financial statements. It is therefore invested for the very long term with the aim of producing as high an annual income as is consistent with the need to sustain progressive growth in this income in the future, "progressive growth" being interpreted as at least matching inflation and sustaining that growth resulting in the need to maintain the capital value of the Fund in real terms. Following the approval of the 2001 General Assembly, the Fund has been viewed on a total return basis, and the Trustees are empowered to pay a proportion of any dividend out of capital.

Fabric Funds are made up of (1) heritable assets capitalised in the accounts which total £485,580,000, (2) monies held for specific congregations totalling £77,472,000 and (3) the Central Fabric Fund of £19,470,000. In the case of (2) the monies are held for the benefit of approximately 810 congregations and, subject to the relevant approvals by Presbyteries and the General Trustees, both capital and revenue balances may be withdrawn to meet local fabric needs. The timing of these withdrawals is out-with the control of the General Trustees.

The Central Fabric Fund is used to award loans and grants to congregations (see notes 15, 24 and 27 to the Financial Statements). Grants and loans from the Central Fabric Fund may be applied for by all congregations but all such applications fall to be decided by the General Trustees.

It is the policy of the Trustees to credit general donations to the capital of the Central Fabric Fund in order to increase the value of the Fund and thereby produce greater income for making grants and servicing interest-free loans in the future. Levies on property sales are credited to Revenue and ring-fenced for grant assistance to the three priority categories of congregations as approved by the 2003 General Assembly. The fund is long term in nature as it is the General Trustees' main funding support for congregations now and in the future. It is therefore the policy of the General Trustees to hold around 10 years of annual expenditure (or grants) in reserves. The fund is conservatively structured and is managed with the aim of providing income and the prospect of capital growth in the long term.

With effect from July 2003 new capital holdings are initially individually invested in the Deposit Fund of the Investors Trust until the congregation advises the Trustees as to the appropriate investment strategy. The underlying asset allocation of the Fund is re-balanced if necessary to ensure that the Deposit Fund element has a working balance equivalent to twelve months' withdrawals.

Restricted Revaluation Reserve

The revaluation reserve arises on the revaluation of land and properties subsequent to their initial recognition.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

C. FINANCIAL REVIEW (Continued)

Funds of the Investors Trust

The Investors Trust has an ethical investment policy and does not invest in companies substantially involved in alcohol, tobacco, gambling, armaments, the extraction of thermal coal or tar sands and other activities which are felt to harm society more than they benefit it.

The Growth Fund is a largely equity-based fund, with 77.5% of the fund invested in UK and overseas equities, and is intended for long-term investment. It seeks to provide growing annual income and a long-term increase in the value of the capital. The Income Fund is 90.3% invested in UK bonds and gilts and is intended to provide nominal capital protection. The Deposit Fund is intended for short-term investment and seeks to provide a competitive rate of interest whilst preserving nominal capital value.

Two members of the Finance & Resources Committee with an investment background regularly engage with COSIT by reviewing its quarterly and annual investment reports with particular reference to the Growth and Income Funds and attending presentations from the Investment Managers of these two Funds. They conducted an annual review of the suitability of the Trustees' current investment strategy in early 2020, recommending that it remain unaltered. The Trustees approved this proposal. A further review was carried out in late March 2020 due to the impact of the Coronavirus on financial markets and the same conclusion was reached.

Review of Financial Activities

The Statement of Financial Activities discloses the incoming and expended resources for the year to 31 December 2019 and the supporting notes analyse these over the General Trustees' main activities of supporting parish ministry, assisting the provision of suitable buildings and the unrestricted activities of general administration and the Insurance Company. The assets, liabilities and results of the Insurance Company are consolidated with those of the General Trustees and the format of the financial statements complies with the requirements of the Statement of Recommended Practice "Charities SORP (FRS 102)" effective 01 January 2019.

The underlying net assets of the Insurance Company at the Balance Sheet date were £7,629,000 (2018 - £6,981,000). A summary of the Insurance Company's results for the year is shown in Note 14.

The overall total income is £18,517,000 (including 'donated' assets of £4,542,000 – see notes 1 and 4) which is £2,476,000 less than 2018 with total expenditure of £29,994,000, an increase of £6,171,000 on the previous year, mainly as a result of increased property costs through a significant number of church renovations and repairs not capitalised of £5,676,000 and a reduction in the amount provided for outstanding loans to congregations of £184,000. The net gain on investments, tangible assets and other gains amounted to £38,725,000 leaving £27,248,000 to be added to the funds brought forward from 2018. Other than in the case of the Stipend Funds, there is no correlation between the movements in income and expenditure.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

C. FINANCIAL REVIEW (Continued)

Review of Financial Activities (Continued)

The objective of supporting parish ministry was met by expenditure of £2,848,000 (net of a £874,000 gain on the sale of glebeland), with £3,556,000 of that providing Faith Nurture Forum with around 8% of its total ministry costs for the year from Stipend Fund income and glebe rents.

Including gross capital expenditure, £30,973,000 has been spent on fabric purposes to assist the provision of suitable buildings for congregational purposes. That expenditure represents a significant investment in the Church's property assets. Of this sum £1,589,000 is committed by way of fabric grants to congregations. Awarding grants in excess of £1,000,000 per annum is only possible if the Central Fabric Fund receives support from other income streams of the General Trustees. The General Fund surplus for the year was due in great measure to the Insurance Company's contribution to the work of the General Trustees amounting to £1,343,000 for the year.

Valuation of Assets

As a result of the change of status from that of a Designated Religious Body to a Designated Religious Charity which removed the previous exemption from compliance with charity accounting standards in respect of capitalising heritable properties, the General Trustees carefully considered the significant impact of the Statement of Recommended Practice "Charities SORP (FRS 102)" effective 01 January 2019 given that they are the legal owners of around 2,500 buildings – churches, halls, manses, church officers' houses, steadings and the like – as well as around 550 glebes.

Glebeland

The 12,407 acres of glebeland (2018 – 12,458 acres) in the General Trustees ownership have been brought into the Financial Statements at fair value applying a yield of 1.2% of glebe rental and seasonal grazing income generated throughout the year. This suggested an average value of £2,983 per acre for pasture land at 31 December 2019 (2018 - £2,901). Glebeland had a capitalised value of £37,004,000.

Other Land

A strip of land was acquired at a cost of £285,000 to enable access to a glebe and is held at cost until the land is disposed.

Churches and Halls

Splitting these into (a) churches with and without integral halls and (b) separate halls, the General Trustees adopted a fair value using a new methodology approved by the Trustees based on using the valuations held at 31 December 2016 as a baseline figure and adjusted for inflation using the annual Tender Price Index at Q4 for the respective year. An annual depreciation charge is charged at 2% of the year end value of the properties. At the end of 2019 this indicated an average price for churches (including churches with integral halls) of £152,250 (2018 - £149,264) and an average price of £103,069 for separate halls (2018 - £101,048). These figures disclosed capitalised values at 31 December 2019 of £200,056,000 for churches (2018 - £198,074,000) and £20,099,000 for halls (2018 - £20,008,000).

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

C. FINANCIAL REVIEW (Continued)

Valuation of Assets (Continued)

Manses

The General Trustees adopted a fair value for manses using methodologies approved by the trustees based on a formula involving the midpoint of the relative Council Tax Band as at 1991 to which is applied indexing to each Band based on the Nationwide Building Society House Price Indexes at Q4 for the respective year. This brought out a capitalised value for manses vested in the General Trustees of £265,425,000 as at 31 December 2019 (2018 - £262,298,000)

The total capitalised value of tangible assets as at 31 December 2019 was therefore £522,869,000 comprising 12,407 acres of glebeland, 1,314 churches, 195 halls and 805 manses. This capitalised sum accounts for 70% of the Charity's total net assets.

The Trustees wish to emphasise that the year-end total capitalised value (i) represents the estimated value of land and buildings and is not 'cash in hand' nor is it equivalent to "market value" (ii) is held as restricted and revaluation funds for the future benefit of congregations and is not available for wider purposes and (iii) is subject to volatility depending on future movement of the chosen indices. Nevertheless, the Trustees are satisfied that for the purposes of their annual financial statements this represents a fair and reasonable assessment of the value of properties vested in them on the basis detailed above.

D. FUTURE PLANS

1. As mentioned earlier, the General Trustees are planning to capitalise on the positive response to the Land & Buildings Plan Consultation by undertaking the development of a number of areas of work. These plans are currently being updated to reflect additional challenges likely to emerge as a result of the Covid-19 crisis. The Trustees have undertaken extensive planning and forecasting as a result of Covid-19 and confirm that there are no material uncertainties in respect to the going concern of the charity.
2. One practical proposal contained in the Land & Buildings Plan Consultation was that regionally-based, paid professional buildings officers might be deployed across one or more Presbyteries. This measure generated an overwhelmingly positive response. After considerable engagement with and hard work by representatives of the Presbyteries of Aberdeen, Buchan, Gordon and Kincardine & Deeside (the North-East Cluster), approval has been given to trial the appointment of a Buildings Officer across the Cluster. This will give an opportunity of developing different types of inspections including where appropriate an assessment of sustainability as well as of condition. It will also provide added value to congregations as the Officer would conduct not only the inspections but also a proper follow-up with individual Kirk Sessions and Boards. The recruitment of an Officer for the North-East Cluster will have to be delayed until the current health crisis is over.
3. The Trustees aim to build on partnership working which has begun with external bodies such as Historic Environment Scotland, the Development Trusts Association Scotland, the Scottish

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

D. FUTURE PLANS (Continued)

structures of the national administration including the Assembly Trustees, the Assembly Business Committee and the Faith Nurture and Faith Impact Forums.

4. The Nomination Committee will continue to take forward improvements to the selection, appointment, induction and training of new and existing Trustees and Advisory Members to ensure a better balance of skills, location and gender within the Trustees. It has led discussions on changes to the structure of the Trustees' Board resulting in proposals which were to be taken to the 2020 Assembly for the introduction of fixed terms of appointment for Trustees and Advisory Members. The implementation of this will require to be delayed until a Commission of Assembly in late 2020 or the next General Assembly in May 2021.

E. STRUCTURE, GOVERNANCE & MANAGEMENT

Constitution

The Church of Scotland General Trustees is a statutory corporation incorporated under the Church of Scotland (General Trustees) Order Confirmation Act 1921. After their setting up in 1921 their powers and responsibilities were greatly extended by the Church of Scotland (Property and Endowments) Act 1925 and subsequent legislation which provided, among other things, for the transfer to them of the majority of the properties of the pre-1929 Church of Scotland. The Trustees are the major property-holding corporation of the Church of Scotland and the bulk of the functional buildings of the Church are vested in them as legal owners.

The General Trustees act, subject to directions from the General Assembly, as administrative trustees in respect of the heritable properties and funds which have been transferred to them and they are also charged with the administration of the Central Fabric Fund, the Consolidated Stipend Fund, the Consolidated Fabric Fund and various miscellaneous funds, mainly fabric-oriented. Other than as represented by tangible fixed assets, the two Consolidated Funds and the miscellaneous funds are held principally for the future benefit of individual congregations at the discretion of the General Trustees.

Organisation and Structure

General Trustees are appointed by the General Assembly which passes legislation and approves procedures to aid and enable the Trustees to carry out their functions. Directions and instructions from the General Assembly cannot conflict with the General Trustees' statutory powers or trusteeship responsibilities. Currently, Trustees and Advisory Members who have, prior to the opening of a General Assembly, attained their seventy-fifth birthday cease to be Trustees or Advisory Members from the date of the General Trustees' report to that General Assembly. As indicated it is proposed to replace this rule by fixed periods of service for both Trustees and Advisory Members. If supported by the Assembly, the new arrangement will become effective on 1 June 2020. The Trustees who served during the financial year and since the year end to the date of this Report are listed on Page 19.

As highlighted earlier, the structure is being reviewed but currently the Trustees also operate through eight Committees which are responsible for particular aspects of the Trustees' work. The Fabric, Glebes, Nomination and Business (formerly Chairman's) Committees normally meet up to ten times a

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TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

E. STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)

Organisation and Structure (continued)

year. The Presbytery Strategy & Innovation Committee meets up to eight times and the Safe Buildings Committees up to five times each year. The Audit & Assurance Committee normally meets three times each year and the Finance & Resources Committee meets five times, one of these meetings being jointly with the Audit & Assurance Committee. The Trustees' Board agreed that the Law Committee should be replaced by an *ad hoc* Working Group as required. The Committees are executive bodies which take decisions on behalf of the General Trustees on matters falling within their purview which do not involve a change of policy. The Committees report their decisions to the next meeting of the full Board.

The Trustees' chief officer, the Secretary, is primarily accountable for the efficient and effective operation of the staff and other resources required to deliver the work of the Trustees. The Trustees' Finance Manager is *de facto* responsible for the Trustees' financial administration, and for audit and accounting matters. He is seconded from the Stewardship & Finance Department of The Church of Scotland Unincorporated Entities (formerly the Unincorporated Councils and Committees). The General Treasurer is ultimately accountable for the Annual Report and Accounts in her capacity as the Trustees' Treasurer under the 1921 Act. On their own initiative, the Trustees seek instructions and directions from the General Assembly and have an opportunity to promote General Assembly legislation to further their objectives when they present their Report to the General Assembly each May. The Trustees ensure that such instructions and directions are implemented timeously. Frequently, this will involve close liaison and co-operation with other parts of the national administration and with external bodies such as the Scottish Churches Committee.

The Trustees have streamlined the presentation of cases coming before them at Board and Committee and always strive to deliver an effective and efficient service to congregations and Presbyteries.

Related Parties

The General Trustees and the Unincorporated Entities of the General Assembly of the Church of Scotland are component elements of the Church of Scotland, reporting annually to the General Assembly and subject to its direction and are thus related parties as stated in Note 31 to the Financial Statements. In carrying out their functions, the Trustees work closely with the Unincorporated Entities in the shape of the Faith Nurture and Faith Impact Forums at both trustee and executive staff levels. The General Trustees have traditionally invested all monies under their administration through the Church of Scotland Investors Trust. The Trustees and their executive staff rely heavily on the high level of skill and professional expertise of the Solicitor of the Church, her Depute and Assistants and support staff in the Law Department.

The Church of Scotland Insurance Services Limited is wholly owned by the Church of Scotland General Trustees apart from one share which is held by the Church of Scotland Trust out of the 530,000 issued shares. It is a Company trading as an insurance intermediary and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Further information regarding the relationship between the company and the

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

E. STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)

Related Parties (Continued)

General Trustees is contained later in the report. The accounts of the Insurance Company have been consolidated with those of the General Trustees.

Appointment and Induction of Trustees

General Trustees must either be Elders or Ministers of the Church of Scotland. Potential Trustees are identified in a number of ways: every four years each Presbytery is invited to put forward names of possible candidates; in addition the General Trustees advertise from time to time in Life & Work magazine. Personal recommendation also plays a part. In all cases, however, the Trustees seek Elders or Ministers with relevant skills and expertise. Details of potential Trustees are scrutinised by the Nomination Committee and those identified as suitable are personally interviewed by the Chairman and Vice-Chairman and one other Trustee after being given an opportunity of perusing an information pack including extracts from relevant legislation, the last financial report and audited financial statements, committee remits, staff organisation and directory and calendar of meetings.

Following successful interview, new members are co-opted as Advisory Members for at least a year before being put forward for formal appointment by the General Assembly. This enables the members to gain experience of attending Committee and Board meetings and accompanying Trustees on deputation visits before deciding if they wish to be nominated as full Trustees. Members are usually allocated to at least one of the executive Committees according to their skills and expertise. Every effort is made to fulfil training needs as these come to be identified and new members are encouraged to attend external trustee training courses.

Persons who are neither Elders nor Ministers of the Church of Scotland but whose skills and experience have been identified as relevant to the work of the General Trustees are co-opted to serve as Advisory Members. Advisory Members have no voting rights but otherwise play a full part in the work of the Trustees by serving on Committees, attending Board meetings and undertaking deputation visits. All members of the General Trustees are volunteers and many are also involved at Congregational and Presbytery level. Apart from the Chairman and Vice-Chairman who receive a modest honorarium as provided for in the 1925 Act, no members receive remuneration except expenses. The work of the General Trustees would be virtually impossible without the significant contribution of Congregational Boards, Kirk Sessions and of Presbytery officials all but three of whom are part-time and who undertake their duties as part of their Christian service. It is therefore important to note that while this voluntary effort is one of the strengths of the Church of Scotland, it also represents a limitation on the ability of the General Trustees to impose solutions on congregations and Presbyteries. This is a reflection of the Presbyterian structure of the Church of Scotland which is evidenced in the lack of powers in General Assembly legislation to force compliance. The General Trustees' risk register refers to this situation.

Risk Management

The Trustees have a risk management strategy which comprises:

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

E. STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)

Risk Management (Continued)

- An annual review of the principal risks and uncertainties that the Trustees face undertaken by the Audit & Assurance Committee.
- An annual request for the other Committees to review the Risk Register to identify cessation of or reduction in specific risks and any emerging or new risks in relation to their individual areas of work.
- The establishment of policies, systems and procedures to mitigate the risks identified not only during the annual review but also at other times when identified by individual Committees.
- The implementation of procedures designed to minimise or manage any potential impact on the Trustees should these risks materialise.

The Trustees consider the key risks to be:

- The build-up of major property-related problems at congregational level (allied to increasing lack of professional or technical knowledge) through failure to institute maintenance and repair programs and/or to monitor work at buildings and compounded by the lack of enforcement powers by the Trustees.
- Failure at congregational level to comply with basic health and safety requirements and practices.
- The limited control over external organisations whose decisions may impact adversely on the work of the Trustees.
- Dependence on Presbyteries and congregations for information.

The Trustees seek to mitigate these risks as set out below:-

- Major property-related problems at congregational level

Despite comprehensive legislation requiring annual and quinquennial inspection of churches, halls and manses and the introduction of simplified registers, there are still too many cases which come before the Trustees where buildings have not been properly looked after by congregations. The local problems are increasingly caused by a dwindling, aging membership with little or no experience of planned property maintenance compounded by the failure of Presbyteries to monitor and to take appropriate enforcement action. To encourage a more proactive approach, the Trustees have a number of measures in place including a rolling program of property seminars for congregational and Presbytery office-bearers. These are in addition to the busy telephone enquiry function provided by the Trustees staff. The exciting opportunity for the appointment of a professional buildings officer based in the North-East Cluster of Presbyteries should lead to better maintained and repaired buildings stock.

- Non-compliance with basic health and safety requirements by congregations

The appointment of a Safe Buildings Consultant in 2016 to champion a change in the mind-set of congregational office-bearers towards health and safety matters has proved to be a major

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

E. STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)

Risk Management (Continued)

element in mitigating the risk to the Trustees of health and safety failures at congregational level. In addition, as noted earlier, the Safe Buildings team now has capacity to give practical advice and support to congregations. In addition, the numbers of congregational Health & Safety Administrators and Presbytery Co-ordinators continues to increase.

- External issues

The Trustees deal with this matter by keeping their concerns before the General Assembly, the Assembly Trustees and the two Forums. The Trustees' Chairman has served since June 2019 as a full voting member of the Assembly Trustees although following the appointment of a Chief Officer, future collaboration should be between the Chief Officer and the Secretary. In addition, the Convener of the Trustees' Audit & Assurance Committee serves on the Main Audit Committee of the Unincorporated Entities when it considers the selection and appointment of the external and internal auditors. As mentioned earlier, the Trustees are establishing more effective ways of working with outside agencies including Historic Environment Scotland, Built Environment Forum Scotland and The Scottish Futures Trust. The Trustees greatly appreciate the concerted voice which they have with other denominations in Scotland through the Scottish Churches Committee on which the Secretary serves.

- Dependence on others for information

The Trustees are investing heavily in a significant upgrade of the existing Property & Glebes database as the primary source of information including conversion to a web-based application which will make it easy for Congregations, Presbyteries and the Trustees to upload land and buildings information and also to access it. The database should become operational in the latter half of the year.

Corporate Governance

Charities in Scotland are facing increasing scrutiny as a result of major changes to the regulatory system and corporate bodies generally are under increasing pressure to demonstrate that the way they run their affairs complies with principles of good governance. The Trustees have addressed the issues which arise from these two factors including the appointment, induction and training of their members, staff development, investment management, audit independence and risk management. As reported above, the Trustees are proposing to modernise the appointment of Trustees and Advisory Members by way of fixed periods of service.

As mentioned previously, the Convener of the Trustees' Audit Committee serves on the Council of Assembly's Governance Group and also attends meetings of its Audit Committee when considering the appointment of external auditors to the Unincorporated Entities.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

E. STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)

Appointment of External Auditors

The Council of Assembly's Audit Committee interviewed for external auditors during 2018 and agreed to appoint RSM UK Audit LLP. Although the appointment would be on a year-by-year basis, it was anticipated that unless extraordinary circumstances emerged the appointment would run for an initial three years. A Trustee of The Church of Scotland General Trustees had been on the panel and had recommended the appointment of RSM UK Audit LLP to serve as external auditors for the Trustees.

F. REFERENCE AND ADMINISTRATIVE DETAILS

Offices

121 George Street
Edinburgh EH2 4YR

Bankers

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh EH2 2TB

Independent Auditors

RSM UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh EH3 9QG

The Church of Scotland Investors Trust

Mrs Nicola Robertson
Secretary
121 George Street
Edinburgh EH2 4YN

Secretary and Clerk

Mr David D Robertson LLB NP
121 George Street
Edinburgh EH2 4YR

Solicitor

Miss Mary E MacLeod LLB NP
121 George Street
Edinburgh EH2 4YN

Treasurer

Mrs Anne F Macintosh BA CA
121 George Street
Edinburgh EH2 4YN

Finance Manager

Mr Alex Semple FCCA
121 George Street
Edinburgh EH2 4YN

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

List of General Trustees

Mr Raymond K Young CBE BArch (Hons) FRIAS
Chair

Mr Robert W Balfour DL BSc FRICS

Mr Walter H Barbour BLE FRICS

Mr Richard S Bell DipQS FRICS MCI Arb (from 5/5/20)

Mr Robert Bell FISTruct MIE BSc (Hons) (from 5/5/20)

Professor Stewart Brymer OBE LLB (Hons) WS NP
(resigned 31/12/19)

Mr Michael J P Cunliffe BSc (Hons) MSc

Rev James S H Cutler BD CEng MISTructE

Mr Iain C Douglas RD BArch FRIAS (retired 22/5/19)

Mr Manliffe Goodbody MA FSCI FRAC IAC (from 22/5/19)

Mr William A Hall

Mr Nigel W Hicks BSc MSc CA (from 5/5/20)

Mr Alan F K Kennedy BSc FFA

Mr Douglas Kerr BSc Agriculture (Hons)

Rev Sheila M Kirk BA LLB BD

Mr William M Lawrie

Mr J G Grahame Lees MA LLB

Mr Roger G G Dodd DipBldgCons (RICS) FRICS (retired 22/5/19)
Vice-Chair

Mr Ian T Townsend FRICS (wef 22/5/19)
Vice-Chair

Dr J Kenneth Macaldowie LLD CA

Rev Neil I M MacGregor BD

Rev Kenneth I MacKenzie DL BD CPS (from 5/5/20)

Mr John W Maddock BSc PGCE (from 22/5/19)

Rev Fiona M Mathieson BeD BD PGCommEd MTh (from 22/5/19)

Rev Janet S Mathieson MA BD

Mr David Menzies CEng MISTructE

Mr W Iain Munro BArch FRIAS (resigned 2/7/19)

Mr Neil A Price BSc CA FMAAT (resigned 2/8/20)

Rev Scott Rennie MA BD STM FRSA (from 5/5/20)

Mr Robin M Stimpson WS

Mr Donald W Thomas CIPFA

Mr D Stewart Toy BSc BArch RIBA

Dr John M Trushell BA (Hons) MBA MLitt LLM MSc PhD FRICS
FCIOB FCI Arb

Mr Kenneth M Wright MSc (from 22/5/19)

Advisory Members (as defined on page 14)

Mr James Alexander D Arch RIBA FRIAS (retired 22/5/19)

Mr A Graham Biggerstaff RD MRICS MREHIS

Miss Laura J Dunlop QC LLB (Hons)

Mr Andrew Hartley BA (Hons) MA (from 12/2/19)

Mr Michael W Hunter FRICS (resigned 22/5/19)

Mr Chris Johnstone FRIAS RIBA

Mr Ian W T Lochhead BSc FRICS (from 30/7/19)

Mr Hamish McBean

Mr Tom Nelson (from 13/3/20)

Mr Michael M Norval FRICS

Mr Iain Ogilvie MA (Hons)

Mr John E Rhind BSc (Hons) FRICS (resigned 22/5/19)

Rev David Taverner MCIBS ACIS BD

Mrs Rosalind J Taylor RIBA ARIAS MaPS

Mr Roger S Trueman BArch (Hons) Dip TP ARIAS

Rev Valerie G C Watson BD (resigned 18/2/19)

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2019

Statement of Trustees' responsibilities in respect of the Trustees' Report and the Financial Statements

The Trustees are responsible for preparing the Trustees' Annual Report 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 of the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

**Edinburgh
08 September 2020**

**Raymond K Young, CBE BArch (Hons) FRIAS,
Chairman**

David D Robertson, LLB NP, Secretary

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH OF SCOTLAND GENERAL TRUSTEES

Opinion

We have audited the financial statements of The Church of Scotland General Trustees (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Group and Charity Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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.

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the trustees' report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

Other information (Continued)

We have nothing to report in this regard.

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) require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 20 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh EH3 9QG

Date 08 September 2020

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2019

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
Income from:								
Donations and legacies	-	1,992	-	1,992	-	3,971	-	3,971
Charitable Activities	170	4,714	-	4,884	214	7,185	-	7,399
Investments	299	5,546	-	5,845	290	5,214	110	5,614
Other	1,801	3,995	-	5,796	1,756	7,064	-	8,820
Total income	2,270	16,247	-	18,517	2,260	23,434	110	25,804
Expenditure on:								
Raising Funds	24	-	-	24	25	-	-	25
Charitable Activities	1,761	26,626	-	28,387	1,859	20,441	-	22,300
Other	196	1,387	-	1,583	104	1,394	-	1,498
Total expenditure	1,981	28,013	-	29,994	1,988	21,835	-	23,823
Net gains / (losses) on investments								
Realised - Investments	39	88	-	127	(31)	(27)	-	(58)
Unrealised - Investments	1,123	16,998	417	18,538	(502)	(5,152)	(114)	(5,768)
	1,162	17,086	417	18,665	(533)	(5,179)	(114)	(5,826)
Net income / (expenditure)	1,451	5,320	417	7,188	(261)	(3,580)	(4)	(3,845)
Transfers between funds	811	(811)	-	-	-	110	(110)	-
Gains on revaluation of tangible fixed assets	-	19,812	-	19,812	-	5,311	-	5,311
Other gains	-	248	-	248	-	213	-	213
Net movement in funds	2,262	24,569	417	27,248	(261)	2,054	(114)	1,679
Total funds brought forward	14,915	699,096	3,126	717,137	15,176	697,042	3,240	715,458
Total funds carried forward	17,177	723,665	3,543	744,385	14,915	699,096	3,126	717,137

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

CHARITY STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2019

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
Income from:									
Donations and legacies	3	1,343	1,992	-	3,335	1,386	3,971	-	5,357
Charitable Activities	4	170	4,714	-	4,884	214	7,185	-	7,399
Investments	5	227	5,546	-	5,773	216	5,214	110	5,540
Other	6	2	3,995	-	3,997	2	7,064	-	7,066
Total income		1,742	16,247	-	17,989	1,818	23,434	110	25,362
Expenditure on:									
Charitable Activities	7	1,471	26,626	-	28,097	1,591	20,441	-	22,032
Other	11	-	1,387	-	1,387	-	1,394	-	1,394
Total expenditure		1,471	28,013	-	29,484	1,591	21,835	-	23,426
Net gains / (losses) on investments	13								
Realised - Investments		21	88	-	109	-	(27)	-	(27)
Unrealised - Investments		511	16,998	417	17,926	(213)	(5,152)	(114)	(5,479)
		532	17,086	417	18,035	(213)	(5,179)	(114)	(5,506)
Net income / (expenditure)		803	5,320	417	6,540	14	(3,580)	(4)	(3,570)
Transfers between funds	30	811	(811)	-	-	-	110	(110)	-
Gains on revaluation of tangible fixed assets	12	-	19,812	-	19,812	-	5,311	-	5,311
Other gains / (losses)	15	648	248	-	896	(275)	213	-	(62)
Net movement in funds		2,262	24,569	417	27,248	(261)	2,054	(114)	1,679
Total funds brought forward		14,915	699,096	3,126	717,137	15,176	697,042	3,240	715,458
Total funds carried forward		17,177	723,665	3,543	744,385	14,915	699,096	3,126	717,137

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

BALANCE SHEETS As at 31st December 2019

Note	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Fixed Assets				
12 Tangible Assets	522,872	516,811	522,869	516,809
13 Investments	201,669	178,560	197,340	174,951
14 Investment in Subsidiary Company	-	-	7,629	6,981
Total fixed assets	724,541	695,371	727,838	698,741
15 Long Term Concessionary Loans	1,632	1,675	1,632	1,675
Current Assets				
15 Short Term Concessionary Loans	3,802	1,954	3,802	1,954
16 Debtors	1,922	1,797	223	140
26 Short Term Deposits	12,830	15,933	12,830	15,933
26 Cash at Bank and in hand	4,035	4,131	1,104	1,185
Total current assets	22,589	23,815	17,959	19,212
17 Creditors: Amounts falling due within one year	4,161	3,585	3,044	2,491
Net Current Assets	18,428	20,230	14,915	16,721
Total Assets less Current Liabilities	744,601	717,276	744,385	717,137
18 Provisions for Liabilities and Charges	216	139	-	-
Net Assets	744,385	717,137	744,385	717,137
The funds of the charity:				
19 Endowment Funds	3,543	3,126	3,543	3,126
20a Restricted income Funds	233,040	217,564	233,040	217,564
20b Restricted Revaluation Reserve	490,625	481,532	490,625	481,532
21 Unrestricted income Funds	9,548	7,934	9,548	7,934
22 Designated Funds	7,629	6,981	7,629	6,981
Total charity funds	744,385	717,137	744,385	717,137

The notes on pages 27 to 42 form an integral part of these financial statements.

The financial statements on pages 23 to 42 were authorised for issue by The Church of Scotland General Trustees on (date) and were signed on its behalf by:

Raymond K Young, CBE BArch (Hons) FRIAS, Chairman

Anne F Macintosh BA CA, Treasurer

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

STATEMENT OF CASH FLOWS for the year ended 31st December 2019

Note	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Cash flows from operating activities:				
25 Net cash generated from operating activities	(3,858)	2,320	(3,937)	2,255
Cash flows from investing activities:				
Purchase of Tangible Assets	(4,940)	(8,323)	(4,938)	(8,322)
Proceeds from sale of Tangible Assets	8,458	8,277	8,459	8,277
Purchase of Investments	(20,691)	(25,745)	(19,943)	(25,089)
Proceeds from sale of Investments	16,247	17,809	15,590	17,113
Payment of Loans to Congregations	1,585	4,867	1,585	4,867
Net cash used in investing activities	659	(3,115)	753	(3,154)
Cash flow from financing activities:				
Net cash change in financing activities	-	-	-	-
(Decrease) in cash and cash equivalents in the reporting year	(3,199)	(795)	(3,184)	(899)
Cash and cash equivalents at the beginning of the reporting year	20,064	20,859	17,118	18,017
26 Cash and cash equivalents at the end of the reporting year	16,865	20,064	13,934	17,118

NET DEBT RECONCILIATION for the year ended 31st December 2019

26 Analysis of changes in net debt	Group		
	At 1 Jan 2019 £000	Cash flows £000	At 31 Dec 2019 £000
Cash and cash equivalents			
Cash	4,131	(96)	4,035
Cash equivalents	15,933	(3,103)	12,830
	20,064	(3,199)	16,865
Analysis of changes in net debt			
	Charity		
	At 1 Jan 2019 £000	Cash flows £000	At 31 Dec 2019 £000
Cash and cash equivalents			
Cash	1,185	(81)	1,104
Cash equivalents	15,933	(3,103)	12,830
	17,118	(3,184)	13,934

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

1 Accounting Policies

The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements are prepared in accordance with 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) ('the Charities SORP'), FRS 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102'), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The Church of Scotland General Trustees is a statutory corporation, established by the Church of Scotland (Properties and Endowments) Order Confirmation Act 1921. It is recognised as a charity for tax purposes by HMRC, registered with the Office of the Scottish Charity Regulator (OSCR) under the charity number: SC014574 and meets the definition of a public entity under FRS 102.

The principal office of the charity is 121 George Street, Edinburgh, EH2 4YR.

The principal activities of the charity are as described in the Trustees' Report.

The financial statements are rounded to the nearest whole £1,000 except where otherwise indicated and are presented in £ sterling.

Subsidiary Company

The principal activity of the Church of Scotland Insurance Services Limited is arranging insurance and providing risk management support to the congregations of the Church of Scotland.

b) Preparation of accounts on a going concern basis

The Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Trustees have undertaken extensive planning and forecasting as a result of Covid-19 and confirm that there are no material uncertainties in respect to the going concern of the charity. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

c) Group financial statements

The results of the Church of Scotland Insurance Services Limited have been consolidated on a line by line basis in the Consolidated Statement of Financial Activities and the Balance Sheet. The accounting policies of the subsidiary company do not materially differ from those of the General Trustees and inter-group transactions and balances have been eliminated from the consolidated financial statements.

d) Recognition of income

Generally incoming resources are accounted for in the Statement of Financial Activities when there is legal entitlement to the income and it is probable the income will be received and the amount can be quantified with reasonable accuracy.

Dividends from the Church of Scotland Investors Trust Growth and Income Funds are accounted for when approved with interest earned on the Deposit Fund accounted for up to the Balance Sheet date.

Property sales income is recognised according to the transaction's settlement date (almost always the date of receipt).

Gift Aid Donations are reflected as distributions by the subsidiary trading company and are recognised when approved for payment by the subsidiary.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

1 Accounting Policies (Continued)

d) Recognition of Income (Continued)

Insurance commission receivable is accounted for in full at the inception of the insurance contract.

Insurance profit commission is accounted for on an annual basis when the calculation is agreed with the insurers.

Donations and grant income is recognised when the charity has entitlement to the income, it is probable that it will be received and amounts can be measured reliably, except as follows:

- when donors specify that donations / grants must be used in future periods, the income is deferred.
- when donors impose conditions which have to be fulfilled before the charity becomes entitled to the income, the income is deferred and recognised when the conditions have been met.

Donated assets are included as income in the year that expenditure has been incurred.

Rental income is recognised on an accruals basis.

e) Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis and allocated to the appropriate headings in the financial statements. Grants and loans are disclosed as a commitment on the date of approval by the Trustees and recognised as expenditure once the conditions of the grant or loan award has been met.

The costs of raising funds include the costs incurred in generating voluntary income, together with investment management costs.

Charitable activities expenditure enables the Church of Scotland General Trustees to meet their charitable aims and objectives.

Governance costs are the costs associated with the governance arrangements of the Church of Scotland General Trustees, and relate to the general running of the Charity. These costs include internal and external audit, and the costs associated with meeting constitutional and statutory requirements such as the costs of Trustee Meetings and the costs of preparation of the Trustees' financial statements. This category also includes costs associated with the strategic as opposed to the day-to-day management of the Charity.

Support costs are those costs that enable fund generating and charitable activities to be undertaken. These costs include legal, finance and payroll administration, direct staff costs, human resources, central premises and information technology as set out in note 8.

f) Employee benefits

The Church of Scotland Insurance Services Limited provides a range of benefits to employees, including defined contribution pension plans.

g) Taxation

The Church of Scotland General Trustees, as a statutory corporation, have charitable status for UK tax purposes and are exempt from tax on income and gains to the extent that they are applied to its charitable activities. The Church of Scotland Insurance Services Limited presently distributes part of its taxable income by way of Gift Aid but the remainder of its profits are chargeable to Corporation Tax. Provision is also made for deferred taxation, using the liability method, on all material timing differences, including revaluation gains and losses on investments, recognised in the Subsidiary Company's profit and loss account. Deferred taxation is calculated at the rates at which it is expected that the tax will arise.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 Accounting Policies (Continued)

h) Tangible assets

The Church of Scotland Unincorporated Entities make use of heritable properties vested in The Church of Scotland General Trustees. These properties are not included in the financial statements of the General Trustees but are included in the financial statements of the Unincorporated Entities as beneficiary nominees and are held at cost less depreciation and impairment.

Tangible assets are stated at periodic valuation less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Glebeland and Heritable Properties

Glebeland and Heritable Properties whose titles are vested in the General Trustees have been capitalised at fair value using the methodology approved by the Trustees as set out in Note 2 as has capital expenditure incurred by the General Trustees and congregations on major projects costing over £50,000 during the year. Depreciation has been charged on a straight line basis over 50 years for all heritable properties based on the year-end valuation.

Tangible Fixed Assets excluding Heritable Properties

Tangible Fixed Assets costing more than £5,000 are capitalised. All other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Office Furniture and Equipment	5 years
Computers	3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other Expenditure' if a loss is realised or 'Other Income' if a gain is realised.

i) Investments

Listed investments are valued at their middle market value at the close of business at the year end. This closing valuation is then used to attribute a value to units held by investors. Investments are held at fair value through the Income & Expenditure Account.

Deposits held by the Deposit Fund are stated at cost.

Realised and unrealised gains and losses are included within the Statement of Financial Activities.

The investment in the Subsidiary Company is stated at the underlying value of its net assets.

Gains and losses on disposal and revaluation of investments are recorded in the Statements of Financial Activities.

j) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with the Investors Trust.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

1 Accounting Policies (Continued)

k) Provisions and contingencies

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

The General Trustees provision relates to deferred tax of the 'Insurance Company' which is expected to be used more than 12 months following the balance sheet date.

Contingencies

Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

l) Long Term and Short Term Concessionary Loans

Fabric loans to congregations meet the definition of social investments and concessionary loans as defined within the Charities SORP as they are loans made primarily to further the charitable aims of the General Trustees and interest rates charged are below the prevailing market rate of interest. Fabric loans represent loans made to congregations from the consolidated fabric fund for the purposes of maintaining and / or enhancing their condition.

The term of the loan is normally a period between 5 to 8 years with interest rates of 0%, 3% and 5%.

Short term loans may be awarded mainly for property purchases with the loan repaid in full or in part from the proceeds of disposal of a property.

Fabric loans are measured initially at their fair value and subsequently at their amortised cost using the effective interest method. Recoverability of loans is considered on an annual basis and are provided for as required.

m) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction price and subsequently measured at their settlement value, unless the arrangement constitutes a financing transaction. Financing transactions are initially measured at the present value of the future receipts discounted at a market rate of interest, and are subsequently carried at amortised cost, using the effective interest rate method. Investments in Growth and Income Fund Units held with the Investors Trust are shown at fair value. A breakdown of financial instruments by measurement basis is detailed in Note 24.

n) Fund Accounting

The General Fund is an unrestricted fund which is available for use at the discretion of the Trustees in furtherance of the general objectives of the General Trustees and which has not been designated for other purposes.

Designated Funds comprise unrestricted funds of the 'Insurance Company' that have been set aside by the Trustees for particular purposes.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by donors or Assembly instruction in respect of the Consolidated Stipend and Fabric Funds.

Permanent Endowment Funds are funds which are to be retained as capital in accordance with the wishes of donors.

The Restricted Revaluation Reserve arises on the revaluation of land and properties subsequent to their initial recognition.

o) Related party transactions

The charity discloses all related party transactions, including those with wholly owned members of the group.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

2 Critical accounting judgements and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

There are no critical judgements in applying the company's accounting policies.

Key accounting estimates and assumptions

Valuation of Assets

Heritable assets fall into four classes which have been valued as follows:

Glebeland

Revalued annually based on the prior year yield of glebe rental and seasonal grazing income generated throughout the year. The yield applied for pasture land in Scotland is 1.2% and the yield rate will be reviewed annually using information provided by the Royal Institute of Chartered Surveyors (RICS). There is no depreciation charged on glebeland.

Other Land

Other land is held at cost and no depreciation is charged on this asset category.

Churches and Halls

Revalued annually using the 2016 valuation as a baseline figure, adjusted for inflation using the Gardiner & Theobald Tender Price Index at Q4 in the respective year. There is an annual depreciation charge applied of 2% of the year end value of the property.

Manses

The values of manses are based on a formula involving the midpoint of the relative Council Tax Band as at 1991 to which indexing is applied to each Band based on the Nationwide Building Society House Price Index at Q4 in the respective year. There is an annual depreciation charge applied of 2% of the year end value of the property.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
3 Income from Donations and legacies				
Legacies	4	108	4	108
Mission & Renewal Fund	1	291	1	291
Donations	975	1,837	2,318	3,223
Monies from Other Boards/Committees	180	539	180	539
New Capital from Congregations	832	1,196	832	1,196
	<u>1,992</u>	<u>3,971</u>	<u>3,335</u>	<u>5,357</u>
4 Income from Charitable activities				
Supporting Parish Ministry	49	48	49	48
Providing Suitable Buildings				
Donated Assets	4,542	7,018	4,542	7,018
Other income	122	106	122	106
Other - General Fund	171	227	171	227
	<u>4,884</u>	<u>7,399</u>	<u>4,884</u>	<u>7,399</u>
5 Income from Investments				
Dividends	5,698	5,515	5,690	5,441
Interest	147	99	83	99
	<u>5,845</u>	<u>5,614</u>	<u>5,773</u>	<u>5,540</u>
6 Other Income				
Rental Income	1,821	1,719	1,821	1,719
Subsidiary Company Trading Income (note 14)	1,799	1,754	-	-
Net Proceeds on Disposal of Non Vested Assets	1,935	4,959	1,935	4,959
Levies on Property Sales	239	303	239	303
Proceeds from miscellaneous land sales	-	83	-	83
Sundry Income	2	2	2	2
	<u>5,796</u>	<u>8,820</u>	<u>3,997</u>	<u>7,066</u>
7 Expenditure on Charitable Activities				
Supporting Parish Ministry	3,720	3,462	3,720	3,462
Providing Suitable Buildings	22,906	16,979	22,906	16,979
Other - General Fund	1,761	1,859	1,471	1,591
	<u>28,387</u>	<u>22,300</u>	<u>28,097</u>	<u>22,032</u>

Included in the figure of Providing Suitable Buildings is a cost of £1,589,000 in respect of fabric grant awards for the year. An analysis of fabric grants payable during the year is set out in note 27.

Other - General Fund mainly relates to Support Costs of £1,058,000 (note 8); Governance Costs of £251,000 (note 9); other subsidiary company expenditure £145,000; property related costs of £48,000; church building seminars of £53,000; health & safety costs of £33,000; staff travel and subsistence of £31,000 and other general costs of £142,000.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

8 Support Costs within: Other - General Fund Expenditure (note 7)

	Support Costs £000	Support Cost Reallocations £000	Transfer to Governance £000	Total 2019 £000	Total 2018 £000
Legal	396	(105)	-	291	376
Finance and Payroll Administration.	128	(34)	-	94	122
Direct Staff	823	(219)	(50)	554	712
Human Resources	34	(9)	-	25	17
Central Premises	74	(20)	-	54	15
Information Technology	54	(14)	-	40	12
	1,509	(401)	(50)	1,058	1,254

The Church of Scotland General Trustees do not employ any staff directly - see note 10. All General Trustees payroll costs are recharged as support costs.

Support costs are reallocated as a percentage of income received by the respective funds. Of the £401,000 that was reallocated £87,000 related to Supporting Parish Ministry and £314,000 related to Providing Suitable Buildings.

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
9 Governance Costs				
External Audit	30	30	22	22
Internal Audit	5	17	-	17
Trustees' Remuneration and Expenses (See Note 10)	22	26	22	26
Expenses of Advisory Members etc.	5	4	5	4
Trustees' Indemnity Insurance	7	7	7	7
Professional Support for Trustees	50	50	50	50
Subsidiary Company's Directors' Remuneration	132	114	-	-
	251	248	106	126

10 Employees and trustees

Employees

Salaries	759	805	656	595
Social Security Costs	79	72	62	56
Defined Contribution Pension Costs	114	102	89	78
Other Staff Costs	21	43	21	43
	973	1,023	828	772

The General Trustees do not employ any staff, except in its Subsidiary Company, but reimburse the Church of Scotland for the services of staff employed by the Church's Central Services Committee, but working primarily for the General Trustees. The average number of such employees, calculated as full time equivalents, was 17 (2018 - 17).

In addition, the undernoted staff costs were incurred by the Subsidiary Company, The Church of Scotland Insurance Services Limited.

	2019 £000	2018 £000
Salaries	217	210
Social Security Costs	17	16
Defined Contribution Pension Costs	42	24
	276	250

No. of employees whose earnings plus benefit in kind exceeded £60,000 -
£60,001 - £70,000

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THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

10 Employees and trustees (Continued)

Trustees

Other than the Chairman and Vice-Chairman, who each received £1,820 (2018 - £1,765), the individual Trustees received no remuneration. Authority to pay this remuneration is contained in Section 38 of the Church of Scotland (Property and Endowment) Act 1925.

Expenses incurred and amounting in total to £17,173 were reimbursed to 23 Trustees mainly for travel and subsistence (2018 - £22,074 to 27 Trustees). A total of £4,703 was also reimbursed to Advisory Members (2018 - £3,595).

Key management compensation

Key management includes the Board, members and Chief Executive of The Church of Scotland Insurance Services Limited. The compensation paid or payable to key management for employee services is shown below:

	Group and Charity	
	2019	2018
	£	£
Salaries and other short-term benefits	114,289	101,123
Post-employment benefits	17,915	12,891
	<u>132,204</u>	<u>114,014</u>

11 Other Expenditure

As more fully explained in note 14, taxable profits arise in the Trustees' trading subsidiary, the Church of Scotland Insurance Services Limited. As a result provision is made for Corporation Tax.

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Subsidiary Company - Trading expenditure	119	131	-	-
Subsidiary Company Taxation	77	(27)	-	-
Loss on disposal of Tangible Assets (note 12)	1,387	1,394	1,387	1,394
	<u>1,583</u>	<u>1,498</u>	<u>1,387</u>	<u>1,394</u>

12 Tangible Assets

	Land	Heritable Properties	Charity	Subsid. Co Office Equipment	Group
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of the year	36,429	480,380	516,809	12	516,821
Additions	-	5,806	5,806	2	5,808
Disposals	(148)	(9,698)	(9,846)	-	(9,846)
Revaluations	1,008	9,092	10,100	-	10,100
At end of the year	<u>37,289</u>	<u>485,580</u>	<u>522,869</u>	<u>14</u>	<u>522,883</u>
Accumulated depreciation					
At beginning of the year	-	-	-	10	10
Depreciation	-	9,712	9,712	1	9,713
Disposals	-	-	-	-	-
Revaluations	-	(9,712)	(9,712)	-	(9,712)
At end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
Net book value at beginning of the year	36,429	480,380	516,809	2	516,811
Net book value at end of the year	<u>37,289</u>	<u>485,580</u>	<u>522,869</u>	<u>3</u>	<u>522,872</u>
Net gains on disposal of tangible fixed assets					
Proceeds	1,022	7,437	8,459	-	8,459
Opening net book value	(148)	(9,698)	(9,846)	-	(9,846)
Net realised Losses in year	<u>874</u>	<u>(2,261)</u>	<u>(1,387)</u>	<u>-</u>	<u>(1,387)</u>

As reported in previous years, following close discussions with the Auditors the General Trustees have capitalised all the heritable assets vested in them on a basis which recognises the estimated value of the assets. It was also agreed with the Office of the Scottish Charity Regulator that this basis of valuation would be applied by the Trustees in preparing their financial statements. The basis of valuation used is detailed within Section 2 of the Accounting Policies on page 31.

Included within additions is £868,000 of donated assets that have been capitalised during the year.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

12 Tangible Assets (Cont'd)

During the year expenditure on property which was deemed to be of a capital nature has been capitalised along with the cost of capital expenditure on properties as incurred by individual congregations on the basis that these are donated assets as the property titles are vested in the General Trustees.

Gains / (losses) on revaluation of tangible fixed assets

The gain on revaluation of tangible fixed assets recognised in the Consolidated Statement of Financial Activities is reconciled as follows:

	2019	2018
	£000	£000
Revaluation gain /(loss)	10,100	(4,297)
Depreciation reversal	9,712	9,608
Net gain on revaluation	<u>19,812</u>	<u>5,311</u>

13 Investments

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Fair value at beginning of the year	178,560	176,450	174,951	172,481
Acquisitions at cost	20,691	25,745	19,943	25,089
Disposals at opening fair value / cost	(16,120)	(17,867)	(15,481)	(17,140)
Net gains / (losses) on revaluation	18,538	(5,768)	17,927	(5,479)
Fair value at end of the year	<u>201,669</u>	<u>178,560</u>	<u>197,340</u>	<u>174,951</u>
Historic cost at end of the year	<u>116,361</u>	<u>111,708</u>	<u>113,607</u>	<u>108,954</u>
Net gains / (losses) on disposal of investments				
Proceeds	16,247	17,809	15,590	17,113
Opening fair value	16,120	17,867	15,481	17,140
Net realised gains / (losses) in year	<u>127</u>	<u>(58)</u>	<u>109</u>	<u>(27)</u>
Analysis of Investments at 31st December				
Church of Scotland Investors Trust - Growth Fund	144,444	125,591	144,444	125,591
Church of Scotland Investors Trust - Income Fund	24,981	22,485	24,981	22,485
Church of Scotland Investors Trust - Deposit Fund	27,915	26,875	27,915	26,875
Ordinary Stocks and Shares and Unit Trusts	4,329	3,609	-	-
	<u>201,669</u>	<u>178,560</u>	<u>197,340</u>	<u>174,951</u>

14 Investment in Subsidiary Company

The share capital of the Church of Scotland Insurance Services Limited (company registration no. SC001777) is wholly owned by the Church of Scotland General Trustees, apart from one share which is held by the Church of Scotland Trust out of 530,000 issued shares and is authorised and regulated by the Financial Conduct Authority. The Company arranges cover for most classes of insurance and continues to insure Church of Scotland congregations as well as the congregations of other denominations. It does not have charitable status for tax purposes. The investment in the Subsidiary Company is stated at the underlying value of its net assets.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

14 Subsidiary Company (continued)

A summary of the trading results is shown below. The information is taken from the audited financial statements of the Church of Scotland Insurance Services Limited and includes transactions with the Church of Scotland General Trustees.

	2019 £000	2018 £000
Turnover	1,799	1,754
Investment Income	72	74
Total Income	1,871	1,828
Expenditure	(433)	(424)
Operating Profit	1,438	1,404
Gain / (Loss) on Investment Assets	630	(320)
Profit on ordinary activities before taxation	2,068	1,084
Taxation (Charge) / Credit	(77)	27
Net Operating Profit before Gift Aid Distributions	1,991	1,111
Gift Aid Distributions to the General Trustees	(1,343)	(1,386)
Reserves brought forward	6,451	6,726
Reserves carried forward	7,099	6,451
Subsidiary Company Funds:		
Assets	8,962	8,215
Liabilities	(1,333)	(1,234)
Total Funds (including 530,000 ordinary shares of £1 each)	7,629	6,981

15 Concessionary Loans - Group and Charity

Loan movements were as follows:

	Interest Free £000	Interest Bearing £000	2019 £000	2018 £000
Value at beginning of the year	1,312	2,317	3,629	4,776
Other Gains	195	53	248	213
Loan awards drawn down	1,039	448	1,487	3,092
Movement in Provisions	93	58	151	415
Loans repaid	(954)	(631)	(1,585)	(4,867)
Value of loans drawn at end of the year	1,685	2,245	3,930	3,629
Loan awards not yet drawn down	1,059	445	1,504	-
Total Value of loans at end of the year	2,744	2,690	5,434	3,629
Less : Amounts repayable within one year	1,850	1,952	3,802	1,954
Amounts repayable after one year	894	738	1,632	1,675

Interest free and interest bearing Concessionary Loans are normally advanced for periods of between five and eight years, and are repayable by half yearly instalments.

Concessionary Loans are normally advanced for a period no more than one year with interest rates ranging between 0% to 5% depending on the circumstances of the loan application.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

16 Debtors	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Interest Receivable	109	106	109	106
Subsidiary Company Insurance Debtors	-	1,671	-	-
Debtors and Prepayments	127	80	99	34
Due from the Church of Scotland Unincorporated Entities	15	-	15	-
	<u>1,922</u>	<u>1,797</u>	<u>223</u>	<u>140</u>

Subsidiary Company Insurance Debtors are stated after provisions for impairment of £Nil (2018: £Nil).

17 Creditors: Amounts falling due within one year	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Grants voted but not paid	1,236	380	1,236	380
Loans voted but not paid	1,504	-	1,504	-
Subsidiary Company Insurance Creditors & Provisions	1,084	1,062	-	-
Sundry Creditors and Accruals	337	1,166	304	1,134
Due to the Church of Scotland Unincorporated Entities	-	977	-	977
	<u>4,161</u>	<u>3,585</u>	<u>3,044</u>	<u>2,491</u>

18 Provision for Liabilities and Charges	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Deferred Taxation on unrealised investment gains				
At beginning of the year	139	166	-	-
Provision for year	77	(27)	-	-
At end of the year	<u>216</u>	<u>139</u>	<u>-</u>	<u>-</u>

19 Permanent Endowment Funds - Group and Charity

	Balance 1 Jan 2019 £000	Income £000	Expenditure £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2019 £000
Providing Suitable Buildings - Fabric Funds	3,126	-	-	-	417	3,543
	Balance 1 Jan 2018 £000	Income £000	Expenditure £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2018 £000
Providing Suitable Buildings - Fabric Funds	3,240	110	-	(110)	(114)	3,126

The above funds are represented by a number of endowment funds held, the income from which is required to be used for the benefit of congregational fabric needs.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

20a Restricted income Funds

	Balance 1 Jan 2019 £000	Income £000	Expenditure £000	Transfers £000	Other Gains / (Losses) £000	Balance 31 Dec 2019 £000
Supporting Parish Ministry	£000	£000	£000	£000	£000	£000
Glebe Funds	36,674	487	340	(1,288)	1,008	37,221
Consolidated Stipend Fund	90,995	3,186	(3,188)	758	12,171	103,922
	<u>127,669</u>	<u>3,673</u>	<u>(2,848)</u>	<u>(530)</u>	<u>13,179</u>	<u>141,143</u>
Providing Suitable Buildings						
Consolidated Fabric Fund	543,642	(727)	(15,678)	5,703	22,341	555,281
Individual & Temporary Funds	8,773	11,598	(7,057)	(5,820)	277	7,771
Central Fabric Fund	19,012	1,703	(2,430)	(164)	1,349	19,470
	<u>571,427</u>	<u>12,574</u>	<u>(25,165)</u>	<u>(281)</u>	<u>23,967</u>	<u>582,522</u>
Total Restricted Funds	<u>699,096</u>	<u>16,247</u>	<u>(28,013)</u>	<u>(811)</u>	<u>37,146</u>	<u>723,665</u>

	Balance 1 Jan 2018 £000	Income £000	Expenditure £000	Transfers £000	Other Gains / (Losses) £000	Balance 31 Dec 2018 £000
Supporting Parish Ministry	£000	£000	£000	£000	£000	£000
Glebe Funds	37,047	483	(268)	(311)	(277)	36,674
Consolidated Stipend Fund	93,341	3,588	(3,062)	438	(3,310)	90,995
	<u>130,388</u>	<u>4,071</u>	<u>(3,330)</u>	<u>127</u>	<u>(3,587)</u>	<u>127,669</u>
Providing Suitable Buildings						
Consolidated Fabric Fund	539,311	923	(7,850)	6,995	4,263	543,642
Individual & Temporary Funds	8,705	16,589	(9,419)	(7,012)	(90)	8,773
Central Fabric Fund	18,638	1,851	(1,236)	-	(241)	19,012
	<u>566,654</u>	<u>19,363</u>	<u>(18,505)</u>	<u>(17)</u>	<u>3,932</u>	<u>571,427</u>
Total Restricted Funds	<u>697,042</u>	<u>23,434</u>	<u>(21,835)</u>	<u>110</u>	<u>345</u>	<u>699,096</u>

	2019 £000	2018 £000
Total Restricted Funds	723,665	699,096
Restricted Revaluation Reserve (note 20b)	(490,625)	(481,532)
Other Restricted Funds	<u>233,040</u>	<u>217,564</u>

The stipend funds are restricted for stipend purposes and the Trustees use the income to support the ministry costs of individual congregations. .
The restricted fabric funds are held for the purpose of supporting fabric needs of congregations.
Transfers between funds generally represent balances held in respect of individual congregations being transferred from one fund to another.
(note 30)

20b Restricted Revaluation Reserve - Group and Charity

	2019 £000	2018 £000
Opening Revaluation Reserve	481,532	476,221
Reserve adjustment	(10,719)	-
Revised Opening Revaluation Reserve	<u>470,813</u>	<u>476,221</u>
Revaluation gain / (loss) for the year	10,100	(4,297)
Depreciation reversal	9,712	9,608
Movement in year	<u>19,812</u>	<u>5,311</u>
Closing Revaluation Reserve balance	<u>490,625</u>	<u>481,532</u>

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 31st December 2019

21 Unrestricted income Fund - Group and Charity

	Balance 1 Jan 2019 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2019 £000
Other - General Fund	7,934	399	(1,471)	811	532	1,343	9,548

	Balance 1 Jan 2018 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2018 £000
Other - General Fund	7,920	432	(1,591)	-	(213)	1,386	7,934

22 Designated Funds

	Balance 1 Jan 2019 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2019 £000
(a) Group	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	6,981	1,871	(510)	-	630	(1,343)	7,629

	£000	£000	£000	£000	£000	£000	£000
(b) Charity	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	6,981	-	-	-	648	-	7,629

	Balance 1 Jan 2018 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2018 £000
(a) Group	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	7,256	1,828	(397)	-	(320)	(1,386)	6,981

(b) Charity	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	7,256	-	-	-	(275)	-	6,981

This value equates to the net assets of the Subsidiary Company and will fluctuate in line with this.

23 Analysis of group net assets among funds

	Endowment £000	Restricted £000	Unrestricted £000	Designated £000	Revaluation £000	2019 Total £000
Tangible Assets	-	32,244	-	3	490,625	522,872
Investments	3,543	184,867	8,929	4,330	-	201,669
Long Term Loans	-	1,632	-	-	-	1,632
Current Assets	-	16,851	1,108	4,630	-	22,589
Current Liabilities	-	(2,554)	(489)	(1,118)	-	(4,161)
Provisions for Liabilities and Charges	-	-	-	(216)	-	(216)
	3,543	233,040	9,548	7,629	490,625	744,385

Analysis of group net assets among funds

	Endowment £000	Restricted £000	Unrestricted £000	Designated £000	Revaluation £000	2018 Total £000
Tangible Assets	-	35,277	-	2	481,532	516,811
Investments	3,126	163,598	8,226	3,610	-	178,560
Long Term Loans	-	1,675	-	-	-	1,675
Current Assets	-	18,990	222	4,603	-	23,815
Current Liabilities	-	(1,976)	(514)	(1,095)	-	(3,585)
Provisions for Liabilities and Charges	-	-	-	(139)	-	(139)
	3,126	217,564	7,934	6,981	481,532	717,137

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

24 Financial instruments

The group and charity have the following financial instruments:

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Loans	5,434	3,629	5,434	3,629
Interest receivable	109	106	109	106
Subsidiary company insurance debtors	1,671	1,611	-	-
Debtors	142	80	114	34
Short term deposits	12,830	15,933	12,830	15,933
Other deposits	27,915	26,875	27,915	26,875
Cash at bank and in hand	4,035	4,130	1,104	1,185
	<u>52,136</u>	<u>52,364</u>	<u>47,506</u>	<u>47,762</u>
Investments at fair value	<u>173,754</u>	<u>151,685</u>	<u>169,425</u>	<u>148,076</u>
	<u>225,890</u>	<u>204,049</u>	<u>216,931</u>	<u>195,838</u>
Financial liabilities measured at amortised cost				
Grants voted but not paid	1,236	380	1,236	380
Loans voted but not paid	1,504	-	1,504	-
Subsidiary Company Insurance creditors and provisions	1,084	1,062	-	-
Sundry creditors and accruals	337	1,165	304	1,134
Due to Church of Scotland Unincorporated Entities	-	977	-	977
	<u>4,161</u>	<u>3,584</u>	<u>3,044</u>	<u>2,491</u>

25 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Net income/(expenditure) for the financial year (as per the statement of financial activities)	27,248	1,679	27,248	1,679
Adjustments for:				
Depreciation	9,713	9,609	9,712	9,608
Donated Assets	(868)	(7,018)	(868)	(7,018)
Losses / (Gains) on investments	(18,665)	5,827	(18,684)	5,781
Net (Gains) on property	(18,424)	(3,917)	(18,425)	(3,917)
(Decrease) in Provision for Loans	(399)	(415)	(399)	(415)
Increase / (Decrease) in Deferred Tax Provision	77	(27)	-	-
(Increase) / Decrease in Debtors	(125)	160	(83)	121
(Increase) in Loans due from Congregations	(2,991)	(3,305)	(2,991)	(3,305)
Increase / (Decrease) in Creditors	576	(273)	553	(279)
Net cash provided by (used in) operating activities	<u>(3,858)</u>	<u>2,320</u>	<u>(3,937)</u>	<u>2,255</u>

26 Analysis of cash and cash equivalents

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Short term deposits	12,830	15,933	12,830	15,933
Cash at bank	4,035	4,131	1,104	1,185
Total cash and cash equivalents	<u>16,865</u>	<u>20,064</u>	<u>13,934</u>	<u>17,118</u>

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

27 Analysis of Fabric Grant Awarded to Congregations

		2019 £000	2018 £000
Providing Suitable Buildings			
Standard			
Churches / Halls -	61 (2018 - 67)	657	811
Manses -	12 (2018 - 14)	168	226
		<u>825</u>	<u>1,037</u>
Less: Grants lapsed or cancelled		(48)	(12)
		<u>777</u>	<u>1,025</u>
Priority			
Churches -	20 (2018 - 18)	495	415
Manses -	9 (2018 - 3)	228	57
		<u>723</u>	<u>472</u>
Less: Grants lapsed or cancelled		(3)	-
		<u>720</u>	<u>472</u>
Bequests			
		<u>92</u>	<u>111</u>
Total Net Grants Awarded			
		<u><u>1,589</u></u>	<u><u>1,608</u></u>

28 Capital Commitments

As at 31 December 2019, the General Trustees had approved a number of capital projects which will enable congregations to draw down on balances within the Consolidated Fabric Fund. Due to these projects comprising both capital and revenue expenditure and with some projects having a number of funding partners, the extent of the capital commitment cannot be estimated with any accuracy other than being limited to the amount held in name of the congregation concerned.

29 Contingent Liabilities

A contingent liability exists in relation to grants received from the Community Fund, the Heritage Lottery Fund and Historic Environment Scotland in respect of work at buildings vested in the General Trustees. Some or all of the individual grants could become repayable in certain circumstances, such as the sale of the properties within a specified period from the date of receipt of the grant. In cases where the proceeds of sale and other funds held by the Congregations concerned were less than the amounts of the grants repayable, there could be a liability falling on the General Trustees to repay the balance of grants amounting to £5,199,000 as at 31 December 2019.

All grants and loans that have been awarded to 31 December 2019 have been charged through the financial statements and none are disclosed as a contingent liability. Last year's contingent liabilities were; grants £792,000 and loans £3,302,000.

A further contingent liability exists in that the General Trustees are the titular proprietors of the bulk of the Congregational property of the Church of Scotland. The individual Congregations are charged with the maintenance and adequate insurance of their property but in the event of their not having the resources to meet statutory obligations these would fall on the General Trustees. It is not possible to quantify this potential liability but at 31 December 2019 the Trustees are not aware of any specific liability against which a provision need be made.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2019

29 Contingent Liabilities (Continued)

The Trustees have taken a number of steps to mitigate any potential liability that could arise from congregations not adequately maintaining and / or insuring their properties such as; annual and quinquennial inspections by Presbyteries; introduction of simplified versions of the Property Register and Manse Condition Schedule; monitoring and follow up of Quinquennial Reports by the Trustees; holding regular property seminars throughout the country; regular deputation visits by Trustees; implementation of comprehensive compulsory insurance schemes for buildings, liabilities and contents for congregations; appointment of a full-time Safe Buildings

30 Transfers of funds

There have been numerous transfers of balances between funds throughout the year, the net effects of which are shown in notes 19 to 22. These generally represent balances held in respect of individual congregations being transferred from one fund to another. During the year Support Costs of £811,000 borne by the General Fund were recharged to the appropriate Restricted Funds based mainly on their income generation.

31 Related party transactions and controlling party

The Church of Scotland General Trustees are a component element of the Church of Scotland which has Designated Religious Charity status. This also includes The Unincorporated Entities of the General Assembly of the Church of Scotland and The Church of Scotland Investors Trust, neither of which is controlled by the other but both of which are related parties and report individually to the General Assembly.

The General Trustees paid over to Faith Nurture Forum, which is one of the Church of Scotland's Unincorporated Entities, the sum of £3,556,000 (2018 - £3,419,000) representing net revenue income from its Stipend and Glebe Revenue Funds.

The General Trustees paid £108,000 to the Ministries Council's (now Faith Nurture) Go For It Fund representing that Council's one-half share of the Levy on property sales (2018 -£114,000) and gave a grant of £30,000 to the Chance to Thrive project (2018 - £30,000).

The Church of Scotland Unincorporated Entities receive monies and make payments on behalf of the Church of Scotland General Trustees via a current account. At the end of the financial year, the sum of £15,000 was due by the Church of Scotland Unincorporated Entities to the Church of Scotland General Trustees (2018 - £977,000 owed by the General Trustees). Both bodies are answerable to the General Assembly of the Church of Scotland. The General Trustees paid internal support costs to the Unincorporated Entities of £1,509,000 in respect of accommodation, information technology, human resources, finance and payroll administration, legal services and direct staff costs (2018 - £1,304,000).

In addition, some of the congregations of which individual General Trustees are members or Trustees have deposits/investments with the General Trustees and received interest/dividends. These arrangements were all on an arm's length basis in line with agreements with all other congregations.

32 Post Balance Sheet Event

At 31 December 2019, whilst Coronavirus existed, the severity of the virus and the responses to the outbreak which are now having an impact on businesses and stock markets occurred after this date. The outbreak is deemed a non-adjusting post balance sheet event and the going concern basis remains appropriate. At the end of July 2020 the negative impact in the combined fund values was 7.2%, however, the long term financial effect cannot be estimated with any degree of certainty as global markets continue to fluctuate.