



The Church of Scotland General Trustees

Annual Report and Financial Statements
For year ended 31 December 2022

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Annual Report and Financial statements for the year ended 31 December 2022

Contents	Page
Trustees' Annual Report	2
Objectives and Activities	2
Achievements and Performance	6
Financial Review	7
Future Plans	12
Structure, Governance and Management	13
Risk Management	17
Reference and Administrative Details	20
List of General Trustees	21
Statement of Trustees' Responsibilities	22
Independent Auditor's Report to the Trustees	23
Consolidated Statement of Financial Activities	27
Charity Statement of Financial Activities	28
Balance Sheets	29
Statement of Cashflows	30
Notes to the Financial Statements	31

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

TRUSTEES ANNUAL REPORT

Objectives and Activities

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

Mission Statement

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”.

The Church of Scotland General Trustees is a registered Scottish charity (SC014574).

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.

The five key Strategic Objectives defined by the Board are:

- Support the effective care and maintenance, refurbishment and, where appropriate, redevelopment of churches, halls and manses etc.
- Disposal of surplus, redundant buildings
- Management and disposal of Glebe land
- Administration of Investment of Funds Held by the General Trustees
- Support congregations with their duty to comply with statutory requirements

More detail on how these objectives will be achieved in the short and medium term can be found under Future Plans (page 12).

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Objectives and Activities (continued)

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 1,215 parishes, over 2,350 churches, halls and manses and about 800 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' principal activities are the support of parish ministry and support of congregations in the provision of buildings which are fit-for-purpose and in the right location. In doing so, the Trustees administer a significant level of funds which are applied towards the achievement of their trust purpose and charitable objectives.

Funds Supporting Parish Ministry

Glebeland Funds

In this Fund, the Trustees hold glebeland on behalf of individual congregations. Rental income net of administration and collection costs is transferred to the Faith Nurture Forum (part of the Unincorporated Entities of the Church of Scotland, and part of the Faith Action Programme Leadership Team with effect from May 2023, supporting the recruitment, education, training and ongoing development of ministers, deacons, readers and anyone else who is confident and eager to share their faith) to be applied as a contribution to each congregation's ministry costs.

Funds arising from the sale of glebeland are transferred to the Consolidated Stipend Fund with the capital being held for the benefit of that congregation.

Consolidated Stipend Fund

The Trustees administer the Fund on behalf of the 1,152 congregations with holdings in it. The investments comprising the Fund are largely derived from the sale of glebeland since 1925.

Revenue generated within the Fund, net of administration costs, is distributed through the Faith Nurture Forum to help the individual congregations meet their parish ministry costs. The Trustees are empowered to augment what would otherwise be distributed from capital sales.

On the recommendation of the Presbytery and with the concurrence of the Faith Nurture Forum, General Assembly Regulations provide for the possibility of surplus capital in a congregation's holding in the Consolidated Stipend Fund being transferred to its holding in the Consolidated Fabric Fund.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Funds Assisting Congregations in the Provision of Suitable Buildings

Consolidated Fabric Fund

In this Fund, the Trustees hold the heritable properties occupied by congregations which are vested in the Trustees as legal owners. These properties principally comprise churches, halls and manses. Local congregations are responsible for the repair, maintenance and insurance of the buildings they occupy and for the health and safety of all those who use them.

The Fund also comprises investments derived from the past sale of properties that are held on behalf of individual congregations. 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 the congregations on churches, halls and manses to enable them to maintain, repair and improve these buildings.

On the recommendation of the Presbytery and with the concurrence of the Faith Nurture Forum, General Assembly Regulations provide for the possibility of surplus capital in a congregation's holding in the Consolidated Fabric Fund being transferred to its holding in the Consolidated Stipend Fund.

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 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.

Central Fabric Fund

This Fund is the main resource which enables the Trustees to provide financial assistance in the form of grants and loans to congregations for repairing and improving the buildings which they use as local resources for Christian mission. 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.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Funds Assisting Congregations in the Provision of Suitable Buildings (continued)

Central Fabric Fund (continued)

- 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.

Funds Supporting the Work of the Trustees

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 Insurances Services Ltd) are applied towards reserves or may be transferred to other Funds such as the Central Fabric Fund to assist in the making of grants and loans to Congregations.

Historic Property Portfolio Fund

The Trustees have agreed to assume administrative responsibility for certain substantial historic listed buildings that are not capable of being disposed of when congregations are formally dissolved. These will be held in this designated Fund. The costs associated with the upkeep of these buildings over an extended period will be substantial. Although the number of such buildings cannot yet be determined, the Trustees predict that more such buildings will become the Trustees' responsibility as Presbytery Plans are developed.

The Fund benefits from the heritable and moveable assets of congregations that are dissolved where the buildings involved present the challenges outlined above. The Fund monies will be applied towards the costs of keeping such buildings in good order until such time as a satisfactory outcome is achieved either by outright disposal or the liabilities of ownership are no longer the sole responsibility of the General Trustees.

The sale proceeds of buildings in other dissolved congregations will continue to be credited to the Central Fabric Fund.

Church of Scotland Insurance Services Limited (COSIS)

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. With its Church Scheme, the Company provides a first-class comprehensive package of cover at competitive rates for buildings, liabilities and contents for congregations. The Scheme provides certainty for congregational Treasurers as it was renewed for a five-period with Aviva from 1 January 2020.

It also provides an income for the Trustees and so the Trustees have no doubt that the services which the Company provides represent a good deal both for congregations and the Trustees.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Achievements and Performance

Presbytery Mission Planning

The Trustees have been greatly encouraged and inspired by the courage and commitment of Presbytery Mission Planning Committees across Scotland in their grappling with the need to reduce our estate to a size that can be well managed and resourced for the future mission of the church. The Trustees firmly believe that because of the considered yet radical nature of Plans so far approved, the Church will be rewarded in the future by good stewardship of buildings which are well-equipped spaces in the right places.

The Trustees wish to record their grateful thanks to their staff, members of the Faith Nurture Forum and other committees involved in the Presbytery Planning process for the wholly collaborative approach they have taken in working together in the consideration of Presbytery Mission Plans. Through this process, a great deal more has been learned about the condition of the Church's estate at large. Whilst there are some great examples of well-resourced and high standard buildings which are a real asset for mission, we are sorry to report that too often this is not the case.

Trustee Board and Re-Structuring

Due to resignations in March and April 2022, the Trustees were unable to put forward names for either the Chair or Vice Chair to the 2022 General Assembly. Mr Alan Kennedy since acted as Chair Pro Tem along with Rev Scott Rennie as Vice-Chair Pro Tem. Elections for these positions were conducted in March 2023 and they were confirmed in post at the 2023 General Assembly.

The Trustees have reviewed the committee structure and created alternative, more flexible ways in which individuals can serve the future needs of the General Trustees. Details are provided on pages 13 and 14.

Operational and Executive Re-Structuring

The staff of the General Trustees faced an increased workload during the reporting period during which several members of staff departed including the Chief Executive and hybrid working was still in place. The willingness of the staff and their ability to contribute for the benefit of Congregations and the wider Church has been commendable. The Trustees are pleased to report the appointment of Mr Brian Waller as Chief Executive with Mrs Morag Menneer as his deputy. Further appointments have followed as part of Brian's development of the executive team and supporting staff.

Worthy of special mention is the appointment of several more Presbytery Buildings Officers. They are centrally managed by the executive team with their costs shared with the Presbytery in question. Their contribution to the work of the Trustees and the Presbyteries is already highly valued.

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.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

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 2022 the Growth Fund's total return was -9.2% (2021: +14.92%) against the composite benchmark of -6.7% (2021: +16.2%). A significant part of this underperformance is explained by the fact that the Fund has no holdings in oil and gas companies (which are a component of the benchmark and which performed strongly in 2022).

The Income Fund's total investment return was -12.16% (2021: +1.8%) compared with the composite benchmark return of -17.72% (2021: -2.2%). This outperformance in one year continues a good record by our managers.

The Deposit Fund's average rate of interest paid for 2022 was 1.06% (2021: +0.08%).

The Trustees commissioned an Investment Policy review in late 2022. The outcome has been shared with COSIT with whom discussions are ongoing. The review also covered the area of Ethical Investment.

Financial Review

Total Reserves

The financial statements as at 31 December 2022 show that the General Trustees have total reserves of £798,399,000 (2021: £790,404,000). Of this total for the charity, £563,015,000 (2021: £544,241,000) is represented by the value of land and property assets as shown in note 12 and £72,459,000 (2021: £93,444,000) is represented by unrealised gains on investment assets to date.

Unrestricted Reserves

Of the total reserves of £798,399,000 only £11,084,000 (2021: £10,147,000) 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 £2,083,000 (2021: £1,849,000) with annual ordinary recurring income, excluding income from the Insurance Company which is solely dependent on its trading results, of £692,000 (2021: £506,000);
- 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.

During 2022 the unrestricted funds of the General Trustees directly subsidised the work of the designated and restricted funds of the charity with a transfer of £806,000 towards the cost of administering these funds.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Financial Review (continued)

Unrestricted Reserves (continued)

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 four years of annual expenditure in reserves that amounts to around £8m. The General Trustees currently retain £11m within this reserve, representing over five years of annual expenditure. The policy is therefore being met. 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 a Designated Fund of £7,709,000 (2021: £8,954,000) at the Balance Sheet date of which £7,057,000 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.

Also included within Designated Funds is £652,000 (2021: £906,000) in respect of the Historic Property Fund. This Fund was established as a designated fund to receive the heritable and moveable assets of congregations which have been dissolved and where the buildings involved present challenges in being disposed of. The Fund monies are applied towards the costs of keeping the buildings in good order until such time as a satisfactory outcome is achieved either by outright disposal or the liabilities of ownership are no longer the sole responsibility of the General Trustees.

The General Trustees policy on reserves for the Historic Property Fund is to hold sufficient monies to maintain those buildings which form part of the Fund and any shortfall will be met from the reserves of the General Fund.

Restricted Reserves

There are restricted reserves of £776,179,000 (2021: £767,471,000) at 31 December 2022, comprising £129,818,000 (2021: £148,968,000) of funds to support parish ministry and £646,361,000 (2021: £618,503,000) of Fabric and other Funds which includes £29,380,000 and £533,635,000 respectively of capitalised land and properties.

As explained on page 3, the Consolidated Stipend Fund is held for the benefit of the 1,152 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.

Whilst the Trustees consider this internally as an endowment fund it is not treated as such within these financial statements and it is therefore invested for the very long term.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Financial Review (continued)

Restricted Reserves (continued)

The Consolidated Stipend Fund will continue to be invested for the very long term with the aim of distributing some £3.2m per annum from 2021 to 2025 comprising dividend income from COSIT and the sale proceeds of capital. The objective will otherwise be to maximise the long-term capital value of the Fund to benefit future levels of income and capital. Following the approval of the 2001 General Assembly, the Fund has been viewed on a total return basis, and the General Trustees are empowered to pay a proportion of any dividend out of capital.

Fabric Funds are made up of:

- 1) heritable properties capitalised in the accounts which total £533,635,000;
- 2) monies held for specific congregations totalling £84,798,000; and
- 3) the Central Fabric Fund of £19,788,000.

In the case of (2) the monies are held for the benefit of approximately 830 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. 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 Central Fabric Fund is used to award loans and grants to congregations (see notes 15, 17 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. 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 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.

Restricted Revaluation Reserve

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

During the year it was identified that the initial recognition of churches, manses and halls on the balance sheet in 2010/2011, and subsequent revaluations of these assets, had not been recognised correctly in the financial statements. A prior year adjustment has therefore been applied to correct the recognition and revaluation of these assets. The effect of this is to decrease the revaluation reserve by £405,035k and increase the restricted reserves by the same amount. This adjustment had no effect on the value of fixed assets or net assets reported as at 31 December 2021 and there is no impact on net movement in funds reported in the Statement of Financial Activities in 2021. Further details are given in note 31 to the financial statements.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

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 some holdings in corporate bonds and alternative assets 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 largely 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.

Those 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. Asset allocation strategies for the Central Fabric Fund, the General Fund and the Consolidated Fabric Fund were continuously monitored during the year to ensure that they remained consistent with their objectives.

Review of Financial Activities

The Statement of Financial Activities discloses the incoming and expended resources for the year to 31 December 2022 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 1 January 2019.

The underlying net assets of the Insurance Company at the Balance Sheet date were £7,057,000 (2021 - £8,048,000). A summary of the Insurance Company's results for the year is shown in Note 14.

The overall total income is £20,101,000 (including 'donated' assets of £1,134,000 – see notes 1 and 4) which is £7,918,000 more than 2021 with total expenditure of £25,480,000, an increase of £118,000 on the previous year.

The objective of supporting parish ministry was met by expenditure of £3,597,000 providing Faith Nurture Forum with around 10.7% of its total ministry costs for the year from Stipend Fund income and glebe rents.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Financial Review (continued)

Review of Financial Activities (continued)

Including gross capital expenditure, £22,070,000 has been spent on fabric purposes to assist the provision of suitable buildings for congregational purposes. This expenditure represents a significant investment in the Church's property assets. Of this sum £723,000 (note 17) 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 £1,231,000 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 in 2005 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 2,360 buildings – churches, halls, manses, church officers' houses, steadings and the like – as well as around 501 glebes.

Glebeland

The 11,938 acres of glebeland (2021 – 12,083 acres) in the General Trustees ownership have been brought into the Financial Statements at fair value applying a yield of 1.5% (2021 – 1.2%) of glebe rental and seasonal grazing income generated throughout the year. The revised yield was recommended by an independent review commissioned by the Trustees. It resulted in an average value of £2,437 per acre for pasture land at 31 December 2022 (2021 - £3,038). Glebeland had a capitalised value of £29,095,000.

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 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 2022 this indicated an average price for churches (including churches with integral halls) of £163,788 (2021 - £155,249) and an average price of £110,880 for separate halls (2021 - £105,100). These figures disclosed capitalised values at 31 December 2022 of £206,536,000 for churches (2021 - £198,097,000) and £28,718,000 for halls (2021- £20,600,000).

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Financial Review (continued)

Manse

The General Trustees adopted a fair value for manse 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 manse vested in the General Trustees of £298,382,000 as at 31 December 2022 (2021 - £288,555,000).

Valuation of tangible fixed assets

The total capitalised value of tangible assets as at 31 December 2022 was therefore £563,015,000 comprising 11,938 acres of glebeland, 1,261 churches, 259 halls and 787 manse. This capitalised sum accounts for 71% 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.

Future Plans

Completion of Presbytery Plans and Annual Reviews

Although most plans have now been approved, there is a requirement for annual reviews of all plans to be carried out and the Trustees and their staff will be involved in that. It is hoped that further Presbytery Buildings Officers will be employed.

Historic Signature Churches

It has been recognised that small congregations with large iconic churches often do not have the financial resources nor a full range of skills to deal with their upkeep. The Trustees have set up a working group to consider how best to assist such congregations financially and to encourage them to exchange good practice with one another.

Increased Level of Disposals

The staff of the Trustees and of the Law Department will be required to process an increasing number of disposals of buildings arising from the planning process. A number of surplus manse will also require to be sold. It is expected that the net sale proceeds will be often ploughed back into improvements in the church buildings that are retained and that will also involve the staff of the Trustees.

Manse Condition Reports and Manse Provision

The Trustees will become more involved in the process of ensuring manse meet the minimum standards agreed by the General Assembly in 2023. Energy performance measurement will be included. The General Assembly of 2023 asked the Trustees to work with other parties to review the current way in which manse are provided to ministers. A working group has been set up to address both matters.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Future Plans (continued)

Review of Restricted Funds

This review is two parts, (a) to better communicate to congregations the circumstances in which they are already entitled to utilise money held by the Trustees in their name in restricted funds and (b) to adjust some operating rules to increase the flexibility in the use of the proceeds of the sale of buildings without requiring parliamentary legislation.

Structure, Governance & Management

Constitution

The Church of Scotland General Trustees is a statutory corporation incorporated by act of parliament under the Church of Scotland (General Trustees) Order Confirmation Act 1921. After being established 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 property-holding arm 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, 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

As at the reporting date, there are 19 General Trustees and 5 Advisory Members who also attend Board meetings but who have no voting rights. Their names are listed on page 21.

Advisory Members who are eligible to become General Trustees (elders or ministers) may be nominated and elected by the Board to have their names put forward for appointment at a forthcoming General Assembly as it is only that body that formally appoints new General Trustees.

There are two further categories of volunteers who do not attend Board meetings and who bear no trusteeship responsibilities. They are Committee Members who serve on a Committee and are subject to that Committee's terms of reference and Co-Opted Advisers who are co-opted to a Committee to assist with a specific task for a fixed period of time only.

The Chief Executive attends all Board meetings as does the Solicitor and General Treasurer. They may also attend Committee meetings as do the staff that serve the Committees.

Directions and instructions from the General Assembly cannot conflict with the General Trustees' statutory powers, trusteeship responsibilities or charity legislation.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Structure, Governance & Management (continued)

Organisation and Structure (continued)

Changes to the Committee structure were referred to on pages 13 and 14. The number of Committees has been reduced, in part, because they require a quorum of 3 General Trustees to be present at meetings. Some Committees now have working groups that operate more flexibly. The terms of reference of the Committees and working groups are set by the Board. The working groups report to the Committee in question. Only the Board has formal decision-making powers apart from areas where Committees have been granted delegated authority by the Board.

The Trustees currently operate six Committees which are responsible for particular aspects of the Trustees' work. They are shown below with their associated working groups.

- Audit & Assurance
- Fabric
 - Health and Safety
 - Manses
- Finance & Resources
 - Energy Procurement
- Glebes
- Presbytery Support and Buildings
 - Heritage Property Portfolio
 - Signature Churches
 - Presbytery Planning
- Nomination Committee

Membership of the Nomination Committee comprises the Chair, Vice-Chair, Committee Conveners and Committee Vice-Convenors. It is attended by the Chief Executive.

The Committees take decisions on behalf of the General Trustees on matters falling within their Terms of Reference - which do not involve a change of policy. The Committees report their decisions to the next meeting of the Board. The Board and the Committees have a schedule of regular meetings throughout the year.

The Trustees' Chief Executive is accountable to the Board and is responsible for the efficient and effective delivery of the Trustees' Corporate Objectives. The Chief Executive has full operational responsibility and is responsible for the management of staff and other resources. The five key Strategic Objectives defined by the Board are:-

- Support the effective care and maintenance, refurbishment and, where appropriate, redevelopment of churches, halls and manses etc.
- Disposal of surplus, redundant buildings
- Management and disposal of Glebe land
- Administration of Investment of Funds Held by the General Trustees
- Support congregations with their duty to comply with statutory requirements

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Structure, Governance & Management (continued)

Organisation and Structure (continued)

The Trustees have entered into a Service Level Agreement with the Assembly Trustees in relation to the financial, accounting and audit functions provided to the General Trustees by the Stewardship & Finance Department. The Department is part of the Support Service of The Church of Scotland Unincorporated Entities. 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 parts of the national administration (Unincorporated Entities) and with external bodies such as the Scottish Churches Committee.

Related Parties

The General Trustees are an integral part of the Church of Scotland, and along with 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 30 to the Financial Statements. In carrying out their functions, the Trustees work closely with the Unincorporated Entities in the shape of the Faith Action Programme Leadership Team (FAPLT) 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 and the Law Department.

The Church of Scotland Insurance Services Limited (COSIS) is a wholly owned subsidiary of the General Trustees. 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 General Trustees is contained later in the report. The accounts of COSIS have been consolidated with those of the General Trustees.

Appointment and Induction of Trustees

At present, General Trustees must either be Elders or Ministers of the Church of Scotland. The consultation on legislative reform previously referred to proposes that this restriction be replaced with the requirement that Trustees must be members of the Church of Scotland. It is hoped that this will widen the scope of those with relevant skills and experience to serve as Trustees. The Trustees will continue to seek persons with relevant skills, knowledge, experience and training and to fill skills gaps arising through retirement or resignation or in response to changes in the scope of the Trustees' work.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Structure, Governance & Management (continued)

Appointment and Induction of Trustees (continued)

Details of potential Trustees are scrutinised by the Board and those identified as suitable are personally interviewed by the Chair and Vice-Chair 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 before being nominated for formal appointment as a Trustee by the General Assembly. This enables the members to gain experience of attending Committee and Board meetings, understanding the business and objectives of the General Trustees before deciding if they wish to be nominated as full Trustees.

Trustees and Advisory Members are usually allocated to at least one of the 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.

Currently, 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 may 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 may also be involved at Congregational, and Presbytery level, and may also be active within the National Offices or Forums. Apart from the Chairman and Vice-Chairman who are entitled to receive a modest honorarium as provided for in the 1925 Act, no members receive remuneration except reimbursement for expenses incurred whilst undertaking duties for the General Trustees.

The Trustees acknowledge that the work of the General Trustees would be virtually impossible without the significant contribution from members of Congregational Boards, Kirk Sessions and of Presbytery officials. 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 reflects 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.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Risk Management

The Board approved a new Risk Management Policy in November 2021 and it was implemented in January 2022. The policy introduced a new system of recording and assessing risks, which is now broken down into department, committee and corporate reporting. The new system enables the General Trustees to manage risk by project, department, and by committee with significant risks being escalated to the Board. The Board will review corporate risks on a quarterly basis. Conveners of each of the Committees are responsible for assessing risks and updating the relevant risk register for each meeting.

The Trustees Risk Assessment Register currently identifies the key risks to be:

- Congregations failing to implement effective maintenance and repair programme.
- Congregations failing to adhere to statutory requirement for safe buildings.
- Significant financial support required from General Trustees to resolve property issues.
- Dependence on Presbyteries and congregations for asset information.
- Inability to dispose of properties from dissolved congregations (Historic Properties, or dilapidated properties).
- Liabilities for General Trustees resulting from the decisions of others.

The Audit & Assurance and other Committees have been giving detailed consideration to the Register and a revised draft is being prepared based on Registers used elsewhere in the Church and in COSIS. In the meantime, the Register sets out mitigation of the key risks as follows:

Congregations failing to implement effective maintenance and repair programme

The traditional method of managing the risk has been through the system of 5-yearly property inspections which are co-ordinated by individual Presbyteries and involve the appointment of external firms of surveyors and architects. The primary failing of the system is that there is no consistent follow-through to ensure that recommendations as to urgent, essential and desirable work are implemented.

The implementation of the Presbytery Mission Planning Act 2021 and the introduction of the Asset Management Building Audit has enabled the Trustees to collect data on all Churches and Halls and similar exercise will be required to obtain information on all other properties. The appointment of Building Officers within Presbytery has been another means of assessing congregational property.

The Building Officer is tasked with undertaking the professional building inspections and works to support individual Kirk Sessions to ensure that recommendations are implemented to an agreed timetable.

The Risk Register addresses recently-identified risk posed by large church buildings which are A-listed and therefore of significant architectural and historic interest and which also tend to have significant civic functions but which are deemed to be surplus to the Church's requirements. Such buildings will require to be administered by the Trustees as none have any obvious market and will need to be maintained and insured perhaps for some considerable time. As mentioned elsewhere in this report, a Historic Property Portfolio has been created into which appropriate churches will be placed.

Risk Management (continued)

Congregations failing to implement effective maintenance and repair programme (continued)

It is intended that the Trustees, working with the Presbyteries and Buildings Officers, will take a more proactive approach to the provision and maintenance of manses ((through the medium of the Manse Liaison Working Group) and it is expected that those manses which cannot be refurbished at reasonable cost so as to meet statutory Tolerable Standards as a de-minimis will be disposed of and replaced.

Congregations failing to adhere to statutory requirement for safe buildings

The creation of a team comprising the Head of Building Safety, Risk & Compliance, the Fire Safety Officer and the Health & Safety Officer enables the Trustees to support the local and regional Church through the provision of the Health & Safety Toolkit, congregational Health & Safety Administrators and Presbytery Health & Safety Co-ordinators and the provision of accredited training courses and teaching webinars. In addition, the team deals with telephone and email enquiries on a daily basis. Recruitment of Health and Safety and Fire Safety experts and further Presbytery Buildings Officers who can make site visits is a mitigating factor.

Significant financial support required from General Trustees to resolve property issues and inability to dispose of properties from dissolved congregations (Historic Properties, or dilapidated properties)

During the year the Trustees have agreed to assume administrative responsibility for certain substantial historic listed buildings that are not capable of being disposed of in the short-term following dissolution of a congregation. The costs associated with the upkeep of these buildings over an extended period are substantial and there is a possibility of a substantial funding gap in future as the number of buildings this will affect cannot be ascertained.

The Trustees have mitigated this risk with the creation of the Historic Property Fund, to maintain these buildings legislation introduced at the 2021 General Assembly to ensure that a suitable proportion of any cash assets of the dissolved congregation are also transferred to the General Trustees and held in the Historic Property. The creation of a working group to assist congregations with Signature Iconic Churches should greatly reduce the chance of such buildings reaching the stage of dissolution.

Dependence on Presbyteries and congregations for asset information

The Trustees have implemented an asset management system (AMS) for recording and managing property and land the Trustees remain committed to improving the availability of a reliable and comprehensive database capable of being accessed by congregations and Presbyteries. Further database advances and improved communication with Presbyteries have arisen out of the Presbytery Planning process.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Risk Management (continued)

Liabilities for General Trustees resulting from the decisions of others

The Trustees deal with this matter by keeping their concerns before the General Assembly, the Assembly Trustees and the two Forums. Even although the Trustees' Chair no longer serves as a full voting member of the Assembly Trustees, communication with that body has improved through regular meetings at senior level and the Vice-Chair now attends their Board meetings. The Trustees have established 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 Chief Executive is an active member.

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. The year-to-year arrangement continued to roll over into 2022 as agreed by the General Trustees. 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.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

Reference and Administrative Details

Offices

121 George Street
Edinburgh EH2 4YN

Bankers

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

Independent Auditors

RSM UK Audit LLP
Third Floor
2 Semple Street
Edinburgh EH3 8BL

The Church of Scotland Investors Trust

June Lee
Secretary
121 George Street
Edinburgh
EH2 4YN

Chief Executive and Clerk

Barri S Millar BSc, MSc, MIOd, MAPM (until 31 January 2023)

Brian D Waller LLB (Hons) Dip LP (from 24 April 2023)

Treasurer

Anne F Macintosh BA CA

Solicitor

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

List of General Trustees

Current

Walter H Barbour
Richard S Bell
Robert Bell
Jonathan Brodie (*ex officio*) (*wef 31/05/23*)
Michael Craig (*wef 24/05/23*)
Alan Gibson, Rev (*wef 24/05/23*)
Manliffe Goodbody
Isobel W Gray (*wef 24/05/23*)
William A Hall
Nigel W Hicks
Alan F K Kennedy (*Acting Vice Chair wef 17/03/22*) (*Acting Chair wef 13/04/22*) (*Chair wef 24/05/23*)
Douglas Kerr
William M Lawrie
Neil I M MacGregor, Rev
Kenneth I Mackenzie, Rev
John W Maddock
Scott Rennie, Rev (*Acting Vice-Chair wef 14/06/22*) (*Vice-Chair wef 24/05/23*)
D Stewart Toy
Dr John M Trushell

Retired/resigned

Robert W Balfour (*res 24/05/23*)
Michael J P Cunliffe (*ret 25/05/22*)
James S H Cutler, Rev (*ret 25/05/22*)
Laura J Dunlop QC (*ex officio*) (*ret 31/05/23*)
Sheila M Kirk, Rev (*res 20/12/22*)
J G Grahame Lees (*ret 25/05/22*)
Ian T Townsend (*Chair wef 27/05/21*) (*res 03/03/22*)
Fiona M Mathieson, Rev (*Vice-Chair wef 27/05/21 to 03/03/22*) (*Acting Chair wef 03/03/22*) (*res 13/04/22*)
David Menzies (*ret 25/05/22*)
Robin M Stimpson (*ret 24/05/23*)
Donald W Thomas (*ret 25/05/22*)
Kenneth M Wright (*ret 25/05/22*)

Advisory Members (as defined on pages 13 to 16)

Current

Chris Johnstone
Ian W T Lochhead
Hamish McBean
Bahar Raeisi Dehkordi
Rosalind J Taylor

Retired/resigned

A Graham Biggerstaff (*ret 24/05/23*)
Michael Craig (*wef 08/02/22 to 24/05/23*)
Alan Gibson, Rev (*until 24/05/23*)
Isobel W Gray (*until 24/05/23*)
Tom Nelson (*res 28/12/22*)
Michael M Norval (*res 11/03/23*)
Iain Ogilvie (*res 07/10/22*)
David Taverner, Rev (*res 30/06/23*)

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
Trustees' Annual Report for the year ended 31 December 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Date: 12 September 2023



Alan F K Kennedy, BSc, FFA
Trustee



Brian D Waller, LLB (Hons), Dip LP
Chief Executive and Clerk

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
For the year ended 31 December 2022

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 subsidiary (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Company Balance Sheets, the Group and Charity Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We 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 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

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

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
For the year ended 31 December 2022

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

Other information

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

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

We have nothing to report in this regard.

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; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 24 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
For the year ended 31 December 2022

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

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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the charity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks, that the charity operates in and how the charity is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Charities SORP (FRS 102)" effective 01 January 2019, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES
For the year ended 31 December 2022

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

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL
14/09/23

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022 £000	Unrestricted Funds £000	Restricted Funds £000 (restated)	Endowment Funds £000	Total 2021 £000 (restated)
Income from:									
Donations and legacies	3	445	2,345	-	2,790	335	795	-	1,130
Charitable Activities	4	106	1,238	-	1,344	265	3,159	-	3,424
Investments	5	266	3,968	-	4,234	233	3,854	-	4,087
Other	6	3,149	8,591	-	11,740	1,498	2,764	-	4,262
Total income		3,966	16,142	-	20,108	2,331	10,572	-	12,903
Expenditure on:									
Raising Funds		30	-	-	30	32	-	-	32
Charitable Activities	7	2,331	4,485	-	6,816	1,914	13,943	-	15,857
Other	11	461	-	-	461	665	-	-	665
Total expenditure		2,822	4,485	-	7,307	2,611	13,943	-	16,554
Net (losses) / gains on investments	13								
Realised - Investments		(192)	342	-	150	57	218	-	275
Unrealised - Investments		(1,672)	(19,613)	(405)	(21,690)	1,009	15,062	421	16,492
		(1,864)	(19,271)	(405)	(21,540)	1,066	15,280	421	16,767
Net (expenditure) / income		(720)	(7,614)	(405)	(8,739)	786	11,909	421	13,116
Transfers between funds	19 - 22	412	(412)	-	-	(153)	153	-	-
Gains on revaluation of tangible fixed assets	12	-	16,734	-	16,734	(43)	34,208	-	34,165
Net movement in funds		(308)	8,708	(405)	7,995	590	46,270	421	47,281
Total funds brought forward		19,101	767,471	3,832	790,404	18,511	721,201	3,411	743,123
Total funds carried forward		18,793	776,179	3,427	798,399	19,101	767,471	3,832	790,404

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

CHARITY STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022 £000	Unrestricted Funds £000	Restricted Funds £000 (restated)	Endowment Funds £000	Total 2021 £000 (restated)
Income from:									
Donations and legacies	3	445	2,345	-	2,790	335	795	-	1,130
Charitable Activities	4	106	1,238	-	1,344	265	3,159	-	3,424
Investments	5	1,435	3,968	-	5,403	1,626	3,854	-	5,480
Other	6	1,584	8,591	-	10,175	15	2,764	-	2,779
Total income		3,570	16,142	-	19,712	2,241	10,572	-	12,813
Expenditure on:									
Charitable Activities	7	2,331	4,485	-	6,816	1,914	13,943	-	15,857
Total expenditure		2,331	4,485	-	6,816	1,914	13,943	-	15,857
Net gains / (losses) on investments	13								
Realised - Investments		-	342	-	342	6	218	-	224
Unrealised - Investments		(968)	(19,613)	(405)	(20,986)	426	15,062	421	15,909
		(968)	(19,271)	(405)	(20,644)	432	15,280	421	16,133
Net income / (expenditure)		271	(7,614)	(405)	(7,748)	759	11,909	421	13,089
Transfers between funds	19 - 22	412	(412)	-	-	(153)	153	-	-
Gains on revaluation of tangible fixed assets	12	-	16,734	-	16,734	(43)	34,208	-	34,165
Other gains	14	(991)	-	-	(991)	27	-	-	27
Net movement in funds		(308)	8,708	(405)	7,995	590	46,270	421	47,281
Total funds brought forward		19,101	767,471	3,832	790,404	18,511	721,201	3,411	743,123
Total funds carried forward		18,793	776,179	3,427	798,399	19,101	767,471	3,832	790,404

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

BALANCE SHEETS As at 31st December 2022

Note	Group		Charity	
	2022 £000	2021 £000 (restated)	2022 £000	2021 £000 (restated)
Fixed Assets				
12 Tangible Assets	563,019	544,246	563,015	544,241
13 Investments	207,450	222,720	203,088	217,084
14 Investment in Subsidiary Company	-	-	7,057	8,048
Total fixed assets	770,469	766,966	773,160	769,373
15 Long Term Concessionary Loans	2,698	1,340	2,698	1,340
Current Assets				
15 Short Term Concessionary Loans	1,516	2,073	1,516	2,073
16 Debtors	1,779	2,055	126	447
26 Short Term Deposits	21,668	19,893	21,668	19,893
26 Cash at Bank and in hand	6,121	4,089	3,702	1,669
Total current assets	31,084	28,110	27,012	24,082
17 Creditors: Amounts falling due within one year	5,659	5,506	4,471	4,391
Net Current Assets	25,425	22,604	22,541	19,691
Total Assets less Current Liabilities	798,592	790,910	798,399	790,404
18 Provisions for Liabilities and Charges	193	506	-	-
Net Assets	798,399	790,404	798,399	790,404
The funds of the charity:				
19 Endowment Funds	3,427	3,832	3,427	3,832
20a Restricted Funds	609,999	627,430	609,999	627,430
20b Restricted Revaluation Reserve	166,180	140,041	166,180	140,041
21 Unrestricted Funds	11,084	10,147	11,084	10,147
22 Designated Funds	7,709	8,954	7,709	8,954
Total charity funds	798,399	790,404	798,399	790,404

The notes on pages 31 to 47 form an integral part of these financial statements.

The financial statements on pages 27 to 47 were authorised for issue by The Church of Scotland General Trustees on 12 September 2023 and were signed on its behalf by:



Alan F K Kennedy, BSc, FFA, Chair



Anne F Macintosh BA, CA, Treasurer

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

STATEMENT OF CASH FLOWS for the year ended 31st December 2022

Note	Group		Charity	
	2022 £000	2021 £000	2022 £000	2021 £000
Cash flows from operating activities:				
25 Net cash generated from / (outflow) operating activities	18,754	(4)	17,964	433
Cash flows from investing activities:				
Investment income	4,234	-	5,403	-
Purchase of Tangible Assets	(23,422)	(4,592)	(23,422)	(4,591)
Proceeds from sale of Tangible Assets	10,684	11,841	10,684	11,841
Purchase of Investments	(16,981)	(28,056)	(15,369)	(27,492)
Proceeds from sale of Investments	10,675	20,347	8,685	19,739
Payment of Loans to Congregations	(1,106)	2,464	(1,106)	2,464
Repayment of Loans to Congregations	969	-	969	-
Net cash used in investing activities	(14,947)	2,004	(14,156)	1,961
Cash flow from financing activities:				
Net cash change in financing activities	-	-	-	-
Increase in cash and cash equivalents in the reporting year	3,807	2,000	3,808	2,394
Cash and cash equivalents at the beginning of the reporting year	23,982	21,982	21,562	19,168
26 Cash and cash equivalents at the end of the reporting year	27,789	23,982	25,370	21,562
NET DEBT RECONCILIATION				
26 Analysis of changes in net debt			Group	
	At 1 Jan 2022 £000	Cash flows £000	At 31 Dec 2022 £000	
Cash and cash equivalents				
Cash	4,089	2,032	6,121	
Cash equivalents	19,893	1,775	21,668	
	23,982	3,807	27,789	
Analysis of changes in net debt			Charity	
	At 1 Jan 2022 £000	Cash flows £000	At 31 Dec 2022 £000	
Cash and cash equivalents				
Cash	1,669	2,033	3,702	
Cash equivalents	19,893	1,775	21,668	
	21,562	3,808	25,370	

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

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 group and charity 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 4YN.

The principal activities of the charity are as described in the Trustees' Report (page 3).

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 at least the next 12 months from the signing of the financial statements. The Trustees have undertaken extensive planning and forecasting 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 when receivable up to the Balance Sheet date.

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1 Accounting Policies (Continued)

d) Recognition of Income (Continued)

Gift Aid Donations are reflected as distributions by the subsidiary trading company and are recognised when received from the subsidiary.

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.

Legacy, donation 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 recognised as a liability and expensed on the date of approval by the Trustees.

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 2022

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

As a result of the change of status from that of a Designated Religious Body to a Designated Religious Charity in 2005 which removed the previous exemption from compliance with accounting standards in place at the time in respect of capitalising heritable properties (FRS 15), both glebeland and heritable properties whose titles are vested in the General Trustees have been capitalised at valuation as deemed cost, and revalued on an annual basis, using the methodology approved by the Trustees as set out in Note 2. Expenditure incurred by the General Trustees and congregations on major projects costing over £50,000 during the year is capitalised at cost, before being rolled into the annual revaluation. 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 £50,000 are capitalised. All other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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:

Manses, Churches and Halls	50 years
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.

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.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1 Accounting Policies (Continued)

j) Cash and cash equivalents

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

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 building condition.

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

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 at cost less impairment. 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.

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 and those of the recently created Historic Property Fund.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

1 Accounting Policies (Continued)

n) Fund Accounting continued

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.

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, the valuations of which are calculated using Third Party indices based on variable market data. The assets 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 1.5% based on a formal assessment carried out by Bell Ingram in 2022, and will be reviewed annually. 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 at 31st December 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 2022

	Group		Charity	
	2022 £000	2021 £000	2022 £000	2021 £000
3 Income from Donations and legacies				
Legacies	322	61	322	61
Mission & Renewal Fund	1	1	1	1
Donations	637	9	637	9
Monies from Other Boards/Committees	891	289	891	289
New Capital from Congregations	939	770	939	770
	<u>2,790</u>	<u>1,130</u>	<u>2,790</u>	<u>1,130</u>
4 Income from Charitable activities				
Supporting Parish Ministry	22	187	22	187
Providing Suitable Buildings				
Donated Assets	1,134	2,926	1,134	2,926
Other income	77	45	77	45
Other - General Fund	111	266	111	266
	<u>1,344</u>	<u>3,424</u>	<u>1,344</u>	<u>3,424</u>
5 Income from Investments				
Dividends	4,062	3,981	4,062	3,943
Gift Aid (CoSIS)	-	-	1,231	1,431
Interest	172	106	110	106
	<u>4,234</u>	<u>4,087</u>	<u>5,403</u>	<u>5,480</u>
6 Other Income				
Rental Income	1,857	2,314	1,857	2,314
Subsidiary Company Trading Income (note 14)	1,252	1,483	-	-
Net Proceeds on Disposal of Tangible Fixed Assets	5,814	(83)	5,814	(83)
Levies on Property Sales	604	547	604	547
Sundry Income	2,213	1	1,900	1
	<u>11,740</u>	<u>4,262</u>	<u>10,175</u>	<u>2,779</u>
Net proceeds on Disposal of Tangible Fixed Assets is the proceeds on the sale of locally vested properties which contain an Assembly Control Clause less the realised loss on disposal of properties vested with the General Trustees. It also includes £3,913k in respect of adjustments made to more accurately reflect the value of fixed assets recognised at the start of the year.				
7 Expenditure on Charitable Activities				
Supporting Parish Ministry	3,597	3,649	3,597	3,649
Providing Suitable Buildings				
Expenditure	19,068	19,102	19,068	19,102
Reversal of impairment losses	(18,180)	(8,808)	(18,180)	(8,808)
	<u>888</u>	<u>10,294</u>	<u>888</u>	<u>10,294</u>
Other (General & Designated Funds)	2,331	1,914	2,331	1,914
	<u>6,816</u>	<u>15,857</u>	<u>6,816</u>	<u>15,857</u>

Included in the figure of Providing Suitable Buildings is a cost of £469,000 (2021: £680,000) 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 mainly relates to Support Costs of £1,837,000 (2021: £1,718,000) (note 8); Governance Costs of £301,000 (2021: £271,000) (note 9); property related costs of £403,000 (2021: £121,000).

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2022

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

	Support Costs £000	Transfer to Governance £000	2022 £000	2021 £000
Legal	423	-	423	395
Finance and Payroll Administration	169	-	169	164
Direct Staff	1,070	(50)	1,020	851
Human Resources	38	-	38	25
Central Premises	66	-	66	69
Information Technology	71	-	71	164
	<u>1,837</u>	<u>(50)</u>	<u>1,787</u>	<u>1,668</u>

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.

	Group 2022 £000	2021 £000	Charity 2022 £000	2021 £000
9 Governance Costs				
External Audit	38	33	25	23
Internal Audit	-	7	-	-
Trustees' Remuneration and Expenses (See Note 10)	2	-	2	-
Expenses of Advisory Members etc.	-	-	-	-
Trustees' Indemnity Insurance	45	37	16	13
Professional Support for Trustees	50	50	50	50
Subsidiary Company's Directors' Remuneration	166	144	-	-
	<u>301</u>	<u>271</u>	<u>93</u>	<u>86</u>

10 Employees and trustees

Employees

Salaries	1,026	948	822	722
Social Security Costs	99	89	85	73
Defined Contribution Pension Costs	192	180	101	107
Other Staff Costs	28	33	28	33
	<u>1,345</u>	<u>1,250</u>	<u>1,036</u>	<u>935</u>

The General Trustees do not employ any staff, except in their 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 head count of such employees was 21 (2021 - 21), and calculated as full time equivalents was 20 (2021 - 20).

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

	2022 £000	2021 £000
Salaries	204	226
Social Security Costs	13	17
Defined Contribution Pension Costs	91	73
	<u>308</u>	<u>316</u>

Charity

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

1	1
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THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2022

10 Employees and trustees (Continued)

Trustees

Other than the Chairman and Vice-Chairman, who received a combined £3,800 (2021 - £3,800), 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 £1,861 were reimbursed to six Trustees mainly for travel and subsistence (2021 - £1,176 to three Trustees). A total of £127 was also reimbursed to Advisory Members (2021 - £42).

Key management compensation

Key management includes the Chief Executive of the General Trustees, Heads of Department, 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	
2022	2021
£	£
Salaries and other short-term benefits	414,119
Post-employment benefits	548,815
	105,106
	132,960
	519,225
	681,775

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	
	2022	2021	2022	2021
	£000	£000	£000	£000
Subsidiary Company - Trading expenditure	461	482	-	-
Subsidiary Company Taxation	-	183	-	-
	461	665	-	-

12 Tangible Assets

	Land	Heritable	Charity	Subsid. Co	Group
	£000	Properties	£000	Office	£000
		£000		Equipment	
				£000	
Cost or valuation					
At beginning of the year	36,989	507,252	544,241	18	544,259
Additions	-	24,736	24,736	-	24,736
Disposals	(441)	(29,761)	(30,202)	-	(30,202)
Revaluations	(7,168)	31,408	24,240	-	24,240
At end of the year	29,380	533,635	563,015	18	563,033
Accumulated depreciation					
At beginning of the year	-	-	-	13	13
Depreciation	-	10,673	10,673	1	10,674
Disposals	-	-	-	-	-
Revaluations	-	(10,673)	(10,673)	-	(10,673)
At end of the year	-	-	-	14	14
Net book value at beginning of the year	36,989	507,252	544,241	5	544,246
Net book value at end of the year	29,380	533,635	563,015	4	563,019
Net gains on disposal of tangible fixed assets					
Proceeds	343	10,341	10,684	-	10,684
Opening net book value	(441)	(11,537)	(11,978)	-	(11,978)
Net realised losses in year	(98)	(1,196)	(1,294)	-	(1,294)

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 33.

Included within additions is £1,134,160 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 2022

12 Tangible Assets (continued)

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:

	2022 £000	2021 £000 (restated)
Revaluation gain	9,789	28,393
Depreciation reversal	6,945	5,772
Net gain on revaluation	16,734	34,165

13 Investments

	Group		Charity	
	2022 £000	2021 £000	2022 £000	2021 £000
Fair value at beginning of the year	222,720	198,193	217,084	193,198
Acquisitions at cost	16,981	28,056	15,369	27,492
Disposals at opening fair value / cost	(10,561)	(20,021)	(8,379)	(19,515)
Net gains / (losses) on revaluation	(21,690)	16,492	(20,986)	15,909
Fair value at end of the year	207,450	222,720	203,088	217,084
Historic cost at end of the year	134,081	127,022	130,629	123,640
Net gains / (losses) on disposal of investments				
Proceeds	10,675	20,347	8,685	19,739
Prior year proceeds - timing difference	36	-	36	-
Opening fair value	10,561	20,072	8,379	19,515
Net realised gains / (losses) in year	150	275	342	224
Analysis of Investments at 31st December				
Church of Scotland Investors Trust - Growth Fund	140,454	156,508	140,454	156,508
Church of Scotland Investors Trust - Income Fund	23,700	25,563	23,700	25,563
Church of Scotland Investors Trust - Deposit Fund	38,934	35,013	38,934	35,013
Ordinary Stocks and Shares and Unit Trusts	4,362	5,636	-	-
	207,450	222,720	203,088	217,084

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 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 2022

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.

	2022 £000	2021 £000
Turnover	1,252	1,484
Administrative expenses	(682)	(465)
Operating Profit	570	1,019
Investment Income	55	39
Gain on Investment Assets	(698)	583
Profit on ordinary activities before taxation	(73)	1,641
Taxation (Charge)	313	(183)
Net Operating (Loss)/Profit before Gift Aid Distributions	240	1,458
Gift Aid Distributions to the General Trustees	(1,231)	(1,431)
Net Operating Profit after Gift Aid Distributions	(991)	27
Reserves brought forward	7,518	7,491
Reserves carried forward	6,527	7,518
Subsidiary Company Funds:		
Assets	8,438	9,669
Liabilities	(1,381)	(1,621)
Total Funds (including 530,000 ordinary shares of £1 each)	7,057	8,048

15 Concessionary Loans - Group and Charity

Loan movements were as follows:

	Interest Free £000	Interest Bearing £000	2022 £000	2021 £000
Value at beginning of the year	1,033	2,380	3,413	4,224
New loans awarded/paid out	33	1,745	1,778	1,381
Loans cancelled	(106)	(534)	(640)	-
Loans repaid	(171)	(798)	(969)	(2,464)
Interest applied	-	167	167	-
Value of loans drawn at end of the year	789	2,960	3,749	3,141
Movement in provision	84	381	465	272
Total Value of loans at end of the year	873	3,341	4,214	3,413
Less : Amounts repayable within one year	-	1,516	1,516	2,073
Amounts repayable after one year	873	1,825	2,698	1,340

Standard term Concessionary Loans are normally advanced for periods of between five and eight years, and are repayable via half yearly instalments with interest rates ranging between 0% to 5% depending on the circumstances of the loan application.

Short term 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 2022

16 Debtors

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Interest Receivable	-	8	-	8
Subsidiary Company Insurance Debtors	1,653	1,573	-	-
Debtors and Prepayments	126	474	126	439
	<u>1,779</u>	<u>2,055</u>	<u>126</u>	<u>447</u>

Subsidiary Company Insurance Debtors are stated after provisions for impairment of £nil (2021: £nil).

17 Creditors: Amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Grants voted but not paid	723	816	723	816
Loans voted but not paid	1,568	1,527	1,568	1,527
Subsidiary Company Insurance Creditors & Provisions	1,188	1,049	-	-
Sundry Creditors and Accruals	29	316	29	250
Due to the Church of Scotland Unincorporated Entities	2,151	1,798	2,151	1,798
	<u>5,659</u>	<u>5,506</u>	<u>4,471</u>	<u>4,391</u>

18 Provision for Liabilities and Charges

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Deferred Taxation on unrealised investment gains				
At beginning of the year	506	323	-	-
Provision for year	(313)	183	-	-
At end of the year	<u>193</u>	<u>506</u>	<u>-</u>	<u>-</u>

19 Permanent Endowment Funds - Group and Charity

	Balance 1 Jan 2022 £000	Income £000	Expenditure £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2022 £000
Providing Suitable Buildings - Fabric Funds	<u>3,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405)</u>	<u>3,427</u>
	Balance 1 Jan 2021 £000	Income £000	Expenditure £000	Transfers £000	Gains / (Losses) £000	Balance 31 Dec 2021 £000
Providing Suitable Buildings - Fabric Funds	<u>3,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421</u>	<u>3,832</u>

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 2022

20a Restricted Funds

	As at 1 Jan 2022 £000	Income £000	Expenditure £000	Transfers £000	Other Gains / (Losses) £000	As at 31 Dec 2022 £000
Supporting Parish Ministry						
Glebe Funds	36,668	565	(438)	(234)	(7,169)	29,392
Glebe Improvement Fund	328	14	42	-	-	384
Consolidated Stipend Fund	111,972	2,929	(3,200)	222	(11,880)	100,043
	<u>148,968</u>	<u>3,508</u>	<u>(3,596)</u>	<u>(12)</u>	<u>(19,049)</u>	<u>129,819</u>
Providing Suitable Buildings						
Consolidated Fabric Fund	581,537	6,687	3,722	7,700	18,812	618,458
Individual	4,420	137	(86)	(3)	(340)	4,128
Temporary Funds	11,456	4,907	(4,416)	(7,961)	-	3,986
Central Fabric Fund	21,090	903	(109)	(136)	(1,960)	19,788
	<u>618,503</u>	<u>12,634</u>	<u>(889)</u>	<u>(400)</u>	<u>16,512</u>	<u>646,360</u>
Total Restricted Funds	<u>767,471</u>	<u>16,142</u>	<u>(4,485)</u>	<u>(412)</u>	<u>(2,537)</u>	<u>776,179</u>
	As at 1 Jan 2021 £000	Income £000	Expenditure £000 (restated)	Transfers £000	Other Gains / (Losses) £000 (restated)	As at 31 Dec 2021 £000
Supporting Parish Ministry						
Glebe Funds	35,537	174	(449)	(963)	2,697	36,996
Consolidated Stipend Fund	100,248	2,262	(3,200)	916	11,746	111,972
	<u>135,785</u>	<u>2,436</u>	<u>(3,649)</u>	<u>(47)</u>	<u>14,443</u>	<u>148,968</u>
Providing Suitable Buildings						
Consolidated Fabric Fund	554,965	(6,392)	(6,221)	5,340	33,845	581,537
Individual & Temporary Funds	11,330	13,022	(3,647)	(5,058)	229	15,876
Central Fabric Fund	19,121	1,505	(426)	(82)	972	21,090
	<u>585,416</u>	<u>8,135</u>	<u>(10,294)</u>	<u>200</u>	<u>35,046</u>	<u>618,503</u>
Total Restricted Funds	<u>721,201</u>	<u>10,571</u>	<u>(13,943)</u>	<u>153</u>	<u>49,489</u>	<u>767,471</u>
					2022	2021 £000 (restated - note 31)
Total Restricted Funds					776,179	767,471
Restricted Revaluation Reserve (note 20b)					(166,180)	(140,041)
Other Restricted Funds					<u>609,999</u>	<u>627,430</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.

20b Restricted Revaluation Reserve - Group and Charity

	2022 £000	2022 £000	2021 £000	2021 £000 (restated - note 31)
Opening Revaluation Reserve		140,041		116,913
Revaluation gain for the year	9,789		28,393	
Depreciation reversal	<u>6,945</u>		<u>5,772</u>	
		16,734		34,165
Disposals		<u>9,405</u>		<u>(11,037)</u>
Movement in year		<u>26,139</u>		<u>23,128</u>
Closing Revaluation Reserve balance		<u>166,180</u>		<u>140,041</u>

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2022

21 Unrestricted income Fund - Group and Charity

	Balance 1 Jan 2022 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2022 £000
Other - General Fund	10,147	1,995	(2,083)	696	(902)	1,231	11,084

	Balance 1 Jan 2021 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2021 £000
Other - General Fund	9,670	506	(1,849)	36	353	1,431	10,147

22 Designated Funds

	Balance 1 Jan 2022 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2022 £000
(a) Group	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	8,048	1,620	(484)	-	(896)	(1,231)	7,057

	Balance 1 Jan 2021 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2021 £000
(b) Charity	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	8,048	-	-	-	(991)	-	7,057

	Balance 1 Jan 2021 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2021 £000
(a) Group	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	8,021	1,522	(748)	-	684	(1,431)	8,048

	Balance 1 Jan 2021 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2021 £000
(b) Charity	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	8,021	-	-	-	27	-	8,048

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

	Balance 1 Jan 2022 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2022 £000
Other - Historic Property Fund	906	344	(248)	(284)	(66)	-	652

	Balance 1 Jan 2021 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2021 £000
Other - Historic Property Fund	820	304	(65)	(189)	36	-	906

23 Analysis of group net assets among funds

	Endowment £000	Restricted £000	Unrestricted £000	Designated £000	Revaluation £000	2022 Total £000
Tangible Assets	-	396,507	-	332	166,180	563,019
Investments	3,427	189,228	9,295	5,500	-	207,450
Long Term Loans	-	2,698	-	-	-	2,698
Current Assets	-	26,021	1,805	3,258	-	31,084
Current Liabilities	-	(4,455)	(16)	(1,188)	-	(5,659)
Provisions for Liabilities and Charges	-	-	-	(193)	-	(193)
	3,427	609,999	11,084	7,709	166,180	798,399

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2022

23 Analysis of group net assets among funds (continued)

	Endowment	Restricted (restated)	Unrestricted	Designated	Revaluation (restated)	2021 Total
	£000	£000	£000	£000	£000	£000
Tangible Assets	-	404,205	-	-	140,041	544,246
Investments	3,832	202,063	10,001	6,824	-	222,720
Long Term Loans	-	1,339	1	-	-	1,340
Current Assets	-	24,990	484	2,636	-	28,110
Current Liabilities	-	(5,167)	(339)	-	-	(5,506)
Provisions for Liabilities and Charges	-	-	-	(506)	-	(506)
	<u>3,832</u>	<u>627,430</u>	<u>10,147</u>	<u>8,954</u>	<u>140,041</u>	<u>790,404</u>

24 Financial instruments

The group and charity have the following financial instruments:

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Investments at fair value	207,450	187,707	203,088	182,071
	<u>207,450</u>	<u>187,707</u>	<u>203,088</u>	<u>182,071</u>

25 Reconciliation of net income to net cash flow from operating activities

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Net income for the financial year (as per the statement of financial activities)	7,995	47,281	7,995	47,281
Adjustments for:				
Depreciation	10,674	10,148	10,673	10,146
Donated Assets	(1,314)	-	(1,314)	-
Losses / (Gains) on investments	21,576	(16,818)	21,671	(16,160)
Gains on property	(15,396)	(41,522)	(15,396)	(41,522)
Investment income	(4,234)	-	(5,403)	-
(Decrease) / Increase in Deferred Tax Provision	(313)	183	-	-
Decrease in Debtors	276	691	321	582
Increase in Loans due from Congregations	(159)	(1,925)	(159)	(1,925)
(Decrease) / Increase in Provision for Loans	(465)	272	(465)	272
Increase in Creditors	114	1,686	41	1,759
Net cash provided by / (used in) by operating activities	<u>18,754</u>	<u>(4)</u>	<u>17,964</u>	<u>433</u>

26 Analysis of cash and cash equivalents

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Short term deposits	21,668	19,893	21,668	19,893
Cash at bank	6,121	4,089	3,702	1,669
Total cash and cash equivalents	<u>27,789</u>	<u>23,982</u>	<u>25,370</u>	<u>21,562</u>

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2022

27 Analysis of Fabric Grants Awarded to Congregations

		2022	2021
		£000	£000
Providing Suitable Buildings			
Standard			
Churches / Halls -	22 (2021 - 18)	424	361
Manse -	5 (2021 - 9)	304	64
		<hr/> 728	<hr/> 425
Less: Grants lapsed or cancelled		(295)	(2)
		<hr/> 433	<hr/> 423
Priority			
Churches / Halls -	- (2021 - 5)	-	245
Manse -	- (2021 - 0)	-	-
		<hr/> -	<hr/> 245
Less: Grants lapsed or cancelled		-	-
		<hr/> -	<hr/> 245
Bequests			
		<hr/> 36	<hr/> 12
Total Net Grants Awarded			
		<hr/> 469	<hr/> 680

28 Capital Commitments

As at 31 December 2022, 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 £3,488,000 as at 31 December 2022.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2022

29 Contingent Liabilities (Continued)

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 2022 the Trustees are not aware of any specific liability against which a provision need be made.

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 Consultant. In 2022, Presbytery Buildings Officers have been appointed to the Presbyteries of Clyde, Fife, Edinburgh and West Lothian.

30 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 £3,550,000 (2021 - £3,609,000) representing net revenue income from its Stipend and Glebe Revenue Funds and a top up from Stipend capital as agreed by the 2022 General Assembly.

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 £2,151,000 was due to the Church of Scotland Unincorporated Entities by the Church of Scotland General Trustees (2021 - £1,798,000). 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 £1,792,000 in respect of accommodation, information technology, human resources, finance and payroll administration, legal services and direct staff costs (2021 - £1,605,665).

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.

Prior to the General Assembly of May 2023, the Chair of the General Trustees, by order of the General Assembly, is also an Assembly Trustee of the Unincorporated Entities of the Church of Scotland.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2022

31 Prior year adjustment

During the year it was identified that the initial recognition of churches, manses and halls on the balance sheet in 2010/2011, and subsequent revaluations of these assets, had not been recognised correctly in the financial statements. The initial recognition of the assets, when brought on to the balance sheet in 2010/11, was recognised as a revaluation gain, recognised fully in revaluation reserve, rather than being treated as the initial recognition of these assets at cost or valuation at deemed cost and therefore recognised in restricted reserves, with subsequent valuations in applying the revaluation policy being recognised in gains/losses on revaluation of fixed assets or within the relevant expenditure heading. In addition to this, any subsequent disposals of these assets had not been reflected through the revaluation reserve. As a result, the revaluation reserve was significantly overstated and the restricted reserves understated by the same amount.

A prior year adjustment has therefore been applied to correct the recognition and revaluation of these assets. The impact of the prior year adjustment is detailed below, and has no effect on the value of fixed assets or net assets reported as at 31 December 2021.

There is no effect on the net movement in funds reported in the Statement of Financial Activities in 2021, but the reversal of prior period impairments has been reallocated resulting in an equal reduction in both expenditure and gains in other comprehensive income.

	2021		2021
	As previously stated £000	Prior year adjustment £000	Restated £000
Balance sheet			
Opening Revaluation Reserve	502,103	(385,190)	116,913
Revaluation gain for the year	32,827	(4,434)	28,393
Depreciation reversal	10,146	(4,374)	5,772
Disposals	-	(11,037)	(11,037)
Movement in year	42,973	(19,845)	23,128
Closing Revaluation Reserve balance	545,076	(405,035)	140,041
Opening Other Restricted Funds	222,395	385,190	607,585
Revaluation gain for the year	-	4,434	4,434
Depreciation reversal	-	4,374	4,374
Disposals	-	11,037	11,037
Movement in year	-	19,845	19,845
Closing Other Restricted Funds	222,395	405,035	627,430
Total Restricted funds	767,471	-	767,471
Statement of financial activities			
Expenditure on charitable activities	24,665	(8,808)	15,857
Gains on revaluation of tangible fixed assets	42,973	(8,808)	34,165