



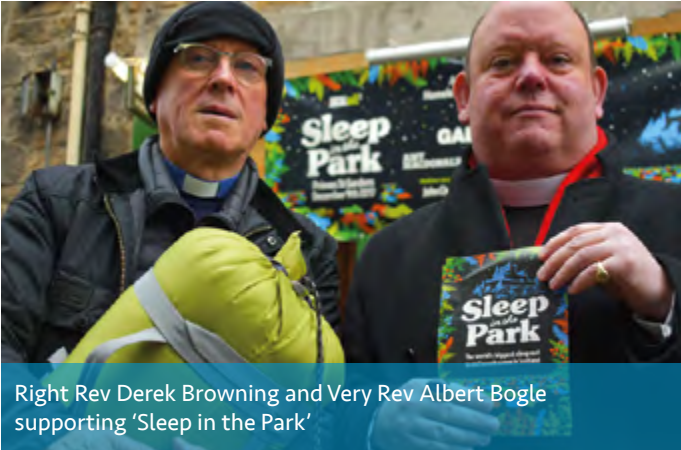
The Church of Scotland

PEACE BE WITH YOU!

The Church of Scotland Unincorporated Councils and Committees  
**Annual Report and Accounts 2017**



# contents



Right Rev Derek Browning and Very Rev Albert Bogle supporting 'Sleep in the Park'



Rev Susan Brown, Moderator Designate



Poppy display in Aberlady



The new Church of Scotland Tartan

## Trustees' Report

- 02 | Foreword
- 04 | Overview
- 10 | The Year in Brief
- 14 | Objectives and Activities
- 16 | Achievements and Performance
- 30 | Accountability
- 36 | Financial Review
- 43 | Auditors' Report
- 45 | Financial Statements
- 87 | Reference and Administrative Details

# Foreword

## Letter from Dr Sally Bonnar: Convener

---



Dr Sally Bonnar

This year, once again, we have been out *On the Road* consulting with church members on the draft Strategic Plan which was the outcome of our 16 roadshows under that title in 2016.

It has been encouraging to hear from those who attended of all that God is doing through the Church and especially to hear about the imaginative ways that congregations are tackling the challenges of demographics, finances and shortages of resources both human and material. The proposed plan's key priorities of Worship, Active Discipleship and Connecting with Communities

have found a resonance with members, presbyteries and Councils and is being presented for further discussion and adoption at the General Assembly in May 2018. I am very grateful to all who have given their time and talents to contribute to the draft plan and hope that you will find it helpful as we continue to seek God's path for us into the future.

Underlying all this work had been prayer, as called for by the General Assembly last year. Over 850 resource packs were sent out to Ministers and others in advance of the National Day of Prayer on 25th November 2017. This was followed up with a very successful Advent series of videos, reflections and prayers which engaged over 8,500 people. Feedback for the *Together We Pray* campaign has been very positive with several people asking if the day of prayer could become an annual event. Prayer is the bedrock of all our work and worship and we have been so encouraged by the enthusiasm with which this initiative has been greeted that we plan to repeat it in 2018.

The Scottish Government has designated 2018 as the Year of Young People and the Church of Scotland is joining this campaign. Churches across the country were invited to celebrate the place of young people in our Church on 28th January 2018 and events are taking place throughout the year to celebrate our young people.

There have been many exciting encouragements this year, some of which have been recorded on the Church's website and Facebook page and I would encourage you to get involved with these. We are not without our challenges, of course, but we are confident in God's grace as we move forward with him.

**Dr Sally Bonnar**  
Convener, Council of Assembly

---

“For I know the plans I have for you”, declares the Lord, “plans to prosper you and not to harm you, plans to give you hope and a future. Then you will call on me and come and pray to me, and I will listen to you. You will seek me with all your heart and I will be found by you”.

**Jeremiah 29:11-13**

---





**TOGETHER WE PRAY**



# Overview

As a Church committed to serving every part of Scotland, the Church of Scotland has been an integral and influential component of the social fabric of Scottish public life for more than 450 years.

Tracing its roots back beyond the Reformation of 1560 to the early days of Christianity in Scotland, the Church developed its formal structure, based around what we now recognise as the parish system which has become a central part of the wider social and civic framework of Scotland. Our vision is to be a church which seeks to inspire the people of Scotland through enthusiastic worshipping, witnessing, nurturing and serving communities. At the same time, we have always been critically engaged with both Government and society at large and, of course, with congregations and communities at a wider, global level.

The Church continues to contribute to the ministry and mission of Jesus Christ in every part of Scotland and further afield. Our aim is to work in partnership with others through a strong commitment to both ecumenical and, where appropriate, inter-faith relationships. We work in changing and often challenging circumstances, particularly at the present time, where the implications and significance of change are not always clear. However, we continue to believe that despite this challenging external environment, our life together as a society can be renewed and improved through the love and grace of Jesus Christ. It remains our clear priority to share that Good News with as wide an audience as possible.

It would certainly be much more difficult to achieve our objectives if we did not have a considerable amount of support throughout our wide-ranging areas of operation. We remain rich in resources and people. Despite reports of dwindling congregations, we are delighted to be able to

report that we have in excess of 350,000 members, with many more people involved in our local congregations and their work. Thousands more feel an attachment to the Church, perhaps for family reasons, because they attend services or even recreational events in Church premises, or because they appreciate the care which the Church can provide for them, especially at critical points in their lives. Within the Church, there are around 750 Ministers of Word and Sacrament serving in parishes and chaplaincies. Recruitment to the ministry is steady, though we are keen to increase this in the light of age profiles. It goes without saying that our Ministers could not carry out their wide and varied responsibilities without assistance, and the leadership of worship in particular is supported by over 400 Readers, Deacons and Ordained Local Ministers (OLMs). Around 28,000 Elders also deliver local leadership on a voluntary basis and further support is provided by around 2,300 paid professional and administrative staff, the vast majority working in CrossReach, our social care arm, with 200 or so in the Church's national offices and another 100 attached to parishes. In all cases the level of commitment and devotion provided by these many colleagues is much admired and appreciated.

In addition to these many individuals, both paid staff and volunteers, much of what the Church manages to achieve would be impossible without the supportive work of many thousands of other volunteers who contribute in so many different ways, both locally and overseas. The Church of Scotland has the largest number of volunteers for a charity in Scotland. Their contribution in the shape

---

“I was hungry and you gave me food, I was thirsty and you gave me something to drink, I was a stranger and you welcomed me, I was naked and you gave me clothing, I was sick and you took care of me, I was in prison and you visited me”.

**(Matthew 25:35-36)**

---









of time, talent and patient service can range from occasional involvement to many hours on a weekly basis. The breadth and depth of the activities to which our volunteers contribute is remarkable with examples including catering in lunch clubs and community cafés, welcoming refugees, working with children and young people, supporting local community and care centres, or engaging in fund-raising activities.

It is with considerable pleasure and gratitude that we can report once again that we have continued to benefit throughout the year from the support and hard work of some 560 people who serve on the various bodies which comprise the Unincorporated Councils and Committees of the Church of Scotland. This provides the Church with access to a wide variety of expertise and experience from many walks of life including education, the law, property, business and social services. Such varied input is given completely voluntarily as part of each individual's Christian commitment. It involves a generous, even sacrificial giving of time and talent and for that the Church is deeply grateful. It has been suggested that there would be merit in trying to place a monetary figure on its value: however we view it as absolutely fundamental to the fulfilment of the Church's purpose of sharing the Gospel and enriching human life. Quantification of this in financial terms would not add to our estimation of the overwhelming value of this contribution to our congregations, our communities and to society at large.

None of this is to deny the challenges which lie ahead in the coming year. At a global level, the trends which have shaped our world in recent years are destined to continue with poverty and internal strife remaining an integral part of the lives of far too many of our fellow human beings. War, violence and the devastation which they reap will not be eradicated in the short term and the Church of Scotland continues with ecumenical partners to do all it can to support people through the consequential turmoil and suffering. The crisis facing asylum seekers and refugees displaced by conflict continues to be one of the most pressing issues of our generation and there is no sign of it abating. The Church of Scotland has committed significant resources to helping to address this alongside our partners.

Domestically, the future also continues to be characterised by uncertainty, and while there are indications that some progress may have been made in identifying how best to deal with the consequences of the Brexit referendum, there is clearly some way to go before the impact for the United Kingdom will be known and understood. Many of our fellow Scots, as well as numbers of people of other nationalities whom we have welcomed







---

“Listen, my beloved brothers and sisters. Has not God chosen the poor in the world to be rich in faith and to be heirs of the kingdom that he has promised to those who love him?”

**(James 2:5)**

---

to our country, continue to experience hardship. Homelessness continues to be apparent to us around our city centres. At a local, national and international level, the Church has worked hard to address many of these issues and we will continue to do so in the years ahead. Much of what we have engaged in and achieved is contained in this report.

The overarching objective of the Church of Scotland is to participate in Christ's ongoing ministry through worshipping and serving God. Much of the resources of the Unincorporated Councils and Committees are devoted to encouraging, facilitating and supporting those people who provide ministry and leadership. Our focus is also outwards, towards those whom we have yet to encounter, whom the saving grace of Jesus Christ has not yet touched, and to those who need our care. These people – the poor and vulnerable, the exploited, the homeless, the refugee, the sick, the prisoner, the lonely – are the heart of Christ's mission here in Scotland and beyond.

In our report last year, we highlighted the fact that there were financial challenges facing the Church in relation to the levels of funding available for our future work. Those challenges remain and our budgeted expenditure continues to grow despite our efforts to control our costs. As ever, the need to find ways to increase our income and reduce our expenditure continues to be of paramount importance as we move forward through 2018.

The Unincorporated Councils and Committees of the Church of Scotland were responsible, in 2017, for expenditure of just over £111.9m. As one of Scotland's largest charities, it is entirely appropriate that we report in detail on our finances and activities and we hope readers will find the information they need in the pages of this document. We do our best to ensure that the time, talents and money available to us are used effectively and we welcome scrutiny.

This report offers a flavour of the impact of the Church's work on the people we serve in Scotland and further afield. The format has been changed this year. We have reduced the number of sections in order to focus attention as clearly and comprehensively as possible on the three areas where we feel we need to make the greatest impact if our overarching strategy is to be achieved. These are Worship, Active Discipleship and Connecting with Communities. While all the same material is still contained in the report, the revised format aims to create a clearer picture for you of our activities and achievements. If the General Assembly adopts the proposed Strategic Plan in 2018, we will inevitably be reviewing all of our activities and commitments. In the meantime, however, as you read and follow our journey through 2017, we hope you will recognise the real difference faith in God can make to people's lives.







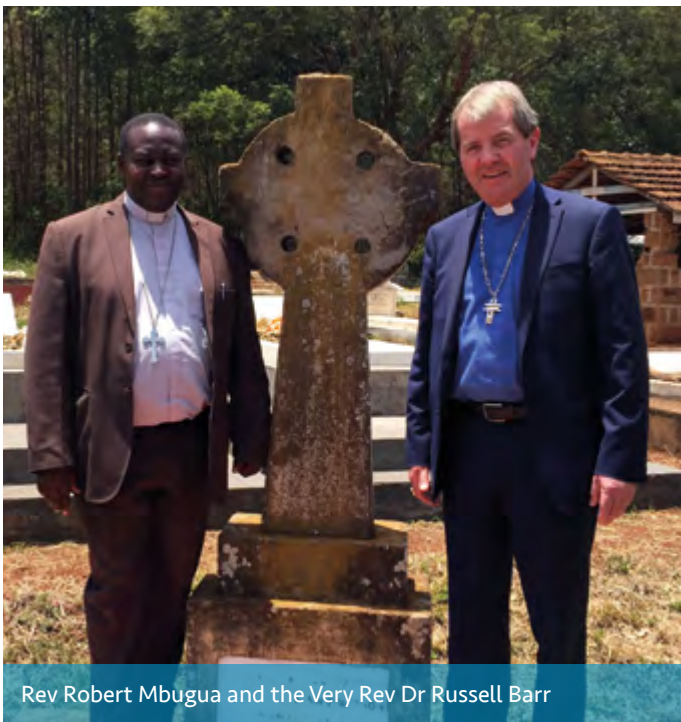
# The Year in Brief



Castlemilk Parish Church opening



Main Street Community Café - Community Group of the Year



Rev Robert Mbugua and the Very Rev Dr Russell Barr



Inchtute Church Community Hub



HRH The Princess Royal launches a mental health awareness campaign



CrossReach Chief Executive Viv Dickenson

## January

Castlemilk Parish Church celebrated the opening of its new building in Glasgow and started a community meal project. Relatives of Church of Scotland missionary, Jane Haining, who died in the infamous Auschwitz death camp in 1944, told her story on the BBC's Antiques Roadshow and learned about the significance of a ring she wore.

## February

Very Rev Albert Bogle became the Church's first ever digital minister with an online congregation. Theologian Doug Gay delivered a series of lectures on the future of the Church. Main Street Community Café at Collieston Parish Church in Dundee was named Community Group of the Year at the third annual Evening Telegraph Community Spirit Awards.

## March

Moderator, Right Rev Dr Russell Barr, visited Kenya to strengthen the Kirk's historic partnership with the Presbyterian Church of East Africa. The Scottish Government awarded a £225,000 grant to the Church-backed microfinance charity, WEvolution.

## April

Inchture Church in Perthshire was transformed into a seven-day-a-week community hub following a £500,000 refurbishment. Very Rev Dr Finlay Macdonald published a new book on the history of the Kirk.

## May

Moderator, Right Rev Dr Russell Barr, spent a night on patrol with Edinburgh Street Pastors and a video on the pastors became the most popular Kirk video ever, racking up more than 135,000 views on Facebook and boosting volunteer numbers. At the Heart & Soul festival, HRH The Princess Royal joined the new Moderator Right Rev Dr Derek Browning in launching a major mental health awareness campaign spearheaded by CrossReach.

## June

CrossReach's new chief executive Viv Dickenson called for more volunteers to join the social care provider. Rev Dr George Whyte, the new Principal Clerk, unveiled his vision for Presbyteries to work together more closely.



## July

---

Rev Elisabeth Spence started work as a Pioneer Minister for the new Hopefield housing estate in Midlothian. The Kirk signed the Armed Forces Covenant. Rev Dr Margaret Forrester was awarded an Honorary degree from Edinburgh University in recognition of her advocacy work for women to become ministers.

## August

---

CrossReach highlighted its life-changing support services in the wake of shocking drugs death statistics. The General Trustees launched a series of seminars to help congregations across the country deal with building repairs. The Church partnered with Interfaith Scotland to take a group of five young Christians and five young Muslims to Rwanda where they learned about peacebuilding after the 1994 genocide.

## September

---

Moderator, Right Rev Dr Derek Browning, blessed the people who built and those who will travel on the Queensferry Crossing, saying bridges were 'symbols of inclusion and hope'. Greyfriars Parish Church in Lanark re-opened after a £100,000 refurbishment to transform it into a community hub. The Council of Assembly launched the *Together We Pray* initiative.

## October

---

Moderator, Right Rev Dr Derek Browning, met Pope Francis at the Vatican in Rome. The Pontiff said it was a 'great gift' that the Roman Catholic Church was able to live in 'true fraternity' with the Kirk during the year that marks the 500th anniversary of the Reformation in mainland Europe.

## November

---

A walking bus for school children, a community litter pick and a knitting club were just some of the results of the Church of Scotland's Participatory Budgeting pilot scheme at Cranhill in Glasgow. Former Moderator, Very Rev Dr Lorna Hood, received an OBE for services to the Church and the Remembering Srebrenica charity.

## December

---

Very Rev Professor Iain Torrance was awarded a knighthood in the New Year Honours for service to the Church, theological education, interfaith dialogue, the British Army and work to combat homophobia. The Church unveiled a new tartan to celebrate its enduring national role.



Rev Dr Margaret Forrester



Learning about peace building in Rwanda



The Queensferry Crossing, 'a symbol of inclusion and hope'



Right Rev Dr Derek Browning meets Pope Francis



Very Rev Dr Lorna Hood OBE



Very Rev Professor Iain Torrance becomes a Knight Bachelor (Kt)



# Objectives and Activities

The Church of Scotland is Trinitarian in doctrine, Reformed in tradition and Presbyterian in polity. It exists to glorify God and to work for the advancement of Christ's Kingdom throughout the world. As a national Church, it acknowledges a distinctive call and duty to bring the ordinances of religion to the people in every parish of Scotland through a territorial ministry. It co-operates with other Churches in various local ecumenical initiatives and through ecumenical and interfaith bodies in Scotland and beyond.

The Church carries out a wide range of activities as set out in the following pages in pursuance of its main charitable purpose, the advancement of religion. Our key objectives as a Church are to worship God; to engage in active discipleship; and to connect with communities. This report gives a broad coverage of the wide range of activities of the Church towards those objectives. The financial statements relate to the work and activities of the Unincorporated Councils and Committees of the Church (UCC), the effects of which are often seen in the work supported by the UCC in local parishes across Scotland and beyond.

The Trustees consider that these activities benefit the people of Scotland and a wider national and global community. Congregations are outwardly focused and the Church of Scotland is visibly active in local communities providing practical and spiritual assistance to all who desire it and especially to those in need, regardless of their status.

***“Our duty is one of care, justice informed by love, to our neighbour, who is every person, everywhere, in every time. Our responsibility neither rests on reciprocity nor on contract. Nor is it limited by nation. It inheres in our common humanity.”***  
***(Report to General Assembly 2015, p 12/28)***

---

“Just as I have loved you, you also should love one another. By this everyone will know that you are my disciples, if you have love for one another.”

**(John 13:34-35)**

---





# Achievements and Performance

## Worship

Active Church members and all who participate in the regular life and worship of the Church value the sense of loving community, the experience of warmth, welcome and fellowship, the laughter, the music, the deep peace of prayer and worship, and the sense of God's real presence that can be found week by week in local congregations.

This extends also to those who are engaged in the life of Presbytery, in Council and Committee meetings and in many other kinds of gatherings. Many would describe themselves as 'fulfilled' – confident in God's love and content with the challenge of service and witness to which that love calls them. The following section looks at some of the many ways in which the church has helped to deliver this sense of fulfilment to its congregations.

The Parish Minister has a pivotal place in congregations and communities, enabling and coordinating worship and ministry and exercising a servant-leadership role in achieving this fulfilment for the congregations. Ministers preach, teach, administer the sacraments and lead worship as well as offering support and encouragement to people on the journey of faith and engaging in the life of the local communities in which they serve.

This year, the General Assembly asked the Church to focus on prayer and particularly to pray as the Church thinks about its priorities for the future. *Together We Pray* was launched as a national prayer initiative, running from September 2017, calling the Church to join together in prayer. A number of resources have been created to enable this focus on prayer, including a series

of videos called 'How We Pray'; an Advent campaign of videos, reflections and prayers; and a resource pack for the National Day of Prayer which was held in churches and presbyteries across Scotland on 25th November. This initiative has seen churches right across the country come together in prayer and *Together We Pray* is continuing into 2018.

Worship has, as ever, been central to the work of the Guild over the past year. During 2017, the Guild held three 'Big Sing' events, one in the Assembly Hall during the General Assembly, one in Inverness in 'Guild Week' in November and a Christmas one in Glasgow at St George's Tron.

The Guild's Annual Gathering in Dundee in September contained a significant element of worship, as does every Guild meeting at local, regional and national levels. The Guild publishes a number of resources to support its membership and several of these contain advice on leading worship and resources to enable worship to be helpful and accessible. These can be found on the Guild's section of the Church website.

The General Assembly 2017 agreed to a piece of action research being carried out by Ministries Council on behalf of

the national Church. The Hub-style ministries experiment will run from 2017-2019 with a report on its findings to be brought to the General Assembly in 2019. Ministries Council is working with up to 15 presbyteries in this exploration of how to develop teams which include Full-time Ministers of Word and Sacrament alongside others – lay and ordained – in the task of delivering ministry across larger geographical areas or parishes. This project seeks both to establish good patterns of shared ministry and in doing so to contribute to addressing the challenge of the shortage of ministers which the Church increasingly faces.

Ministries Council is also supporting five Pioneer Ministry posts, all of which have been filled in the past year. The purpose of this five year project is to test out a range of different models: one of them to work with the farming community in Ayrshire; another to develop ministry in the student population in and around Stirling University; and another is working with the arts community in Glasgow.

The Panel on Review and Reform is engaged in work on the *Path of Renewal* programme which encourages a group of up to 40 ministers to work with their congregations with an emphasis on missional purpose and activity.







'Who shall ascend the hill of the Lord?' (Psalm 24:3)

It supports them in partnership with the Ministries Council through additional congregational support and an ongoing learning programme.

This year, the launch of *Ascend* marks the start of a package of resources aimed at strengthening and enabling those engaged in ministry through a dedicated support and development programme. There is now a monthly e-news; a quarterly hard copy publication; online application process for study leave; increasing provision for pastoral supervision; and funding towards the cost of approved post-graduate study.

Ongoing development for other recognised ministries (Deacons; Readers; OLMs) in addition to around 100 Ministries Development Staff (MDS), employed through Ministries Council, is managed locally.

There has been a contemporary reassessment of the place of pilgrimage in the life of the Church of Scotland, which included a report to the General Assembly. Tapping into this ancient form of spiritual and physical journeying, escaping from the routine of everyday life and marvelling at the beauty of God's creation around us is reviving an interest in being and doing church in different ways. As well as the establishment of new long-distance pilgrim paths in Orkney (St Magnus

Way) and South East Scotland (Forth to Farne), in July, as part of Refugee Festival Scotland, the Church of Scotland-led project Scottish Faiths Action for Refugees, in partnership with Christian Aid Scotland, organised Shoulder to Shoulder, an interfaith pilgrimage to Ben Ledi near Callander on the theme of migration and refugees. This included the provision of places to pause and rest for contemplation, prayer and reflection.

Challenge Poverty Week 2017 took place on 15-21 October and the Scottish Churches Parliamentary Office (SCPO) produced an ecumenical prayer resource for each day of the week called, 'Prayers to Confront Poverty in Scotland' (It is available to download at <http://www.scpo.scot/wp-content/uploads/2017/09/Challenge-Poverty-Week-2017-Prayer-resource.pdf>). The Poverty Alliance was the charity leading on the promotion of Challenge Poverty Week and they welcomed the resource, enjoyed the approach and style, and tweeted the prayers throughout the week.

Worship is an important aspect of the Church of Scotland's relationship with partners all over the world. Cultures and circumstances may vary, but one of the most important things we and our partners have in common is faith. This means we are able to participate in building peace through worship.



This year marked the centenary of the Balfour Declaration, which has had a significant impact on the lives of people in the Middle East. To mark this occasion, the World Mission Council encouraged congregations to get involved with the World Council of Churches' *In Just 68 Words* campaign, which asks people to write 68 word prayers for peace in the Middle East. The 68 word prayers coincide with the 68 word declaration. Several people contributed prayers, which have been used in worship during and after the World Week of Peace in Palestine and Israel.

Souper Sunday services have given congregations across Scotland the opportunity to raise awareness about HIV, and funds for the Church of Scotland HIV Programme. Souper Sunday is a set of resources which provides congregations with a service outline, prayers, and a children's address with information about the projects funded by the HIV Programme, and about the social and economic impacts of HIV. Congregations gathered in worship and held Souper Sunday services throughout the year, and held soup lunches to fundraise for the programme. This has meant that congregations all over Scotland have been able to interact with the HIV Programme in worship. Valuable funds have also been raised.

The Mission and Discipleship Council launched the *Conversations in Worship* resource in May and it is being used by congregations to help people gather and share stories of how they have encountered God in worship.

This year, Pray Now followed the theme Word of Life and was launched at the General Assembly.

The book contained 52 individual prayers relating to the theme as well as 12 articles at the back of the book entitled *How We Pray*. These articles were drawn from a range of sources and reflect on issues such as praying with doubt, praying for healing, praying prophetically, praying with learning disabilities and praying pastorally. The book has sold 1,300 copies and a further print run was made to be included in the resource pack for the National Day of Prayer *Together We Pray*.

The Committee on Church Art and Architecture successfully piloted the 360 project to increase interest

and awareness of the value of art, architecture and heritage in our places of worship. Images of sanctuaries were captured using 360 degree photography and film and were shared via the Church of Scotland website and social media channels. Facebook users engaged enthusiastically. Numbers of likes and shares have been encouraging with videos being viewed some 45,000 times and the photographs having a combined reach of over 500,000 hits.



Rev Aquila Singh



## Active Discipleship

The work of the Church continues to be supported by hundreds of thousands of people in 1,300 congregations across Scotland and further afield. The Unincorporated Councils and Committees (UCC) support the local Church as it seeks to equip its people living in faith in a range of ways with a variety of resources. As His followers, we take seriously the great commission of Jesus to 'Go and make disciples of all nations' (Matthew 28:19). Over the course of the year, we have worked hard to fulfill this commission and many of the ways in which we have tried to do so are detailed below.

The Church continues to support and equip its ministers and churches to develop creative and life giving ways to explore and address conflict. It aims to foster a culture that acknowledges difference and demonstrates diversity in love. In addressing this overriding goal, we have sought to offer moral and spiritual leadership to those with national responsibilities by speaking out and offering reflections on life and faith following world events in 2017 which saw increased fears and tensions in society.

For many people finding a way to express their faith through service is an important part of their life as Christians. Our Social Care arm, CrossReach, a large voluntary sector provider of care and support, employs over 2,000 staff who deliver services to people with many different needs from pre-birth to end of life. CrossReach helps people to experience the highest quality of life possible. It also has a strong and much valued task force of over 500 volunteers, many of whom are from local Church groups. Some help provide front line services, but the majority assist

with tasks that enhance the lives of those using services: playing with younger children, assisting with administrative tasks, fundraising, gardening and providing arts and crafts. Such opportunities are but a few of the many ways in which people engage in active discipleship, sharing their time and talents with those in need, thereby translating love into action.

Ministers are involved in nurturing faith and involvement in local church life at every level: through worship, pastoral care, study/discussion groups, preparation for membership, preparation for baptism, and encouraging people to take up leadership roles.

The development of leadership through the recognised ministries of the church is part of the discipleship path. In 2017, there were 43 candidates training for full-time ministry (FTM) and 15 training for non-stipendiary ministry (Ordained Local Ministry). We are pleased to report that this is an increase from 2016. In the current year there were 20 applicants accepted for training – 15 (FTM); 5 (OLM).

The Interim/Transition Ministry team consists of 18 ministers experienced in working with conflict resolution and change processes and acts as a national resource for congregations and presbyteries where these particular skills are most needed. In 2017, there was a small team of 3 drawn from the larger team which did a specific piece of work in partnership with Shetland Presbytery over a period of 9 months. This has resulted in a new plan for the future of that Presbytery which will enable it to meet the particular challenges which it faces.

Life has its challenges for many people in the Church and outwith it, and our congregations continue to work with people to enable them to experience peace and hope. Working with local people in Priority Areas teaches us that, far from being problematic communities, these are places that abound with gifted, creative people and resourceful leaders. These congregations make up the poorest 5% of parishes in Scotland. Dedicated support continues to be available to 79 congregations in these parishes through the work of the Ministries Council's Priority Areas team, based in Glasgow. They work with an average of 100 local groups per year. The Priority Areas team's vision is for the Church to be indivisible from its local neighbourhood, reaching out and standing with people in all situations, including those where difficulties are more prominent.

This year, Priority Areas introduced a new learning initiative called The Priority Areas Academy which provides a suite of workshops and training days for congregations on topics such as Applying for Grant Funding; Successful Building Projects; and Asset-Based Community Development. These opportunities for learning and development are primarily designed for those from Priority Area congregations, but are open to those from other parishes. This is part of the widening of the reach of the Priority Areas section of the Ministries Council.

In November 2017 the Priority Areas Big Conversation residential event took place in Erskine with 40 of the Priority Area congregations represented and 110 participants in total. This is the event at which Priority Area congregations



The Guild - Project Partnership Scheme

have the opportunity to develop understanding, ideas for the future and friendships. Working with all the challenges involved in anti-poverty work, this is a gathering where strength is gained through mutual learning and sharing.

In partnership with the Presbyterian Church of the USA (PCUSA) each year there is a group of young people who come to work as volunteers with congregations in Priority Areas. They live together in a shared house and are involved in a range of local church projects over a period of 10 months. In 2017 there were four who had started their term in 2016 and finished in May 2017 and then in August a new group of five started their term which will run to May 2018.

This has enabled a strengthening of support to our churches by utilising young adult volunteers from the PCUSA alongside some from Scotland in an internship role. It has been a pleasure to see the enthusiasm and commitment of the young people involved in this project.

Active discipleship is the essence of Guild membership. Through its Project Partnership Scheme, the Guild raises awareness of a wide range of topics related to supporting people in Scotland and around the world at vulnerable times in their lives. This allows people to reflect theologically on the issues raised, to bring these before the wider church and to raise significant funds to help our partners fulfil their various missions. Every Guild has a focus

on discipleship through their use of the Guild's Theme Guide and other resources, through bible study and reflection and through service within and around their congregational life.

The Church of Scotland Housing and Loan Fund for Retired Ministers and Widows and Widowers of Ministers continues to assist Manse families with retirement housing, either by way of a house to rent, or a loan to help purchase a property of their own. The Fund currently owns 224 houses in almost every part of Scotland. Around 120 individuals currently benefit from loans that have allowed them to purchase their own house.

The Trustees of the Housing and Loan Fund are very conscious that the properties which they own are





homes for those who occupy them. Every effort is made to ensure that these houses are well-maintained, are insulated to a high standard, and where possible, have an up-to-date energy-efficient boiler, to keep the occupants' fuel costs as low as possible. The Fund sees itself as providing not just the normal attention required by a responsible landlord, but also a degree of pastoral care to those who have given many years of dedicated service to the Church of Scotland.

This year the Church of Scotland was received into membership of the Churches Commission for Migrants in Europe. The response to welcome the stranger and to love your neighbour as yourself in the face of global refugee emergencies has seen continued prayer support and offers of practical help for partners overseas, in Africa, Asia and Southern Europe. Many congregations and individuals also support the work of Christian Aid and, through it, the Action of Churches Together Alliance (ACT Alliance) around the world.

A major initiative in developing active discipleship has been *Going for Growth*, run jointly by the Mission and Discipleship and Ministries Councils. This is a four-day residential conference which has a programme designed to encourage people to be confident in mission and to explore the possibility of developing fresh expressions of Church in their locality. *Going for Growth* days develop how such fresh expressions can become an established part of a congregation's life and mission. This year, the event in Dundee was attended by more than 60 people.

During the year, the Mission and Discipleship Council has run a

number of discipleship-related events some of which are listed below:

In the autumn of 2017, a series of retreats were offered in Skye, Braco, Nethy Bridge and Lairg exploring the topic of 'Being Disciples'.

The Why Believe Group, in partnership with Alpha Scotland and a Season for Invitation, ran an event on Developing a Culture of Invitation in Glasgow. This will be built upon in 2018 with a Weekend of Invitation. Roadshows for this were held in ten different locations throughout Scotland in October 2017.

A conference entitled Learn: Community of Faith, pitched specifically at paid workers (children, youth or families) was held in March in Kinross. It sought to equip and support these key congregational workers in the area of faith formation. The event was attended by nearly forty workers.

Two significant congregational discipleship resources were produced in 2017. The *Learn: Children & Young People* publication takes readers through three key components of ministry with children and young people. The *Learn: Understanding Our Faith* publication takes believers on a journey through seven core issues of Christian faith and will equip them to understand and communicate their faith more clearly and with more confidence.

In June, the *Learn: Pastoral Care* day conference provided an introduction to the biblical understanding of the 'Why', 'What' and 'How' of pastoral care. Just over 300 enthusiastic delegates attended this event and gave resoundingly positive feedback.

Elders and other office bearers carry out vital roles within congregations across Scotland that ensure congregations are able to function. The Mission and Discipleship Council has been developing resources to support those in these roles.

Office Bearers Online ([www.churchofscotland.org.uk/resources/office\\_bearers](http://www.churchofscotland.org.uk/resources/office_bearers)). Whether it's a treasurer, session clerk, clerk to the board or safeguarding officer to name a few, easily accessible information has now been gathered into one clear, concise and easily accessible section of the Church of Scotland website.

A suite of resources is in development for elders in the areas of: 'call'; 'preparing to serve'; and 'ongoing support and development'. These are being developed to support the overall aim of enabling elders to operate with a fresh vision of their role. This was affirmed by the General Assembly in 2017, as being one that is shaped by local contextual mission and distinctively concerned with the discipleship of God's people.



## Connecting Communities

The Church of Scotland holds Connecting with Communities as one of its core objectives. Thousands of people from our congregations across Scotland and beyond are working both in and for their local communities. In addition the Church acknowledges its substantial role in working with related communities nationally and globally. We offer below a representative sample of how that is being achieved.

This first example demonstrates both our local and global commitment. In 2017, the UK Government's Syrian Vulnerable Persons Resettlement Programme has been ongoing. This is a five-year plan to resettle up to 20,000 people from the refugee emergency caused by conflict in Syria. Scottish local authorities have engaged well in the programme, and around one-fifth of all those coming to the UK have come to Scotland. Communities from Stornoway to Galashiels have received new Scots over the year, and the local Church of Scotland is often at the forefront of offering welcome, in the form of language cafes, volunteer befrienders, or offering space to meet.

In Edinburgh, the Weekend Club, run by the Church of Scotland-led project Scottish Faiths Action for Refugees, offers monthly activities for asylum seekers, refugees and new migrants in the city. These are delivered by a multi-faith team of volunteers and work is undertaken in partnership with refugees themselves to design and deliver events. Often it is a chance for members of local congregations to offer practical support and to meet refugees in a fun, engaging and relaxed atmosphere. It helps to break down barriers and tackles some of the social isolation and misconception that is often associated with the label of 'refugee'. As Christians we are called to act on Jesus' words about welcoming

the stranger, 'for the things which we do for the least of his brothers and sisters, we do for him' (Matthew 25:35).

### Local

The Church continues to work alongside people living in poverty in fulfilment of its calling to give a voice to the more vulnerable members of society. Poverty currently affects one in four children in Scotland, but increasing Child Benefit by just £5 a week for every child could lift 30,000 children out of poverty. The Give Me Five campaign is calling on MSPs to ensure the 2018/19 budget and Scottish Government spending plans include a top-up of child benefit by £5 per week. Poverty is fundamentally about a lack of resources, and this move, that is within the Scottish Government's powers, would improve family incomes.

The Give Me Five campaign was launched on August 30 with the support of Moderator Rt Rev Dr Derek Browning and William Nolan, Bishop of Galloway of the Roman Catholic Church. It has also received support from the Scottish Episcopal Church, United Reformed Church, and the Unitarians.

The Social Care Council has continued to provide support to local churches starting out on their own local social care initiatives. The online Social Care Mission Forum has provided a way in which church groups can connect and share their ideas about how to reach out into local communities. Through it they can tap into the professional expertise of CrossReach staff as an additional learning and support resource. As a response to the numbers of enquiries around dementia and work with children, CrossReach has invited local church

groups to partner with them in hosting two separate networks. These meet in different parts of the country and allow like-minded people to come together and explore how they might work to provide dementia support or provide outreach to children and young families. These have been well received and are giving many congregations new confidence to help tackle some of the challenges they have identified.

Peace of mind can be difficult to achieve when struggling to cope with many of life's most difficult challenges. CrossReach recognises that for those experiencing a mental health problem battling anxiety and depression is an everyday struggle and can rob people young and old of their own confidence, as well as have a major impact on the families and friends around them. The Church of Scotland Mission and Renewal contribution helps CrossReach deliver counselling and support services to thousands of people across the country dealing with issues such as bullying, postnatal depression, bereavement, trauma, domestic abuse, addictions and family breakdown. It gives people hope again and an opportunity to be at peace with themselves and others. This year the Social Care Council also launched Grey Cakes, their mental health awareness raising initiative, which aims to support churches and the communities around them to talk about mental health.

Good Money Week offered an opportunity to explore the theme 'What have Faith and Money got to do with Climate Change?' Members of churches from around Scotland met at St Andrew's and St George's West Church in Edinburgh in October to discuss how their money can make a difference. The Church and Society Council followed these discussions







with a call to the Scottish Government to ensure that the proposed Scottish National Investment Bank prioritises investment in the poorest communities in Scotland.

Participatory Budgeting (PB) is a way for people in communities to make their own decisions about how money is spent. Four congregations in Arbroath, Edinburgh and Glasgow were part of a pilot project to build capacity for PB in their communities. The project received funding from the Scottish Government through the Community Choices Fund. Each congregation received training and support in PB processes along with a £5,000 funding pot to distribute in their community using PB. A total of £20,000 was distributed to 28 local projects in March 2017. Congregations who took part in the project found that people gained confidence and insight into community development and found the process transformative.

Local Guilds have strong connections with their communities, perhaps especially so in rural areas, where Guild groups lead local initiatives and play an important social and pastoral role. The Guild's Initiative Fund has given practical support to a wide range of activities that enhance this work.

There are five main partner organisations for which Ministries Council provides grant funding. As partners, they each enhance the purposes of providing ministry across Scotland for congregations and communities. In 2017, the grant funding for three of these partners was reduced due to internal financial pressures, but the meaningfulness of the partnerships is not in any way diminished. The partner organisations with which Ministries Council works are: Place for Hope (conflict resolution services); Workplace Chaplaincy Scotland; Faith in Community Scotland; WEvolution (self-reliant

groups enterprise) and GK Experience (youth leadership development).

The Resilience in Ministry research project is progressing and should be completed in 2018. This will provide improved insight into how best to develop support services for ministers. The results from the research will inform the development of pastoral supervision, spiritual accompaniment and coaching networks for ministers.

Every year there is a pre-retirement conference for ministers and their spouses. This is part of the church coming alongside and supporting ministers in a time of major transition. In 2017 the number of ministers who attended the conference was 33 and the number of spouses who also participated was 24.

Church members in remote and rural areas were encouraged to attend a series of roadshows designed to help them overcome challenges and embrace the opportunities that are found in their context. The roadshows, organised by the Mission and Discipleship Council's Rural Working Group, were held at Lairg Parish Church in Sutherland, Kilmonivaig Church near Spean Bridge in the Highlands, St. Madoes and Kinfauns Parish Church in Perthshire, Melrose Parish Church in the Scottish Borders and Aberlour Church in Fife. At the roadshow events, resources were shared and attendees were given the opportunity to connect and consider how they might support each other after the event.

The Learning Disabilities Working Group has developed a Learning Disability Action Pack to support congregations to be transformed from places of inclusion to communities of belonging for those with learning disabilities. It is a fun and interactive step by step guide for everyday folk and one has been sent direct to every congregation.

## Global

The Church of Scotland recognises that, on a global scale, it is a relatively small church in a small country and consequently it would be easy to develop a parochial and inward-looking approach to our objectives and activities. However, we celebrate the fact that we are part of the world-wide Church of Jesus Christ and with that recognition comes a responsibility to work at a global level with partner churches wherever they may be. Detailed below are some of the ways we are involved in connecting with global communities.

The World Mission Council (WMC) builds and fosters relationships with partner churches and organisations all over the world. The most important aspect of this is the facilitation of strong relationships between communities in Scotland and internationally, which results in practical cross-community action. Work in Korea and South Sudan serve as examples of connected communities working together to bring about peace.

In many of the places where WMC mission partners work and serve, conflict is a current or recent reality. For several years the Council has supported the National Council of Churches in Korea's Peace Treaty Campaign. This seeks to formally end the Korean War with a Peace Treaty to replace the Armistice that was signed in 1953.

The campaign advocates for measures to reduce tensions on the Korean peninsula and to build capacity for sustainable peace. WMC supports the annual Peace Academy, a six week training programme for young adults who learn about the Peace Treaty Campaign, the Christian understanding of peace and reconciliation, and become ambassadors for peace in their



'Now you are the body of Christ and individually members of it.' (1 Corinthians 12:27)

churches. WMC also encourages churches in Scotland to join the global prayer for peace and reconciliation on the Sunday preceding 15 August each year.

In order to raise international awareness and support for their Campaign, the National Council of Churches in Korea (NCCCK) have been visiting their partners and supporters around the world. In June 2017 we welcomed 23 women and men from NCCCK. We worshipped and shared communion together, enjoyed a ceilidh and the Moderator hosted a lunch. Most movingly there was a ceremony at the Korean War Memorial at Witchcraig Woods near Linlithgow. The NCCCK delegation was joined by representatives of West Lothian Presbytery, civic officials and Korean War veterans. Rev Kim Young Ju, from the Korean delegation, said it was touching to meet the war veterans. He told them: "We really appreciate all your efforts and sacrifice and we thank you. We believe that to really honour the sacrifices you made for the Korean people we need to do one more thing. We need reconciliation between North and South Korea."

South Sudan has been in the midst of a civil war, which has been fought along tribal lines since December 2013. Millions of people have been displaced and thousands killed. The Church of Scotland has promised to work with our

partners, The Presbyterian Church of South Sudan (PCOSS), as they face the difficult task of bringing about peace and reconciliation within their congregations. As such, the Church of Scotland has been working to implement training on peace and reconciliation.

In October 2016, the Very Rev Dr John Chalmers led a team of experts to Nairobi to deliver a workshop for 28 church leaders from the PCOSS. The team consisted of Clinical Psychologists and Mediators. The church leaders spoke about the war and the trauma they had experienced. Throughout the workshop the team was able to offer practical advice and techniques on how to have better conversations with neighbours. Alongside this they offered a session on trauma healing. Whilst this only scratched the surface in terms of the trauma they had experienced, it gave them a safe place to talk and led to a deepening of relationships between all parties.

In December 2017, another workshop took place in Nairobi for 12 of the 28 participants to expand their knowledge on mediation. This was implemented by the Church of Scotland and the Anglican Church, and was attended by the PCOSS and the Anglican Church in South Sudan. The team also worked together with Place for Hope, which is





### The World Mission Twinning Programme

supported financially by the Ministries Council and provides professional peace-building services for faith communities, to deliver these workshops.

The Church of Scotland has not only connected communities between Scotland and South Sudan, but has also been able to work carefully with the PCOSS to take steps towards connecting heavily fractured communities within South Sudan. In doing so, the PCOSS has been able to take steps towards trauma healing, peace building, and mediation in communities which have been devastated by war.

The Guild has a close relationship with the Synod of Livingstonia in Malawi, connecting with the Women's and Men's Guilds and providing practical, financial and prayerful support to the work of the Church of Central Africa Presbyterian. In particular, this relationship has allowed the Guild to support the Livingstonia Synod Aids Project and the teacher training college at the Loudon Mission Station in Embangweni.

The World Mission Council facilitates a Twinning Programme which connects congregations and Presbyteries with others internationally. An example of this is the

twinning between Earlston Parish Church in the Borders and the National Evangelical Synod of Syria and Lebanon's congregation in Tripoli (Lebanon). Steering groups have now been set up in both churches with the aim of strengthening the faith, spirituality and understanding of its participants. Regular visits will be held between the congregations as well as simultaneous acts of worship, with worship sheets in both English and Arabic.

This twinning link presents the opportunity for each to build an understanding of the culture of the other, whether Scottish or Middle Eastern; it allows a Scottish congregation to build a better understanding of the culture and traditions of the Middle East as well as walking alongside their partners as they face the challenges of conflict and war.

This year the World Mission Council held a series of events on Women in the World Church. This included a roundtable event where delegates were encouraged to share and discuss issues relating to gender equality, as well as the Duff Missionary Lecture which was delivered by Professor Kwok Pui Lan, a Chinese Feminist Theologian. Speakers from across the world came to share their knowledge and experience of gender equality issues, including Rev Rola



Women in the World Church

Sleiman, the first woman to be ordained in the Middle East. Each event reached capacity, and the vast experience of delegates and speakers meant that meaningful and useful discussions took place. This work coincided with the World Mission Council's report to the General Assembly which focussed on gender equality in the World Church.

The work of the Ecumenical Relations Committee is an integral part of the Church's work in connecting with the rich variety of Christian communities within Scotland. That inter-connectedness extends beyond Scotland and finds expression within Britain and Ireland as well as within Europe and in the broader international setting.

Within Scotland the ecumenical landscape is one in which the established churches face the challenge of bearing witness in a secular environment in which the traditional language of faith does not necessarily carry the resonance that it once did. That being the case, the work of the Committee in maintaining and renewing connections is particularly important. Equally, the traditional denominations face the challenge of connecting with new

Christian communities and learning from them. In doing so, the Church may potentially learn lessons about what it means to engage and connect with communities in contemporary Scotland.

The 500th Anniversary of the Reformation on 31st October 2017, recalling the life and work of Martin Luther, was marked by events within Scotland and beyond. The Church was represented at events in Wittenberg and Westminster Abbey, as well as in local settings. Such an occasion connects us to the community of churches whose lives were shaped by the Reformation and which flowed from the work of Luther and others. The Church is also linked to the broad family of Reformation churches in Europe through membership of the Community of Protestant Churches in Europe.

As part of the universal Church, we believe that God calls us to celebrate and move towards visible unity, to strive to work more closely with our Christian sisters and brothers both in Scotland and throughout the world.



# Accountability

## Structure, Governance and Management

### Constitution

The Church of Scotland, part of the One Holy, Catholic and Apostolic Church, is the National Church in Scotland, recognised by the State but independent in spiritual matters. In one sense, its constitution cannot be written down in precise terms, as the Church has built up, stage by stage, "upon the foundation of the apostles and prophets, Jesus Christ Himself being the chief cornerstone" (Ephesians 2:20). In another sense, the Church's constitution may be said to be set out in certain important instruments. These include the Articles Declaratory of the Constitution of the Church of Scotland in Matters Spiritual (1921), the Act anent Spiritual Independence of the Church (1906) and the Act of Union (1929).

### Organisation

#### Conciliar System

The distinctive feature of the Presbyterian system is that the Church's authority, received from the Lord Jesus Christ, is vested in Church courts and not in individuals. It is a conciliar system, in which legislative, judicial and administrative decisions, and supervisory actions, are taken corporately.

The Supreme Court is the General Assembly, which legislates for the whole Church. It is the final court of appeal, although in some matters it is the court of first instance. The General Assembly, which meets

each May, comprises around 850 Commissioners appointed by Presbyteries and made up of Ministers, Elders and members of the Diaconate. In addition to its legal function, the General Assembly has an administrative role. During the Assembly, the six Councils, the Standing Committees and agencies and any Special Committees or Commissions present their annual reports with proposals known as 'deliverances' which are accepted, rejected or amended by the Assembly.

The next highest court is the Presbytery. The Presbytery is responsible for an area made up of a number of parishes, served by congregations. There are 43 Presbyteries in Scotland, plus the Presbytery of England, the International Presbytery and the Presbytery of Jerusalem. Presbyteries are required to supervise and monitor congregations' compliance with Church and civil law, including the annual attestation of their accounts.

The lowest court is the Kirk Session of each congregation of the Church. The Kirk Session is responsible for spiritual matters. Many congregations have a separate Financial Board (a Congregational Board or a Deacons' Court or a Committee of Management) but in some congregations, the Kirk Session is also responsible for temporal and financial matters.

Congregations and Presbyteries are separate legal entities and they are not controlled by the Unincorporated Councils and Committees; their accounts are therefore not consolidated in these financial statements.

### Unincorporated Councils and Committees

The Unincorporated Councils and Committees, appointed by and responsible to the General Assembly, support ministers and local congregations in carrying out the tasks of ministry, exercising pastoral care, engaging in mission and evangelism and Christian education work, and managing the Church's direct social care service throughout Scotland. They also act as a channel for expressing practical and vocal support at a national, international and ecumenical level, and ensure that legal requirements are being met by the whole organisation. The Unincorporated Councils and Committees employ permanent staff to carry out their remits in accordance with policy decisions taken by the General Assembly. Each Council has a Council Secretary who is responsible for appointing departmental staff and for delivering the Council's remit. The Secretary of the Council of Assembly is responsible overall for staff in the national offices. Committees and working groups of the Councils focus their expertise on distinctive areas of work and help to shape future policy.



Trustees from the Council of Assembly

### Council of Assembly

The Council of Assembly of the Church of Scotland was set up by the General Assembly of 2004 to fulfil an executive function in co-ordinating and setting priorities among the Councils and Committees of the Church in line with agreed strategy. It has the authority to take necessary administrative decisions between General Assemblies, to co-ordinate the work of the Church's national administration and to take decisions with regard to resources, finances and central services, including staffing. The Council membership includes the appointed Trustees of the UCC, acts as the Trustee body for the charity and has responsibility for the annual submission to the General Assembly of the audited Report and Financial Statements of the Unincorporated Councils and Committees.

The Council of Assembly's Finance Group has financial oversight of each Council and Committee in order to ensure good stewardship so that the worship, mission and service of

the Church are delivered effectively. This also ensures that financial management is in accordance with best practice and UK Generally Accepted Accounting Practice, as well as meeting the requirements of the Office of the Scottish Charity Regulator.

The Council of Assembly's Governance Group meets regularly to consider matters affecting the governance of the charitable functions of the Church, in particular the work of the UCC.

The Audit Committee works with the external auditors of the UCC to ensure proper financial reporting practice and compliance with charity accounting requirements. It considers any matters raised by the external auditors for the attention of the Trustees and management. It is also responsible for reviewing and approving the annual internal audit plan and monitoring the findings of the internal auditors.

The Committee is constituted to ensure its independence.

Voting members of the Council of Assembly are the Convener, Vice-Convener and ten members appointed by the General Assembly on the Report of the Church's Nomination Committee, together with the Conveners of the other five Councils and of the Panel on Review and Reform. These voting members were designated as the charity Trustees of the UCC by the General Assembly of 2010.

The Council of Assembly meets regularly to receive reports from all of the Councils, together with reports on finance, staffing, strategy, communication and governance matters. Audit Committee minutes are submitted to the Council for information. Conveners of Standing Committees are invited once a year to deliver reports on their work. Minutes of the Council of Assembly and the five Councils are published on the Church of Scotland website.



## Other Councils and Committees

### The five Councils are as follows:

- > **Church and Society Council:** engaging in the national, political and social issues affecting Scotland and the world today;
- > **Ministries Council:** supporting a variety of ministries for the Church, from the first stirring of a 'call' through to retirement;
- > **Mission and Discipleship Council:** promoting an overall focus for worship, mission and discipleship;
- > **Social Care Council:** offering services in Christ's name and specialist resources to further the caring work of the Church to people in need;
- > **World Mission Council:** working internationally to share the gospel, support theological education and encourage holistic ministry.

In addition to the five main Councils, there are six Committees, much of the work of which is directed towards good governance and effective administration.

### The Committees are:

- > **Assembly Arrangements:** organising the General Assembly and Commissions of Assembly;
- > **Chaplains to HM Forces:** supporting chaplains and those dedicated to the spiritual wellbeing of the women and men of the Armed Forces;
- > **Ecumenical Relations:** promotion and support of ecumenical working, as set out in the Articles Declaratory;
- > **Legal Questions:** advising on questions of Church law and constitutional law affecting the relationship between the Church and State;
- > **Panel on Review and Reform:** listening to the local church and considering the Church's changing needs, challenges and responsibilities;

- > **Safeguarding:** ensuring that work with children and vulnerable adults meets the requirements of civil legislation and regulation and that the Church is a safe place for all.

Since the General Assembly 2016, the Central Services Committee, which is responsible for managing the Church Offices and its service departments along with the employment of the operational staff of the UCC based at 121 George Street, Edinburgh and elsewhere, has become a Committee of the Council of Assembly and now reports through it to the General Assembly.

### Subsidiary Undertakings

There are four subsidiary undertakings. St Andrew's Galilee Limited and St Andrew's Scottish Centre Limited are incorporated to manage the Scots Hotel in Tiberias and St Andrew's Scottish Guesthouse in Jerusalem respectively. As well as having the objective of generating funds for the Church's charitable activities in the Holy Land, the hotel and guesthouse provide a base for visitors to witness the work of the Church of Scotland in Israel and the Occupied Palestinian Territories, and as a visible witness of solidarity and faith with local Christians. The Financial Results are described on page 78 in Note 30 to the financial statements.

CrossReach Trading Ltd raises funds for the Social Care Council from the sale of calendars and cards and also raises awareness of the Council's work.

Tabetha School in Jaffa, Israel, operating as a not for profit organisation, educates children from over 30 nations and from Christian, Muslim, Jewish and other religious backgrounds. The Church believes that it is through learning and working together that nations can live together in peace.

## Appointment, Induction and Training of Trustees

Members of the Councils and Committees, including the Council of Assembly, are appointed by the General Assembly through the Nomination Committee. The Nomination Committee is appointed by the General Assembly. Consideration is given to the Council or Committee's need for qualifications and expertise when deciding upon those to be nominated. It is the policy of the General Assembly, as far as possible, to ensure a balance of members by gender, age and geographical location. An open and rigorous recruitment process is followed for nomination to the Council of Assembly. All vacancies are now filled, subject to General Assembly approval, by persons who have responded to an advertisement, demonstrated possession of the required skills and undergone a panel interview.

Each new member is provided with a copy of the remit of the Council or Committee, guidance notes on the responsibilities of a Trustee, a calendar of meeting dates and copies of the Minutes of the most recent meetings. Trustee members of the Council of Assembly also receive a copy of the Code of Conduct for Voting Members as Charity Trustees. This includes guidance on the declaration and registration of interests and on the payment of expenses. All Council and Committee members are briefed on the remit and responsibilities of their Council or Committee and are thereafter updated on governance and charity matters and the effect, if any, on the remit and responsibilities of the Council or Committee.

In addition, the Council of Assembly holds an annual introductory meeting for incoming Council and

Committee Conveners and members. This takes place shortly before the General Assembly at which they will take up their duties, at which they receive the latest Annual Report and Financial Statements and General Assembly Report and receive comprehensive briefings from office-bearers on charity law and on the structure, legislative processes and current work of the Church. A separate session is held for Conveners to introduce their particular responsibilities. Conveners and Secretaries ensure in the course of the year that members of Councils and Committees receive the support and information they need to discharge their duties responsibly and well.

### Senior Management

A Senior Management Team supports the coordinating and decision-making work of the Council of Assembly and ensures the efficient implementation of the decisions of it and the General Assembly. The group is chaired by the Secretary to the Council of Assembly, and its members include the Principal Clerk, Council Secretaries and heads of the main support departments. The Senior Management Team is accountable to the Council of Assembly. Senior staff members of the Church are responsible for the operational management of their departments under the general direction of their Councils and Committees and for implementing the policies of the General Assembly. Staff pay for employees of the Central Services Committee is based on a comprehensive job evaluation system with staff placed on one of eleven bands.

### Reporting Structure

The financial statements of the Unincorporated Councils and Committees include the financial results of the five Councils and a number of Support and Services

Departments together with Other Funds which include approximately 150 Trusts, the Mission and Renewal Reserve Fund, Housing and Loan Fund and the Church of Scotland Guild. The consolidated financial statements also incorporate the financial results of four subsidiary undertakings, St Andrew's Galilee Limited, St Andrew's Scottish Centre Limited (companies incorporated in Israel), Tabeetha School in Israel (registered as a non-profit organisation) and CrossReach Trading Ltd. The share capital of both Israeli companies is held by the Church of Scotland Trust on behalf of the World Mission Council which has given indemnity to the Trust in respect of all liabilities arising from its shareholdings.

### General

Further information about the activities of the Church of Scotland and its individual Councils and Committees can be found on the Church of Scotland website. More detailed reports and information, including names of all Council members, can be found in each year's Reports to the General Assembly ('the Blue Book'), which is issued to all General Assembly Commissioners and is available for purchase from the national offices in George Street, Edinburgh. The Church also publishes a Yearbook with contact details for its Presbyteries, congregations, ministers and senior officials and this also contains useful general information about the Church. The Yearbook is available for purchase from the national offices.

### Audit and Compliance

The Audit Committee's remit includes responsibility for reviewing the systems of internal control and oversight of the Internal Audit function. This function is delivered by Deloitte as the appointed Internal Auditors and by the Audit and Compliance Officer.

Deloitte produce an annual programme of work based on an assessment of audit risk which seeks to ensure that all the main areas of activity are periodically reviewed. Audit reports are submitted at the end of each assignment and an annual audit report is made to the Audit Committee expressing an opinion on the systems of internal control in place in the Unincorporated Councils and Committees.

Deloitte conducted a number of reviews in 2017 covering the following areas:

- Review of Middle East Governance
- Review of the HR and Payroll System Implementation Project
- Review of the Legal Questions Committee
- Review of the Assembly Arrangements Committee

### Risk Management

In 2016, the Council of Assembly completed a full-scale review of risk management processes to ensure that they were delivering a capable, efficient and cost-effective management of risk. With the assistance of an external consultant, staff completed a full gap analysis, drafted a new risk management policy, completed a risk matrix, reviewed the governance and risk management structures and delivered risk management workshops to key decision-makers. These were scrutinised and adopted by the Council and a Risk and Resilience Group was established to coordinate an effective and consistent approach to ongoing risk management.

The Council continues to implement a regular process of risk mitigation through its Risk and Resilience Group. Through these measures,



the Council is continuing its work to embed a thorough process of risk management into the day-to-day working of the national administrative function. The Council of Assembly, Audit Committee and Risk and Resilience Group oversee the management of risk, ensuring the process is both effective and efficient.

The principal risks on the Council's risk register, with comments on the management and mitigation of these risks noted below each heading, are as follows.

### Declining and ageing membership

It is evident that the Church of Scotland's membership is decreasing each year, mainly through the death of older members. New members and especially younger people are not joining in sufficient numbers to replace those who have gone. This has a potential impact on the income of the Church and is an area of focus moving forward.

It is recognised that congregations thrive best where there is inspirational local leadership. The Church, through the Ministries Council, continues to invest in *Tomorrow's Calling*, a multi-media campaign to encourage people, particularly younger people, to think about Ministry as a career. It is also investing in new training models for ministry, considering ways of improving the financial support offered to students and candidates, reshaping the pastoral and personal support programmes for ministers and offering a programme of continuing ministerial review and development. The continued reduction in the number of Ministers of Word and Sacrament gives even greater urgency to the need to develop innovative approaches to Ministry in all its guises. At the same time, the Church, through the Mission and Discipleship Council, Priority Areas, the Guild and the Go

For It project is offering improved training and resources for local leadership, a not insignificant investment.

The Council of Assembly is encouraging Presbyteries to share their resources to support local congregations, for example in safeguarding. The Mission and Discipleship Council has increased its work with children and young people, offering both training events and resources for congregations who wish to increase the numbers of children and young people at a local level. More generally, the Mission and Discipleship Council has increased its focus on supporting creative worship practices and is providing downloadable worship resources which have proved particularly popular. The Council of Assembly continues to engage the Church in how we can plan for the future. This process has allowed it to hear from the local church and look forward positively towards how the development of the strategic plan should help in mitigating this risk.

### Data Protection

The Council of Assembly last year established a Data Protection Working Group in order to prepare for the implementation of the General Data Protection Regulation (GDPR) across the EU on 25 May 2018. Under the auspices of this Group work has been done so as to ensure that strategies are now in place for compliance throughout the Church. This has focused on the new accountability requirement, namely the introduction of an obligation to demonstrate compliance with the data protection principles. This includes a duty of 'privacy by design', which involves the implementation of technical and organisational measures to show that the Church has considered and integrated data protection into its processing activities.

In the course of the year, a data audit was carried out to establish what information is held nationally by the various Councils and Committees. The results have been evaluated and action has been taken to remedy any instances of non-compliance.

A data retention policy to assist with the lawful retention of information has been drafted and implemented for the Church Offices and by CrossReach and a style of data retention policy suitable for use by congregations and/or Presbyteries has been made available on the Church website.

So far as ongoing compliance with existing data protection legislation is concerned, the Solicitor of the Church, in her capacity as Data Protection Controller for the Unincorporated Councils and Committees, ensures that risk is properly managed.

### IT Provision

Following two recent reviews of the IT Infrastructure, the Church is in the process of commissioning work in order to upgrade our current systems and create an IT Strategy for the forthcoming decade. It is evident that the Church will need to make investment in its IT capabilities and to enable this work the Council of Assembly has created a small Information and Communications Technology (ICT) Working Group which is currently meeting on a regular basis.

### Volatility in funding for social care

The Social Care Council, trading as CrossReach, provides a range of residential and day care services throughout Scotland, many of which are largely funded by public authorities, including local government. Government controls on local authority spending have resulted in cuts in public funding for aspects of care and CrossReach, along with other private and

charitable sector care providers, has experienced fluctuations in its income.

In light of these changes the Social Care Council set up a Business Strategy Group in 2016 to consider all aspects of the work of CrossReach in order to assess future sustainability and take action as appropriate. The outcome of the work of this group was reported to the General Assembly in May 2017 and saw a number of recommendations being implemented. These included a change to the recruitment policy, revised financial principles being adopted and a proposal that the central support services were scrutinised further in a fit for purpose review to take place over the course of the next year. In addition, during the business strategy review process, a small number of services to older people were identified as having run a level of loss which was not considered to be manageable and the difficult decision was taken to disinvest of 4 services. The process for working through these disinvestments is in progress.

Whilst there remains a risk for the Social Care Council, it continues to monitor assiduously the financial and quality performance of all services on a regular basis, and to press for adequate levels of funding. Work is currently being undertaken with key partners and COSLA to assess the indicative cost of care in care homes which will be used to inform further purchasing arrangements in services to older people in 2018 and beyond. The Residential Care and Education restructure continues to progress despite a number of setbacks and is a key element in future financial sustainability. In all other operational areas an unprecedented level of competitive tendering continues to make for an uncertain future for some services. The current positive progress towards

presenting a break even budget in 2019 will depend on both managing this continued volatility and securing funding for the current pension deficits.

### Safeguarding

Safeguarding has a Church wide responsibility for ensuring safety of children and vulnerable adults and has established in the past 20 years, patterns, policies and procedures to ensure best practice across the range of the Church's work. Among the key responsibilities which the Safeguarding Committee carries out are; responding to concerns about harm or abuse through a referral system; safe recruitment procedures including handling the admission of appropriate individuals to the PVG (Protecting Vulnerable Groups) Scheme; managing those who pose a risk and who seek to remain in a relationship with the Church (e.g. attending worship); offering training to those involved in safeguarding at a National, Presbytery and Congregation level.

Over the past couple of years the Safeguarding Committee has been involved in working with the Legal Questions Committee to produce a single, unified Safeguarding Act, governing the way in which Safeguarding is implemented across the Church. This essentially pulls together 20 years' worth of material relating to safeguarding in a coherent and accessible format to enable good governance and safe practice. The Church regularly keeps safeguarding processes and good practice under review. The safety of our children and vulnerable adults with whom we come into contact is of paramount importance.

### Pensions

#### Defined Benefits Scheme

As noted in last year's report, the results of the 2015 triennial valuation had just been concluded and with the

Scheme for Ministers and Overseas Missionaries being in surplus, additional contributions from the Ministries Council were able to cease. Contributions continued towards the deficits on the Scheme for Ministries Development Staff (MDS) and Scheme for Central Services Committee staff.

The result of the CrossReach Scheme valuation was concluded after the report was written and this Scheme showed a much more significant deficit. A schedule of contributions to recover this deficit was signed in 2017.

The Church and the Pension Trustees, through the auspices of the Pensions Working Group established by the Council of Assembly are currently in discussions around the strategic options that now exist for these closed schemes.

#### Defined Contribution Scheme

Since 2014, the Church of Scotland has been managing its pension plans through Defined Contribution arrangements currently operated by Legal and General. The Group Personal Pension Plan Governance Group continues to meet twice a year in order to be assured that the relevant contract arrangements are working and standards of service remain high. Legal and General have recently launched a revised microsite for members of the Church schemes.



# Financial Review

## Financial Review for the Year Ended 31 December 2017

The overarching objective of the Church of Scotland is to participate in Christ's ongoing ministry through worshipping and serving God. Our activities in pursuit of this aim are wide ranging but much of the resource of the Unincorporated Councils and Committees is devoted to encouraging, facilitating and supporting those people who provide ministry and leadership. Our focus is also outwards towards those whom we have yet to encounter and to those who need our care – the refugee, the sick, the prisoner, the lonely – who are the heart of Christ's mission here in Scotland and beyond.

The financial results for the Church's activities over the last five years have largely been stable, with income in particular holding up well. The Church is a complex charity operating in many areas from Parish Ministry to Social Care; from providing housing to those retired from the service of the Church to speaking out on behalf of those needing assistance; from the Storytelling Centre on the Royal Mile in Edinburgh to our overseas partnerships including our school, guesthouse and hotel in Israel.

The management of risk and budgetary control across all of these areas has seen substantial improvements over this time. Nonetheless, the breadth of activities being undertaken and the cost of funding this important and valuable work are increasing. This is also a time of managing considerable change and budgets are strained. The Trustees have been focused on addressing issues of risk management, business continuity and smarter ways of working with technology and communications, as well as developing a strategy to re-energise and re-focus the work of the Church. The Church is

about to enter a period of transition as it prioritises its resource allocation towards the realisation of its vision of Worship, Active Discipleship and Connecting with Communities. There will be changes to resource allocation, and coupled with the objective of achieving balanced budgets by 2020, there will inevitably be implications for the funding of some of the existing work. The Report outlines and illustrates some of the ways the Church's budget is used and how this is funded.

### Headline results for 2017 were:

- Operations for the year were in deficit by £2.2 million. Although Net Income Before Investment Gains for the Group was £0.7 million, this included property sales of £2.9 million
- Most councils worked to deficit budgets but made savings against budget during the year
- Unrealised gains of £8.6 million on investments and pension scheme adjustments of £1.6 million meant that the funds of the Group increased by over £10.8 million to £194.6 million

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
<b>Income by Type</b>					
Congregational Contributions	46.8	46.8	46.7	48.0	48.6
Social Care	43.4	41.9	42.3	43.3	45.3
Other Charitable Activities	4.0	3.8	3.5	3.4	3.4
Legacies	2.1	3.7	2.2	1.2	3.0
Donations, Trusts, Grants	1.7	2.0	1.8	2.4	3.6
Other Trading Activities	7.3	6.2	5.6	5.1	5.4
Investment & Other	7.4	9.1	8.1	6.7	9.7
<b>Total</b>	<b>112.7</b>	<b>113.5</b>	<b>110.2</b>	<b>110.1</b>	<b>119.0</b>

- Congregational Contributions are amounts receivable from all congregations in Scotland and beyond based on their average assessable income over three years and calculated using a scale to allocate an amount of Ministries and Mission contribution to each congregation. Most of this funds the provision of Ministers and others providing Ministry at a local level, as well as funding the wider mission and support costs needed to enable this work to be carried out
- Social Service Income supports the charitable activities of CrossReach, the Church's Social Care arm, and comes mainly from care contracts with local authorities, as well as self-funding clients
- Other charitable activities are programmes with charitable aims which also provide the Church with income such as the production of publications such as Life and Work

- Most of these funds are held by individual councils and Other Funds and not available for general use. Our review of funds progressed well during 2017
- The number of ministers once again declined and Ministries Council spent £1.7 million less than in 2016
- Income was only slightly less than in 2016. The Church's system for allocating budgets to congregations is a key element in ensuring that its ministry and mission can be paid for and this income was £46.8 million in both years
- Unrestricted legacy income was significantly less than in the previous year and as unrestricted legacies are used to support the budgets each year, this impacts on budgets and reserves
- CrossReach grew its activities and increased its income and expenditure in 2017, spending £1.1 million more on social care, funded largely by local authorities

### Income Overview

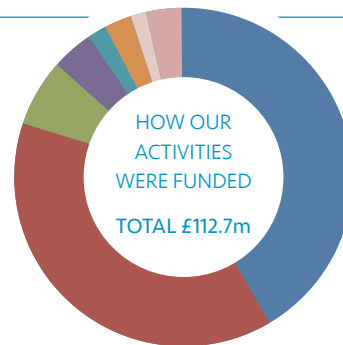
Income from all sources in 2017 was £112.7 million, a decrease of £0.8 million on the previous year. However, leaving aside a foreign exchange revaluation, the results for the year were similar to recent years. Significantly, congregational income recognised in the accounts was unchanged from 2016 at £46.8 million. Social services income, almost entirely relating to CrossReach, increased by £1.5 million to £43.4 million mainly due to increased income from Local Authorities.

Legacies received were £1.6 million lower than in 2016 which had been higher than recent years. The 2016 results also included an unrealised foreign currency gain of £1.6 million. In 2017, as sterling strengthened against the US dollar at the year end, this caused a book loss of £0.9 million which is included in the Expenditure headings. Finally, other trading income saw an increase of £1.1 million to £7.3 million.

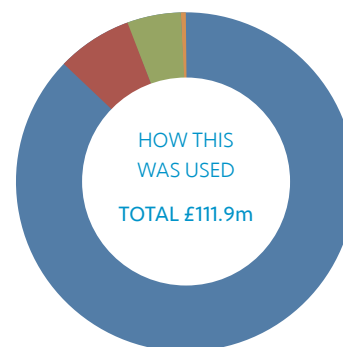
The table opposite outlines the trends in the Church's main categories of income over a five year period.

### Trends in Congregational Income

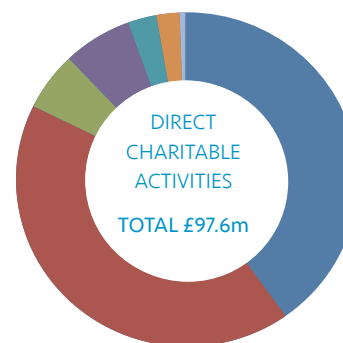
The level of offerings and other income of congregations, on which Congregational Income is based, have remained remarkably stable over recent years thanks to the continued giving of members and adherents, against some expectations when membership numbers have been steadily declining. The generosity of our members in giving of their time, talents and money is what underpins the mission of the Church and much of this cannot be quantified. Although the level of congregational income has been maintained



Congregational Contributions: £46.8m – 41.5%
Social Service Income: £43.4m – 38.5%
Other Trading Income: £7.3m – 6.5%
Income from Investments: £4.5m – 4.0%
Property Disposals: £2.9m – 2.6%
Legacies: £2.1m – 1.9%
Donations, Grants, Trusts: £1.7m – 1.5%
Other Charitable Activities: £4.0m – 3.5%



Direct Charitable Activities: £97.6m – 87.2%
Support Costs: £8m – 7.1%
Income Generation Costs: £5.9m – 5.3%
Foreign Exchange loss and Other Costs: £0.4m – 0.4%



Providing Ministers: £38.9m – 39.9%
Social Care Provision: £41.3m – 42.3%
World Church Engagement: £5.5m – 5.6%
Wider Church Support: £6.6m – 6.8%
Leadership in Mission: £2.1m – 2.1%
Engagement with Society: £0.6m – 0.6%
Other Programmes: £2.6m – 2.7%



until now, costs have of course increased over the same period, and at a local and national level more income is needed to balance the books. Analysis of income at a congregational level in 2016 showed a decrease in aggregate income of 1.5% and the initial review of 2017 income indicates a further reduction. The Council of Assembly recognises the financial pressures facing many congregations and in 2017 recommended to the General Assembly that aggregate Ministries and Mission Contributions for 2018 should again remain at the same level as in both 2017 and 2016. It is also aware that, as the aggregate amount collected is based on actual congregational income it may be that, due to the decline in congregational income, it will not in future be possible to collect the total budgeted amount. In 2017 this did not prove to be the case and the existing scales allowed the required amount to be allocated to congregations.

The Council is aware of the need for the Church's activities to be proportionate to the finance available not only from congregations but also from other sources. The shape of ministries is changing and meanwhile numbers of ministers are declining and over the period illustrated above the Council of Assembly has recognised that congregations should not continue to fund Ministries at the same level through the Co-ordinated Budget, which sets the annual amount to be met by congregations. They have therefore reduced congregational contributions in two ways. The first is by increasing the Presbytery Discretionary Allowance initially from 3% to 4%, and then to 5%, and the second by increasing vacancy allowances to those congregations without a minister. The Discretionary Allowance has allowed Presbyteries to support regional and local mission projects and assist individual congregations with financial difficulties.

Since its inception in 2011, the National Stewardship Programme has helped congregations increase their income, where a Stewardship Consultant's services were used. Although take up has generally been good, there remain a number of Presbyteries where few if any congregations have taken part and we need to understand the reasons for this to inform future Stewardship Programmes. We also encourage congregations who have already taken part to see the Programme as a cyclical process rather than a one-off event. Further analysis and review is underway to establish the success of the Programme both in terms of financial and non-financial outcomes, and informing the shape of future work in this most strategic area of the Church. The work of the Stewardship Team is more crucial than ever in encouraging and guiding congregations in their growth. The team is working hard to refresh and modernise the resources and tools available to congregations.

The income recorded in the Statement of Financial Activities (SOFA) represents contributions required from congregations, less any 5% reductions given by Presbyteries and less vacancy allowances

to eligible congregations. As shown on Note 4 to the financial statements, stipend endowment and glebe rental income totalling £3.3 million was also received from the General Trustees, giving the total income recorded of £46.8 million.

Presbyteries can use part or all of their Discretionary Allowance to assist congregations in paying their contributions and this has supported the collection of congregational contributions due and a reduction in the provision required against congregational debts in 2016 and 2017. Notably, 98.5% of the contributions due for 2017 had been received by the year end.

### Generosity of our Supporters

Our members and supporters have remained committed to funding projects of the Church, reflected in voluntary donations from individuals and congregations remaining at the £1 million mark over several years. The work of CrossReach, and to some degree other projects of the Church, also attract significant funding from external Trusts. The two areas of work which attract the majority of voluntary donations are World Mission and Guild projects. Support for World Mission's HIV Programme remains strong and the Guild received £265,000 for its projects in 2017. Given that congregations and individuals have faced their own financial pressures during the challenging economic environment, this is again very encouraging and demonstrates the potential for our projects to enthuse donors. The bigger challenge is to receive unrestricted donations and the Stewardship team is currently working on ways of promoting these, including introducing an on-line donation facility to the Church's website, with donations being credited to the Mission and Renewal Fund. World Mission and Social Care are the only Councils permitted by the Council of Assembly to appeal directly to congregations for funding of specific projects.

### Legacies Making a Lasting Difference

For many people, leaving a legacy in their will is a final opportunity to make a lasting gift to God and a way of making a real difference to the future of the Church. Legacies gifted to support the Unincorporated Councils and Committees enable work which might not otherwise be possible, and the income from legacies of bygone years is still being put to good use. In 2017, Income from Legacies was £2 million (2016: £3.7 million). Legacies without restrictions are vital to our work, because of the flexibility to be used where most needed. In 2017 unrestricted legacies for any work of the Church were £0.24 million (2016: £2.1 million) and these were used to reduce the amount required for mission work which might otherwise be funded by congregational contributions. Unrestricted legacies provide almost the entire source of funding for the Mission and Renewal Fund, the only fund the Church has available for wider application.

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
<b>Expenditure</b>					
Charitable	97.6	97.5	97.2	101.5	105.3
Support	8.0	7.8	7.9	7.6	7.9
Other	6.3	7.2	2.2	6.4	19.5
<b>Total</b>	<b>111.9</b>	<b>112.5</b>	<b>107.3</b>	<b>115.5</b>	<b>132.7</b>

In 2017 the Ministries Council benefited from a single legacy of £658,000 and CrossReach received £470,000 of unrestricted legacies.

**Trading Activities**

Income from Other Trading Activities of £7.3 million largely comprises trading income from the Israeli subsidiaries of £6.1 million (2016: £5.3 million) and fundraising income of £1.2 million (2016: £0.9 million), mainly for CrossReach. The Scots Hotel St Andrew's Galilee reported improved trading results over the previous year after currency translation. This has made a positive impact on the accumulated losses of the hotel as shown in Note 30 to the financial statements. The funding arrangements which were put in place for the hotel during its initial construction and remained in place as further developments were undertaken, are currently under review.

**Investment Income Funding the Church's Work**

Investments provide a source of income for Councils and Funds as well as safeguarding the future of the Church. Investment Income of £4.5 million was slightly higher than in 2016 (£4.3 million). Councils and Committees have been working hard to identify other, mainly restricted, funds which can be invested to provide higher returns while interest rates remain low. Dividend distribution rates paid by the Investors Trust were maintained at the same level for the fourth consecutive year. Other income was from Gains on Disposal of Property of £2.7 million, mainly relating to the Housing and Loan Fund. As noted in last year's financial statements, CrossReach also disposed of one of its care homes as a going concern, resulting in a gain on disposal.

**Expenditure Overview**

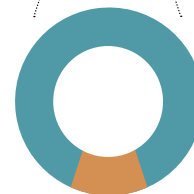
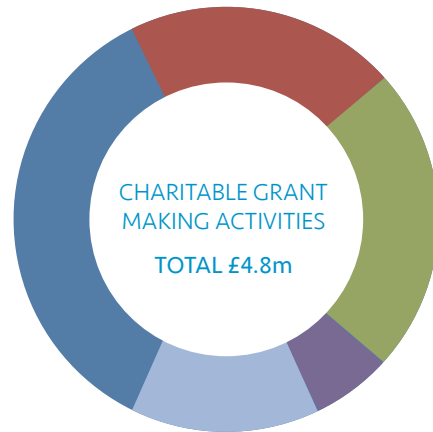
*Supporting our activities*

The Church's most valuable resource is its people and over 70%, of its spending, is on salary and stipend costs. This includes around 950 ministers and Ministries Development Staff, overseas Mission Partners, 1,100 (full time equivalent) Social Care staff, and support staff. There are other costs associated with the running of such a large and complex charity, outlined in the table on page 37. Of continued concern to the Council of Assembly and indeed the whole Church is the decline in minister numbers. It is a rather stark but telling fact that, from the numbers quoted in last year's report, the Ministries and World Mission staff numbers have decreased from 1,000 to 950 at the year end.

**Charitable Expenditure**

*Continuing Challenge of Providing Ministries*

The downward trend in charitable expenditure over the last five years is largely as a consequence of the difficulty the Church has found in finding sufficient ministers to fill vacancies as ministers retire. 2016 saw a levelling off in the decline in numbers as some ministers postponed their retirement date but this proved to be a temporary change, and minister numbers declined sharply in 2017. As a result, Ministries Council spent £1.7 million less than in 2016 on charitable activities. The Church's "Tomorrow's Calling" initiative, which was launched in 2015, is a key strategy aimed at addressing recruitment, together with providing higher bursaries to those undertaking ministerial candidate training. The Ministries Council is considering other initiatives for the provision of Ministry and each year ministers move to the Church from other

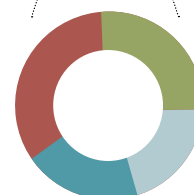
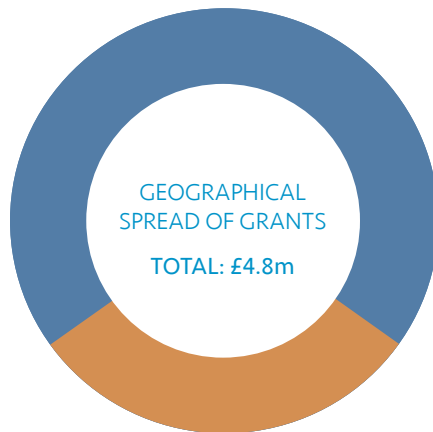


**Grants to Institutions**

- Community Projects including Go For It: £1.7m – 34.3%
- Theological Education and Partner Churches: £1m – 21%
- Payments to Support Individual Congregations: £1.1m – 22.1%
- For the Relief of Poverty and Other Grants to Organisations: £0.3m – 7.0%

**Grants to Individuals**

- Bursaries and Educational Purposes: £0.6m – 12.8%
- Cases of Hardship and Project Work of the Charity: £0.1m – 2.8%



- UK: £3.3m – 68.8%
- Africa & Caribbean: £0.5m – 10.4%
- Europe: £0.4m – 8.3%
- Asia: £0.3m – 6.2%
- Middle East: £0.3m – 6.2%



denominations, but the rate of retirement of ministers means that replacements will still not keep pace in the immediate future.

### Priority Areas

The Church of Scotland provided financial support of over £3.7 million (2016: £3.5 million) through contributions to Parish Ministers' Stipends, employment of Ministries Development Staff and the funding of a range of incentives directly in support of the poorest parishes in Scotland. 53 ministers and 37 Ministries Development Staff were working in these areas in 2017 – an increase over the previous year.

### Social Care

CrossReach's total Expenditure in 2017 was £45.6 million, an increase of £1.2 million after excluding the property impairment loss of £0.8m in 2016.

Planned expenditure on restructuring its Residential Care and Education Service, initially budgeted for 2015, has been deferred for a further year and will now take place in 2018. Although a site has now been identified, further suitable residential properties remain to be sourced for the young people using the service.

Pension deficit payments of £1 million were made to the Church's defined benefit pension schemes and the costs of the schools also included payments to Local Government Pension Schemes.

### Grant Making Activities

Pursuit of the Church's objectives has seen grants awarded increase from £2 million in 2010 to £4.8 million in 2017. These grants are awarded in accordance with set criteria and evaluation systems are in place to ensure full accountability. As pressure builds on Councils to prioritise their expenditure and work within the funds available, grant-making activities in several areas are under review. The Church has provided seed funding over the years for some important areas of work and in some cases is now able to reduce financial support in consultation with recipients.

We facilitated capacity building in local congregations by the payment of grants from the Go for It Fund, which awarded £800,000 of grants in 2017, with many of these attracting matched funding for congregations. Ministries' Priority Areas provided funding of £45,000 to each of the GK Experience (youth leadership development) and WEvolution (self-reliant groups enterprise), two projects which provide a demonstrable social return for a relatively modest cost. £0.4 million grant funding was provided by Ministries

Council to Workplace Chaplaincy Scotland and it made £0.23 million of grants to the Faiths in Community Scotland Action Fund. Grants made by the World Mission Council included more than £0.1 million for theological training in Zambia, Bangladesh, Malawi and Pakistan.

### Other Expenditure – Pensions De-risking

The Other Expenditure in the above table fluctuates annually because it includes defined benefit pension scheme adjustments as required by Financial Reporting Standards. Since 2008 the Church has made substantial deficit repair payments to its defined benefit pension schemes, some from reserves. In addition, in 2013 and 2014 £2 million and £1.5 million respectively were paid by Ministries Council to enhance the pensions of retired ministers with service before 1997. Payments of £1.2 million were made in repairs to the defined benefit pension schemes in 2017. The Ministries Council was able to cease payments to the Pension Scheme for Ministers and Overseas Missionaries towards the end of 2016, due to the results of the triennial valuation of the Scheme showing a surplus. In the table above, the sharp increase in other expenditure in 2013 was as a result of the effects of closing the defined benefit pension schemes to future accrual. This is not money "lost" to the Church, but sits within the Pensions Reserve and may be used against other pension costs. The closure to future accrual of the defined benefit schemes from 1 January 2014, and the matching of scheme assets to liabilities, has already significantly reduced the volatility of results reported under Financial Reporting standards year on year. This demonstrates that these decisions, taken in the context of the Church, and in common with many other employers, have resulted in a much more stable financial position. As outlined earlier in the Trustees' Report, the Unincorporated Councils and the Pension Trustees are now in discussion over potential options for future pension strategy.

### Plans for Future Periods

The General Assembly agreed indicative budget deficits of £2.3 million for 2018 for Councils and departments but the revised budgets for 2018 are significantly worse as outlined below, some of which is due to the delayed timing of expenditure from 2017. There are particular reasons for this as detailed, and the Council of Assembly is working closely with all areas to reduce the deficits.

The Social Care Council faces another challenging year financially, with the main reason for the deficit budget being the further delay in the schools restructure mentioned above. It is also working to withdraw from two further loss-making services and maintains a high level of financial oversight on all service areas because of the complex environment in which it operates. The deficit currently includes around £1 million of pension deficit repair contributions. The Council of Assembly agreed to provide CrossReach with financial assistance to make these payments in 2017 and 2018.

In the case of the Ministries Council, the revised budget is due to the approved stipend increase which was not originally budgeted for and additional costs of its new fixed term development programme. Against this, a re-forecast of Ministry numbers has led to a cost reduction; savings will be made by re-prioritising some other expenditure programmes including some grant-funded projects.

Council/Departments	Indicative Budget Deficit 2018 £000	Revised Budget Deficit 2018 £000
Social Care	(1,025)*	(2,261)
Ministries	(632)	(1,143)
World Mission	(146)	(199)
Mission & Discipleship	(83)	(98)
Church & Society	(156)	(101)
Support Services	(280)	(280)
<b>Total</b>	<b>(2,322)</b>	<b>(4,082)</b>

\*Pension deficit repair contribution.

World Mission and Mission and Discipleship plan to use restricted funds to continue with programmes of work until the new strategy is implemented and Church and Society will be drawing on reserves for the same reason.

Many and varied activities are carried out and funded at a national level and there is an increasing focus on measuring the impact of the funding associated with these activities. As the themes of Worship, Active Discipleship and Connecting Communities, are developed, decisions will need to be made as to where the activities should most successfully and appropriately be carried out – nationally, locally or regionally – and how this should be resourced to ensure continued achievement of the Church's objectives.

### Reserves

Reserves are held mainly at Council and Committee level, other than an operational reserve held centrally, known as the Mission and Renewal Fund. That Fund is reliant on unrestricted donations, legacies and investment income, and is used to contribute to the work of Councils and Committees and to meet unplanned contingencies which would not otherwise be able to be funded. Accumulated reserves as well as annual income of the Fund have been used to support many valuable activities in recent years but the Trustees now aim to maintain a reserve of at least £2 million to meet any temporary shortfall on income, or other financial contingency. This represents approximately three months' expenditure of the Unincorporated Councils and Committees, excluding Ministries Council whose work is supported through the Parish Ministries Fund and investment income. In the longer term, i.e. 5-10 years the Trustees aim to increase the reserve to cover three to six months of expenditure.

In 2017 unrestricted legacy income fell to its lowest level for several years and, together with using the fund to meet half of the Social Care Council's annual £1 million past service deficit contribution, has led to a reduction in the Fund's balance from £3.5 million at 31 December 2016 to £1.7 million at 31 December 2017 – less than the target level set by the Trustees.

Reserves held by Councils and Committees are generally treated as being restricted for their work, although there is some entirely unrestricted income. Within Councils and Committees there may be additional restrictions and where this is the case, the Council of Assembly has urged Councils to use these funds as part of their activities. Much of the funds held have originated from previous legacies and property sales, but also from historic reorganisations of the Church's Boards and Committees. Research to determine the extent of the restrictions to inform future Reserves Policy progressed well during 2017 following the appointment of a dedicated post holder to expedite this work.

The level of reserves held varies considerably across Councils and Committees and further details are given in notes 26 to 29 of the Financial Statements.

As at 31 December 2017 reserves for the ongoing work of Councils, categorised as being total funds excluding fixed assets and endowments, but including some restricted funds, were £117.8 million (2016: £106.8 million). This equates to approximately 12 months of work. The Trustees consider that this is an appropriate

level of reserves taking into account the following factors:

- > The level of congregational income upon which half of the income is based has been generally resilient
- > A relatively high level of reserves is required to meet the stipends of ordained ministers due to the nature of ministerial tenure and the broad range of the Church's operations
- > Each Council monitors its reserves and has strategies in place to balance budgets and use reserves appropriately
- > Ongoing research into the restrictions on Councils' reserves

The negative pensions reserve of £6.1 million is attributable to CrossReach's share of the deficit in two Local Government Pension Schemes (LGPS). See Note 32 of the Notes to the Financial Statements for more information.

The funds of the Israeli subsidiary St Andrew's Galilee Ltd are in deficit as detailed in note 30 to the Financial Statements. However, as outlined in the overview of income above, the net profit after foreign currency gains of the hotel improved in 2017, reducing the net liabilities from £1.08 million in 2016 to £372,000 as at 31 December 2017.

### Investment Policy

Under powers given by the Church of Scotland (Properties and Investments) Order Confirmation Act 1994, the Unincorporated Councils and Committees are permitted to invest, to an unlimited extent, in the funds provided by The Church of Scotland Investors Trust. Any investment outwith the Trust is subject to the provisions of the Charities and Trustee Investment (Scotland) Act 2005. The Unincorporated Councils and Committees manage their investments to maximise the overall return on funds. The Council of Assembly has a policy of using only the Investors Trust and protocols have been put in place to ensure proper governance and accountability between the two parties.

The Investors Trust has an ethical investment policy and investment is avoided in any company whose management practices are judged by the Trustees to be unacceptable. In particular, investment is avoided in any company substantially involved in gambling, tobacco products, alcohol, armaments and, since 2016, the extraction and/or sale of thermal coal and/or oil extracted from tar sands. In general, investment is sought in companies that demonstrate responsible employment and good governance practices, have regard to environmental performance and human rights and act with sensitivity to the communities in which they operate.

The Investors Trust offers three funds - the Growth, Income and Deposit Funds, and investors obtain the benefits of professional management, continuous portfolio supervision, spread of investment risk and economies of scale.

The Growth Fund is mainly invested in equities and aims to provide a growing annual income sufficient to meet the Trustees' target distributions and to provide an increase in the value of capital long term. The Fund is managed by Newton Investment Management Limited.

The Income Fund is mainly invested in fixed interest securities and aims to provide sustainable income and to protect the nominal



value of capital. The Fund is managed by Royal London Asset Management.

The Deposit Fund is intended for short-term investment and aims to provide a competitive rate of interest, whilst preserving nominal capital value. The Fund is invested in short-term deposits with banks and building societies and is managed by Thomas Miller Investment Limited. The short term cash of the Unincorporated Councils and Committees is deposited with the Investors Trust or on overnight deposit with the Royal Bank of Scotland.

None of the Investors Trust's funds are exposed to complex instruments such as derivatives or interest rate swaps. The statement of investment policy is also reviewed annually and issued to each Manager to ensure the objectives of each fund are clear and any restrictions complied with.

While the ethical policy of the Investors Trust has been informed over the years by the General Assembly, the Council of Assembly has recognised the need to state explicitly an Investment Policy for the Unincorporated Councils and Committees. Accordingly, the Council developed a policy which was approved in late 2017 and will be effective from 2018. The policy may be found at [http://www.churchofscotland.org.uk/council\\_of\\_assembly](http://www.churchofscotland.org.uk/council_of_assembly).

#### Investment Performance

An internal benchmark, reflecting ethical constraints, has been agreed with the Managers of the Growth Fund in order to allow objective assessment of investment performance. In 2017 the total return was 11.3% (2016: 14.2%) against the composite benchmark of 11.3% (2016: 19.3%). The Income Fund's total investment return was 9.7% (2016: 9.1%) compared with the composite benchmark return of 5.5% (2016: 10.4%). The Deposit Fund's average rate of interest paid for 2017 was 0.49% (2016: 0.69%).

#### Pension Schemes

As described in Note 32 to the Financial Statements, the Church closed its defined benefit pension schemes to future accrual from 1 January 2014 (1 August 2013 for CrossReach) and in its place, ministers and staff are now able to join a defined contribution group personal pension plan with Legal and General. CrossReach had already operated a defined contribution plan for new staff since 2003.

In addition to a triennial valuation, the Scheme Actuary carries out a separate annual valuation in line with the requirements of Financial Reporting Standards, which may result in a different funding position. The 31 December 2016 valuation improved to the extent that there were no deficits shown under any of the Defined Benefit Schemes. In 2017 there were slight decreases in the irrecoverable surpluses over the previous year.

Certain employees of CrossReach are members of Local Government Pension Schemes (LGPS) and since 2014 valuations have been included in the Financial Statements, showing the Church's share of the deficit as £6.1 million (2016: £7.9 million). The combined defined benefit pension scheme deficit shown on the balance sheet is therefore £6.1 million (2016: £7.9 million). Note 32 to the Financial Statements gives full disclosures as required by FRS102.

The Council of Assembly has set up a governance framework for the new defined contribution schemes to monitor their administration and the performance of Legal and General.

#### Other Recognised Gains and Losses

FRS102 requires the disclosure of actuarial gains or losses during the year and the combined gain of £1.5 million (2016: loss £1.1 million) on all defined benefit schemes is disclosed under Other Recognised Gains and Losses.

Each year the Church's investments are revalued at the unit price published by the Church of Scotland Investors Trust and the resulting unrealised gain for 2017 was £8.6 million (2016: £9.6 million).

#### Responsibilities of Trustees

##### 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 the group and of the incoming resources and application of resources of the group 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the Financial Statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group 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.

Approved by the Trustees and signed on their behalf by:

**Dr Sally E Bonnar** MB ChB FRCPsych **Convener**  
**David J Watt** BAcc CA CPFA: **Convener, Finance Group**  
**Rev J Martin C Scott** DipMusEd RSAM BD PhD **Secretary to The Council of Assembly**

**Edinburgh**  
**9 April 2018**

# Auditors' Report

## Independent auditors' report to the Trustees of The Church of Scotland Unincorporated Councils and Committees

### Report on the financial statements

#### Opinion

In our opinion, The Church of Scotland Unincorporated Councils and Committees' group financial statements and parent charity financial statements ("the financial statements"):

- > give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2017 and of the group's and parent charity's incoming resources and application of resources, and of the group's and parent charity's cash flows, for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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).

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the group and parent charity balance sheets as at 31 December 2017, the consolidated and parent charity statements of financial activities, the consolidated cash flow statement for the year then ended and the notes to the financial statements.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of

the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charity's ability to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are



required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Trustees' Report**

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion the information given in the Trustees' Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the financial statements**

We are eligible to act and have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Use of this report**

This report, including the opinions, has been prepared for and only for the charity's Trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act and regulations made under that Act and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting Charities Accounts (Scotland) Regulations 2006 (as amended) exception reporting**

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- > we have not received all the information and explanations we require for our audit; or
- > sufficient accounting records have not been kept by the parent charity; or
- > the parent charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors  
Glasgow  
9 April 2018

# Financial Statements

---

“The point is this: the one who sows sparingly will also reap sparingly, and the one who sows bountifully will also reap bountifully. Each of you must give as you have made up your mind, not reluctantly or under compulsion, for God loves a cheerful giver. And God is able to provide you with every blessing in abundance, so that by always having enough of everything, you may share abundantly in every good work.

He who supplies seed to the sower and bread for food will supply and multiply your seed for sowing and increase the harvest of your righteousness.

You will be enriched in every way for your great generosity, which will produce thanksgiving to God through us; for the rendering of this ministry not only supplies the needs of the saints but also overflows with many thanksgivings to God.”

**(2 Corinthians 9:6-12)**

---



## Consolidated Statement of Financial Activities for the year ended 31 December 2017

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2016 £000
<b>Income from:</b>								
4	355	50,210	-	50,565	2,269	50,277	-	52,546
5	6,111	1,137	-	7,248	5,315	882	-	6,197
6	3	3,534	988	4,525	4	3,253	994	4,251
7	4,227	43,190	-	47,417	3,608	42,084	-	45,692
8	-	2,907	-	2,907	-	3,199	-	3,199
16	-	-	-	-	-	1,620	-	1,620
	<b>10,696</b>	<b>100,978</b>	<b>988</b>	<b>112,662</b>	<b>11,196</b>	<b>101,315</b>	<b>994</b>	<b>113,505</b>
<b>Expenditure on:</b>								
9	5,413	510	-	5,923	5,503	521	-	6,024
10	4,512	101,076	-	105,588	3,785	101,528	-	105,313
11	-	(454)	-	(454)	-	379	-	379
16	-	875	-	875	-	-	-	-
14	-	-	-	-	-	823	-	823
	<b>9,925</b>	<b>102,007</b>	<b>-</b>	<b>111,932</b>	<b>9,288</b>	<b>103,251</b>	<b>-</b>	<b>112,539</b>
	<b>771</b>	<b>(1,029)</b>	<b>988</b>	<b>730</b>	<b>1,908</b>	<b>(1,936)</b>	<b>994</b>	<b>966</b>
15	-	6,787	1,810	8,597	-	7,105	2,561	9,666
	<b>771</b>	<b>5,758</b>	<b>2,798</b>	<b>9,327</b>	<b>1,908</b>	<b>5,169</b>	<b>3,555</b>	<b>10,632</b>
26, 28 & 29	(259)	2,244	(1,985)	-	(2,177)	1,890	287	-
	<b>512</b>	<b>8,002</b>	<b>813</b>	<b>9,327</b>	<b>(269)</b>	<b>7,059</b>	<b>3,842</b>	<b>10,632</b>
<b>Other Recognised Gains and Losses</b>								
16	(41)	-	-	(41)	114	-	-	114
32	-	1,568	-	1,568	-	(1,144)	-	(1,144)
	<b>(41)</b>	<b>1,568</b>	<b>-</b>	<b>1,527</b>	<b>114</b>	<b>(1,144)</b>	<b>-</b>	<b>(1,030)</b>
	<b>471</b>	<b>9,570</b>	<b>813</b>	<b>10,854</b>	<b>(155)</b>	<b>5,915</b>	<b>3,842</b>	<b>9,602</b>
	(375)	154,668	29,475	183,768	(220)	148,753	25,633	174,166
26, 28 & 29	<b>96</b>	<b>164,238</b>	<b>30,288</b>	<b>194,622</b>	<b>(375)</b>	<b>154,668</b>	<b>29,475</b>	<b>183,768</b>

## Charity Statement of Financial Activities for the year ended 31 December 2017

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2016 £000
<b>Income from:</b>								
4	257	50,210	-	50,467	2,171	50,277	-	52,448
5	35	1,137	-	1,172	34	882	-	916
6	3	3,534	988	4,525	4	3,253	994	4,251
7	2,520	43,190	-	45,710	2,101	42,084	-	44,185
8	-	2,907	-	2,907	-	3,199	-	3,199
16	-	-	-	-	-	1,620	-	1,620
	<b>2,815</b>	<b>100,978</b>	<b>988</b>	<b>104,781</b>	<b>4,310</b>	<b>101,315</b>	<b>994</b>	<b>106,619</b>
<b>Expenditure on:</b>								
9	36	510	-	546	32	521	-	553
10	2,520	101,076	-	103,596	2,101	101,528	-	103,629
11	-	(454)	-	(454)	-	379	-	379
16	-	875	-	875	-	-	-	-
14	-	-	-	-	-	823	-	823
	<b>2,556</b>	<b>102,007</b>	<b>-</b>	<b>104,563</b>	<b>2,133</b>	<b>103,251</b>	<b>-</b>	<b>105,384</b>
	<b>259</b>	<b>(1,029)</b>	<b>988</b>	<b>218</b>	<b>2,177</b>	<b>(1,936)</b>	<b>994</b>	<b>1,235</b>
15	-	6,787	1,810	8,597	-	7,105	2,561	9,666
	<b>259</b>	<b>5,758</b>	<b>2,798</b>	<b>8,815</b>	<b>2,177</b>	<b>5,169</b>	<b>3,555</b>	<b>10,901</b>
27, 28 & 29	(259)	2,244	(1,985)	-	(2,177)	1,890	287	-
	<b>-</b>	<b>8,002</b>	<b>813</b>	<b>8,815</b>	<b>-</b>	<b>7,059</b>	<b>3,842</b>	<b>10,901</b>
<b>Other Recognised Gains and Losses</b>								
32	-	1,568	-	1,568	-	(1,144)	-	(1,144)
	<b>-</b>	<b>1,568</b>	<b>-</b>	<b>1,568</b>	<b>-</b>	<b>(1,144)</b>	<b>-</b>	<b>(1,144)</b>
	<b>-</b>	<b>9,570</b>	<b>813</b>	<b>10,383</b>	<b>-</b>	<b>5,915</b>	<b>3,842</b>	<b>9,757</b>
	737	154,668	29,475	184,880	737	148,753	25,633	175,123
27, 28 & 29	<b>737</b>	<b>164,238</b>	<b>30,288</b>	<b>195,263</b>	<b>737</b>	<b>154,668</b>	<b>29,475</b>	<b>184,880</b>



## Balance Sheets as at 31 December 2017

Note		Group		Charity	
		2017 £000	2016 £000	2017 £000	2016 £000
	<b>Fixed Assets</b>				
13	Intangible Assets	94	-	94	-
14	Tangible Assets	46,569	47,529	36,722	37,574
15	Investments	132,025	121,515	132,529	122,019
17	Mixed Motive Investments	7,273	7,335	7,273	7,335
	<b>Total Fixed Assets</b>	<b>185,961</b>	<b>176,379</b>	<b>176,618</b>	<b>166,928</b>
18	Mixed Motive Investments	177	222	301	342
	Stocks and Work in Progress	99	107	35	39
19	Debtors	5,955	6,499	5,165	5,668
20	Short Term Deposits	22,493	25,584	22,493	25,584
	Cash at Bank and in Hand	7,259	5,064	6,421	4,186
	<b>Total Current Assets</b>	<b>35,983</b>	<b>37,476</b>	<b>34,415</b>	<b>35,819</b>
21	Creditors: Amounts falling due within one year	(19,947)	(20,791)	(9,129)	(9,276)
	<b>Net Current Assets</b>	<b>16,036</b>	<b>16,685</b>	<b>25,286</b>	<b>26,543</b>
	<b>Total Assets less Current Liabilities</b>	<b>201,997</b>	<b>193,064</b>	<b>201,904</b>	<b>193,471</b>
22	Creditors: Amounts falling due after one year	(91)	(195)	(91)	(195)
23	Provision for Liabilities and Charges	(1,202)	(1,186)	(468)	(481)
		(1,293)	(1,381)	(559)	(676)
	<b>Net Assets excluding Pension Liability</b>	<b>200,704</b>	<b>191,683</b>	<b>201,345</b>	<b>192,795</b>
32	Defined Benefit Pension Liability	(6,082)	(7,915)	(6,082)	(7,915)
24 & 25	<b>Net Assets including Pension Liability</b>	<b>194,622</b>	<b>183,768</b>	<b>195,263</b>	<b>184,880</b>
	<b>The Funds of the Group and Charity:</b>				
29	Endowment Funds	30,288	29,475	30,288	29,475
26 & 27	Unrestricted Income Funds	96	(375)	737	737
28	Restricted Funds:				
	Pension Reserve	(6,082)	(7,915)	(6,082)	(7,915)
	Restricted Income Funds	170,320	162,583	170,320	162,583
	<b>Total Restricted Funds</b>	<b>164,238</b>	<b>154,668</b>	<b>164,238</b>	<b>154,668</b>
	<b>Total Funds of the Group and Charity</b>	<b>194,622</b>	<b>183,768</b>	<b>195,263</b>	<b>184,880</b>

The Financial Statements on Pages 45 to 85 were approved and authorised by the Council of Assembly on 9th April 2018 and signed on its behalf by:

**Dr SALLY E BONNAR** MB ChB FRC Psych **Convener**

**DAVID J WATT** BAcc CA CPFA **Convener, Finance Group**

**ANNE F MACINTOSH** BA CA **General Treasurer**

The Notes on pages 50 to 85 form part of these Financial Statements

**Consolidated Statement of Cash Flows** for the year ended 31 December 2017

	2017 £000	2016 £000	
<b>Cash Flows from operating activities:</b>			
Net cash used in operating activities	(3,672)	(5,619)	
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments	4,754	4,480	
Proceeds from sale of property, plant and equipment	4,111	4,307	
Purchase of property, plant and equipment	(2,499)	(1,715)	
Loans granted	(427)	(535)	
Loans repaid	534	513	
Proceeds from sale of investments	2,099	3,388	
Purchase of investments	(4,012)	(8,730)	
<b>Net cash provided by investing activities</b>	<b>4,560</b>	<b>1,708</b>	
Change in cash and cash equivalents in the reporting year	888	(3,911)	
Cash and cash equivalents at the beginning of the reporting year	20,530	22,707	
Change in cash equivalents due to exchange rate movements	(916)	1,734	
<b>Cash and cash equivalents at the end of the reporting year</b>	<b>20,502</b>	<b>20,530</b>	
<b>Reconciliation of net income to net cash flow for the reporting year</b>			
Net income for the reporting year per the Statement of Financial Activities	730	966	
Adjustments for:			
Depreciation charges (net of foreign currency adjustments) and impairment	2,161	1,265	
Dividends interest and rents from investments (including pension schemes)	(4,525)	(4,251)	
Profit on sale of fixed assets	(2,907)	(3,199)	
Unrealised loss/(gains) on foreign currency	875	(1,620)	
Decrease/(increase) in stock	8	(12)	
Decrease/(increase) in debtors	544	(200)	
Increase in creditors	24	1,044	
Increase in provisions	16	195	
Decrease in long term liabilities	(104)	(186)	
(Decrease)/increase in pension deficit	(494)	379	
<b>Net cash used in operating activities</b>	<b>(3,672)</b>	<b>(5,619)</b>	
<b>Analysis of changes in net cash</b>			
	Balance 1 Jan 2017 £000	Movements £000	Balance 31 Dec 2017 £000
Short term deposits	25,584	(3,091)	22,493
Cash at Bank and in Hand	5,064	2,195	7,259
Bank Overdraft	(10,118)	868	(9,250)
	<b>20,530</b>	<b>(28)</b>	<b>20,502</b>



## Notes to the Financial Statements for the year ended 31 December 2017

### I. Accounting Policies

#### Legal Status

The Church of Scotland is the National Church in Scotland and is recognised by the State as such. The Church's legal status is set out in certain important instruments, including the Articles Declaratory of the Constitution of the Church of Scotland in Matters Spiritual 1921, the Act anent Spiritual Independence of the Church 1906 and the Act of Union 1929.

#### Basis of Preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of investments and on the accruals basis, and 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 SORP') issued in 2014 and Financial Reporting Standard 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 (as amended).

The charity meets the definition of a public benefit entity ('PBE') as set out in FRS 100 and therefore applies the PBE prefixed paragraphs in FRS 102.

These statements have been prepared on a going concern basis with consistently applied accounting policies. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The following judgements have had the most significant effect on amounts recognised in the financial statements:

#### Pensions

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 31.

#### Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Charity performs impairment tests on fair value less costs to sell. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets less incremental costs of disposing of the asset.

With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance

of investment markets (see the investment policy and performance and risk management sections of the annual report for more information), and the Sterling:US dollar exchange rate.

#### Basis of Consolidation and Subsidiary Undertakings

The consolidated statement of financial activities (SOFA) and balance sheet include the activities of the charity's two trading subsidiaries and its school in Israel the activities of which have been consolidated on a line by line basis for each year in accordance with FRS 102. Intra-Group transactions are eliminated on consolidation. There may be local reasons in Israel for departing from these policies and where these are identified they are adjusted for the purposes of the consolidated results. The consolidated financial statements exclude the trading activities of the trading subsidiary CrossReach Trading Limited which is considered immaterial to the overall results. For a full description and listing of the Charity's material subsidiary companies, please refer to Note 30 to the Financial Statements.

The Trustees do not present their non-consolidated Statement of Cash Flows in these Financial Statements.

#### Funds

Funds held by the Unincorporated Councils and Committees of the Church of Scotland are categorised as follows:

##### i Unrestricted Funds

These are funds which are spent or applied at the discretion of the trustees in furtherance of any of the purposes of the Church of Scotland. Unrestricted funds may be used to supplement expenditure made from restricted funds.

##### > Designated Funds

These are unrestricted funds which are expendable on the work of specified Councils, Committees, Other Funds or specific projects as decided by the Trustees.

##### ii Restricted Funds

These are funds which are subject to donor restrictions or may result from the terms of an appeal for funds and may only be used for the work of a specified Council, Committee or Other Fund, or for a specific purpose or project within a Council, Committee or Other Fund.

##### > Permanent Endowment Funds

These are restricted Capital funds where there is no power to convert the capital into income, i.e. the capital must be held in perpetuity and only the fund income can be expended. Income from these funds is treated as restricted.

##### > Expendable Endowment Funds

These are restricted Capital funds where there is discretion to convert all or part of the capital into income. When the trustees exercise their power to spend or apply the capital of the expendable endowment, the relevant funds become unrestricted funds or restricted income funds depending on whether the terms of the gift permit expenditure for any of the charity's purposes, or only for specific purposes.

## Income

All incoming resources including voluntary income, income from activities for generating funds, investment income, is recognised in the SOFA when there is legal entitlement to the income, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be quantified with reasonable accuracy.

For legacy income, entitlement is taken as the earlier of the date on which either: the charity is aware that confirmation (or equivalent) has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the grant of confirmation (or equivalent) and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received from fundraising activities organised by volunteers and fundraising managers, excluding merchandised sales which are separately accounted for through CrossReach Trading Ltd, is included at the value remitted.

No amount has been included for services donated by volunteers in accordance with the SORP. The Trustees' annual report contains more information about the contributions of volunteers to the work of the charity.

All grants (whether revenue or capital grants) and contractual payments under funding arrangements from central and local government and their agencies are included recognised in the SOFA on a receivable basis. Incoming resources from grants, where there are service or performance deliverables required as conditions of the terms of the grant, are accounted for as the charity earns the right to payment through its performance, when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably and it is not deferred.

Restricted income received for expenditure in future accounting periods is deferred and included in creditors.

Entitlement to recognise Congregational Contributions as income is considered to be at the point which contributions statements for the current financial year have been issued to congregations. Adjustments to such income are subsequently made throughout the year. Contributions are disclosed net of Presbytery Allowances and any provision for bad debts.

## Expenditure

Expenditure is accounted for in the SOFA on an accruals basis and are presented on an activity basis against the appropriate heading in the Financial Statements. Expenditure and liabilities are recognised when a legal or constructive obligation exists. The costs of generating funds include the costs incurred in generating voluntary income and fundraising trading costs. These costs are regarded as necessary to generate funds that are needed to finance our charitable activities.

Expenditure on charitable activities enables the Church of Scotland to meet its charitable aims and objectives.

Under these headings are costs of employing staff to carry out the charitable activities, grants paid and other programme costs, as well as associated support costs. Salary costs are recognised as expenditure on an accruals basis. Grants payable in furtherance of our charitable objectives are recognised as expenditure when payment is due to the partner organisation in accordance with agreements made. Agreements are typically for one year but may span several years.

For capital contracts in place at the year end which include payments to be made in future years, such payments are disclosed in Note 30 to the Financial Statements as a Capital Commitment.

Support costs include finance, payroll administration, legal advice, human resources, information technology, communication and property management costs. These support costs are all allocated to charitable activities and to the relevant Council based on direct expenditure, which is considered to be in a similar proportion to salary costs.

## Recognition of Liabilities

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

## Onerous Leases

A provision is made for the best estimate of unavoidable lease payments where there is deemed to be an onerous lease (i.e. where the economic benefits expected are less than the costs of meeting the obligation).

## Operating Leases

Costs in respect of operating leases where substantially all of the benefits and risks of ownership remain with the lessor, are charged on a straight line basis over the term of the lease.

## Value Added Tax

Incoming resources and resources expended are shown in the financial statements inclusive of VAT where appropriate. All Councils, Committees and Departments receive a partial recovery of input tax; in most cases this is immaterial. VAT recovered is adjusted against incoming resources or resources expended as appropriate.

## Investments

Unlisted investments are initially recognised at cost and are subsequently stated at fair value at the Balance Sheet date. The changes in fair value are recognised in the SOFA. In the case of unitised investments, the valuation basis is the unit price as advised by The Church of Scotland Investors Trust. The underlying assets held in these unitised funds are publicly quoted securities and collective investment schemes. These investments are valued at their mid-market price at each month end to arrive at the fund unit price. Realised gains and losses on disposal are recorded in the SOFA at the difference between the sales price and carrying value of the investments. Unrealised gains and losses are recorded in the SOFA at the difference between fair value at the start and end of the financial year.



## Intangible Fixed Assets

### Computer Software

Bought-in Computer Software is recorded at cost and is amortised over three years from the date it is available for use.

## Tangible Fixed Assets

### Heritable and Other Properties

The titles to properties in Scotland belonging to the Unincorporated Councils and Committees are held by The Church of Scotland General Trustees with beneficiary nominees being the Unincorporated Councils and Committees. The titles to properties outwith Scotland are held by The Church of Scotland Trust with beneficiary nominees being the World Mission Council.

All costs incurred on acquiring, improving or adding to properties are capitalised. Other overseas properties are included at cost or a reasonable approximation of cost. Certain overseas properties were donated or constructed in the 19th century and costs have been estimated by comparing these to similar overseas properties whose costs were reliably documented. The values are not considered to be material relative to either cost or depreciated cost.

Repair and maintenance costs on all properties are charged to the SOFA in the period in which they are incurred.

Operational properties include care homes and other properties operated by the Social Care Council, office premises and other specialist properties such as the Scottish Storytelling Centre.

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on a fair value less costs to sell calculation. The Group considers whether such indicators are present on an annual basis. Where the recoverable amount is materially less than historic cost, the asset is impaired to the lower amount.

Other Tangible Fixed Assets are Motor Vehicles and Equipment & Furniture. These assets are recorded at cost.

Donated fixed assets are included at fair market value having regard to the age and condition of the assets concerned.

### Depreciation

Depreciation is provided on Tangible Fixed Assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows :

Heritable and Other Properties	
Residential Properties, Churches and Manses	50 years
Operational Constructed Properties – traditional	50 years
Operational Constructed Properties – prefabricated	20 years
Operational Refurbished Properties	25 years
Limited Lifespan Properties	15 years
Motor Vehicles	4 years
Equipment and Furniture:	
Computer Equipment	3 years
Office Equipment and Plant and Machinery	5 years
Furniture and Fittings	10 years

Land and assets under construction are not depreciated.

One property is held as a social investment and is stated at cost. This property is not depreciated.

## Mixed Motive Investments

Mixed Motive Investments include Housing Loans, property and certain other loans. These assets generate a financial return to the Charity and also contribute to the Church's stated purposes. Neither the investment nor the contribution to the Church's purposes is sufficient on its own to justify the investment decision.

The Charity considers that the investment is, however, justified by the combination of these two factors.

Loans which are secured against housing for retired ministers, their dependants and former dependants are either;

a) Standard loans are subject to a maximum loan amount which at 31st December 2017 was £25,000. The interest rate on such loans is currently four per cent for ministers and two per cent for widows or widowers of ministers. The amount which the borrower is due to repay does not change, regardless of whether the property appreciates or falls in value over the term of the loan.

Standard loans are accounted for as basic financial instruments and are measured initially at fair value and subsequently at amortised cost.

or

b) Shared Appreciation loans, which may be granted for up to seventy per cent of a house purchase price, subject to a minimum loan amount (currently £25,000) and a maximum loan amount which at 31st December 2017 was £122,500. The interest rate on such loans is currently four per cent for ministers and two per cent for widows or widowers of ministers.

The total sum required to be repaid at the end of the term of a Shared Appreciation loan is the amount of the original loan plus a proportionate share of any rise in value of the house over the period of that loan. If there is a drop in value of the property over the period, or no growth in value, the amount of the original loan must be repaid in full.

Shared Appreciation loans are accounted for as complex financial instruments, but as they are concessionary loans the Charity has opted to measure them initially at fair value and subsequently at amortised cost as permitted by the SORP and FRS 102.

Car loans are provided to ministers and overseas missionaries and are stated at amortised cost. Other loans are provided to ministers to assist with various costs.

## Stocks

Stocks are stated at the lower of cost and net realisable value.

## Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

## Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand. Liquid resources comprise term deposits of less than one year. Cash and liquid resources are measured at fair value.

## Overseas Operations/Foreign Currencies

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Monetary assets of the Charity

which are denominated in foreign currencies are translated at the year end rate of exchange. The consolidation of the assets and liabilities of the subsidiaries in Israel has been incorporated at the year end rate of exchange. The income and expenditure has been translated at an average rate for the year. Exchange gains and losses are treated as unrestricted except where restricted by contract and are taken to the SOFA.

### Creditors

Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

### Provisions

Provisions are recognised where the charity has a present obligation resulting from a past event which will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

### Pensions

The Church of Scotland operates both defined benefit and defined contribution pension schemes. In addition, certain employees of the Social Care Council are members of Local Government Pension Schemes. The assets of all the schemes are held separately from those of the Unincorporated Councils and Committees of The Church of Scotland.

Defined benefit pension assets are measured at fair value.

These scheme assets are measured using bid price values at the balance sheet date. Pension scheme liabilities are measured using a projected unit method and discounted using reference to market yields at the reporting date on high quality corporate bonds.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus or deficit is included in the SOFA.

The Scheme for Ministers and Overseas Missionaries (for employees of the Ministries and World Mission Councils and office holders) has three separate funds, the Main Pension Fund, The Contributors' Pension Fund and the Widows' and Orphans' Fund. Both the Contributors' and the Widows' and Orphans' Funds are in surplus and are not included in these financial statements.

Other than in the Social Care Council, defined benefit pension costs cannot be accurately allocated to individual Councils and department expense categories, as it is not possible to identify with which employee the pension cost lies. In order to recognise the costs per Council of providing a pension, a charge has been included based on the contributions made for that Council's employees and an overall credit shown for the total contributions paid.

For the defined contribution schemes, the amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet. From financial year ended 31st December 2014 valuations for the purposes of FRS102 were obtained and the share of the deficits in the schemes has since been recognised in the SOFA and Balance Sheet as described above.

### Taxation

The Church of Scotland Unincorporated Councils and Committees is exempt from taxation on the income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation

of Chargeable Gains Act 1992 insofar as such income or gains are applied exclusively to charitable purposes.

The UK subsidiary undertaking is a non-charitable subsidiary and is subject to taxation, but it does not usually pay UK Corporation Tax as its policy is to pay taxable profits as Gift Aid to the trustees. Foreign tax incurred by subsidiaries operating overseas is charged as it is incurred.



## 2. Related Parties

*The Church of Scotland Investors Trust* was incorporated by the Church of Scotland (Properties and Investments) Order Confirmation Act 1994. All investments of the Unincorporated Councils and Committees are made through the investment funds provided by The Church of Scotland Investors Trust. During the year the Unincorporated Councils & Committees charged £110,000 (2016: £110,000) to the Investors Trust for management services provided by staff in the Stewardship and Finance Department. At 31st December 2017 the Unincorporated Councils & Committees had a net creditor balance due of £725,000 (2016: net creditor £1,075,000).

*The Church of Scotland Trust* was incorporated by the Church of Scotland Trust Order Confirmation Act 1932. The Church of Scotland Trust holds the titles to the properties out with Scotland of the Unincorporated Councils and Committees. It also holds, for behoof of the World Mission Council, all the shares in St Andrew's Galilee Company Limited in Tiberias and St. Andrew's Scottish Centre Limited in Jerusalem, both of which are incorporated in Israel as "foreign institutions". The World Mission Council has given an indemnity to the Trust in respect of all liabilities arising from its Shareholding. During the year the Unincorporated Councils & Committees made a grant of £34,000 (2016: £34,000) to the Church of Scotland Trust. The Church of Scotland Trust paid £34,000 to the Unincorporated Councils and Committees in respect of finance and legal services (2016: £34,000). At 31st December 2017 the Unincorporated Councils & Committees had a creditor balance due of £1,000 (2016: creditor £2,000).

*The Church of Scotland General Trustees* was incorporated by the Church of Scotland (General Trustees) Order Confirmation Act 1921. The General Trustees holds the titles to the properties in Scotland of the Unincorporated Councils and Committees. In 2017 The General Trustees paid over to the Ministry Funds stipend endowment income of £3,344,000 (2016: £3,344,000). They also paid levy income of £124,000 (2016: £46,000) to the Ministries Council's Go For It Fund representing that Council's one half share of the Levy on property sales. As new Charge Developments and Church Extension Charges achieve Full Status, administrative responsibility for the Churches and manses is transferred from the Ministries Council to the General Trustees and congregations concerned. There was a grant paid of £60,000 in 2017 (2016: £15,000). As at 31st December 2017, the Unincorporated Councils and Committees had a debtor balance of £148,000

(2016: debtor £663,000) in respect of monies held in the churches internal banking system. £1,203,000 was paid (2016: £1,069,000) in respect of legal, IT, HR and financial services.

*The Church of Scotland Pension Trustees*, an unincorporated body constituted by the General Assembly, administers the following Pension Schemes:

*The Church of Scotland Pension Scheme for Ministers and Overseas Missionaries*

*The Church of Scotland Pension Scheme for Ministries Development Staff (formerly Presbytery & Parish Workers)*

*The Church of Scotland Pension Scheme for Staff*

The members of the bodies shown above are appointed by the General Assembly. In the case of the Church of Scotland Pension Trustees, additional trustees for the individual Pension Schemes are appointed by the Scheme members. During the year the Unincorporated Councils & Committees paid £1,361,000 (2016: £2,218,000) to the Pension Trustees for employer pension contributions. The Pension Trustees paid £14,639,000 (2016: £14,246,000) in the year to the Unincorporated Councils & Committees in respect of pensions paid, and £542,000 (2016: £376,000) in respect of management fees. At 31st December 2017, the Unincorporated Councils & Committees had a debtor balance of £64,000 (2016: debtor £89,000).

Each of the related parties reports annually to the General Assembly and, because of their independent legal status, produce separate financial statements and appoint their own Auditors.

### 3. Staff Costs and Numbers

Staff are paid and/or employed by the Ministries Council, Social Care Council, Central Services Committee (CSC) and World Mission Council and such costs are included in expenditure disclosed in Notes 10, 11 and 12.

The following figures include parish ministers, although they are office holders and not employees. Ministers are not employees of Church of Scotland and they do not hold a contract, but they are recruited, trained, supported and paid by the Ministries Council.

The Social Care Council's staff costs include £3.9 million for agency staff (2016: £3.5 million). These staff are not included in the average staff numbers noted below. Agency staff are employed due to the difficulty in recruiting permanent staff to work in care homes and units. Agency staff are used by other Councils but the cost is immaterial.

	Ministries £000	Social Care £000	CSC £000	World Mission £000	2017 Total £000	2016 Total £000
<b>Staff Costs</b>						
Salaries and Stipends	29,106	30,062	6,706	417	66,291	65,766
Social Security Costs	2,736	1,901	650	9	5,296	5,249
Pension Costs – Defined Contribution	4,458	1,099	1,034	3	6,594	7,485
Pension Costs – Defined Benefit	761	964	161	-	1,886	2,873
<b>Total</b>	<b>37,061</b>	<b>34,026</b>	<b>8,551</b>	<b>429</b>	<b>80,067</b>	<b>81,373</b>

	Ministries No.	Social Care No.	CSC No.	World Mission No.	2017 Total No.	2016 Total No.
<b>Average Staff Numbers</b>						
Monthly Average						
Full Time	879	495	169	15	1,558	1,587
Part Time	61	1,371	74	-	1,506	1,525
<b>Total</b>	<b>940</b>	<b>1,866</b>	<b>243</b>	<b>15</b>	<b>3,064</b>	<b>3,112</b>
<b>Full Time Equivalents</b>	<b>913</b>	<b>1,154</b>	<b>215</b>	<b>15</b>	<b>2,297</b>	<b>2,353</b>

There were seventeen employees whose emoluments (salary, benefits and employer pension contributions) exceeded £60,000 in 2017 (2016: eighteen employees).

	Social Care No.	CSC No.	2017 Total No.	2016 Total No.
<b>Salary Bands</b>				
<b>Number of employees receiving emoluments of more than £60,000 was:</b>				
£60,001 - £70,000	6	5	11	14
£70,001 - £80,000	1	4	5	3
£80,001 - £90,000	1	-	1	1

The total aggregate pension contribution for these employees for 2017 was £122,000 (2016: £138,000).

During 2017, there were 17 (2016: 12) individuals who served as members of the Senior Management Team including some who served for only part of the year. There is one member of the Senior Management Team whose salary is recharged in full to The Church of Scotland General Trustees. The total remuneration (salary, benefits, employer pension contributions and employer National Insurance contributions) for the Senior Management Team in 2017 was £1,021,000 (2016: £870,000).

### Subsidiary Companies and Tabeetha School

Staff employed by three institutions in Israel are paid in New Israeli Shekels, translated to sterling for the purposes of the consolidated financial statements.

	2017 £000	2016 £000
--	--------------	--------------

### Staff Costs

Salaries	3,610	3,021
Social Security Costs	185	144
Pension Costs	350	274
<b>Total</b>	<b>4,145</b>	<b>3,439</b>

	2017 No.	2016 No.
--	-------------	-------------

### Average Staff Numbers

Monthly Average	157	154
Full Time Equivalents	127	124

Social security costs in Israel are not comparable to those in the United Kingdom and costs and benefits disclosed below include benefits which are required legally or by industry custom and practice. These include provisions for severance pay, educational and pensions plans and disability provision. Senior hotel managers receive performance related bonuses and use of a vehicle, all of which are taxable benefits.

Employees received emoluments including local benefits in kind as described above, which when converted to sterling were as follows:

	2017 No.	2016 No.
£60,001 - £70,000	-	1
£110,001 - £120,000	-	1
£150,001 - £160,000	1	1
£190,001 - £200,000	1	-



#### 4. Donations and Legacies

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Assessed Congregational Contributions	43,504	43,507	43,504	43,507
Stipend Endowment Income	3,260	3,344	3,260	3,344
<b>Total Congregational Income</b>	<b>46,764</b>	<b>46,851</b>	<b>46,764</b>	<b>46,851</b>
Donations, Grants, Trusts	1,456	1,697	1,358	1,599
Legacies	2,075	3,728	2,075	3,728
Donations from The Church of Scotland Trust	270	270	270	270
	<b>50,565</b>	<b>52,546</b>	<b>50,467</b>	<b>52,448</b>

#### 5. Other trading activities

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Fundraising	1,172	885	1,172	885
Israeli Trading Subsidiaries and Property Leases	6,076	5,312	0	31
	<b>7,248</b>	<b>6,197</b>	<b>1,172</b>	<b>916</b>

#### 6. Income from Investments

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Dividends from Unitised Investments	4,653	4,408	4,653	4,408
Deposit and Bank Account Interest	61	72	61	72
Net Interest on Defined Benefit Pension Schemes Liabilities (Note 32)	(189)	(229)	(189)	(229)
	<b>4,525</b>	<b>4,251</b>	<b>4,525</b>	<b>4,251</b>

## 7. Income from Charitable Activities

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Social Service Provision	43,405	41,958	41,698	40,451
Rental of Accommodation and Premises	787	775	787	775
Publications and Royalties	727	717	727	717
Income from Events	262	245	262	245
Guild Memberships and Other Fees	200	208	200	208
Reimbursement of Legal, Accounting and Other Support by Wider Network of Church Organisations	1,450	1,117	1,450	1,117
Other	586	672	586	672
	<b>47,417</b>	<b>45,692</b>	<b>45,710</b>	<b>44,185</b>

## 8. Other Income

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Gain on Disposal of Fixed Assets	2,907	3,199	2,907	3,199
	<b>2,907</b>	<b>3,199</b>	<b>2,907</b>	<b>3,199</b>

## 9. Expenditure on Raising Funds

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Fundraising Activities (including Trading Subsidiaries in Israel)	5,377	5,471	-	-
Costs of Generating Voluntary Income	546	553	546	553
	<b>5,923</b>	<b>6,024</b>	<b>546</b>	<b>553</b>

**10. Expenditure on Charitable Activities**

	Group and Charity			
	Direct Costs £000	Grants £000	Support Costs £000	Total 2017 £000
Social Care Council	41,255	39	4,294	45,588
Ministries Council	36,024	2,886	2,728	41,638
World Mission Council	2,011	1,450	152	3,613
Mission and Discipleship Council	2,040	41	154	2,235
Support and Services Departments	6,621	21	501	7,143
Church and Society Council	544	22	41	607
Other Funds	2,228	376	168	2,772
Charity Total	90,723	4,835	8,038	103,596
World Mission - Tabeetha School	1,992	-	-	1,992
<b>Group Total</b>	<b>92,715</b>	<b>4,835</b>	<b>8,038</b>	<b>105,588</b>

	Group and Charity			
	Direct Costs £000	Grants £000	Support Costs £000	Total 2016 £000
Social Care Council	40,180	39	4,190	44,409
Ministries Council	37,755	2,882	2,701	43,338
World Mission Council	2,305	1,285	165	3,755
Mission and Discipleship Council	2,092	120	150	2,362
Support and Services Departments	5,865	19	420	6,304
Church and Society Council	542	1	38	581
Other Funds	2,349	363	168	2,880
Charity Total	91,088	4,709	7,832	103,629
World Mission - Tabeetha School	1,684	-	-	1,684
<b>Group Total</b>	<b>92,772</b>	<b>4,709</b>	<b>7,832</b>	<b>105,313</b>



## 10. Expenditure on Charitable Activities (continued)

	Group and Charity	
	2017 £000	2016 £000
<b>Grants</b>		
Grants to Individuals:		
Bursaries and Educational Purposes	618	647
Cases of Hardship	87	100
Project Work of the Charity	49	33
	<b>754</b>	<b>780</b>
Grants to Organisations for the Advancement of Religion:		
Through Theological Education and Partner Churches	1,017	837
Through Community Projects including 'Go For It'	1,659	1,829
By Payments to Support Individual Congregations	1,069	780
For the Relief of Poverty	335	482
For Heritage and the Environment	1	1
	<b>4,081</b>	<b>3,929</b>
<b>Total Grants</b>	<b>4,835</b>	<b>4,709</b>

Grants to individuals are to those resident in Scotland.

	Group and Charity	
	2017 £000	2016 £000
<b>Support Costs</b>		
Finance, Payroll, Information Technology and Estates	2,761	2,616
Human Resources and Training	1,239	1,353
Central Premises	985	882
Regional Offices and Senior Operational Management	1,609	1,534
Legal	310	330
Safeguarding of Children and Vulnerable Adults	358	345
Media Relations and Website	776	772
	<b>8,038</b>	<b>7,832</b>

Support costs are apportioned to charitable activities and individual Councils on the basis of direct expenditure.

	Group and Charity	
	2017 £000	2016 £000
<b>Governance costs included in Expenditure on Charitable Activities</b>	<b>2,024</b>	<b>1,727</b>
<b>Leasing costs charged to the SOFA</b>		
Property	734	609
Other	421	412
<b>Total Leasing Charges</b>	<b>1,155</b>	<b>1,021</b>
<b>Fees paid to the external auditors are as follows;</b>		
Audit of UCC	56	61
Audit of subsidiary undertakings	28	25
Total audit fees	84	86
Pensions advice	117	186
Systems related fees	7	15
Total non-audit fees	124	201
<b>Total Fees</b>	<b>208</b>	<b>287</b>

## 11. Other Expenditure

	Group and Charity	
	2017 £000	2016 £000
<b>Defined Benefit Pension Schemes (Note 32)</b>		
Current cost	410	291
Past Service Cost	-	862
Administration costs	1,287	1,491
Employer Contributions	(2,151)	(2,265)
	<b>(454)</b>	<b>379</b>

## 12. Trustees' Remuneration and Expenses

Trustees are not remunerated for their services on the Council of Assembly. At any one time, there are eighteen voting members as described in the Governance section of the Trustees' Report. Eight of the twenty one voting members who served during 2017 (2016: six of twenty five) are parish ministers appointed by individual congregations, inducted by presbyteries, and remunerated for their work with congregations in accordance with the National Stipend Scale. Expenses of £5,000 (2016: £8,000) were reimbursed to Trustees in

respect of travel to Council of Assembly meetings and overnight accommodation where required. Additionally, £4,000 (2016: £6,000) of expenses were reimbursed to Trustees for attending meetings of, or on behalf of, other councils and committees. In total, 14 Trustees received expenses during 2017 (2016: 17 Trustees). Expenses of £5,000 (2016: £4,000) were foregone by Trustees. The list of all Trustees who served in 2017 is on page 87 of this report.

## 13. Intangible Assets

### Computer Software £000

#### Group and Charity

##### Cost

At 1st January 2017	-
Additions	94
At 31st December 2017	94

#### Accumulated Amortisation

At 1st January and 31st December 2017	-
---------------------------------------	---

#### Net Book Value

At 31st December 2017	94
At 31st December 2016	-

Intangible assets are the costs of the software for the new HR/Payroll system which will be ready for use in 2018.



## 14. Tangible Assets

	Heritable & Other Properties £000	Motor Vehicles £000	Equipment & Furniture £000	Total £000
<b>Group:</b>				
<b>Cost</b>				
At 1 January 2017	83,760	376	5,608	89,744
Additions	1,809	9	587	2,405
Transfers	(11)	-	11	-
Disposals	(3,582)	(24)	-	(3,606)
<b>At 31 December 2017</b>	<b>81,976</b>	<b>361</b>	<b>6,206</b>	<b>88,543</b>
<b>Accumulated Depreciation</b>				
At 1 January 2017	37,811	309	4,095	42,215
Disposals	(2,381)	(21)	-	(2,402)
Charge for Year	1,931	19	354	2,304
Foreign Currency Exchange Adjustments	(133)	-	(10)	(143)
<b>At 31 December 2017</b>	<b>37,228</b>	<b>307</b>	<b>4,439</b>	<b>41,974</b>
<b>Net Book Value</b>				
<b>At 31 December 2017</b>	<b>44,748</b>	<b>54</b>	<b>1,767</b>	<b>46,569</b>
<b>Charity:</b>				
<b>Cost</b>				
At 1 January 2017	70,057	371	2,744	73,172
Additions	1,658	9	248	1,915
Transfers	(11)	-	11	-
Disposals	(3,582)	(24)	-	(3,606)
<b>At 31 December 2017</b>	<b>68,122</b>	<b>356</b>	<b>3,003</b>	<b>71,481</b>
<b>Accumulated Depreciation</b>				
At 1 January 2017	33,653	306	1,639	35,598
Disposals	(2,381)	(21)	-	(2,402)
Charge for Year	1,334	19	210	1,563
<b>At 31 December 2017</b>	<b>32,606</b>	<b>304</b>	<b>1,849</b>	<b>34,759</b>
<b>Net Book Value</b>				
<b>At 31 December 2017</b>	<b>35,516</b>	<b>52</b>	<b>1,154</b>	<b>36,722</b>

## 14. Tangible Assets

	Heritable & Other Properties £000	Motor Vehicles £000	Equipment & Furniture £000	Total £000
<b>Group:</b>				
<b>Cost</b>				
At 1 January 2016	83,961	376	5,305	89,642
Additions	1,412	-	303	1,715
Disposals	(1,613)	-	-	(1,613)
<b>At 31 December 2016</b>	<b>83,760</b>	<b>376</b>	<b>5,608</b>	<b>89,744</b>
<b>Accumulated Depreciation</b>				
At 1 January 2016	37,626	292	3,537	41,455
Disposals	(505)	-	-	(505)
Impairment Charge	823	-	-	823
Charge for Year	1,559	18	652	2,229
Foreign Currency Exchange Adjustments	(1,692)	(1)	(94)	(1,787)
<b>At 31 December 2016</b>	<b>37,811</b>	<b>309</b>	<b>4,095</b>	<b>42,215</b>
<b>Net Book Value</b>				
<b>At 31 December 2016</b>	<b>45,949</b>	<b>67</b>	<b>1,513</b>	<b>47,529</b>
<b>Charity:</b>				
<b>Cost</b>				
At 1 January 2016	70,449	371	2,561	73,381
Additions	1,221	-	183	1,404
Disposals	(1,613)	-	-	(1,613)
<b>At 31 December 2016</b>	<b>70,057</b>	<b>371</b>	<b>2,744</b>	<b>73,172</b>
<b>Accumulated Depreciation</b>				
At 1 January 2016	31,985	288	1,459	33,732
Disposals	(505)	-	-	(505)
Impairment Charge	823	-	-	823
Charge for Year	1,350	18	180	1,548
<b>At 31 December 2016</b>	<b>33,653</b>	<b>306</b>	<b>1,639</b>	<b>35,598</b>
<b>Net Book Value</b>				
<b>At 31 December 2016</b>	<b>36,404</b>	<b>65</b>	<b>1,105</b>	<b>37,574</b>

### Impairment Charge

During 2016, a financial review of one of the Properties which is operated as a care home by the Social Care Council indicated that an impairment charge was necessary. An approach was made to the Council by a third party to purchase the unit as a going concern and the proposed purchase price was below the carrying value of the asset. An impairment charge of £823,000 was recognised and charged to Expenditure, being the difference between the property's carrying value and the proposed purchase price.

## 15. Investments

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Unlisted Investments - Growth Fund	112,713	104,226	112,713	104,226
Unlisted Investments - Income Fund	19,301	17,278	19,301	17,278
Deposit Fund - Bank Deposit Accounts	11	11	11	11
	132,025	121,515	132,025	121,515
Investment in Subsidiary Company	-	-	504	504
<b>Fair Value</b>	<b>132,025</b>	<b>121,515</b>	<b>132,529</b>	<b>122,019</b>
Historic Cost	66,622	64,268	67,126	64,772

The Growth Fund and Income Fund are unitised funds and these holdings of the Unincorporated Councils and Committees cannot therefore be analysed across asset classes. A description of the three investment funds operated by the Investors Trust is given in the Financial Review.

## Movements in Investments

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Fair Value at 1 January	121,515	106,507	122,019	107,011
Disposals at Opening Fair Value	(1,977)	(3,256)	(1,977)	(3,256)
Acquisitions at Cost	4,012	8,730	4,012	8,730
Net Gains on Revaluation at 31 December	8,475	9,534	8,475	9,534
<b>Market Value at 31 December</b>	<b>132,025</b>	<b>121,515</b>	<b>132,529</b>	<b>122,019</b>

### Net Gains on Disposal of Investments

Sale Proceeds	2,099	3,388	2,099	3,388
Fair Value at 1 January	(1,977)	(3,256)	(1,977)	(3,256)
<b>Net Realised Gains in Year</b>	<b>122</b>	<b>132</b>	<b>122</b>	<b>132</b>
<b>Net Gains on Investment Assets</b>	<b>8,597</b>	<b>9,666</b>	<b>8,597</b>	<b>9,666</b>



## 16. Foreign Currency

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Unrealised Gains and Losses recognised in:				
Income				
On Bank Deposits not denominated in sterling	-	1,620	-	1,620
Expenditure				
On Bank Deposits not denominated in sterling	(875)	-	(875)	-
Other Recognised Gains and Losses				
(Losses)/Gains on Net Assets of Subsidiary Companies on Consolidation	(41)	114	-	-

Net assets of the Israel-based subsidiaries are translated into sterling using the rate of exchange at the balance sheet date. Exchange differences arise as a result of the exchange rate differing from that at the previous balance sheet date.

## 17. Mixed Motive Investments - Fixed Assets

	Group and Charity	
	2017 £000	2016 £000
Housing Loans (heritably secured) at amortised cost	6,523	6,585
Property held as mixed motive investment	750	750
	<b>7,273</b>	<b>7,335</b>

The Housing Loans are repayable when the properties relating to the loans are sold, and attract interest at rates between 1.25% and 4%.

At 31st December 2017, future Housing Loans which were committed but not taken up were £807,000 (2016: £814,000).

## 18. Mixed Motive Investments - Current Assets

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Car Loans	151	182	151	182
Loan to Subsidiary Company	-	-	124	120
Other Loans	26	40	26	40
	<b>177</b>	<b>222</b>	<b>301</b>	<b>342</b>

Car Loans are provided to ministers and overseas missionaries at a rate of 6%. Other loans are provided to assist ministers. Other loans include short term bridging loans of £nil owed to the Housing and Loan Fund at 31st December 2017 (2016: £15,000). Bridging Loans are charged at a variable rate, currently 3.0% (2016: 3.0%).

## 19. Debtors

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Trade Debtors	3,005	4,085	2,418	3,364
Amounts Owed by: Congregations	836	747	836	747
Church of Scotland General Trustees	148	663	148	663
Church of Scotland Pension Trustees	64	89	64	89
Sundry Debtors	161	139	51	76
Prepayments	694	719	674	698
Accrued Income	1,047	57	974	31
	<b>5,955</b>	<b>6,499</b>	<b>5,165</b>	<b>5,668</b>

Amounts owed by congregations were in respect of congregational contributions, ministers' travel, locums and associate ministers, levied under Regulation 129.

## 20. Short Term Deposits

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Deposit Fund with Church of Scotland Investors Trust	13,243	15,459	13,243	15,459
US Dollar Account	9,250	10,125	9,250	10,125
	<b>22,493</b>	<b>25,584</b>	<b>22,493</b>	<b>25,584</b>

The US dollar account held by the World Mission Council is used as security for a bank overdraft of equal amount in the name of the Israeli Trading Subsidiary, St Andrew's Galilee Limited.

## 21. Creditors: Amounts Falling Due within One Year

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Bank Overdraft	9,250	10,118	-	-
Trade Creditors	1,475	1,357	1,041	900
Amounts Owed to: Church of Scotland Investors Trust	725	1,075	725	1,075
Church of Scotland Trust	1	2	1	2
Other Creditors Including Tax and Social Security	1,744	1,753	1,739	1,726
Sundry Creditors	1,610	1,557	1,129	1,331
Accruals	3,996	3,855	3,670	3,494
Deferred Income	1,134	1,016	812	690
Loans falling due within one year	12	58	12	58
	<b>19,947</b>	<b>20,791</b>	<b>9,129</b>	<b>9,276</b>

The bank overdraft is secured against a US dollar account in the name of the World Mission Council.

Deferred Income relates to payments received in advance of services being provided by the Social Care Council (£783,000), Deferred Ministries Income (£28,000) and advance payments from customers received by the Israeli trading subsidiaries (£323,000). The balances reported have all been deferred in the current year and will be released to income in the following year.

## 22. Creditors: Amounts Falling Due after One Year

	Group and Charity	
	2017 £000	2016 £000
Grants	86	190
Loan from Nan Stevenson Trust to Housing & Loan Fund	5	5
	<b>91</b>	<b>195</b>



**23. Provision for Liabilities and Charges**

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Onerous Leases	468	481	468	481
Other	734	705	-	-
	<b>1,202</b>	<b>1,186</b>	<b>468</b>	<b>481</b>
Onerous Leases:				
Balance Brought Forward	481	542	481	542
Provision released to Statement of Financial Activities	(13)	(61)	(13)	(61)
Balance Carried Forward	468	481	468	481

The onerous lease provision is for future lease commitments in respect of an operational property. Other provisions relate to provisions in the Israeli Trading subsidiaries for statutory severance pay.

The onerous lease has a further 6 years to run. The timing of the release of the other provisions is inherently uncertain as these are calculated by reference to the length of service of employees in Israel.

## 24 .Analysis of Net Assets among Funds - Group

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Tangible and Intangible Fixed Assets	9,847	36,816	-	46,663
Investments	-	101,737	30,288	132,025
Mixed Motive Investments	-	7,273	-	7,273
<b>Total Fixed Assets</b>	<b>9,847</b>	<b>145,826</b>	<b>30,288</b>	<b>185,961</b>
Net Current (Liabilities)/Assets	(9,017)	25,053	-	16,036
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	(734)	(559)	-	(1,293)
Pension Scheme Liability	-	(6,082)	-	(6,082)
<b>Net Assets</b>	<b>96</b>	<b>164,238</b>	<b>30,288</b>	<b>194,622</b>

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2016 £000
Tangible Fixed Assets	9,955	37,574	-	47,529
Investments	-	92,040	29,475	121,515
Mixed Motive Investments	-	7,335	-	7,335
<b>Total Fixed Assets</b>	<b>9,955</b>	<b>136,949</b>	<b>29,475</b>	<b>176,379</b>
Net Current (Liabilities)/Assets	(9,625)	26,310	-	16,685
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	(705)	(676)	-	(1,381)
Pension Scheme Liability	-	(7,915)	-	(7,915)
<b>Net (Liabilities)/Assets</b>	<b>(375)</b>	<b>154,668</b>	<b>29,475</b>	<b>183,768</b>

**25. Analysis of Net Assets among Funds - Charity**

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Tangible and Intangible Fixed Assets	-	36,816	-	36,816
Investments	504	101,737	30,288	132,529
Mixed Motive Investments	-	7,273	-	7,273
<b>Total Fixed Assets</b>	<b>504</b>	<b>145,826</b>	<b>30,288</b>	<b>176,618</b>
Net Current Assets	233	25,053	-	25,286
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	-	(559)	-	(559)
Pension Scheme Liability	-	(6,082)	-	(6,082)
<b>Net Assets</b>	<b>737</b>	<b>164,238</b>	<b>30,288</b>	<b>195,263</b>

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2016 £000
Tangible Fixed Assets	-	37,574	-	37,574
Investments	504	92,040	29,475	122,019
Mixed Motive Investments	-	7,335	-	7,335
<b>Total Fixed Assets</b>	<b>504</b>	<b>136,949</b>	<b>29,475</b>	<b>166,928</b>
Net Current Assets	233	26,310	-	26,543
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	-	(676)	-	(676)
Pension Scheme Liability	-	(7,915)	-	(7,915)
<b>Net Assets</b>	<b>737</b>	<b>154,668</b>	<b>29,475</b>	<b>184,880</b>



## 26. Unrestricted Funds - Group

	At 1 Jan 2017 £000	Income £000	Expenditure £000	Fund Transfers £000	At 31 Dec 2017 £000
Ministries Council	4	35	(36)	1	4
World Mission Council	(608)	7,881	(7,410)	-	(137)
Mission & Discipleship Council	-	989	(989)	-	-
Support & Services	-	1,531	(1,531)	-	-
Other Funds	229	260	-	(260)	229
	<b>(375)</b>	<b>10,696</b>	<b>(9,966)</b>	<b>(259)</b>	<b>96</b>

	At 1 Jan 2016 £000	Income £000	Expenditure £000	Fund Transfers £000	At 31 Dec 2016 £000
Ministries Council	4	32	(32)	-	4
World Mission Council	(453)	7,000	(7,155)	-	(608)
Mission & Discipleship Council	-	970	(970)	-	-
Support & Services	-	1,131	(1,131)	-	-
Other Funds	229	2,177	-	(2,177)	229
	<b>(220)</b>	<b>11,310</b>	<b>(9,288)</b>	<b>(2,177)</b>	<b>(375)</b>

Other than unrestricted legacies and donations received, all funds are designated for the work of individual Councils and Other Funds. In 2017 there was a foreign currency translation loss of £41,000 upon consolidation of the net assets of the Israeli Subsidiaries as disclosed in Note 30 (2016: gain £114,000). £260,000 of unrestricted donations and legacies were allocated to the Mission and Renewal Fund and subsequently transferred to meet overspends on restricted funds by councils and committees on their charitable activities (2016: £2,177,000).

**27. Unrestricted Funds - Charity**

	At 1 Jan 2017 £000	Income £000	Expenditure £000	Fund Transfers £000	At 31 Dec 2017 £000
Ministries Council	4	35	(36)	1	4
World Mission Council	504	-	-	-	504
Mission & Discipleship Council	-	989	(989)	-	-
Support & Services	-	1,531	(1,531)	-	-
Other Funds	229	260	-	(260)	229
	<b>737</b>	<b>2,815</b>	<b>(2,556)</b>	<b>(259)</b>	<b>737</b>

	At 1 Jan 2016 £000	Income £000	Expenditure £000	Fund Transfers £000	At 31 Dec 2016 £000
Ministries Council	4	32	(32)	-	4
World Mission Council	504	-	-	-	504
Mission & Discipleship Council	-	970	(970)	-	-
Support & Services	-	1,131	(1,131)	-	-
Other Funds	229	2,177	-	(2,177)	229
	<b>737</b>	<b>4,310</b>	<b>(2,133)</b>	<b>(2,177)</b>	<b>737</b>

## 28 . Restricted Funds - Group and Charity

	Balance 1 Jan 2017 £000	Income £000	Expenditure £000	Net Gains on Investment Assets £000	Fund Transfers £000	Actuarial Gains £000	Balance 31 Dec 2017 £000
Social Care Council	23,767	45,148	(45,809)	610	1,624	-	25,340
Ministries Council	39,317	41,859	(41,638)	2,158	(47)	-	41,649
World Mission Council	39,556	1,971	(4,488)	2,240	2,150	-	41,429
Mission & Discipleship Council	10,134	466	(1,246)	596	781	-	10,731
Support & Services	330	167	(5,901)	6	5,429	-	31
Church & Society Council	760	56	(607)	54	484	-	747
Other Funds	48,719	11,500	(2,772)	1,123	(8,177)	-	50,393
	162,583	101,167	(102,461)	6,787	2,244	-	170,320
Pensions Reserve	(7,915)	(189)	454	-	-	1,568	(6,082)
	<b>154,668</b>	<b>100,978</b>	<b>(102,007)</b>	<b>6,787</b>	<b>2,244</b>	<b>1,568</b>	<b>164,238</b>

Four funds made up 95% of the Other Funds, namely the Housing and Loan Fund (£41,359,000), the Mission and Renewal Fund (£1,705,000), New College (£3,010,000) and the Guild (£804,000). Transfers includes £8,101,000 transferred to Councils from the Mission and Renewal Fund which receives incoming resources from Ministry and Mission contributions from congregations. In addition to this, £1,223,000 was transferred from the Mission and Renewal Fund during the year to support the work of Councils and the Support and Services Departments. Transfers were also made from Third Party trusts to Councils in respect of their charitable activities, with restrictions as appropriate.



	Balance 1 Jan 2016 £000	Income £000	Expenditure £000	Net Gains on Investment Assets £000	Fund Transfers £000	Actuarial Losses £000	Balance 31 Dec 2016 £000
Social Care Council	24,353	42,990	(45,420)	700	1,144	-	23,767
Ministries Council	40,081	41,600	(43,338)	2,507	(1,533)	-	39,317
World Mission Council	35,903	3,823	(3,755)	2,139	1,446	-	39,556
Mission & Discipleship Council	9,514	514	(1,391)	671	826	-	10,134
Support & Services	487	160	(5,446)	7	5,122	-	330
Church & Society Council	676	60	(581)	63	542	-	760
Other Funds	43,902	12,397	(2,941)	1,018	(5,657)	-	48,719
	154,916	101,544	(102,872)	7,105	1,890	-	162,583
Pensions Reserve	(6,163)	(229)	(379)	-	-	(1,144)	(7,915)
	<b>148,753</b>	<b>101,315</b>	<b>(103,251)</b>	<b>7,105</b>	<b>1,890</b>	<b>(1,144)</b>	<b>154,668</b>

## 29. Endowment Funds - Group and Charity

	Balance 1 Jan 2017 £000	Income £000	Net Gains on Investment Assets £000	Fund Transfers £000	Balance 31 Dec 2017 £000
Social Care Council	345	5	6	-	356
Ministries Council	5,561	184	423	(134)	6,034
World Mission Council	5,952	192	66	(1,094)	5,116
Mission & Discipleship Council	666	23	49	(23)	715
Support & Services	126	4	10	(4)	136
Church & Society Council	61	2	4	-	67
Other Funds	16,764	578	1,252	(730)	17,864
	<b>29,475</b>	<b>988</b>	<b>1,810</b>	<b>(1,985)</b>	<b>30,288</b>

Total Endowment Funds at 31st December 2017 of £30,288,000 are made up of £28,999,000 Permanent Endowment and £1,289,000 Expendable Endowment (2016: Permanent Endowment £28,198,000 and Expendable Endowment £1,277,000). Transfers of investment income were made to Councils and Committees for expending on their charitable activities. Income from endowment funds is for restricted purposes.

	Balance 1 Jan 2016 £000	Income £000	Net Gains on Investment Assets £000	Fund Transfers £000	Balance 31 Dec 2016 £000
Social Care Council	334	5	6	-	345
Ministries Council	3,727	183	494	1,157	5,561
World Mission Council	5,502	206	513	(269)	5,952
Mission & Discipleship Council	609	23	58	(24)	666
Support & Services	115	4	11	(4)	126
Church & Society Council	56	2	5	(2)	61
Other Funds	15,290	571	1,474	(571)	16,764
	<b>25,633</b>	<b>994</b>	<b>2,561</b>	<b>287</b>	<b>29,475</b>



### 30. Subsidiary Undertakings

The Church of Scotland has the following material subsidiary undertakings:

#### St. Andrew's Galilee Limited - Israel Company Registration Number 511727620

The company was incorporated in Israel in 1993 to manage the Tiberias Guesthouse, later redeveloped into a sixty-nine bedroom facility "The Scots Hotel, St. Andrew's Galilee". The share capital of 2,900,102 shares each of one New Israeli Shekel (approximately £0.21) is held in total by The Church of Scotland Trust on behalf of the World Mission Council.

#### St Andrew's Scottish Centre Limited - Israel Company Registration Number 511832495

The company was incorporated in Israel in 1993 to manage the nineteen bedroom St. Andrew's Scottish Guesthouse in Jerusalem. The share capital of 22,900 shares each of one New Israeli Shekel (approximately £0.21) is held in total by the Church of Scotland Trust on behalf of the World Mission Council.

The Tiberias Guesthouse and St. Andrew's Scottish Guesthouse provide accommodation to those wishing to visit Israel and Palestine and witness the work of the Church of Scotland and are also open to all guests. The Financial Year end of both Companies is 31st December and both subsidiaries are consolidated in the Group Financial Statements.

#### Tabeetha School in Jaffa - Israel Amutta (Not for Profit Organisation) Number 580500601

The school has operated under the supervision of the World Mission Council since 1912. Title to the school property is held by the Church of Scotland Trust on behalf of the World Mission Council. Accordingly, it is considered that the Church of Scotland has control of the entity and its results are consolidated in full. The school was registered as an Amutta, an Israeli not for profit association, in 2008 and commenced operations under the new arrangement in 2009. The Financial Year end of the company is 31st December and the results of the school are consolidated in the Group Financial Statements.

#### Their financial results were as follows:

	St Andrew's Galilee Limited		St Andrew's Scottish Centre Limited		Tabeetha School	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Income	5,372	4,754	704	527	1,805	1,605
Expenditure	4,650	4,841	727	630	1,992	1,684
<b>Net Profit/(Loss)</b>	<b>722</b>	<b>(87)</b>	<b>(23)</b>	<b>(103)</b>	<b>(187)</b>	<b>(79)</b>
Unrealised (Losses)/Gains on Foreign Currency transactions	(14)	16	(17)	23	(10)	75
	<b>708</b>	<b>(71)</b>	<b>(40)</b>	<b>(80)</b>	<b>(197)</b>	<b>(4)</b>
<b>Total Net (Liabilities)/Assets</b>	<b>(372)</b>	<b>(1,080)</b>	<b>111</b>	<b>151</b>	<b>189</b>	<b>386</b>

### 31. Commitments

	Group and Charity	
	2017	2016
	£000	£000

#### Capital Expenditure

Contracts placed for future capital expenditure not provided for in the financial statements:

Central Services Committee	12	122
Social Care Council	40	-
	<b>52</b>	<b>122</b>

#### Capital Expenditure authorised by Councils and Other Funds, not contracted for at 31 December:

Social Care Council	556	-
---------------------	-----	---

#### Operating Leases where the Group is Lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group				Charity			
	Property £000	Other £000	2017 Total £000	2016 Total £000	Property £000	Other £000	2017 Total £000	2016 Total £000
Within 1 year	484	300	784	916	447	300	747	746
After 1 and before 5 years	268	506	774	804	268	444	712	745
After 5 years	7	-	7	8	-	-	-	-
	<b>759</b>	<b>806</b>	<b>1,565</b>	<b>1,728</b>	<b>715</b>	<b>744</b>	<b>1,459</b>	<b>1,491</b>

#### Operating Leases where the Group is Lessor

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

	Group and Charity	
	2017	2016
	£000	£000
Within 1 year	123	123
After 1 and before 5 years	152	275
	<b>275</b>	<b>398</b>

Certain commercial property leases are non-cancellable. These leases have remaining terms of between one and three years. Other leases have terms of less than one year.

## 32. Pension Schemes

### Details of Schemes

The Church of Scotland has six pension schemes, three of which are defined contribution schemes and three defined benefit schemes.

### Defined Contribution Schemes

Since August 2013 the Social Care council scheme has been provided by Legal and General with employer rates of 5%.

From 1st October 2013 two further defined contribution schemes were provided by Legal and General, one for employees of the Ministries and World Mission Councils with employer rates of 11.5% to 14%, and one for employees of the Central Services Committee with employer rates of 11.5% to 14%. A statutory minimum compliance employer rate of 1% is provided for certain categories of workers such as locum ministers.

The Group allocates the defined contribution schemes expenses and liability between funds according to the activity for which staff are employed.

### Defined Benefit Schemes

- > The Scheme for Ministers and Overseas Missionaries (for employees of the Ministries Council and World Mission Council). The Scheme has three separate funds, the Main Pension Fund, The Contributors' Pension Fund and the Widows' and Orphans' Fund. The Contributors' and the Widows' and Orphans' Funds are excluded from the disclosures because both funds have irrecoverable surpluses which can only be recovered to the extent that there is a liability associated with the Fund. Given that the costs accruing to these Funds are considered to be negligible and no contributions are payable, it is not expected that any surplus can be recognised.
- > The Scheme for Staff (employees of the Social Care Council and the Central Services Committee). The Scheme has two separate funds, the Social Care Fund and the Central Services Committee Fund (CSC Fund).
- > The Scheme for Ministry Development Staff (MDS), formerly the Presbytery and Parish Workers' Scheme (PPWs) and formerly the Scheme for National Mission (for certain employees of the Ministries Council).

The Social Care component of the Staff Scheme was closed to future accrual in August 2013 and the other three Schemes closed to future accrual after 31st December 2013.

All three defined benefit Pension Schemes provided facilities for additional voluntary contributions with either Scottish Widows or Standard Life until 31st December 2013. Certain voluntary contributions were allowed to continue after that date.

All assets are held independently of the Church of Scotland by the Church of Scotland Pension Trustees. The investments of the Pension Schemes are held in the Pension Investment Fund, which is operated on a unitised basis, the Managers being Baillie Gifford & Co, Aberdeen Standard Investments, BlackRock Asset Management (UK) Ltd, Legal & General Investment Management Ltd, Kames Capital Plc and Newton Investment Management Ltd. The Pension Investment Fund was created in June 1998 and formalised on 17th May 2005 by Trust Deed. The Pension Investment Fund has one Trustee, the Church of Scotland Pension Investment Fund Trustee Limited.

The Schemes closed to future accrual on 31st December 2013 with the exception of the Widows' & Orphans' Fund, for which only employee contributions are paid, based on historic calculations. Consequently, with this exception, from 2014 the only contributions payable relate to past service.

The charity also contributes to two Local Government Pension Schemes (LGP Schemes) in respect of certain current and past employees of CrossReach. These schemes are currently in deficit. The group's and charity's share of the LGP Schemes' assets and liabilities and the impact of these schemes on the Statements of Financial Activities are shown in aggregate in the tables in this note.

### Treatment in Financial Statements

The most recent actuarial valuations for the Ministers, MDS, and Social Care/CSC defined benefit schemes were carried out as at 31st December 2015 and were updated by the Group's actuaries, Hymans Robertson LLP, to take account of the requirements of FRS 102 in order to assess the assets and liabilities of the schemes at 31st December 2017. The Actuary has determined contribution rates for funding past service, and these will be funded from the reserves of those Councils whose past and present employees are scheme members.

	2017 £000	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2016 £000
<b>Defined Benefit Obligation</b>							
Opening Defined Benefit Obligations	396,741	265,293	14,804	57,793	34,493	24,358	362,936
Current Service Cost	410	-	-	-	-	410	291
Administration Costs	1,287	626	143	353	165	-	1,491
Interest Cost	10,490	6,991	395	1,529	918	657	13,523
Contributions by Scheme Participants	67	-	-	-	-	67	72
Actuarial Losses/(Gains)	11,366	8,730	596	1,996	1,393	(1,349)	34,538
Past Service Cost	-	-	-	-	-	-	862
Benefits and Expenses paid	(19,002)	(13,992)	(519)	(2,839)	(1,143)	(509)	(16,972)
<b>Closing Defined Benefit Obligations</b>	<b>401,359</b>	<b>267,648</b>	<b>15,419</b>	<b>58,832</b>	<b>35,826</b>	<b>23,634</b>	<b>396,741</b>

	2017 £000	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2016 £000
<b>Fair Value of Scheme Assets</b>							
Opening Fair Value of Scheme Assets	468,124	332,913	18,154	59,882	40,732	16,443	401,807
Interest Income	12,441	8,824	486	1,599	1,090	442	15,004
Contributions by Scheme Participants	67	-	-	-	-	67	72
Contributions by the Employer	2,151	478	52	1,026	280	315	2,265
Actual return on assets excluding amounts included in net interest	9,924	5,122	497	2,613	898	794	65,948
Benefits and Expenses paid	(19,002)	(13,992)	(519)	(2,839)	(1,143)	(509)	(16,972)
<b>Closing Fair Value of Scheme Assets</b>	<b>473,705</b>	<b>333,345</b>	<b>18,670</b>	<b>62,281</b>	<b>41,857</b>	<b>17,552</b>	<b>468,124</b>
Irrecoverable surplus brought forward	(79,298)	(67,620)	(3,350)	(2,089)	(6,239)	-	(45,034)
Impact of irrecoverable surplus on interest income	(2,140)	(1,826)	(90)	(56)	(168)	-	(1,710)
Increase/(decrease) in irrecoverable surplus from experience	3,010	3,749	189	(1,304)	376	-	(32,554)
Irrecoverable surplus at end of year	(78,428)	(65,697)	(3,251)	(3,449)	(6,031)	-	(79,298)
<b>Closing Fair Value of Scheme Assets recognised on Balance Sheet</b>	<b>395,277</b>	<b>267,648</b>	<b>15,419</b>	<b>58,832</b>	<b>35,826</b>	<b>17,552</b>	<b>388,826</b>
<b>Closing Net Defined Benefit Obligation</b>	<b>6,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,082</b>	<b>7,915</b>
<b>Opening Net Defined Benefit Obligation</b>	<b>7,915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,915</b>	<b>6,163</b>



	2017 £000	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2016 £000
--	--------------	-------------------	-------------	------------------------	-------------	------------------------	--------------

#### Analysis of Amount Charged to Operating Surplus/(Deficit)

Current & Past Service Cost	410	-	-	-	-	410	1,153
Administration Costs	1,287	626	143	353	165	-	1,491
<b>Total Operating Charge</b>	<b>1,697</b>	<b>626</b>	<b>143</b>	<b>353</b>	<b>165</b>	<b>410</b>	<b>2,644</b>

	2017 £000	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2016 £000
--	--------------	-------------------	-------------	------------------------	-------------	------------------------	--------------

#### Analysis of Amount Credited to Other Finance Income

Interest Income on Scheme Assets	12,441	8,824	486	1,599	1,090	442	15,004
Impact of Asset Ceiling on Net Interest	(2,140)	(1,826)	(90)	(56)	(168)	-	(1,710)
Interest on Scheme Liabilities	(10,490)	(6,991)	(395)	(1,529)	(918)	(657)	(13,523)
<b>Net Interest on Net Defined Benefit Liability</b>	<b>(189)</b>	<b>7</b>	<b>1</b>	<b>14</b>	<b>4</b>	<b>(215)</b>	<b>(229)</b>

	2017 £000	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2016 £000
--	--------------	-------------------	-------------	------------------------	-------------	------------------------	--------------

#### Total Amount Charged to Statement of Financial Activities

Total Operating Charge less Net Interest	1,886	619	142	339	161	625	2,873
--	-------	-----	-----	-----	-----	-----	-------

	2017 £000	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2016 £000
<b>Analysis of Amount recognised in Other Recognised Gains and Losses</b>							
Actual return on Assets excluding amounts included in net interest	9,924	5,122	497	2,613	898	794	65,948
Actuarial (losses)/gains on Scheme obligations	(11,366)	(8,730)	(596)	(1,996)	(1,393)	1,349	(34,538)
Decrease/(Increase) in irrecoverable surplus from membership fall and other factors	3,010	3,749	189	(1,304)	376	-	(32,554)
<b>Remeasurement gain/(loss) recognised in Other Recognised Gains and Losses</b>	<b>1,568</b>	<b>141</b>	<b>90</b>	<b>(687)</b>	<b>(119)</b>	<b>2,143</b>	<b>(1,144)</b>

	2017 Total £000	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2016 Total £000
<b>Major Categories of Scheme Assets:</b>							
UK Equities	20,082	5,478	267	1,810	648	11,879	36,772
Overseas Equities	14,629	9,769	477	3,227	1,156	-	27,942
UK Managed Funds	86,322	56,642	2,854	20,203	6,623	-	66,414
Overseas Managed Funds	1,855	1,239	60	409	147	-	2,255
UK Government Index-linked Bonds	178,621	130,551	9,318	21,487	13,698	3,567	178,596
UK Government Fixed-interest Bonds	166,642	127,499	5,505	14,516	19,122	-	152,955
Property	1,445	-	-	-	-	1,445	1,291
Cash/Net Current Assets	4,109	2,167	189	629	463	661	1,899
<b>Total Value of Assets</b>	<b>473,705</b>	<b>333,345</b>	<b>18,670</b>	<b>62,281</b>	<b>41,857</b>	<b>17,552</b>	<b>468,124</b>
Actuarial Value of Liabilities	(401,359)	(267,648)	(15,419)	(58,832)	(35,826)	(23,634)	(396,741)
Surplus/(Deficit) of Funded Scheme Liabilities	72,346	65,697	3,251	3,449	6,031	(6,082)	71,383
Irrecoverable Surplus	(78,428)	(65,697)	(3,251)	(3,449)	(6,031)	-	(79,298)
<b>Net Pension Liability</b>	<b>(6,082)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,082)</b>	<b>(7,915)</b>

Although some of the defined benefit pension schemes show an accounting surplus as disclosed above, the financial positions as measured by the latest actuarial valuations require that the Charity makes total deficit repair payments as follows:

	£000		£000
2018	1,426	2023	1,782
2019	1,436	2024	1,831
2020	1,596	2025	1,881
2021	1,640	2026	500
2022	1,685		

The main financial assumptions used in preparing the defined benefit scheme figures above as at 31st December 2017 and 2016 are as follows:

	2017 %	2016 %
Retail Price inflation	3.40	3.50
Consumer Price inflation	2.55	2.65
Discount rate	2.70	2.70
Pension Increase Rate	1.95	2.00
Salary increase rate (LGP Schemes only)	3.75	4.50





# Reference and Administrative Details

## Council of Assembly

### Members of the Council of Assembly Voting Members and Charity Trustees

- **Sally Bonnar** Convener (Elder, Perth: North)
- **Catherine Coull** Vice-Convener (Elder, Dundee: Chalmers-Ardler)
- **David Brackenridge** (from May 2017) (Elder, Peebles: St Andrew's Leckie)
- **Hilary Cameron** (until February 2017) (Elder, Inverkip)
- **John Corrigan** (Elder, Stewarton: John Knox)
- **Iain Cunningham** Convener, World Mission Council (Minister, Carluke: Kirkton)
- **Graham Duffin** Convener, Panel on Review and Reform (Minister, Loanhead)
- **John Ferguson** (Until May 2017) (Minister, Peterculter)
- **Elizabeth Fox** (until May 2017) (Elder, London: St Columba's)
- **Richard Frazer**, Convener, Church and Society Council (Minister, Edinburgh: Greyfriars Kirk)
- **Alistair Gibb** (from May 2017) (Elder, Edinburgh: Cramond)
- **Neil Glover** Convener, Ministries Council (Minister, Aberfeldy)
- **Isobel Hunter** (Elder, Skirling)
- **Anne Lamont** (Elder, Edinburgh: Leith North)
- **Andrew McGowan** (Minister, Inverness: East)
- **Norma Rolls** (from August 2017) (Elder, Edinburgh: Palmerston Place)

- **Norman Smith** Convener, Mission and Discipleship Council (Minister, Edinburgh: Granton)
- **Alan Sorensen** (Minister, Greenock: Wellpark Mid Kirk)
- **Bill Steele** Convener, Social Care Council (Elder, Alvie and Insh)
- **David Watt** (Elder, Airdrie: The New Wellwynd)
- **Ronald Wright** (from May 2017) (Elder, Dunblane: Cathedral)

- **Peter Bailey** Chief Executive, CrossReach (Social Care Council) (until June 2017)
- **Viv Dickenson** Chief Executive, CrossReach (Social Care Council) (from June 2017)
- **Ian Alexander** Secretary, World Mission Council
- **John McPake** Ecumenical Officer
- **Raymond Young** Chairman of the General Trustees

### Non-Voting Members

- **Martin Scott** Secretary to the Council of Assembly
- **Anne Macintosh** General Treasurer
- **Mary Macleod** Solicitor of the Church
- **John Chalmers** (until June 2017) Principal Clerk of the General Assembly
- **George Whyte** (from June 2017) Principal Clerk of the General Assembly
- **Angus Morrison** (until May 2017) Past Moderator of the General Assembly
- **Russell Barr** (from May 2017) Immediate Past Moderator of the General Assembly
- **Martin Johnstone** Secretary, Church and Society Council; Interim Secretary (from March 2017), Mission and Discipleship Council
- **Jayne Scott** Secretary, Ministries Council



Sunset at Milestone Community Church, Orkney. Photo, Rev David McNeish.

## Scottish Charity Number

---

SC011353

## Principal Office

---

121 George Street  
Edinburgh  
EH2 4YN

## Professional Advisors

---

### Auditors

**PricewaterhouseCoopers LLP**  
(Group Auditors)  
Chartered Accountants  
and Statutory Auditor  
141 Bothwell Street  
Glasgow  
G2 7EQ

**PricewaterhouseCoopers**  
(Auditors of Israeli Subsidiaries)  
Shufat Street 5  
East Jerusalem  
Palestinian Territories

### Bankers

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

**The Bank of Scotland**  
The Mound  
Edinburgh  
EH1 1YZ

**Bank Hapoalim**  
45 Hamelach Street  
Netanya 42505  
Israel

**Mercantile Discount Bank Ltd**  
PO Box 1292  
103 Allenby Street  
Tel Aviv 61012  
Israel

### Investments

**The Church of Scotland  
Investors Trust**  
121 George Street  
Edinburgh  
EH2 4YN

---

God make us instruments of your peace;  
where there is hatred let me sow love;  
where there is injury, pardon;  
where there is doubt, faith;  
where there is despair, hope;  
where there is darkness, light;  
and where there is sadness, joy.

Grant that I may not so much seek  
to be consoled as to console;  
to be understood as to understand;  
to be loved as to love.

For it is in giving that we receive;  
it is in pardoning that we are pardoned;  
And it is in dying that we are born to eternal life.

Prayer of St Francis

---