



The Church of Scotland

**JESUS SAID:
FOLLOW ME!**

**and I will make you
fish for people.**

**And immediately they
left their nets and
followed him.**

The Church of Scotland Unincorporated Councils and Committees
Annual Report and Accounts 2018

contents



Work begins on CrossReach's new education campus



The Right Rev Dr Susan Brown, Moderator of the General Assembly



Pastoral Care Conference



Year of Young People 2018

Trustees' Report

- 02 | Foreword
- 05 | Overview
- 08 | The Year in Brief
- 12 | Who we are
- 14 | What we do
- 26 | Accountability
- 32 | Financial Review
- 39 | Auditors' Report
- 41 | Financial Statements
- 83 | Reference and Administrative Details

The Scripture quotations are taken from the New Revised Standard Version Bible, Anglicized Edition, copyright © 1989, 1995 National Council of Churches of Christ in the USA. Used by permission. All rights reserved.

Photography, Andrew O'Brien
www.andrewobrien.photography

Foreword

Letter from Dr Sally Bonnar: Convener



“Follow me” said Jesus. These are very familiar words to us. Perhaps at times they are too familiar and we have forgotten the challenge they represented when first spoken. The fishermen to whom those words were addressed began new lives at once, embarking on a path of discovery to understand what following Jesus really meant and how they might become fishers of people. That same path has continued to be walked by the church worldwide for around two millennia.

This report focusses on the Church of Scotland’s journey through 2018. What we see is an incredible depth and breadth of service provided by more than 335,000 members individually, together and in partnership with others. The work of the body of Christ is here in all its exciting diversity and creativity.

However, echoing the experiences of Andrew, Peter, James and John, and the millions of women and men who have followed Jesus over the centuries, the Church’s journey in the past year has not been without its challenges. Our resources, both human and financial, are under pressure and we are having to consider very carefully what we should leave behind as we move forward.

Much time has been taken in responding to a call from the 2018 General Assembly for radical change and in trying to discern a shared direction of travel for the Church. This is not an easy task and has rightly involved prayer and reflection as well as extensive consultation. We are very grateful to all of those from across the Church who have asked questions, listened, critiqued and affirmed as we have sought to bring forward a radical action plan. The setting up of a Special Commission to look at governance within the Church is also helping to shape and refine the plan which is to be presented to the 2019 General Assembly. I would like to record the Trustees’ thanks to all who have participated in these important areas of work.

This path may at times be difficult to navigate, with obstacles and

problems along the way, but the journey is exciting, purposeful and rewarding, travelled in the company of friends and with Christ as our guide. I hope that you will take encouragement from the Church of Scotland’s journey through 2018.

Dr Sally Bonnar
Convener, Council of Assembly

“The work of the body of Christ is here in all its exciting diversity and creativity.”

A photograph of a sandy beach with numerous footprints leading from the foreground towards the ocean. The sky is clear and blue. The text is overlaid on the image in white, bold, sans-serif font.

JESUS SAID:
FOLLOW ME!

**and I will make you
fish for people.**

**And immediately they
left their nets and
followed him.**

Mark 1: 17-18



 The Church of Scotland

CHURCH OF SCOTLAND WOMEN IN MINISTRY
CELEBRATING 50 YEARS OF ORDINATION, 1968 - 2018

www.churchofscotland.org.uk

Overview

The Church of Scotland is a national Church providing ministry, care, witness and service across the whole of Scotland and engaging in other parts of the UK and across the world. It has been a significant part of the life of Scotland for more than 450 years.

The Church of Scotland today works in partnership with others, including churches from around the world, ecumenical partners, interfaith networks, charities and individuals. It engages with Government and civic society, believing that the Good News of Jesus is relevant within the spheres of politics and decision-making, as well as in our local communities and congregations.

The overarching objectives of the Church of Scotland are to worship God and to participate in Christ's ongoing ministry or, put more simply, to follow Jesus. That call to follow is personal but it is also a call to the Church as a body to discern the direction of travel and to be purposeful in moving forward together. In every age, that call to follow Jesus is a profoundly challenging one – it is about turning the world upside down (or the right way up) – and the road is a narrow one. It is not for the faint-hearted.

The Unincorporated Councils and Committees of the Church of Scotland (UCC) implement policy decisions of the Church's highest court – the General Assembly – and support, resource and serve the Church in a myriad of ways. This work includes the promotion and resourcing of worship, prayer and discipleship; the recruitment, support, training and development of ministers and staff; engagement with society, the world church and ecumenical partners; theological reflection and creative thinking; delivery of social care; provision of financial and legal services; church law advice and related judicial procedures; and regulatory compliance, audit and safeguarding services.

As one of Scotland's largest charities, the UCC was responsible in 2018 for expenditure of £121.2m.

Much of this resource was directed towards providing ministry and to encouraging, facilitating and supporting local congregations which, in turn, helped those in our communities in need of pastoral or practical support. The relationship between the UCC and the congregations of the Church is two-way: it is the regular giving of Church members that enables the UCC to redistribute resources across the whole Church to support every parish for ministry and service.

A similar sum was directed towards providing social care through CrossReach. The vast majority of the money expended was brought in by local government contracts for delivering care services and through grant funding awarded by the Scottish Government and other grant making bodies.

The Church continues to face financial challenges in relation to the level of funding available. 2018 saw a reduction in offerings and overall ordinary income and pressures on social care provision.

The detailed accounts of the UCC for the year ended 31 December 2018 are presented in this report on behalf of the charity trustees in accordance with the accounting policies set out in Note 1 to the Financial Statements. We hope readers will find the information accessible and helpful.

The Church is its people: the members, adherents, elders, ministers, staff, volunteers and countless others who participate within the life of their local congregations and who live out their faith in their everyday activities. We rejoice in having over 335,000 admitted members,

My Father is glorified by this, that you bear much fruit and become my disciples.

John 15:8

including around 27,500 elders delivering local leadership. There are around 800 Ministers of Word and Sacrament serving in parishes and chaplaincies, 115 ministries development staff, along with 370 readers, deacons and ordained local ministers (OLMs) all serving our parishes. Further support is provided by around 2,000 paid professional and administrative staff made up of 240 in the Church's national offices and the remainder working for CrossReach, our social care arm. More than 400 Church people serve on the UCC bodies, bringing their professional skills and experience of the local and regional church to bear in the national structures.

Much of what the Church manages to achieve would be impossible without the supportive work of thousands of other volunteers. They contribute to community events, food banks, lunch and friendship clubs, after-school services, fund-raising and many more ventures. The Church of Scotland has the largest number of volunteers for a charity in Scotland, and this is something to celebrate.

The Church is indebted to all of those who give their time and talents to serve in many different ways.

We take great encouragement from evidence of wide participation, creative engagement and new life in many places – where churches are reaching beyond their membership, buildings and comfort zones to demonstrate God's love in ways that are meaningful, relevant and beneficial to their communities. There is much to be thankful for, but there are also matters of concern to be addressed. As a Church, we must always be reflecting and reforming in order to respond to the present-day call of Jesus to 'follow'. As a charity, we must be confident that our structures and governance processes are as effective as possible. These matters have been the subject of much discussion within the Church in 2018.

The General Assembly, when it met in May, debated the Council of Assembly's draft strategic plan for the Church, *Worshipping God, Inspiring Faith, Connecting People*. The General Assembly concluded that a more radical action plan for the period 2019-2022 was needed to achieve immediate change within the Church, and asked

the Council of Assembly to bring a plan to the next General Assembly. This has been the Council's major focus over the past year and its draft radical action plan will be submitted to the General Assembly in May 2019.

In the course of that debate at the Assembly, the effectiveness of the Council of Assembly was questioned. The Trustees serving on the Council rightly reflected on this question and subsequently sought an independent review of current governance structures.

The UCC's governance arrangements are rather more complex than those that might commonly be found in a large charity. Each of the councils and committees within the UCC report annually to the General Assembly and are ultimately responsible to that court of the Church. Sitting fully within the structure is the Council of Assembly with a remit to (a) co-ordinate, support and evaluate the work of those same councils and committees; (b) assist the General Assembly in determining and implementing policies; and (c) take necessary administrative decisions in between sittings of the General Assembly. Since 2010, the Council of Assembly has had a further role with its voting members serving as the charity trustees for the UCC and therefore exercising general control and management of the administration of the charity. The complex nature of the organisation – as a Church and also a registered charity – raises particular challenges to ensure that both perspectives are recognised, regulated and resourced so that all parts work together for the common good.

A Special Commission was subsequently established to take forward this review, commencing its work in November. Its findings will be submitted to the 2019 General Assembly. The Council welcomes the review, acknowledging the need to ensure that the Church's structures and processes are lean and fit for purpose to lead reform at a time when great change is needed.

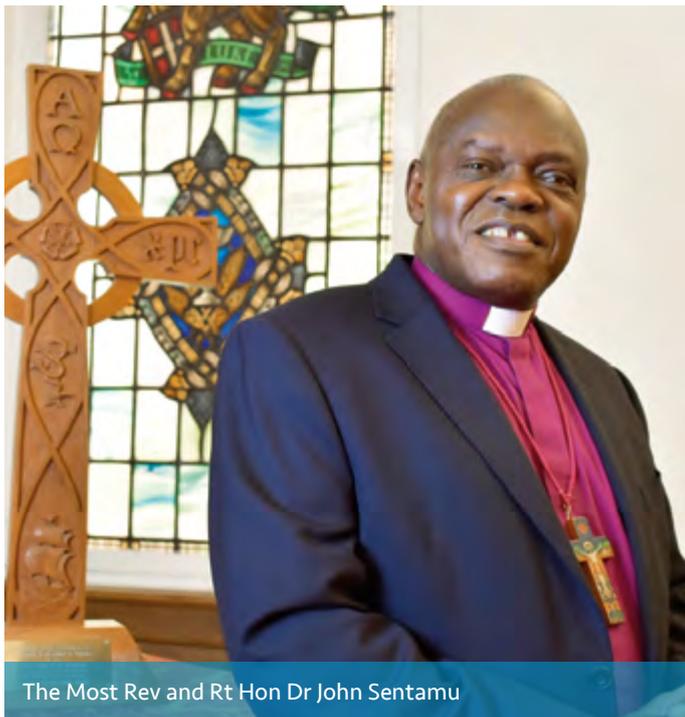
The Council of Assembly's oversight and management of the UCC, in the meantime, has continued to be exercised with diligence and the work of the Church has continued to be taken forward with passion and creativity, as demonstrated in this report under the broad headings of *Worship, Active Discipleship and Engaging with our Neighbours*.

For surely I know the plans I have for you, says the Lord, plans for your welfare and not for harm, to give you a future with hope.

Jeremiah 29:11



The Year in Brief



January

The Year of Young People 2018 was launched with special services organised across the Church of Scotland. These were followed by events and celebrations held throughout the year.

A new pioneer minister to the farming community, Rev Chris Blackshaw, was inducted into his role in the Presbytery of Ayr.

The Gaelic group promoted the emerging Gaelic language plan, which was informed by a comprehensive survey on the use of Gaelic within the Church of Scotland.

February

Robin Downie, in his role as Moderator of the National Youth Assembly, visited Israel, Palestine and Jordan as part of a delegation led by the Moderator of the General Assembly, then the Rt Rev Dr Derek Browning. During the trip, the group met with Jewish, Christian and Muslim young people and learned something of their experiences.

The Moderator, then the Rt Rev Dr Derek Browning, hosted a reception at the Scottish Parliament to celebrate the contribution of young people to society.

March

A new publication - *Diverse Gender Identities and Pastoral Care* - was launched to help congregations provide pastoral support to people who identify as being transgender and their friends and families.

The Archbishop of York, the Most Rev and Rt Hon Dr John Sentamu, attended a consultation between the Church of Scotland and the Church of England to consider the future shape of mission.

The Scottish Churches Parliamentary Office (SCPO) launched the Meet Your MP initiative which is designed to build links between congregations and their representatives in Westminster.

April

Six new Guild projects were announced, four of which would focus on younger people both at home and abroad. Another project would see CrossReach and the Guild working together to tackle loneliness and isolation and encourage mental wellbeing. All six projects will receive fundraising support over the next three years.

The World Mission Council embarked on a trip to Nepal as part of their Let Us Build A House initiative which by the end of the year had raised over £475,000 through the generous donations of Church of Scotland members.

May

The General Assembly took place in Edinburgh, including the Heart and Soul celebration which included a youth event on the Saturday evening preceding the main festival on the Sunday. The General Assembly took time to mark fifty years of the ordination of women as Ministers of Word and Sacrament. This was recognised with special events including a pre-Assembly conference and a women-led procession up The Mound to the General Assembly Hall on 22 May – exactly fifty years to the day since the historic decision was made.

June

Rev Dr Richard Frazer, convener of the Church and Society Council, joined Christians from churches across Europe to gather in Novi Sad, Serbia, for the General Assembly of the Conference of European Churches. As part of a moving ceremony of commemoration, forgiveness and hope that included a peace procession and tree planting, Dr Frazer co-led prayers beside the River Danube on the site of a rebuilt bridge which had been destroyed by NATO bombing in 1999.

July

The Moderator, the Rt Rev Susan Brown, supported more than 44,000 people who had signed a petition calling on the Home Office to allow the Bakhsh family to remain in Glasgow having fled Pakistan in 2012 over the strict blasphemy laws. The Bakhsh family, and the Church, feared that their lives may be at risk if they were forced to return home.

A new children and youth worker, Ellen Weir, was inducted into the Presbytery of Shetland. The appointment came as Shetland continued to explore establishing a single parish for the islands.

August

Tamsin Dingwall was installed as Moderator of the National Youth Assembly during its annual meeting at Gartmore House in Stirlingshire. Around eighty 17-25 year olds with a connection to the Church discussed three key topics: end of life issues, ecumenism and social media.

The Guild's Annual Gathering returned to the Caird Hall in Dundee for a day of music, hymns, communion, reflections, guest speakers and project updates. Around 1,900 Guild members were in attendance.

September

A new environmental chaplain, Rev David Coleman, was inducted into his role, urging people to read the Bible with "green specs" in a bid to encourage churches to take action against climate change.

The Church of Scotland hosted a celebration in the Scottish Parliament of the difference that young people are making in churches and communities across Scotland.

October

The Rev Colin Sinclair of Palmerston Place Church in Edinburgh was announced as Moderator Designate of the 2019 General Assembly.

November

The Church of Scotland gathered for a National Day of Prayer on 3 November to pray for our congregations, communities and the future of the Church.

Congregations marked the Centenary of the Armistice of the First World War with moving poppy displays created by church members, local communities and ex-servicemen and women. More than 280 photographs were sent to the Church of Scotland's Facebook page.

CrossReach's new education campus – Erskine Waterfront – was opened, providing a high standard of education for up to thirty-six children who need additional support.

December

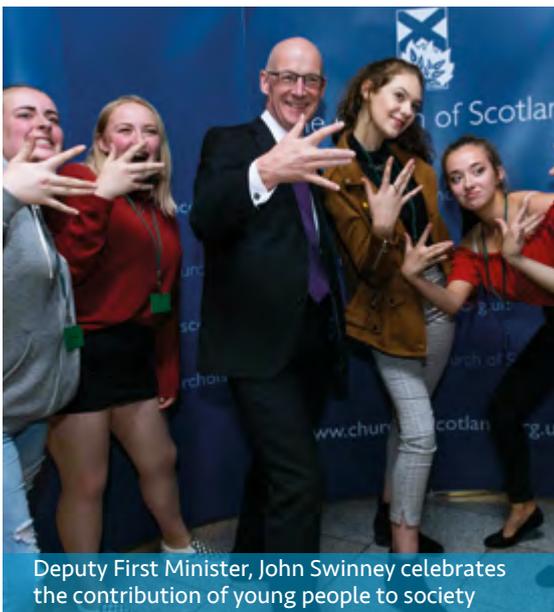
The Church of Scotland's Advent calendar – Celebrating the Greatest Gift this Christmas – launched with a selection of themed prayers and stories on topics such as loneliness, joy, new life, peace and homelessness.



Right Rev Dr Susan Brown with the Bakhsh family



National Youth Assembly



Deputy First Minister, John Swinney celebrates the contribution of young people to society



Rev Colin Sinclair, Moderator Designate



Marking the Centenary of the Armistice of the First World War



Advent 2018

Who we are

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 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 provide benefit to the people of Scotland and to 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 the General Assembly 2015, p 12/28)

He has shown you, O mortal, what is good. And what does the Lord require of you? To act justly and to love mercy and to walk humbly with your God.

Micah 6:8



So we, who are many, are one body in Christ, and individually we are members one of another. Romans 12: 5

What we do

Responding to the call of Jesus to follow is at the heart of the Church of Scotland's activities. God's mission is faithfully taken forward by hundreds of thousands of people in our congregations, our regional presbyteries and our national bodies which support local congregations and ensure that the Church is visibly present and active in national and international spheres. Our journey through 2018 is highlighted below:

Worship

Following Jesus begins with worship: acknowledging God, expressing our praise and putting him at the centre of all that we do. The Church promotes different forms of worship and supports these in a range of ways. From traditional services to Messy Church and online church at Sanctuary First, there are worship opportunities to suit everyone.

Weekly online resources for worship leaders continue to be produced providing Bible commentary, sermon ideas, prayers and music suggestions. These are accessed and appreciated by a wide audience from around the world, as well as by our own ministers and congregations.

Our ministers are being supported and developed in their work by the Ascend service which was introduced in 2017 and further embedded throughout the course of 2018. We are delighted to report that Ascend was shortlisted for an HR Network Award for Organisational Development of the Year. This service includes ministerial development conversations, pastoral supervision, coaching and spiritual accompaniment, postgraduate funding and study leave. April 2018 saw Ascend's first Preaching Today conference which was

run in partnership with New College, University of Edinburgh. This event was well received, focussing on areas such as the role of preaching from a Reformed position and imaginative use of the Lectionary, and provided a forum for reflection, discussion and exploration around preaching.

A review was undertaken in May to evaluate the impact of the ministerial development conversations which were intended to encourage ministers to reflect on their ministry and to take steps to focus on priorities and make any changes needed. Feedback indicates that this initiative has been the catalyst for change and increased confidence by many participants.

Challenge Poverty Sunday was held in October to encourage all congregations to recognise that poverty exists in every community and to consider, within the context of worship, how they might challenge it. Short films reflected how Priority Areas congregations were responding to deprivation in their own communities with reference to the seven main indicators in the Scottish Index of Multiple Deprivation. Congregations were encouraged to view these films during Sunday services as a way of highlighting the direct link between worship and faith in action.

This connection is palpable within the Church's social care provision, delivered through CrossReach. Care is provided to people of all faiths and none and individual choice is always respected, but opportunities to take part in worship are offered in each service unit and the Sunday service is a highlight in many of the care homes for older people. These allow the residents and their families to continue to express their faith together. For those with dementia, following the traditions of a worship service, from singing well known hymns, hearing God's word and celebrating the sacrament of communion, can enable them to remain connected to that part of themselves which is rooted in Christ. In other care settings more creative ways of enabling worship are encouraged: a small chapel in the Tom Allan Centre contains self-guided worship resources which help clients connect with their faith; specialist materials have been developed to support and promote worship in the learning disability services; and in the addictions services many service users speak of attendance at worship as a means of reconnecting with a life of hope and leaving the old behind.

The Church's social care mission officer continues to encourage connections





Enter his gates with thanksgiving, and his courts with praise. Give thanks to him, bless his name. Psalm 100: 4

between the national provision of social care, through CrossReach, with that offered in local congregations in parishes across the land. This post supports the development of local church social care initiatives and provides worship resources around the themes of social care and social justice.

The Moderator's week with CrossReach was complemented by resources for worship produced by staff and service users. The theme Two is Better than One considered the power of partnerships and the value of relationships in supporting those in greatest need. The week's main service came from Oversteps Care Home in Dornoch as part of its own 60th anniversary celebrations, and the Moderator, the Rt Rev Susan Brown, was particularly delighted to participate on home ground.

The Church of Scotland Guild welcomed over 600 new members in the 2017-18 session with further members reported in the early part of the 2018-19 session. These new members, along with those already involved, are aided in their worship by resources for planning, bible study and theological reflection around the work of the Guild and its projects, some of which are highlighted later in this report.

The Church continues to support the work of the Scottish Faiths Action for Refugees (SFAR). A theological reflection on migration entitled Being Human Together was produced by SFAR and Christian Aid in May. This paper is written from a Scottish context and explores the realities of migration through four reflective practices: lament; wrestling and reconciling; reciprocal hospitality; and pilgrimage. It is designed for preachers, worship leaders and anyone who wants to think more deeply about what their own faith and experience might have to say to the current global changes resulting from mass displacement because of violence, climate change or poverty.

The General Assembly welcomed a report looking at the growth of Christianity in Sub-Saharan Africa and at what the Church of Scotland can learn from this. The report contained six key themes: Bible study; prayer and testimony; evangelism, discipleship and commitment; repentance and reconciliation; faith in social action; and worship and lay participation. Many churches in Scotland already focus on these expressions of faith, but it is good to be challenged to reflect on our own practices and priorities so that we might grow in our faith and in our ability to share it with others. The World Mission Council has produced Bible study



resources to aid exploration of these themes and has been engaging with other councils to consider further application of the material, including within the developing radical action plan.

Prayer is a central tenet of our faith and has continued to be promoted as the Church seeks God's will for the way ahead. Under the Together We Pray initiative, congregations were encouraged to hold special events around a National Day of Prayer on 3 November to pray specifically for our communities, our congregations and the wider Church of Scotland. The Moderator contributed a Prayer for the Church which reminded us that God is still at work – still planning; still promising. Participants were resourced to have Conversations in Prayer: to gather and reflect on how our everyday lives shape the way we meet God in prayer. The Pray Now – Together We Pray publication for individual and corporate use considered how prayers found in Scripture resonate in our own context and communities.

Also in November, the Church of Scotland joined the Thy Kingdom Come global and ecumenical prayer movement which invites Christians around the world to pray between Ascension and Pentecost for more people to come to know Jesus. We look forward to full participation in that initiative in 2019.

Let the word of Christ dwell in you richly; teach and admonish one another in all wisdom; and with gratitude in your hearts sing psalms, hymns, and spiritual songs to God. And whatever you do, in word or deed, do everything in the name of the Lord Jesus, giving thanks to God the Father through him.

Colossians 3:16-17

Active Discipleship

Being a follower of Jesus is an active, exciting and fulfilling way of life. In the same way as those early believers stepped out in faith and dedicated their time and energy into spreading the Good News of Jesus, the Church and its members today carry out that work in obedience to Christ's call to follow.

That mission is taken forward by the worldwide church, so the Church of Scotland's relationship with other denominations and ecumenical bodies within Scotland, the UK and across the world is integral and deeply rooted. The prayer of Jesus for his disciples provides the inspiration for the Church's ecumenical work:

'I ask not only on behalf of these, but also on behalf of those who will believe in me through their word, that they may all be one. As you, Father, are in me and I am in you, may they also be in us, so that the world may believe that you have sent me.' (John 17: 20-21, NRSVA)

At the heart of this prayer is the call to unity. The Church of Scotland's response to that prayer has been a matter for reflection by the Ecumenical Relations Committee whose renewed Ecumenical Policy was affirmed at the General Assembly. The policy encourages a new mind-set in terms of the Church's ecumenical life, seeking to place an ecumenical understanding of the work of the Church at the heart of its self-understanding, rather than as an add-on. The policy commits the Church of Scotland to support the principle that at local, regional, national and international levels, churches ought to act together except where deep differences of conviction compel them to act separately. At a local level, in particular, the policy affirms

the development of flourishing relationships which are realised through the sharing of the gifts that God has given to the people of God. The hope is that this will better enable our sharing in the mission of God through the ministry of the people of God.

Within our own denomination, Path of Renewal is working with 52 congregations, encouraging them to be more vibrant, to focus on forming people in faith and to connect with their wider communities. This work has highlighted the importance of creating time and space for people to listen to God; the vital role of local leadership and the need to reduce dependence on ordained ministers; the value of all generations within the body of Christ; the benefits to the whole congregation of intentional investment in key local leaders and of collegial working; and the need for innovation and experimentation. Having a diverse group of congregations engaged with Path of Renewal has demonstrated hopeful signs of growth and the beginnings of cultural change as the Church responds in new ways to Christ's call to follow.

Discipleship is an ongoing process by which we grow in faith and are equipped by the Holy Spirit to become more and more Christ-like. Many of our members came to faith as children and young people and were supported in their faith journey by the Church, perhaps over decades when Sunday Schools were bigger and children were routinely brought to church each week. The Church today relates to children and young people in lots of different ways, using new methods in a variety of contexts. Whether the format is Messy Church, uniformed youth organisations, the GK Experience, the

Shed, the National Youth Assembly or the Daisy Chain Project, the core message and inspiration is the Good News of Jesus.

The Church's understanding that all children must be baptised prior to sharing in the Lord's Supper was re-examined by the Theological Forum and a report submitted to the General Assembly in May. The Assembly reaffirmed that understanding, whilst recognising that church law continues to allow the offering of Communion to unbaptised persons as part of the Church's mission.

This conclusion endeavours to uphold both theological and pastoral considerations: the theological logic and order to the sequence of baptism before Communion, and the spiritual value of seeking participation in Communion. In support of that balance, the General Assembly also instructed the development of creative, instructive and grace-filled pathways for the spiritual development of children and young people in order to support congregations in welcoming them to the Lord's Table. This further work is underway.

The Church continues to encourage an intergenerational approach within the life of its congregations and national bodies to promote mutually beneficial activities and greater understanding between generations, but there remains an important place for focussed programmes and events geared towards specific groupings, and just a few from 2018 are highlighted here:

The annual National Youth Assembly (NYA) saw approximately 80 young adults (aged 17-25) from across the Church gather at Gartmore in

August where they considered social media, end of life issues and being ecumenical. The NYA gatherings have been a source of encouragement and fellowship for those participating over the years of its existence, but the Church is now seeking to develop new ways to help its young people grow in their faith. A working group, comprising seven young people and seven members of the Mission and Discipleship Council, brought an interim report to the General Assembly in May which considered the vision, scope, structures and resourcing that engage young people in spiritual formation and decision making processes at all levels of the Church, with a view to putting in place a new programme to succeed the NYA from 2020 onwards. The group is continuing to consult widely as it prepares to bring proposals to the 2019 General Assembly.

The Scottish Government's Year of Young People initiative has prompted various events and activities within congregations and in the wider Church. There are many heartening stories from congregations of the impactful initiatives they have undertaken to involve children and young people more in the life of the Church. A number of national and regional events were held, utilising the expertise of Andy Root, a key thinker in the area of ministry with children and young people. These events focussed on faith formation in a secular age and saw over 100 delegates wrestle with how they might enable children and young people to follow Christ. Videos of the talks were recorded so that a wider audience might benefit from the teaching.

The Guild's strategy for 2018-21 is One Journey, Many Roads and its theme for 2018-19 is Seeking the Way. In this session, the Guild has been celebrating many things in its continuing journey along many roads. The Annual Gathering in Dundee attracted around 2,000 people sharing a day of worship, joy and fellowship. Big Sings were held in Airdrie in November, and in Edinburgh at the General Assembly and at Christmas. Roadshow events in Arbroath, Forfar, Fraserburgh and Stonehaven, and other resource days, provided an opportunity to share material, ideas and encouragement. Six exciting new partnership projects were launched that will work in Scotland, Malawi, Zambia and India. These will bring new issues before the Guild and the wider Church and will, it is anticipated, follow in the footsteps of the previous three years' projects which raised over £750,000.

In June, the Learning Disability Working Group held its third conference, listening to those with learning disabilities about the importance of their personal faith, their love of church and the ways in which it has enriched their lives. The Music For All sessions were particularly appreciated as participants had fun exploring how to worship inclusively. The working group has a range of resources to help congregations including discussion starters, a film and an action pack.

The Rural Resourcing Roadshows have been all over the country, including Sutherland, Lochaber, the Scottish Borders, Perthshire, Moray, Fife, Kincardine, Lothian, Dumfries, Stranraer, Uist and Orkney. The Rural Working Group has enjoyed meeting hundreds of

faithful people who are keeping rural churches active in their more isolated communities. The group shared new resources and took the time to find out from the grassroots what are the major challenges and opportunities of rural ministry and what can be done to help.

In March, the first Priority Areas Learning Community was launched in partnership with the Cairn Movement. This two year process brings together up to ten churches on a journey exploring the principles of discipleship and mission. It creates space for teams to reflect on their practice and become more effective and intentional about creating disciples. This exploration is aided by material from Mike Breen which promotes a process of investing in people to increase their ability to lead and disciple others. The participating churches take part in four gatherings, and ongoing coaching is provided for team leaders. One key factor is that teams of people from each church participate, rather than individuals, thereby supporting the process of embedding change within each congregation.

Jesus calls His disciples to work with Him, to serve others and, in doing so, to become more like Him. This close relationship between being and doing continues to be embodied in the Church's social care work, taken forward primarily by CrossReach, the operating name for our Social Care Council. Professional staff and volunteers within CrossReach practice active discipleship by stepping into the lives of people who are living with challenging circumstances and walking alongside those recovering from addictions, experiencing mental health

problems, dealing with dementia or taken into care as a result of family breakdown. Christ's love is demonstrated in the care given to people in their own homes, in care homes or in other centres located in communities across the country.

CrossReach employs around 2,000 members of staff in a variety of roles, supported by over 340 volunteers. 77% of CrossReach's expenditure is directed towards staffing costs. The direct contribution to CrossReach from the Church, through its Ministries and Mission Fund, has allowed additional provision for a living wage to be paid to care staff – something which is not covered by other funding agreements.

Staff members are trained in areas including counselling, recovery, care work, teaching, child development and dementia. They work in prisons, schools, people's homes, church halls and care homes so that those who are hurting can experience healing, those who are marginalised can feel included and those who are distressed can find comfort.

At its awards event in 2018, CrossReach recognised 124 members of staff who had received a professional qualification in the last year and paid tribute to those recognised for exceptional service in their own areas of work and volunteering. It is encouraging to report that, in many of its services, people who received support from CrossReach in the past are now serving as members of staff themselves, bringing their own experiences to bear on the specialised work they take forward. The Adult Care Team runs a recovery volunteers programme, equipping people who are in recovery from an addiction with the skills and opportunities needed to get into work and build a new life. The recovery volunteers act as mentors to others at the start of a recovery journey. Staff and volunteers alike talk about the joy that is experienced in reaching out to others in need of support, recognising that this is part of God's mission exercised through the Church.

CrossReach depends on the generous support of people who are moved to reach out to others. The active supporters programme provides an opportunity for regular giving and involvement in community events.

In the last year these have included abseiling down the Forth Road Bridge, marathons, cake bakes and craft-athons. CrossReach supporters raised £500,000 in 2018 and, as a result, helped transform thousands of lives. During Advent, congregations and individuals were invited to become Christmas 'guardian angels' in CrossReach's first Church-wide appeal; this project will be further built upon in 2019.

Caring for others is something that the Church does every day in every parish and community. Supporting those who provide that care was the focus for the second Learn: Pastoral Care conference in November which attracted 460 delegates. Participants were supplied with resources, practical guidance and information on themes including relationships and separation; loneliness and isolation; caring for children and young people; mental health struggles; dementia; caring for the terminally ill; and bereavement. Whilst this is challenging work, the Church is privileged to provide practical and emotional help in Christ's name to people in many settings and in the midst of many different issues.



In the same way, let your light shine before others, so that they may see your good works and give glory to your Father in heaven.

Matthew 5:16

Engaging with our neighbours

As disciples of Jesus, we are called to love God and to love our neighbour. We should be known for our love. The Church's engagement with its many neighbours has borne fruit in different ways and places in 2018. Partnership working is continuing to grow, providing opportunities for greater sharing and learning, not to mention its increased impact within our communities, our nation and the wider world.

The Church of Scotland continues to lead a national multi-faith refugee co-ordination project called Scottish Faiths Action for Refugees. This project works closely with Christian, Jewish, Muslim and other interfaith organisations to support action by faith groups seeking to work with or in solidarity with asylum seekers and refugees. In April, the project joined with a range of civil society organisations including the Scottish Refugee Council, Oxfam, Amnesty International, Christian Aid and Refuweegee to put on the Scotland Welcomes Refugees Gathering in Renfield St Stephen's Church in Glasgow. More than 250 participants attended, representing welcome groups in areas receiving refugees, activists and campaigners, poets and storytellers as well as New Scots – people who have been forced to leave their home and now live here in Scotland. One action coming out of that day has been the creation of the new Scotland Welcomes Refugees Facebook group, allowing participants and other supporters to keep in touch and share news, events and ideas.

In the course of the year, the Church of Scotland, the Scottish Refugee Council, the Workers' Educational Association Scotland and the Bridges Programme made a successful bid for grant funding from the European Union Asylum, Migration and Integration Fund to support refugee integration projects in Scotland. The project began in October and will run for two years. The Church of Scotland has received additional financial resource to employ staff and help to deliver faith-based community development and awareness-raising work, developing the connections that already exist through Scottish Faiths Action for Refugees.

Interfaith working and dialogue continues to be a key area of engagement for the Church within the context of society today. We were part of a landmark project coordinated across five European countries to develop training for youth workers in relation to hate speech. The main partner organisation for this project in Scotland was Interfaith Scotland, with a focus on religious discrimination. Over the course of 2018, more than 100 youth workers were

trained, including 15 parish ministers and ten youth workers employed by the Church of Scotland. The focus of the training is to better understand the issues involved and to develop methods to deal with them. The aim is to roll out the training across Scotland in a way that caters to specific parish contexts. The Moderator, the Rt Rev Susan Brown, attended the training and drew particular attention to the need to include less diverse parts of the country where minorities are more isolated and in need of support and solidarity.

A conference for candidates in training for ministry considered interfaith relations, with Dr Farkhanda Chaudhry (Corporate Equalities Officer, East Renfrewshire Council) and the interfaith officer providing an innovative session that explored issues of diversity, conflict within communities and values. The purpose of this training was to reflect on how a minister might be best placed to help mitigate the effects of conflict and stand up for those most affected.

Last year it was reported by Interfaith Scotland that, of the 200 events coordinated by faith communities and interfaith groups across Scotland in 2017, only a small number were held by or in churches across the denominations. In 2018 there has been a concerted effort, therefore, to increase the role and visibility of the Church of Scotland's engagement in such events.

Interfaith Week saw a visit by the interfaith officer to a launch event in the Town House, Aberdeen. This explored 2018's theme of Connecting Generations and involved speakers who reflected on the way in which faith could bring together people of all ages. Later in the same week, the Moderator and interfaith officer joined an ecumenical delegation of Church leaders to a Giffnock synagogue, enjoying a tour conducted by Rabbi Rubin followed by time for dialogue and sharing. The hope is that a visit of this nature will become an established part of Interfaith Week.

Collaboration between the Sikh community, the Church of Scotland's gender justice officer and the interfaith officer led to an event entitled Forgotten Voices which was held in the Church's Scottish Storytelling Centre. This explored three women of faith – May Pollock Grant, Dr Dorothea Chalmers Smith and Princess Sophia Duleep Singh – who had taken up the struggle of women's suffrage at a critical moment in British history. Of key importance was to highlight that women of diverse backgrounds played a part in this movement. Events exploring Jewish, Hindu and Muslim suffragettes are planned for 2019.

In September, the Moderator visited Hillington Park Church in Glasgow as they prepared their regular community meal in partnership with Police Scotland's Muslim Association and Glasgow South West Foodbank. This partnership working across different faiths and agencies to meet basic needs within the community conveys a powerful message.

Also in September, the Moderator, gender justice officer, interfaith officer and staff from Amina Muslim Women's Resource Centre collaborated to hold a walk in Queen's Park, Glasgow followed by dialogue over tea. Amina serves and advocates for Muslim women and has been awarded funding from the Scottish Government to hold interfaith outreach events entitled Tea With Me, the aim being to host casual dialogues between Muslim and non-Muslim women. The Moderator's theme - 'Walking with' – aligned well with this collaboration and exploration. The event was attended by over 30 people who shared experiences and challenges and reflected on what united them as women of faith, as well as on the differences. BBC Scotland covered the story and it is hoped that further events like this will follow.

In November, the Church was represented at the annual Interfaith Leaders' Summit with the First Minister, Nicola Sturgeon. The theme was Connecting Generations. Discussion considered how faiths made those connections and how they might do it together. Existing interfaith collaboration on critical issues such as food poverty, hate speech and religious discrimination was recognised.

The impact of the antisemitism crisis that unfolded within the Labour Party during the summer was the focus of an event run by the Council of Christians and Jews. The discussion examined Jewish-Christian relations in light of this matter and gave voice to the anxieties of the Jewish community. This issue remains a key priority for the interfaith officer's work going forward as the Church continues its ongoing dialogue with the Jewish community and learns from them a deeper understanding of antisemitism and how to recognise it within our own organisation.

Integrity, the Church's Violence Against Women Task Group, works to ensure that there is a strategic and effective approach to tackling violence against women, girls and children across the national structures of the Church and in our congregations and communities. In 2018, the group developed a number of tools for use by local congregations and ran a series of workshops to test these resources to ensure that they are relevant, useful and helpful to our members. The resources were launched to mark the international 16 Days of Activism to End Gender Based Violence campaign and are available on the Church's website.

An event at the Scottish Parliament in September, hosted by the Church, showcased and celebrated the many different ways that churches were involved in the Year of Young People. MSP Ross Greer and NYA Moderator Tamsin Dingwall chaired the evening and Deputy First Minister John Swinney MSP was one of the keynote speakers, saying:

"The Church of Scotland has been incredibly active in 2018's Year of Young People. It has run events and celebrations throughout the year at local, presbytery and national levels and is delivering some of the most creative and innovative youth work in Scotland. This has highlighted the invaluable contribution young people make in Scotland, and the significant role of the Church in helping to achieve this."

Over 200 people attended this event, at least half of whom were young people associated with the Church. Projects from across Scotland highlighted the creative and innovative work that the Church does alongside young people as one of the country's largest and most socially engaged organisations. The Church recognises that Scotland's young people are outstanding, and is committed to young people flourishing.

Engagement with the world church continues to enrich the Church of Scotland in many ways. 2018 saw the culmination of a three year initiative to bring together families from Scotland and the Czech Republic to learn and share faith with each other. The Balaj family from Livingston benefited from this exchange, finding the programme's summer camps to be an opportunity to help their children develop a strong living faith. After two camps in the Czech Republic in 2016 and 2017, the programme moved to Scotland in 2018. Participants enjoyed sport, art, crafts and time to get to know each other. Each day started and ended with worship for the whole family. Over the three years, the relationships between the families have grown stronger and a sense of fellowship has increased. Twinning possibilities between two congregations are being explored to build on these connections.

Eleven leaders from the Presbyterian Church of South Sudan and Sudan (PCOSS) visited Scotland in March 2018 for a two and a half week programme focusing on training in mediation and trauma healing, working with Place for Hope, and included a spiritual retreat and engagement with the Church of Scotland. The World Mission Council has been journeying with the PCOSS on a peace and reconciliation programme since the Very Rev Dr John Chalmers visited South Sudan in early 2015. South Sudan has been gripped by civil war since December 2013 and all of those involved in this training have witnessed atrocities within their communities and are looked upon to bring leadership in these dire circumstances. Through spoken word, writing, art,



Let each of you look not to your own interests, but to the interests of others. Philippians 2: 4

music and dancing, stories of loss, abuse, fear, overcoming and hope were shared either privately or in groups. Mid-way through the programme, the participants were able to spend a weekend with six different congregations, where they shared their stories, hopes and dreams. Those hosting were enriched and inspired by their time with these men and women from South Sudan and are now able to pray in a more informed way for them and South Sudan.

On 25 April 2015 an earthquake hit Nepal killing more than 9,000 people and injuring 23,000. In many regions, thousands of homes along with roads, schools, hospitals, water supplies and electricity plants were destroyed, affecting more than eight million of the country's 31.5 million people. Instructed by the General Assembly to support our partners in Nepal, the Let Us Build A House campaign has now raised over £475,000 for United Mission to Nepal (UMN) to rebuild communities, schools, footpaths and bridges, power generation and water treatment plants. In April 2018, a group of 18 people from congregations throughout Scotland visited UMN. The ten day visit allowed the group to visit the people of Dhading, an area most affected by the earthquake, and hear how they are responding and rebuilding their lives and their communities. The government of Nepal had asked UMN to rebuild 55 schools and the visitors saw several of these buildings and classroom blocks, each built with an earthquake resistant design. Each school also had a new latrine block to improve hygiene. New cash crops had been introduced and safe drinking water supplies installed. United Mission to Nepal

used money sent from church members in Scotland to train people and to rebuild infrastructure and communities.

The Church was represented by two participants at the sixth Global Interreligious Conference on Article 9 of the Japanese Peace Constitution in June. David Frame, a retired nuclear physicist from Pitlochry and member of the World Mission Council, and Andrew MacPherson, past Moderator of the National Youth Assembly, presented a paper at the conference in Hiroshima before travelling on to South Korea as part of the National Council of Churches in Korea's Peace Treaty campaign. In Hiroshima, a number of study tours were arranged which allowed participants to understand at first hand the horrors of a nuclear bomb strike by visiting a number of sites across the city and by hearing the stories of victims and survivors. The conference heard a number of presentations from different perspectives, including the one by Andrew and David on why Article 9 should be retained. The movement for peace in North East Asia is very strong, especially in Korea which is at a defining moment in its history. While the support of external agencies is greatly appreciated, the people of South Korea wish to drive their future themselves. The work of the National Council of Churches in Korea is a significant part of the whole reunification process, and the Church of Scotland felt privileged to be represented.

The World Mission Council gave a grant to the National Council of Churches in India (NCCI) to support their Indian Disability Ecumenical Accompaniment (IDEA) programme

which aims to provide modern, innovative approaches to disability issues.

The Ecumenical Relations Committee has been reflecting on how it can best support the excellent shared working which is already taking place in many local areas and also better encourage further local expressions of the churches' shared mission. Integral to this is the commitment to encourage participation in active, shared discipleship. One of the ways in which the Committee encourages participation is through an annual conference in October, which in 2018 was on the theme of Fragmentation and Unity: Being Ecumenical in a Fragmenting World. The conference reflected on how the churches responded to the catastrophe of the First World War and interpreted the call to Christian unity. Alongside this, representatives from the Community Integration Project, an ecumenical project within East Kilbride, shared their experience of working together across different Christian traditions.

The committee has resourced an ongoing series of bilateral dialogues: with the Roman Catholic Church in Scotland through the Joint Commission on Doctrine; with the Scottish Episcopal Church through the Our Common Calling process; and with the Church of England through the Columba Declaration Contact Group. In March, a gathering of representatives from the Church of England and the Church of Scotland took place to consider the future shape of mission. This meeting benefited from the involvement of the Archbishop of York, the Most Rev and Rt Hon John Sentamu, the Bishop of Chester, the Rt Rev Dr Peter Forster, the Moderator, then the Rt Rev Dr Derek Browning and the Very Rev Dr Angus Morrison.

The committee has been active in support of an ongoing process of review and renewal in relation to the national ecumenical body Action of Churches Together in Scotland (ACTS). A set of proposals has been given consideration by the nine member churches of ACTS and it is anticipated that the outcome of the process will be taken forward in 2019-2020. Integral to the process has been the attempt to involve churches from beyond the present membership of ACTS and it is hoped that this will better enable it to represent the Christian community within Scotland.

The Church of Scotland is a member of Churches Together in England (CTE) through the Presbytery of England and participated in the CTE Forum in September which brought together 270 representatives from 47 churches within the Anglican, Roman Catholic, Orthodox, Pentecostal, Free Churches and New Churches communities.

Within the European context, the Church of Scotland was represented at the General Assembly of the Conference of European Churches (CEC) in Novi Sad, Serbia, in June. The theme of the Assembly: You Shall be my Witnesses, saw consideration of presentations on the issues of hospitality, justice and witness, alongside the CEC open letter to the churches: What Future for Europe? Similarly, the Church was represented at the General Assembly of the Community of Protestant Churches in Europe (CPCE) in Basel, Switzerland, in September on the theme Liberated – Connected – Committed. CPCE enables churches of the Reformation, and those associated with that tradition more broadly, to reflect together on the common challenges that we face within that context.

The Church has been engaging in the past year with the Lutheran Folks Church of the Faroe Islands, our immediate neighbour to the north of Scotland, albeit separated by 200 miles of sea. It has been good to discover how much we share of common interest and concern with our neighbour.

CrossReach connects with communities across Scotland reaching out to some of the most disadvantaged in society and providing care and support for them to live as full a life as possible.

The Daisy Chain Service, in the ethnically diverse Govanhill area of Glasgow, provides play sessions for families with young children who can find themselves isolated and socially disadvantaged. It works alongside local churches, primary schools and community groups to ensure that children and their families can participate fully in local life and take full advantage of opportunities which will help them develop and thrive. It has a specific outreach into the Roma community where families can be particularly hard to reach through other types of service provision.

2018 saw the opening of CrossReach's Erskine Waterfront campus in Renfrewshire. The campus provides a high standard of education for up to 36 children who need additional support in a high quality, modern environment. It is staffed by a team of specially trained education specialists and caters for children between the ages of 7 and 15. The campus replaces two larger residential schools and takes into account the current needs of children and families who are referred to the service. Class sizes are a maximum of six which means the school, which also caters for pupils in residential care, provides an environment which is nurturing and where youngsters can work in an atmosphere of acceptance for their individual worth.

Morven Day Services in Kilmarnock is a thriving community hub promoting mental health and wellbeing and helping to

break down the stigma and social isolation which surrounds mental ill health by engaging with the wider community, running a number of support groups throughout the more rural villages of North Ayrshire.

Heart for Art provides opportunities for those with dementia and their carers to come together and use creative arts to express themselves when other types of communication may be breaking down. In nine centres across the country, from Stonehaven to Kirkcudbright, these groups are supporting older people to stay connected with the communities around them by providing emotional and practical support. The Heart for Art groups also exhibit their work in community centres and art galleries, allowing the wider public to engage with the issues surrounding dementia by demonstrating the positive qualities and abilities that those experiencing the disease can contribute to society.

It is recognised that social isolation and loneliness are growing problems across the country and affect people at all ages and stages of life. The Guild has chosen to partner with CrossReach for the next three years in its Join up the Dots project to root out the causes of social isolation and loneliness across Scotland and raise funds to help tackle the problem. Around half of the Church's financial contribution to the work of CrossReach is currently allocated towards providing counselling and other support services which can also help form part of a solution to counter isolation and loneliness.

Church of Scotland Guild groups around the country work in each place to serve as best they can with a range of approaches to suit each situation. Examples include a dementia café, financial support to pay for improved facilities within church buildings and a reflective space in a place of pilgrimage. Further afield, the Guild continues to

have a close relationship with the Synod of Livingstonia in Malawi, connecting with the Women's and Men's Guilds there and exploring twinning arrangements between Guilds in Scotland and in Malawi.

Our Priority Areas congregations work in some of the most challenging urban communities in Scotland. In October, 70 people from those communities, including 50 young people, went on a family holiday to a beautiful residential centre at Ardeonaigh on Loch Tay. Typically, the families are people who want to provide the very best they can for their children and are resilient in dealing with the effects of poverty on a daily basis. The holiday provided them with a chance to relax and find enjoyment, but the ultimate aims were to increase participants' emotional well-being, improve their social relationships and boost their confidence to take part in activities. The Church is committed to working with local people, to living the Gospel and to being fully integrated within the life of these communities. The family holiday approach sits within this plan, increasing our ability to take our work to the margins. It is a project that is an interface between Church and community and as such, opens up opportunities, communications and spiritual growth for each. It is from our communities that we will draw and develop leaders for our churches and solutions for tackling poverty.

When Jesus called the fishermen to follow, they left their nets to walk a new, untrodden path. A high risk strategy perhaps, but certainly a risk worth taking. The Church continues to seek new ways to carry out God's mission and demonstrate love, and 2018 has both shown this in action and highlighted the need for more to be done. These are exciting days for the Church of Scotland as it looks to the future, seeking to be more relevant to the needs of our communities, our country and our world within the life-changing context of the Gospel and, importantly, with God's strength and guidance at our disposal.

If then there is any encouragement in Christ, any consolation from love, any sharing in the Spirit, any compassion and sympathy, make my joy complete: be of the same mind, having the same love, being in full accord and of one mind. Do nothing from selfish ambition or conceit, but in humility regard others as better than yourselves. Let each of you look not to your own interests, but to the interests of others. Let the same mind be in you that was in Christ Jesus.

Philippians 2:1-5

Accountability

Structure, Governance and Management

Constitution

The Church of Scotland, part of the One Holy, Catholic and Apostolic Church, is a 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 developed over time. 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

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 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 (UCC), 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 UCC employs 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 being 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.

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 coordinating and setting priorities



Trustees from the Council of Assembly

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 staffing. The Council also has responsibility for the annual submission to the General Assembly of the audited report and financial statements of the UCC.

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 (UK GAAP), as well as meeting the requirements of the Office of

the Scottish Charity Regulator.

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

The six committees are as follows:

- > **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.

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, is a committee of the Council of Assembly and 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 are a visible witness of solidarity and faith with local Christians. The financial results are described on page 74.

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.

Tabeetha 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; vacancies are 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 at which they receive the latest Annual Report and financial statements and General Assembly report and comprehensive briefings from officials on charity law and on the structure, legislative processes and current work of the Church. An additional 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 11 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 Special 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 three subsidiary undertakings, St Andrew's Galilee Limited, St Andrew's Scottish Centre Limited, companies incorporated in Israel, and Tabeetha School in Israel registered as a non-profit organisation. The share capital of both 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. CrossReach Trading Ltd is not consolidated on the basis that its results are immaterial to the Group.

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

can be found in each year's Reports to the General Assembly, which is issued to all General Assembly commissioners and is available online and for purchase in hard copy 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 online from St Andrew Press.

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 was delivered in 2018 by Deloitte and the Church's own audit and compliance officer. In December, Scott-Moncrieff was appointed as internal auditors for the UCC in place of Deloitte. The internal auditors produce an annual programme of work based on an assessment of audit risk which seeks to ensure that all of 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 UCC based upon the work undertaken in the year to which the audit opinion relates. Deloitte conducted a number of reviews in 2018 covering the following areas:

- GDPR readiness and compliance
- Housing and Loan Fund
- IT Strategy, Operations and Management
- Investment Project.

Risk Management

In the context of the Gospel, the Church is called to step out in faith, but in the context of the charity, our organisational risks need to be managed and owned. The Risk and Resilience Group has continued its work to coordinate an effective and consistent approach to ongoing

risk management. Work has been taken forward by the group in 2018 to produce a new risk policy for the UCC, building on the full-scale review of 2016. Plans are in place to ensure that staff members are adequately trained so that a culture of risk management and resilience is nurtured to better meet the needs of the charity. Training for all members of staff is due to be taken forward in partnership with Edinburgh College in early 2019. 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, with comments on the management and mitigation of these risks noted below each heading, are as follows:

(I) Declining and ageing membership

The Church of Scotland's membership is continuing to decrease 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 is now impacting on the income of the Church, after many years of relative stability despite falling membership rolls. Declining membership also affects the number of people coming forward for leadership roles – both in terms of local office-bearers and for ministry – yet inspirational leadership continues to be a key component in the life of our congregations.

The work to develop a radical action plan is clearly related to these connected areas of risk – falling membership, reducing income and a shortage of leaders. In the meantime, a number of preliminary steps have been taken during 2018.

The Council of Assembly conducted a review of the stewardship function during a period of interim leadership in that area. Its report to the General Assembly underlined the importance of stewardship and urged all congregations to participate in a cycle of stewardship

on a regular basis. Whilst church members are called to exercise good stewardship of time, talents and money, the overarching aim of the national stewardship team is to promote a spirit of generosity and committed giving. A new national stewardship co-ordinator was appointed in October and roles and working practices within the team of consultants are being restructured and modernised. Consultants are being equipped to develop expertise in specific areas of stewardship work, in addition to contributing to the production of both online and hard copy materials. The development of resources for stewardship education in a digital age will be a key area of focus, though this work will seek to avoid duplication of effort through the sharing of expertise and resources with ecumenical partners. The team has also been tasked with giving consideration to the development of an appropriate church-wide legacy policy.

Efforts are continuing to promote an inter-generational approach to Church programmes and to encourage more young people into leadership. A working group which is considering the vision, scope, structures and resourcing that engage young people in spiritual formation and decision making processes at all levels of the Church is preparing to bring proposals to the 2019 General Assembly. The Year of Young People in 2018 provided an ideal opportunity to raise the profile of young people within the Church.

(II) IT Provision

The Information and Communications Technology (ICT) working group has continued to meet throughout 2018 to take forward the work coming out of two reviews of the IT infrastructure which highlighted risks around the Church's systems and the absence of a clear IT strategy. During 2018, investment was directed towards strengthening the infrastructure to

respond to the demands for increased flexibility and security. Work to install back-up servers for the Church offices commenced in 2018 in support of business continuity arrangements and planning for the roll-out of Office 365 for ministers, Central Services Committee staff (CSC) and other staff members.

(III) Uncertainty 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 has continued to experience fluctuations in its income.

The Social Care Council's business strategy review in 2016/2017 brought forward a number of recommended actions which were implemented in 2018. These included a review of the Business Development and Supporter Development departments and the closure of Achvarasdal care home in June 2018. There has been a sustained focus on recruitment in order to mitigate the need for agency staff. The funding available through the National Care Home Contract for older people's residential services remains a matter of concern across the whole sector as it is insufficient to meet the full costs of care. Representation is being made at the highest level of Government. This matter is important to CrossReach who would want to continue to be able to provide residential care to people who do not have the financial means which would allow them to pay for care through a private arrangement. In the meantime, the Social Care Council has remodelled the financial assumptions for this area of its work.

(IV) Historic child abuse claims

The Social Care Council, on behalf

of the Church of Scotland, is a core participant in the ongoing Scottish Child Abuse Inquiry. In October 2018, it submitted information on the Church's involvement in former child migration schemes. The Scottish Government is considering the question of a redress scheme and CrossReach anticipates being involved in future discussions around this topic along with a number of other past and present social care providers. The implications for both policy and finance for the Church are not yet known.

(V) Brexit

The Church is keeping a watching brief on developments in relation to Brexit, anticipating that it will have potentially far-reaching implications including, but not only, in relation to sources of funding, returns on investment and staffing within our social care services.

Pensions

(I) Defined Benefits Schemes

A triennial valuation as at 31 December 2018 is in progress in relation to all of the now closed Defined Benefit schemes. Repair contributions continued towards the deficits on the schemes for Ministries Development Staff (MDS), Central Services Committee and CrossReach sections of the staff scheme. The Church and the Pension Trustees, through the auspices of a working group established by the Council of Assembly meet on a regular basis to share information in relation to the schemes.

(II) Defined Contribution Scheme

Since 2014, the Church of Scotland has been managing its pension plans through Defined Contribution arrangements currently operated by Legal & 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.



But speaking the truth in love, we must grow up in every way into him who is the head, into Christ. Ephesians 4: 15

Financial Review

Financial Review for the Year Ended 31 December 2018

The overarching objectives of the Church of Scotland are to participate in Christ's ongoing ministry. 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 Church is a complex charity operating in many areas both in terms of the breadth of its activities and the geographical locations in which they take place. The very nature of the Church's ministry and mission means that resources are deployed in some of the most challenging areas of Scotland and overseas. The Financial Review refers to the consolidated financial results which include the World Mission Council's trading subsidiaries in Israel.

The management of risk and budgetary control across all of these areas continues to be demanding. The cost of funding this important and valuable work is increasing whilst the income of congregations – a key income source – is decreasing, resulting in continuing strain on budgets. As instructed by the General Assembly in 2018, the Trustees have been working on the development of a Radical Action Plan. This Plan, which focuses on resourcing the local Church, will be discussed and refined by the General Assembly in 2019. In October 2018, a Special Commission was set up to review the charitable governance structures of the Church. It is clear that both of these initiatives could result in significant change and, as a

result, there will undoubtedly be implications for resource allocation and the funding of some of our existing work.

Headline results for 2018 were:

- Income for the Group was £111.5 million and expenditure was £121.2 million, giving a deficit of £9.7 million before investment losses.
- The mission and wider work undertaken or supported by Councils and Committees resulted in an excess of expenditure over income of £4.4 million, but most Councils made some savings against budget during the year and responded to efforts to reduce costs; operational deficits in the Israeli subsidiaries were £1 million.
- Operating results for the Social Care Council were slightly better than budgeted, but within this there were significant variances in its operational areas, with Older People's Services experiencing a deterioration in its financial position.

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Income by Type					
Congregational Contributions	46.3	46.8	46.8	46.7	48.0
Social Care	43.0	43.4	41.9	42.3	43.3
Other Charitable Activities	3.8	4.0	3.8	3.5	3.4
Legacies	2.3	2.1	3.7	2.2	1.2
Donations, Trusts, Grants	1.8	1.7	2.0	1.8	2.4
Other Trading Activities	7.4	7.3	6.2	5.6	5.1
Investment & Other	6.9	7.4	9.1	8.1	6.7
Total	111.5	112.7	113.5	110.2	110.1

- Congregational Contributions are amounts receivable from all Church of Scotland congregations based on their average assessable income over three years using a scale to calculate an amount of Ministries and Mission contribution for 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.

- Expenditure included a charge of £6.9 million for past service pension costs in one of the defined benefit pension schemes.
- 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 £46.3 million in 2018.
- Unrestricted donations and legacies were £0.6 million, significantly less than budgeted.
- Losses of £4.8 million on investments and positive pension scheme adjustments of £9.9 million meant that the funds of the Group decreased by £4.4 million to £190.2 million.

Income Overview

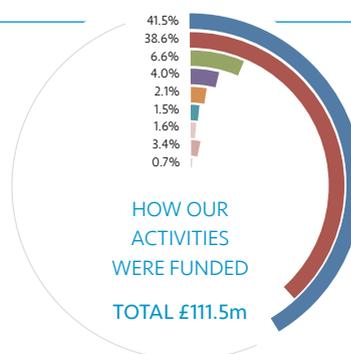
Income from all sources in 2018 was £111.5 million, a decrease of £1.2 million on the previous year. However, leaving aside a foreign exchange revaluation and gains on disposal of fixed assets, the results for the year were similar to recent years. Congregational income recognised in the accounts was £0.5 million less than in 2017, at £46.3 million, as vacancy allowances increased in 2018. Social services income, almost entirely relating to CrossReach, reduced by £0.4 million to £43.0 million.

Legacies received were slightly higher than in 2017 at £2.3 million, although £1.7 million of this was for restricted purposes. The 2018 results also included a realised foreign currency gain of £0.6 million. Other trading income saw a small increase of £0.1 million to £7.4 million.

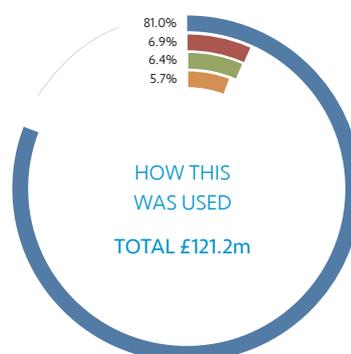
The table opposite outlines the trends in the Church's main categories of income over a five year period.

Trends in Congregational Income

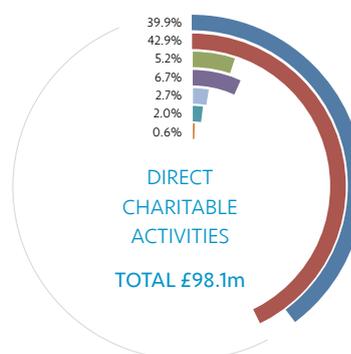
Church membership numbers have been steadily declining year on year, but it is welcome that the level of offerings has not reduced by anything like the same rate. Only in the last two to three years has the annual amount of offerings begun to decrease, albeit by less than one percent per annum. The Church's income from Congregational Contributions is based on offerings as well as other income, such as rental income, and many congregations have been successful in increasing this over recent years, making up for some of the reduction in giving. The Council of Assembly recognises the potential implications of the downward trend in offerings for the funding of the Church's work in future years. It also recognises the financial pressures facing many congregations and is making every effort to avoid increasing the aggregate Ministries and Mission Contributions for 2020. However, as the aggregate amount collected is based on actual congregational income, it may not be possible to collect the total budgeted amount due to the decline in congregational income and this has implications for the Council's



- Congregational Contributions: £46.3m – 41.5%
- Social Service Income: £43.0m – 38.6%
- Other Trading Income: £7.4m – 6.6%
- Income from Investments: £4.5m – 4.0%
- Legacies: £2.3m – 2.1%
- Property Disposals: £1.7m – 1.5%
- Donations, Grants, Trusts: £1.8m – 1.6%
- Other Charitable Activities: £3.8m – 3.4%
- Foreign Exchange Gain: £0.7m – 0.7%



- Direct Charitable Activities: £98.1m – 81.0%
- Support Costs: £8.4m – 6.9%
- Income Generation Costs: £7.8m – 6.4%
- Other Costs: £6.9m – 5.7%



- Providing Ministers: £39.1m – 39.9%
- Social Care Provision: £42.1m – 42.9%
- World Church Engagement: £5.1m – 5.2%
- Wider Church Support: £6.6m – 6.7%
- Other Programmes: £2.6m – 2.7%
- Leadership in Mission: £2m – 2.0%
- Engagement with Society: £0.6m – 0.6%

approach to financial planning, proportionate to the finance available not only from congregations but also from other sources.

The shape of Ministries is changing and, in the meantime, the number of Ministers continues to reduce. 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. The Council has, therefore, agreed to continue the Presbytery Discretionary Allowance at the increased level of 5%. This Discretionary Allowance has allowed Presbyteries to support regional and local mission projects and assist individual congregations with financial difficulties. In addition, proposals are being put forward within the Radical Action Plan being brought to the 2019 General Assembly which, if accepted, will alter the way in which funding and support is given to congregations which are vacant. The intention of these changes is to enable congregations to flourish and grow during periods of vacancy rather than just maintain the status quo until a Minister is inducted.

The principles and values of Stewardship have been strongly affirmed by the Trustees. Following the appointment of a National Stewardship Co-ordinator during 2018, work has begun on re-invigorating the National Stewardship Programme. The Council asks that Presbyteries use their superintendence to ensure that congregations engage with the Programme as it develops further. The range of skills available within the stewardship team has been strengthened and, over the coming months, priority will be given to identifying new and additional sources of income for congregations and methods of giving which are appropriate for the 21st Century.

The income recorded in the Statement of Financial Activities (SOFA) represents contributions required from congregations, less 5% reductions given by Presbyteries and vacancy allowances to eligible congregations. As shown in Note 4 to the financial statements, stipend endowment and glebe rental income totalling £3.4 million was also received from the General Trustees, giving the total income recorded of £46.3 million.

Presbyteries can use all or part of their Discretionary Allowance to assist congregations in paying their contributions. This has supported the collection of congregational contributions due and has resulted in a reduction in the provision required against congregational debts in 2017 and 2018. Notably, 98.7% of the contributions due for 2018 had been received by the year end.

Generosity of our Supporters

Our members and supporters have continued to be committed to funding projects of the Church, as 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 attracts 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 £274,000 for its projects in 2018. 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. 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 real difference to the Church. Legacies gifted to support the Unincorporated Councils and Committees enable work which might not otherwise be possible. Income from legacies of earlier years is still being put to good use. In 2018, income from Legacies was £2.3 million (2017: £2.1 million). Legacies without restrictions are vital to our work, providing flexibility to be used where most needed. In 2018, unrestricted legacies for any work of the Church were £0.54 million (2017: £0.24 million). These were used to reduce the amount required for mission work which might otherwise require to be funded by congregational contributions. Unrestricted legacies provide a vital source of funding for the Mission and Renewal Fund, the only fund the Church has available for wider application. In 2018, CrossReach benefited from total legacy income of £1.7 million including a single bequest of £1.3 million for Older People's Services. The Trustees are deeply grateful for the generosity of those who provide for the Church in their wills.

Trading Activities

Income from Other Trading Activities of £7.4 million comprises trading income from the Israeli subsidiaries of £6.2 million (2017: £6.1 million) and fundraising income of £1.2 million (2017: £1.2 million), mainly for CrossReach. St. Andrew's Galilee Limited, which operates The Scots Hotel at Tiberias reported higher revenue and gross profit but increased expenditure, including a loss on foreign exchange contributed to a loss of £0.9 million (2017: profit £0.7 million). This has made a negative impact on the accumulated losses of the Hotel as shown in Note 31 to the financial statements.

Following a review of the funding arrangements which had been set up for the Hotel at the time of its initial construction, work was undertaken to put in place alternative arrangements to replace the back to back loan. Prior to the year end, the US dollar account held by the UCC in Israel was assigned to The Church of Scotland Trust

	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Expenditure					
Charitable	98.1	97.6	97.5	97.2	101.5
Support	8.4	8.0	7.8	7.9	7.6
Other	14.7	6.3	7.2	2.2	6.4
Total	121.2	111.9	112.5	107.3	115.5

(see Note 2 to the Financial Statements). Immediately after the year end, the bank loan advanced to St. Andrew's Galilee Limited was repaid using cash loaned from The Church of Scotland Trust.

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. Reflecting the broader external environment, investment income of £4.6 million was comparable to 2017. 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 fifth consecutive year. Other income was from Gains on Disposal of Property of £1.7 million, mainly relating to the Housing and Loan Fund.

Expenditure Overview

Supporting our activities

The Church's most valuable resource is its people and over 70% of its spending is on stipend and salary costs. This includes more than 900 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 above. Of continued concern to the Council of Assembly, and indeed the whole Church, is the decline in Minister numbers and difficulty in recruiting staff for CrossReach's care homes.

Charitable Expenditure

Continuing Challenge of Providing and Supporting Ministries

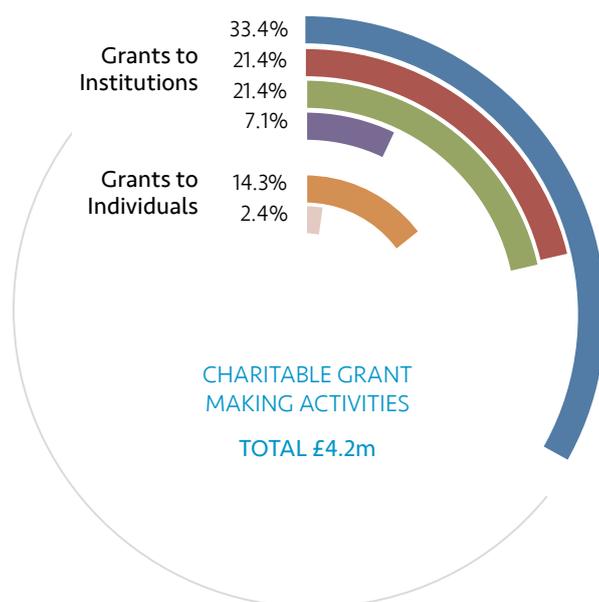
The Church continues to face difficulty in finding sufficient Ministers to fill vacancies as others retire. Whilst we continue to welcome Ministers who come from other denominations, the rate of retirement is such that these replacements alone will not keep pace with the decrease in numbers in the immediate future. The Ministries Council is working on initiatives for the future provision of Ministry. During 2018, it spent additional funds from reserves on a Development Programme with the aim of establishing more sustainable support to all forms of Ministry. £41.9 million (39%) of the Charitable and Support costs shown above relate to expenditure on Ministries.

Priority Areas

The Church of Scotland provided financial support of over £4.2 million (2017 - £3.7 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 39 Ministries Development Staff were working in these areas during 2018 – an increase over the previous year. However these congregations are also contributors to the Church and in some cases contribute very significantly. This is a good example of the relationship between the UCC and the congregations of the Church: it is the regular giving of Church members that enables the UCC to distribute resources across the whole Church to support every parish for Ministry and service.

Social Care

CrossReach's total expenditure in 2018 was £46.5 million, which at 44% of the Church's Charitable and Support costs, was its largest single area of expenditure. The regulated nature of most of these activities meant that difficulties in recruiting staff in a

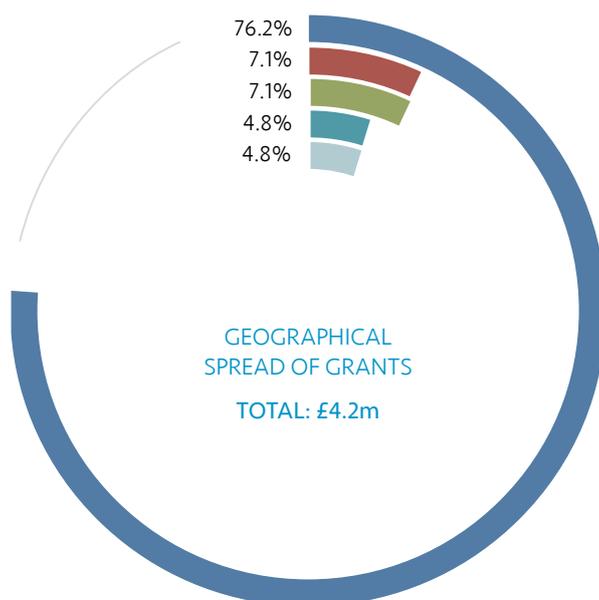


Grants to Institutions

- Community Projects including Go For It: £1.4m – 33.4%
- Theological Education and Partner Churches: £0.9m – 21.4%
- Payments to Support Individual Congregations: £0.9m – 21.4%
- For the Relief of Poverty and Other Grants to Organisations: £0.3m – 7.1%

Grants to Individuals

- Bursaries and Educational Purposes: £0.6m – 14.3%
- Cases of Hardship and Project Work of the Charity: £0.1m – 2.4%



- UK: £3.2m – 76.2%
- Africa & Caribbean: £0.3m – 7.1%
- Europe: £0.3m – 7.1%
- Asia: £0.2m – 4.8%
- Middle East: £0.2m – 4.8%

number of areas and particularly in services to older people had to be compensated for by the use of more expensive agency staff. Pension deficit payments of £1 million were made to the Church's defined benefit pension schemes and payments to Local Government Pension Schemes. Restructuring the Residential Care and Education service saw over £1 million of capital expenditure invested in the new Erskine campus and residential homes for children.

Grant Making Activities

Pursuit of the Church's objectives has seen grants awarded increase from £2 million in 2010 to £4.2 million in 2018. 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.

We facilitated capacity building in local congregations by the payment of grants from the Go for It Fund, which awarded £887,000 of grants in 2018, with many of these attracting matched funding for congregations. The Ministries Council's 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. The Ministries Council provided £0.26 million of grant funding to Workplace Chaplaincy Scotland and made £0.16 million of grant to the Faith in Community Scotland. The World Mission Council made grants of £0.2 million for theological education during 2018 in countries including Malawi, India, Zambia and Bangladesh.

Other Expenditure – Pensions

Other Expenditure shown in the above table fluctuates annually because it includes defined benefit pension scheme adjustments as required by Financial Reporting Standard 102. Since 2008, the Church has made substantial deficit repair payments to its defined benefit pension schemes, mainly using reserves. Payments of £1.2 million were made in repairs to the defined benefit pension schemes in 2018.

As outlined earlier in the Trustees' Report, the Employing Agencies forming part of the Unincorporated Councils and Committees and the Pension Trustees continue discussions about potential options for future pension strategy.

During 2018, the Trustees of the Ministers' Pension Scheme awarded discretionary pension increases, applied to service accrued before 6 April 1997, of 3.5% from 1 January 2018 onwards and of 5.0% from 1 January 2019 onwards. The cost of these increases is £6.9 million and is reflected in Other Expenditure (Note 11 to the Financial Statements).

Plans for Future Periods

The Radical Action Plan being presented by the Council of Assembly to the General Assembly in May 2019, whether it is accepted in full or amended, will impact on future budgets and distribution of the Church's resources in the ensuing years. Likewise, the independent review of the Church's governance structures is likely to put forward proposals which will impact on costs. In the meantime, the Council will propose an indicative budget for 2020 which seeks to improve upon the deficit budget agreed for 2019. The General Assembly of 2018 agreed an indicative budget for 2019 with

*Pension deficit repair contribution.

deficits of £3.0 million for Councils and support departments, but the revised budget total approved by the Council of Assembly in December 2018 increased that deficit figure to £4.4 million. There are particular reasons for this, as detailed below, and the Council is working closely with all areas to monitor and manage the position.

The Social Care Council faces another challenging year in 2019 due to the situation in the care sector generally and issues in some service units within Older People's Services. Its budget deficit of £1.7 million includes around £1.1 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, but is unable to repeat this in 2019 due to the reduced balance on the Mission and Renewal Fund.

In the case of the Ministries Council, the increased budget deficit of £1.4 million is due to the approved stipend increase which was higher than originally budgeted for, and the additional costs of its fixed term development programme. Against this, a review of Ministry numbers has led to a cost reduction.

The World Mission and Mission and Discipleship Councils plan to use restricted funds to continue with programmes of work, and the Church and Society Council will be drawing on reserves for the same reason. That Council has been successful in sourcing external funding to support the Global Friendships and Doing Politics Differently work streams.

There are many and varied activities 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. The Council of Assembly anticipates that 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.

In 2017, in anticipation of its draft strategic plan being approved by the General Assembly of 2018, the Council of Assembly approved a Financial Strategy. A significant part of that Strategy was predicated on having clearly defined priorities for the distribution of resources. Whilst that prioritisation work has been deferred pending a Radical Action Plan for 2019 to 2022, good progress has been made on some of the key areas including: review of reserves, review of properties, investment policy and procurement.

Reserves

Reserves are held almost entirely at Council and Committee level, with the exception of 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 support 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 much valuable mission in recent years. The Trustees intended to maintain a reserve of at least £2 million to meet any temporary shortfall on income or other financial contingency, representing approximately three months' expenditure of the Unincorporated Councils and Committees, excluding the Ministries Council whose work is supported through the Parish Ministries Fund and investment income. Over the longer term, i.e. 5 to 10 years, the Trustees aim to increase the reserve to cover three to six months of expenditure.

During 2018 it became clear that receipts of unrestricted legacies were not going to achieve the budgeted level. Accordingly, the Council of Assembly agreed to suspend payment of Mission and Renewal monies to Councils for the final three months of the year, although support to CrossReach for pension deficit payments continued. Even after taking these steps, the fund balance reduced from £1.7 million at 31 December 2017 to less than £0.2 million at 31 December 2018. The Council of Assembly is taking steps to address this, including accelerating its review of funds held by Councils to allow more restricted money to be used where needed and to return to the Fund, where possible, budget underspends from earlier years.

The level of reserves held varies considerably across Councils and Committees and further details are given in notes 27 to 30 of the Financial Statements. Reserves held by Councils and Committees are generally treated as being restricted for their work. Within Councils and Committees there may be additional restrictions and, where this is the case, the Council of Assembly has encouraged Councils to use these funds as part of their activities. Many of the funds held have originated from previous legacies and property sales, but also from historic reorganisations of the Church's Boards and Committees. Restricted Funds may contain some designated amounts, which will be identified and reclassified as Unrestricted Funds. Research to determine the extent of the restrictions and to inform future reserves policy progressed well during 2018 and is due to be completed by mid-2019. Of the 450 funds under review, 37 have been submitted to OSCR for reorganisation approval and a further 24 have been identified for reorganisation. A further 131 funds have been ear-marked for reclassification, for example from restricted to designated. Work is now concentrated on examining general funds held by Councils. Substantial sums have already been identified for transfer to the Mission and Renewal Fund and these transfers will be completed during 2019.

As at 31 December 2018 reserves for the ongoing work of Councils, categorised as being total funds excluding fixed assets and endowments, but including some restricted funds, were £115.1 million (2017 £117.8 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; and
- > ongoing research into the restrictions on Councils' reserves

The negative pensions reserve of £3.2 million is attributable to CrossReach's share of the deficit in two Local Government Pension Schemes (LGPS). Note 33 to the Financial Statements gives more information.

The funds of the Israeli subsidiary St Andrew's Galilee Limited are in deficit as detailed in Note 31 to the Financial Statements. While the effect of this is to disclose a negative balance on unrestricted reserves of the Group, the unrestricted reserves of the Charity

are positive. As at 31st December 2018, Total Funds for the UCC Group were £190.2 million, of which £162.9 million was in Restricted Funds which are not available for general purposes.

Investment Policy - Unlisted Investments

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 was effective from 2018. The policy may be found at http://www.churchofscotland.org.uk/council_of_assembly. This policy will be further developed over the coming years, in consultation with the Church and Society Council and reflecting decisions of the General Assembly.

Investment Performance - Unlisted Investments

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 2018 the total return was +0.22% (2017: +11.3%) against the composite benchmark of -3.4% (2017: +11.3%). The Income Fund's total investment return was -0.08% (2017: +9.7%) compared with the composite benchmark return of -1.18% (2017: +5.5%). The Deposit Fund's average rate of interest paid for 2018 was +0.59% (2017: +0.49%).

Pension Schemes

As described in Note 33 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 Standard 102, which, through the application of differing assumptions, may result in a different funding position for financial reporting purposes. In 2018 there were further increases in the irrecoverable surpluses in the Defined Benefit Schemes 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. At 31 December 2018 the Church's share of the deficits was £3.2 million (2017: £6.1 million). As the other defined benefit schemes are in surplus to varying levels (although the surpluses are not recognised as assets), the combined defined benefit pension scheme deficit shown on the balance sheet is therefore £3.2 million (2017: £6.1 million). Note 33 to the Financial Statements gives full disclosures as required by FRS102 and include a charge for Past Service Cost in one of the schemes of £6.9 million (2017: nil) resulting from increased benefits as awarded by the trustees of the pension scheme.

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.

Gains and Losses

FRS102 requires the disclosure of actuarial gains or losses during the year and the combined gain of £9.9 million (2017: £1.6 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 loss for 2018 was £4.8 million (2017: gain £8.6 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 group and charity and of the incoming resources and application of resources of the group and charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping 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 BA Acc CA CPFA: **Convener, Finance Group**

Rev Dr H Martin J Johnstone MA BD MTh PhD

Acting Secretary, Council of Assembly

Edinburgh
8 April 2019

Auditors' Report

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

Opinion

We have audited the financial statements of The Church of Scotland Unincorporated Councils and Committees (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Consolidated and Parent Charity Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2018 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance

with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- > the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- > proper and 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; or
- > we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 38 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

decisions of users taken on the basis of these financial statements.

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

Use of this report

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

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

12 April 2019

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

Financial Statements

So then you are no longer strangers and aliens, but you are citizens with the saints and also members of the household of God, built upon the foundation of the apostles and prophets, with Christ Jesus himself as the cornerstone. In him the whole structure is joined together and grows into a holy temple in the Lord; in whom you also are built together spiritually into a dwelling-place for God.

Ephesians 2: 19-22

Consolidated Statement of Financial Activities for the year ended 31 December 2018

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Income from:								
4	625	49,778	-	50,403	355	50,210	-	50,565
5	6,257	1,189	-	7,446	6,111	1,137	-	7,248
6	1	3,559	946	4,506	3	3,534	988	4,525
7	4,380	42,364	-	46,744	4,227	43,190	-	47,417
8	-	1,732	-	1,732	-	2,907	-	2,907
16	-	663	-	663	-	-	-	-
	11,263	99,285	946	111,494	10,696	100,978	988	112,662
Expenditure on:								
9	7,339	462	-	7,801	5,413	510	-	5,923
10	4,581	101,903	-	106,484	4,512	101,076	-	105,588
11	-	6,919	-	6,919	-	(454)	-	(454)
16	-	-	-	-	-	875	-	875
	11,920	109,284	-	121,204	9,925	102,007	-	111,932
	(657)	(9,999)	946	(9,710)	771	(1,029)	988	730
15, 17	-	(3,738)	(1,094)	(4,832)	-	6,787	1,810	8,597
	(657)	(13,737)	(148)	(14,542)	771	5,758	2,798	9,327
27, 29 & 30	(515)	2,414	(1,899)	-	(259)	2,244	(1,985)	-
	(1,172)	(11,323)	(2,047)	(14,542)	512	8,002	813	9,327
Other Recognised Gains and Losses								
16	161	-	-	161	(41)	-	-	(41)
33	-	9,945	-	9,945	-	1,568	-	1,568
	161	9,945	-	10,106	(41)	1,568	-	1,527
	(1,011)	(1,378)	(2,047)	(4,436)	471	9,570	813	10,854
	96	164,238	30,288	194,622	(375)	154,668	29,475	183,768
27, 29 & 30	(915)	162,860	28,241	190,186	96	164,238	30,288	194,622

Charity Statement of Financial Activities for the year ended 31 December 2018

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Income from:								
4	514	49,778	-	50,292	257	50,210	-	50,467
5	39	1,189	-	1,228	35	1,137	-	1,172
6	1	3,559	946	4,506	3	3,534	988	4,525
7	2,352	42,364	-	44,716	2,520	43,190	-	45,710
8	-	1,732	-	1,732	-	2,907	-	2,907
16	-	663	-	663	-	-	-	-
	2,906	99,285	946	103,137	2,815	100,978	988	104,781
Expenditure on:								
9	-	462	-	462	36	510	-	546
10	2,391	101,903	-	104,294	2,520	101,076	-	103,596
11	-	6,919	-	6,919	-	(454)	-	(454)
16	-	-	-	-	-	875	-	875
	2,391	109,284	-	111,675	2,556	102,007	-	104,563
	515	(9,999)	946	(8,538)	259	(1,029)	988	218
15, 17	-	(3,738)	(1,094)	(4,832)	-	6,787	1,810	8,597
	515	(13,737)	(148)	(13,370)	259	5,758	2,798	8,815
28, 29 & 30	(515)	2,414	(1,899)	-	(259)	2,244	(1,985)	-
	-	(11,323)	(2,047)	(13,370)	-	8,002	813	8,815
Other Recognised Gains and Losses								
33	-	9,945	-	9,945	-	1,568	-	1,568
	-	9,945	-	9,945	-	1,568	-	1,568
	-	(1,378)	(2,047)	(3,425)	-	9,570	813	10,383
	737	164,238	30,288	195,263	737	154,668	29,475	184,880
28, 29 & 30	737	162,860	28,241	191,838	737	164,238	30,288	195,263

Balance Sheets as at 31 December 2018

Note		Group		Charity	
		2018 £000	2017 £000	2018 £000	2017 £000
Fixed Assets					
13	Intangible Assets	219	94	219	94
14	Tangible Assets	46,606	46,569	37,299	36,722
15	Investments	129,098	132,025	129,602	132,529
17a	Mixed Motive Investments	7,338	7,273	7,338	7,273
17b	Programme Related Investments	9,726	-	9,726	-
	Total Fixed Assets	192,987	185,961	184,184	176,618
Current Assets					
18	Mixed Motive Investments	152	177	276	301
	Stocks and Work in Progress	116	99	37	35
19	Debtors: Amounts receivable within one year	8,697	5,955	7,885	5,165
20	Short Term Deposits	7,549	22,493	7,549	22,493
	Cash at Bank and in Hand	5,599	7,259	4,482	6,421
	Total Current Assets	22,113	35,983	20,229	34,415
21	Creditors: Amounts falling due within one year	(20,284)	(19,947)	(8,722)	(9,129)
	Net Current Assets	1,829	16,036	11,507	25,286
	Total Assets less Current Liabilities	194,816	201,997	195,691	201,904
22	Creditors: Amounts falling due after one year	(178)	(91)	(178)	(91)
23	Provision for Liabilities and Charges	(1,245)	(1,202)	(468)	(468)
		(1,423)	(1,293)	(646)	(559)
	Net Assets excluding Pension Liability	193,393	200,704	195,045	201,345
33	Defined Benefit Pension Liability	(3,207)	(6,082)	(3,207)	(6,082)
25 & 26	Net Assets including Pension Liability	190,186	194,622	191,838	195,263
The Funds of the Group and Charity:					
30	Endowment Funds	28,241	30,288	28,241	30,288
27 & 28	Unrestricted Income Funds	(915)	96	737	737
29	Restricted Funds:				
	Pension Reserve	(3,207)	(6,082)	(3,207)	(6,082)
	Restricted Income Funds	166,067	170,320	166,067	170,320
	Total Restricted Funds	162,860	164,238	162,860	164,238
	Total Funds of the Group and Charity	190,186	194,622	191,838	195,263

The Financial Statements on Pages 41 to 81 were approved and authorised by the Council of Assembly on 8th April 2019 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 46 to 81 form part of these Financial Statements

Statement of Cash Flows for the year ended 31 December 2018

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Cash Flows from operating activities:				
Net cash used in operating activities	(19,615)	(3,632)	(19,760)	(4,987)
Cash flows from investing activities				
Dividends, interest and rents from investments	4,596	4,653	4,596	4,653
Interest received	61	61	61	61
Proceeds from sale of property, plant and equipment	3,100	4,111	3,100	4,111
Purchase of property, plant and equipment	(4,113)	(2,499)	(3,714)	(2,009)
Loans granted	(739)	(510)	(739)	(514)
Loans repaid	649	617	649	617
Proceeds from sale of investments	1,606	2,099	1,606	2,099
Purchase of investments	(3,345)	(4,012)	(3,345)	(4,012)
Net cash provided by investing activities	1,815	4,520	2,214	5,006
Change in cash and cash equivalents in the reporting year	(17,800)	888	(17,546)	19
Cash and cash equivalents at the beginning of the reporting year	20,502	20,530	28,914	29,770
Change in cash equivalents due to exchange rate movements	824	(916)	663	(875)
Cash and cash equivalents at the end of the reporting year	3,526	20,502	12,031	28,914
Reconciliation of net (expenditure)/income to net cash flow for the reporting year				
Net (expenditure)/income for the reporting year per the Statement of Financial Activities	(14,542)	9,327	(13,370)	8,815
Adjustments for:				
Depreciation charges (net of foreign currency adjustments) and impairment	2,583	2,161	1,644	1,563
Dividends interest and rents from investments (including pension schemes)	(4,506)	(4,525)	(4,506)	(4,525)
Profit on sale of fixed assets	(1,732)	(2,907)	(1,732)	(2,907)
Realised gains on foreign currency	(663)	-	(663)	-
Unrealised loss on foreign currency	-	875	-	875
Net losses/(gains) on investment assets	4,832	(8,597)	4,832	(8,597)
Reclassify investment from reserves	(116)	-	(116)	-
(Increase)/decrease in stock	(17)	8	(2)	4
Increase in cash advances as a social investment	(9,726)	-	(9,726)	-
(Increase)/decrease in debtors receivable within one year	(2,742)	544	(2,720)	503
(Decrease)/increase in creditors	(35)	24	(407)	(147)
Increase/(decrease) in provisions	43	16	-	(13)
Increase/(decrease) in long term liabilities	87	(104)	87	(104)
Increase/(decrease) in pension deficit	6,919	(454)	6,919	(454)
Net cash used in operating activities	(19,615)	(3,632)	(19,760)	(4,987)
Analysis of changes in net cash				
	Balance 1 Jan 2018 £000	Movements £000	Balance 31 Dec 2018 £000	
Group				
Short term deposits	22,493	(14,944)	7,549	
Cash at Bank and in Hand	7,259	(1,660)	5,599	
Bank Overdraft	(9,250)	(372)	(9,622)	
	20,502	(16,976)	3,526	
Charity				
Short term deposits	22,493	(14,944)	7,549	
Cash at Bank and in Hand	6,421	(1,939)	4,482	
	28,914	(16,883)	12,031	

Notes to the Financial Statements for the year ended 31 December 2018

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.

The Principal Office of the charity is 121 George Street, Edinburgh EH2 4YN. The principal activities of the charity are as described in the Trustees' Report. These financial statements are presented in £000 Sterling.

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 Estimates

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 and estimates 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 33.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Charity performs impairment reviews 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.

Useful lives and residual values

Management reviews its estimates of the useful life and residual values of depreciable assets at each reporting date, using both internal and external advice. If factors such as a change in how an asset is used, significant unexpected wear and tear and changes in market prices indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, management review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. Useful lives are summarised on page 48. Residual value is assumed to be nil for all depreciable assets.

The Trustees continue to monitor key performance indicators in residential units operated by the Social Care Council including occupancy rates, unit financial results and measures which management have put in place to improve performance. The Trustees have concluded that there are no such indicators which would require impairment provisions to be applied.

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).

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 31 to the 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 or 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, and 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 fund raising 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 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 is 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 the criteria for a constructive obligation are met, payment is probable, it can be measured reliably, and there are no conditions attaching to its payment that limit its recognition. Agreements are typically for one year but may span several years.

Where a grant is payable over more than one year, a liability is recognised for the full amount of the constructive obligation unless conditions apply to payments falling after the balance sheet date. Where conditions remain within the control of UCC, a liability is not recognised. Where a condition falls outside the control of UCC, a liability arises and expenditure is recognised in full.

For capital contracts in place at the year end which include payments to be made in future years, such payments are disclosed in Note 32 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.

Contingent Liabilities

A contingent liability is identified and disclosed where it results

from a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control.

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 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.

Investments in subsidiary companies are held at cost less any impairment.

Intangible Fixed Assets

Computer Software

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

Website

The cost of the website relating to the Social Care Council is initially recorded at cost and written off over ten years from the date at which 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 (including residential 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 reviews 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

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 valuation. 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 dependents and former dependents are either;

a) Standard loans are subject to a minimum and a maximum loan amount which at 31st December 2018 was £5,000 and £25,000 respectively. The interest rate on such loans is currently four per cent for ministers and two per cent for widows, widowers or bereaved civil partners 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 2018 was £122,500. The interest rate on such loans is currently two and a half per cent for ministers and one and one quarter per cent for widows, widowers or bereaved civil partners 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 concessionary loans and are recognised at cost with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and are adjusted as necessary for any impairment.

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 (2017: £110,000) to the Investors Trust for management services provided by staff in the Stewardship and Finance Department. At 31st December 2018 the Unincorporated Councils & Committees had a net creditor balance due of £341,000 (2017: net creditor £725,000).

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 £39,000 (2017: £34,000) to the Church of Scotland Trust. The Church of Scotland Trust paid £40,000 to the Unincorporated Councils and Committees in respect of finance and legal services (2017: £34,000). At 31st December 2018 the Unincorporated Councils & Committees had a debtor balance due outwith one year of £9,726,000 (2017: nil) (see Note 17b) and a debtor balance due within one year of £18,000 (2017: creditor balance £1,000).

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 2018 The General Trustees paid over to the Ministry Funds stipend endowment income of £3,419,000 (2017: £3,344,000). They also paid levy income of £114,000 (2017: £124,000) 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 manse is transferred from the Ministries Council to the General Trustees and congregations concerned.

There was a grant paid of £30,000 in 2018 (2017: £60,000). As at 31st December 2018, the Unincorporated Councils and Committees had a debtor balance of £977,000 (2017: debtor £148,000) in respect of monies held in the churches internal banking system. £1,304,000 was paid (2017: £1,203,000) 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 £1,421,000 (2017: £1,361,000) to the Pension Trustees for employer pension contributions. The Pension Trustees paid £15,017,000 (2017: £14,639,000) in the year to the Unincorporated Councils & Committees in respect of pensions paid, and £641,000 (2017: £542,000) in respect of management fees. At 31st December 2018, the Unincorporated Councils & Committees had a debtor balance of £304,000 (2017: debtor £64,000).

St. Andrew's Galilee Ltd

The company manages the Scots Hotel in Tiberius, Israel. During 2018, the company paid £267,000 (2017: £273,000) to Unincorporated Councils and Committees for rent. At 31st December 2018, Unincorporated Councils and Committees had a debtor balance of £15,000 (2017: £4,000).

St. Andrew's Scottish Centre Ltd

The company manages St. Andrew's Scottish Guest House in Jerusalem, Israel. At 31st December 2018, Unincorporated Councils and Committees had a debtor balance with the company of £124,000 (2017: £124,000).

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 £4.3 million for agency staff (2017: £3.9 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	2018 Total £000	2017 Total £000
Staff Costs						
Salaries and Stipends	28,742	30,730	6,893	303	66,668	66,291
Social Security Costs	2,678	1,919	669	8	5,274	5,296
Pension Costs – Defined Contribution	4,447	1,298	1,055	2	6,802	6,594
Pension Costs – Defined Benefit	7,639	922	158	-	8,719	1,886
Total	43,506	34,869	8,775	313	87,463	80,067

Severance costs included in the above were £152,000 (2017: £221,000). These related to closed services and the schools' restructuring in the Social Care Council.

	Ministries No.	Social Care No.	CSC No.	World Mission No.	2018 Total No.	2017 Total No.
Average Staff Numbers						
Monthly Average						
Full Time	854	479	171	12	1,516	1,558
Part Time	70	1,505	77	-	1,652	1,506
Total	924	1,984	248	12	3,168	3,064
Full Time Equivalents	886	1,118	220	12	2,236	2,297

There were eleven employees whose employee benefits (excluding employer pension contributions) exceeded £60,000 in 2018 (2017: ten employees).

	Social Care No.	CSC No.	2018 Total No.	2017 Total No.
Salary Bands				
Number of employees receiving emoluments of more than £60,000 was:				
£60,001 - £70,000	3	4	7	9
£70,001 - £80,000	2	1	3	-
£80,001 - £90,000	-	-	-	1
£90,001 - £100,000	1	-	1	-

The total aggregate pension contribution for these employees for 2018 was £76,000 (2017: £67,000).

During 2018, there were 14 (2017: 17) 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 for 2018 was £1,078,000 (2017: £1,021,000).

Subsidiary Companies and Tabetha School

Staff employed by three institutions in Israel are paid in New Israeli Shekels, translated to Sterling for the

	2018 £000	2017 £000
Staff Costs		
Salaries	3,728	3,610
Social Security Costs	190	185
Pension Costs	370	350
Total	4,288	4,145

	2018 No.	2017 No.
Average Staff Numbers		
Monthly Average	160	157
Full Time Equivalents	125	127

purposes of the consolidated financial statements. 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:

	2018 No.	2017 No.
£130,001 - £140,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
£190,001 - £200,000	-	1

4. Donations and Legacies

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Assessed Congregational Contributions	42,864	43,504	42,864	43,504
Stipend Endowment Income	3,419	3,260	3,419	3,260
Total Congregational Income	46,283	46,764	46,283	46,764
Donations, Grants, Trusts	1,513	1,456	1,402	1,358
Legacies	2,337	2,075	2,337	2,075
Donations from The Church of Scotland Trust	270	270	270	270
	50,403	50,565	50,292	50,467

Donations, Grants, Trusts includes £51,000 (2017: nil) in respect of government grants for specific projects carried out by the Church and Society Council.

5. Other trading activities

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Fundraising	1,228	1,172	1,228	1,172
Israeli Trading Subsidiaries	6,218	6,076	-	-
	7,446	7,248	1,228	1,172

6. Income from Investments

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Dividends from Unitised Investments	4,596	4,653	4,596	4,653
Deposit and Bank Account Interest	61	61	61	61
Net Interest on Defined Benefit Pension Schemes Liabilities (Note 33)	(151)	(189)	(151)	(189)
	4,506	4,525	4,506	4,525

7. Income from Charitable Activities

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Social Service Provision	42,971	43,405	40,943	41,698
Rental of Accommodation and Premises	723	787	723	787
Publications and Royalties	667	727	667	727
Income from Events	281	262	281	262
Guild Memberships and Other Fees	190	200	190	200
Reimbursement of Legal, Accounting and Other Support by Wider Network of Church Organisations	1,363	1,450	1,363	1,450
Other	549	586	549	586
	46,744	47,417	44,716	45,710

8. Other Income

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Gain on Disposal of Fixed Assets	1,732	2,907	1,732	2,907
	1,732	2,907	1,732	2,907

9. Expenditure on Raising Funds

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Fundraising Activities (including Trading Subsidiaries in Israel)	7,339	5,377	-	-
Costs of Generating Voluntary Income	462	546	462	546
	7,801	5,923	462	546

10. Expenditure on Charitable Activities

	Group and Charity			
	Direct Costs £000	Grants £000	Support Costs £000	Total 2018 £000
Social Care Council	42,022	41	4,461	46,524
Ministries Council	36,449	2,632	2,872	41,953
World Mission Council	1,863	1,060	147	3,070
Mission and Discipleship Council	2,027	14	160	2,201
Support and Services Departments	6,624	20	522	7,166
Church and Society Council	571	50	45	666
Other Funds	2,141	423	150	2,714
Charity Total	91,697	4,240	8,357	104,294
World Mission - Tabeetha School	2,190	-	-	2,190
Group Total	93,887	4,240	8,357	106,484

	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
Group Total	92,715	4,835	8,038	105,588

10. Expenditure on Charitable Activities (continued)

	Group and Charity	
	2018 £000	2017 £000
Grants		
Grants to Individuals:		
Bursaries and Educational Purposes	620	618
Cases of Hardship	84	87
Project Work of the Charity	18	49
	722	754
Grants to Organisations for the Advancement of Religion:		
Through Theological Education and Partner Churches	899	1,017
Through Community Projects including 'Go For It'	1,407	1,659
By Payments to Support Individual Congregations	927	1,069
For the Relief of Poverty	281	335
For Heritage and the Environment	4	1
	3,518	4,081
Total Grants	4,240	4,835

	Group and Charity	
	2018 £000	2017 £000
Support Costs		
Finance, Payroll, Information Technology and Estates	2,845	2,761
Human Resources and Training	1,319	1,239
Central Premises	1,046	985
Regional Offices and Senior Operational Management	1,659	1,609
Legal	305	310
Safeguarding of Children and Vulnerable Adults	350	358
Media Relations and Website	833	776
	8,357	8,038

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

	Group and Charity	
	2018 £000	2017 £000
Governance costs included in Expenditure on Charitable Activities	1,536	1,599
Leasing costs charged to the SOFA		
Property	834	734
Other	430	421
Total Leasing Charges	1,264	1,155
Fees paid to the external auditors are as follows;		
Audit of UCC - RSM UK (2017: PWC)	51	56
Audit of subsidiary undertakings - PWC (2017: PWC)	27	28
Total audit fees	78	84
Pensions advice (2017: PWC)	-	117
Tax advice - RSM UK	5	-
Systems related fees (2017: PWC)	-	7
Total non-audit fees	5	124
Total Fees	83	208

II. Other Expenditure

	Group and Charity	
	2018 £000	2017 £000
Defined Benefit Pension Schemes (Note 33)		
Current cost	368	410
Past Service Cost	6,918	-
Administration costs	1,282	1,287
Employer Contributions	(1,649)	(2,151)
	6,919	(454)

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. Seven of the eighteen voting members who served during 2018 (2017: eight of twenty one) are parish ministers appointed by individual congregations, inducted by presbyteries, and remunerated for their work with congregations in accordance with the National Stipend Scale. The aggregate stipends paid to these seven Trustees during 2018 was £232,000 (2017: £229,000). Expenses of £4,000

(2017: £5,000) were reimbursed to Trustees in respect of travel to Council of Assembly meetings and overnight accommodation where required. Additionally, £2,000 (2017 : £4,000) of expenses were reimbursed to Trustees for attending meetings of, or on behalf of, other councils and committees. In total, fourteen Trustees received expenses during 2018 (2017: fourteen Trustees). Expenses of £6,000 (2017: £5,000) were foregone by Trustees. The list of all Trustees who served during 2018 is given at the end of the Annual Report.

13. Intangible Assets

	Website Costs £000	Computer Software £000	Total £000
Group and Charity			
Cost			
At 1st January 2018	-	94	94
Additions	63	66	129
At 31st December 2018	63	160	223
Accumulated Amortisation			
At 1st January 2018	-	-	-
Charge for year	4	-	4
At 31st December 2018	4	-	4
Net Book Value			
At 31st December 2018	59	160	219

Intangible assets are the costs of the software for the new HR/Payroll System and website costs for Social Care Council.

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	

14. Tangible Assets

	Heritable & Other Properties £000	Motor Vehicles £000	Equipment & Furniture £000	Total £000
Group				
Cost				
At 1 January 2018	81,976	361	6,206	88,543
Additions	3,470	18	496	3,984
Disposals	(1,823)	(42)	-	(1,865)
At 31 December 2018	83,623	337	6,702	90,662
Accumulated Depreciation				
At 1 January 2018	37,228	307	4,439	41,974
Disposals	(462)	(35)	-	(497)
Charge for Year	1,974	13	412	2,399
Foreign Currency Exchange Adjustments	160	-	20	180
At 31 December 2018	38,900	285	4,871	44,056
Net Book Value				
At 31 December 2018	44,723	52	1,831	46,606
Charity				
Cost				
At 1 January 2018	68,122	356	3,003	71,481
Additions	3,238	18	329	3,585
Disposals	(1,823)	(42)	-	(1,865)
At 31 December 2018	69,537	332	3,332	73,201
Accumulated Depreciation				
At 1 January 2018	32,606	304	1,849	34,759
Disposals	(462)	(35)	-	(497)
Charge for Year	1,378	12	250	1,640
At 31 December 2018	33,522	281	2,099	35,902
Net Book Value				
At 31 December 2018	36,015	51	1,233	37,299

14. Tangible Assets (continued)

	Heritable & Other Properties £000	Motor Vehicles £000	Equipment & Furniture £000	Total £000
Group				
Cost				
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)
At 31 December 2017	81,976	361	6,206	88,543
Accumulated Depreciation				
At 1 January 2017				
Disposals	37,811	309	4,095	42,215
Impairment Charge	(2,381)	(21)	-	(2,402)
Charge for Year	1,931	19	354	2,304
Foreign Currency Exchange Adjustments	(133)	-	(10)	(143)
At 31 December 2017	37,228	307	4,439	41,974
Net Book Value				
At 31 December 2017	44,748	54	1,767	46,569
Charity				
Cost				
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)
At 31 December 2017	68,122	356	3,003	71,481
Accumulated Depreciation				
At 1 January 2017				
Disposals	33,653	306	1,639	35,598
Impairment Charge	(2,381)	(21)	-	(2,402)
Charge for Year	1,334	19	210	1,563
At 31 December 2017	32,606	304	1,849	34,759
Net Book Value				
At 31 December 2017	35,516	52	1,154	36,722

15. Investments

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Unlisted Investments - Growth Fund	109,750	112,713	109,750	112,713
Unlisted Investments - Income Fund	19,221	19,301	19,221	19,301
Unlisted Investments - Investment in Oiko Credit Co-operative	116	-	116	-
Deposit Fund - Bank Deposit Accounts	11	11	11	11
	129,098	132,025	129,098	132,025
Investment in Subsidiary Company	-	-	504	504
Fair Value/Cost	129,098	132,025	129,602	132,529
Historic Cost	68,952	66,622	69,456	67,126

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	
	2018 £000	2017 £000	2018 £000	2017 £000
Fair Value at 1 January	132,025	121,515	132,529	122,019
Disposals at Opening Fair Value	(1,623)	(1,977)	(1,623)	(1,977)
Reclassification from reserves	116	-	116	-
Acquisitions at Cost	3,345	4,012	3,345	4,012
Net (Losses)/Gains on Revaluation at 31 December	(4,765)	8,475	(4,765)	8,475
Market Value at 31 December	129,098	132,025	129,602	132,529

Net (Losses)/Gains on Disposal of Investments

Sale Proceeds	1,606	2,099	1,606	2,099
Fair Value at 1 January	(1,623)	(1,977)	(1,623)	(1,977)
Net Realised (Losses)/Gains on disposal in Year	(17)	122	(17)	122

Amount charged to the Statement of Financial Activities

Net (Losses)/Gains on Revaluation of Investments	(4,765)	8,475	(4,765)	8,475
Net Realised (Losses)/Gains on Disposal of Investments	(17)	122	(17)	122
Net Loss on Revaluation of Mixed Motive Investments (Note 17a)	(50)	-	(50)	-
Net (Losses)/Gains on Investment Assets	(4,832)	8,597	(4,832)	8,597

16. Foreign Currency

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Realised Gains and Losses recognised in:				
Income				
On Bank Deposits not denominated in sterling	663	-	663	-
Unrealised Gains and Losses recognised in:				
Expenditure				
On Bank Deposits not denominated in sterling	-	(875)	-	(875)
Other Recognised Gains and Losses				
Gains/(Losses) on Net Assets of Subsidiary Companies on Consolidation	161	(41)	-	-

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.

17a. Mixed Motive Investments - Fixed Assets

	Group and Charity	
	2018 £000	2017 £000
Housing Loans (heritably secured) at amortised cost	6,638	6,523
Property held as mixed motive investment	700	750
	7,338	7,273

The Housing Loans are repayable when the properties relating to the loans are sold, and attract interest at rates between 1.25% and 4%. The carrying amount of concessionary loans was £6,402,000 (2017: £6,243,000).

At 31st December 2018, future Housing Loans which were committed but not taken up were £1,119,000 (2017: £807,000).

	Group and Charity	
	2018 £000	2017 £000
Movement in Property held as Mixed Motive Investment		
Valuation at 1st January	750	750
Unrealised loss on revaluation	(50)	-
Valuation at 31st December	700	750

17b. Programme Related Investments

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
The Church of Scotland Trust	9,726	-	9,726	-

The funding provided to the Church of Scotland Trust is an unsecured loan which is repayable over forty years. No interest is charged on the loan. The amount due within one year is £389,000.

18. Mixed Motive Investments - Current Assets

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Car Loans	133	151	133	151
Loan to Subsidiary Company	-	-	124	124
Other Loans	19	26	19	26
	152	177	276	301

Car Loans are provided to ministers and overseas missionaries at a rate of 6%. Other loans are provided to assist ministers.

19. Debtors

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Amounts receivable within one year				
Trade Debtors	2,830	3,005	2,208	2,418
Amounts Owed by: Congregations	1,092	836	1,092	836
Church of Scotland General Trustees	977	148	977	148
Church of Scotland Trust	18	-	18	-
Church of Scotland Pension Trustees	304	64	304	64
Sundry Debtors	291	161	153	51
Prepayments	704	694	692	674
Accrued Income	2,481	1,047	2,441	974
	8,697	5,955	7,885	5,165

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	
	2018 £000	2017 £000	2018 £000	2017 £000
Deposit Fund with Church of Scotland Investors Trust	7,549	13,243	7,549	13,243
US Dollar Account	-	9,250	-	9,250
	7,549	22,493	7,549	22,493

The US dollar account held by the World Mission Council was used as security for a bank overdraft of equal amount in the name of the Israeli Trading Subsidiary, St Andrew's Galilee Limited. Just prior to the 2018 year end, the deposit was assigned to The Church of Scotland Trust, resulting in a loan denominated in UK pounds owed to UCC by The Church of Scotland Trust.

21. Creditors: Amounts Falling Due within One Year

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Bank Overdraft	9,622	9,250	-	-
Trade Creditors	1,062	1,475	595	1,041
Amounts Owed to: Church of Scotland Investors Trust	341	725	341	725
Church of Scotland Trust	-	1	-	1
Other Creditors Including Tax and Social Security	1,752	1,744	1,726	1,739
Sundry Creditors	1,812	1,610	1,216	1,129
Accruals	4,414	3,996	3,987	3,670
Deferred Income	1,281	1,134	857	812
Loans falling due within one year	-	12	-	12
	20,284	19,947	8,722	9,129

As at 31st December 2018, the bank overdraft was secured against a US dollar account assigned to The Church of Scotland Trust. In early January 2019, the overdraft was repaid using cash loaned from The Church of Scotland Trust (Note 20).

Deferred Income relates to payments received in advance of services being provided by the Social Care Council (£801,000), Deferred Ministries income (£22,000), Deferred World Mission Council income (£35,000) and advance payments from customers received by the Israeli trading subsidiaries (£423,000). 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	
	2018 £000	2017 £000
Grants	173	86
Loan from Nan Stevenson Trust to Housing & Loan Fund	5	5
	178	91

23. Provision for Liabilities and Charges

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Onerous Leases	468	468	468	468
Other	777	734	-	-
	1,245	1,202	468	468
Onerous Leases:				
Balance Brought Forward	468	481	468	481
Provision released to Statement of Financial Activities	-	(13)	-	(13)
Balance Carried Forward	468	468	468	468

The onerous lease provision is for dilapidations 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 5 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. Financial Instruments

The carrying amount of the financial instruments at 31st December were:

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Financial assets at fair value through the Statement of Financial Activities				
Unlisted investments	129,087	132,014	129,591	132,518
Financial assets that are debt instruments measured at cost less impairment				
Housing loans	6,638	6,523	6,638	6,523
Car and other loans	152	177	152	177
Trade debtors and amounts due from congregations and related parties	5,221	4,053	4,599	3,466
Programme Related Investments - The Church of Scotland Trust	9,726	-	9,726	-
Sundry debtors	291	161	153	51
Accrued income	2,481	1,047	2,441	974
Financial liabilities measured at amortised cost				
Bank overdraft	(9,622)	(9,250)	-	-
Trade creditors	(1,062)	(1,475)	(595)	(1,041)
Accruals	(4,414)	(3,996)	(2,987)	(3,670)
Loans	(5)	(17)	(5)	(17)
Amounts owed to related parties	(341)	(726)	(341)	(726)
Sundry creditors	(1,812)	(1,610)	(1,216)	(1,129)

25. Analysis of Net Assets among Funds - Group

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
Tangible and Intangible Fixed Assets	9,307	37,518	-	46,825
Investments	-	100,857	28,241	129,098
Mixed Motive Investments	-	7,338	-	7,338
Programme Related Investments	-	9,726	-	9,726
Total Fixed Assets	9,307	155,439	28,241	192,987
Net Current (Liabilities)/Assets	(9,445)	11,274	-	1,829
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	(777)	(646)	-	(1,423)
Pension Scheme Liability	-	(3,207)	-	(3,207)
Net Assets	(915)	162,860	28,241	190,186

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Tangible Fixed Assets	9,847	36,816	-	46,663
Investments	-	101,737	30,288	132,025
Mixed Motive Investments	-	7,273	-	7,273
Total Fixed Assets	9,847	145,826	30,288	185,961
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)
Net (Liabilities)/Assets	96	164,238	30,288	194,622

26. Analysis of Net Assets among Funds - Charity

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
Tangible and Intangible Fixed Assets	-	37,518	-	37,518
Investments	504	100,857	28,241	129,602
Mixed Motive Investments	-	7,338	-	7,338
Programme Related Investments	-	9,726	-	9,726
Total Fixed Assets	504	155,439	28,241	184,184
Net Current Assets	233	11,274	-	11,507
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	-	(646)	-	(646)
Pension Scheme Liability	-	(3,207)	-	(3,207)
Net Assets	737	162,860	28,241	191,838

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Tangible Fixed Assets	-	36,816	-	36,816
Investments	504	101,737	30,288	132,529
Mixed Motive Investments	-	7,273	-	7,273
Total Fixed Assets	504	145,826	30,288	176,618
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)
Net Assets	737	164,238	30,288	195,263

27. Unrestricted Funds - Group

	At 1 Jan 2018 £000	Income £000	Expenditure £000	Fund Transfers £000	Other Recognised Gains and Losses £000	At 31 Dec 2018 £000
Ministries Council	4	39	(39)	-	-	4
World Mission Council	(137)	8,357	(9,529)	-	161	(1,148)
Mission & Discipleship Council	-	948	(948)	-	-	-
Support & Services	-	1,404	(1,404)	-	-	-
Other Funds	229	515	-	(515)	-	229
	96	11,263	(11,920)	(515)	161	(915)

	At 1 Jan 2017 £000	Income £000	Expenditure £000	Fund Transfers £000	Other Recognised Gains and Losses £000	At 31 Dec 2017 £000
Ministries Council	4	35	(36)	1	-	4
World Mission Council	(608)	7,881	(7,369)	-	(41)	(137)
Mission & Discipleship Council	-	989	(989)	-	-	-
Support & Services	-	1,531	(1,531)	-	-	-
Other Funds	229	260	-	(260)	-	229
	(375)	10,696	(9,925)	(259)	(41)	96

Other than unrestricted legacies and donations received, all funds are designated for the work of individual Councils and Other Funds. In 2018 there was a foreign currency translation gain of £161,000 upon consolidation of the net assets of the Israeli Subsidiaries as disclosed in Note 31 (2017: loss £41,000). £515,000 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 (2017: £260,000).

28. Unrestricted Funds - Charity

	At 1 Jan 2018 £000	Income £000	Expenditure £000	Fund Transfers £000	At 31 Dec 2018 £000
Ministries Council	4	39	(39)	-	4
World Mission Council	504	-	-	-	504
Mission & Discipleship Council	-	948	(948)	-	-
Support & Services	-	1,404	(1,404)	-	-
Other Funds	229	515	-	(515)	229
	737	2,906	(2,391)	(515)	737

	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
	737	2,815	(2,556)	(259)	737

29. Restricted Funds - Group and Charity

	Balance 1 Jan 2018 £000	Income £000	Expenditure £000	Net Losses on Investment Assets £000	Fund Transfers £000	Actuarial Gains £000	Balance 31 Dec 2018 £000
Social Care Council	25,340	44,171	(46,774)	(362)	1,341	-	23,716
Ministries Council	41,649	41,069	(41,915)	(1,234)	1,274	-	40,843
World Mission Council	41,429	2,492	(3,070)	(1,019)	848	-	40,680
Mission & Discipleship Council	10,731	496	(1,253)	(307)	591	-	10,258
Support & Services	31	190	(5,974)	(3)	6,175	-	419
Church & Society Council	747	182	(666)	(28)	399	-	634
Other Funds	50,393	10,836	(2,713)	(785)	(8,214)	-	49,517
	170,320	99,436	(102,365)	(3,738)	2,414	-	166,067
Pensions Reserve	(6,082)	(151)	(6,919)	-	-	9,945	(3,207)
	164,238	99,285	(109,284)	(3,738)	2,414	9,945	162,860

Four funds made up 92% of the Other Funds, namely the Housing and Loan Fund (£42,367,000), the Mission and Renewal Fund (£173,000), New College (£2,520,000) and the Guild (£751,000). Transfers includes £6,684,000 transferred to Councils from the Mission and Renewal Fund which receives incoming resources from Ministry and Mission contributions from congregations. In addition to this, £1,245,000 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 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)
	154,668	100,978	(102,007)	6,787	2,244	1,568	164,238

30. Endowment Funds - Group and Charity

	Balance 1 Jan 2018 £000	Income £000	Net Losses on Investment Assets £000	Fund Transfers £000	Balance 31 Dec 2018 £000
Social Care Council	356	6	(4)	(6)	352
Ministries Council	6,034	144	(196)	(1,402)	4,580
World Mission Council	5,116	185	(216)	(35)	5,050
Mission & Discipleship Council	715	24	(25)	(24)	690
Support & Services	136	4	(5)	(4)	131
Church & Society Council	67	2	(2)	(2)	65
Other Funds	17,864	581	(646)	(426)	17,373
	30,288	946	(1,094)	(1,899)	28,241

Total Endowment Funds at 31st December 2018 of £28,241,000 are made up of £27,015,000 Permanent Endowment and £1,226,000 Expendable Endowment (2017: Permanent Endowment £28,999,000 and Expendable Endowment £1,289,000). Transfers of investment income were made to Councils and Committees for expending on their charitable activities. Income from endowment funds is for restricted purposes. During 2018, the review of funds project resulted in transfers from Endowment Funds to Restricted Funds of £903,000.

	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
	29,475	988	1,810	(1,985)	30,288

31. 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	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Income	5,568	5,372	650	704	2,139	1,805
Expenditure	(6,604)	(4,650)	(735)	(727)	(2,190)	(1,992)
Net Profit/(Loss)	(1,036)	722	(85)	(23)	(51)	(187)
Unrealised Gains/(Losses) on Foreign Currency transactions	145	(14)	5	(17)	11	(10)
	(891)	708	(80)	(40)	(40)	(197)
Gross Assets	10,044	10,356	384	415	919	1,006
Gross Liabilities	(11,307)	(10,728)	(353)	(304)	(770)	(817)
Total Net (Liabilities)/Assets	(1,263)	(372)	31	111	149	189

32. Commitments

	Group and Charity	
	2018 £000	2017 £000

Capital Expenditure

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

Central Services Committee	-	12
Social Care Council	88	40
	88	52

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

Social Care Council	64	556
---------------------	----	-----

Operating Leases where the Group is Lessee

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

	Group		2018 Total £000	2017 Total £000
	Property £000	Other £000		
Within 1 year	856	394	1,250	784
After 1 and before 5 years	1,705	817	2,522	774
After 5 years	-	-	-	7
	2,561	1,211	3,772	1,565

	Charity		2018 Total £000	2017 Total £000
	Property £000	Other £000		
Within 1 year	856	360	1,216	747
After 1 and before 5 years	1,705	773	2,478	712
	2,561	1,133	3,694	1,459

Operating Leases where the Group is Lessor

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

	Group and Charity	
	2018 £000	2017 £000
Within 1 year	121	123
After 1 and before 5 years	23	152
	144	275

Certain commercial property leases are non-cancellable. These leases have remaining terms of between 1 and 2 years. Other leases have terms of less than one year.

33. 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 (until December 2018), BlackRock Asset Management (UK) Ltd and Legal & General 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 on the Statements of Financial Activities of these schemes are shown in aggregate in the following tables.

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 2018. 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.

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2018 £000	2017 £000
Defined Benefit Obligation							
Opening Defined Benefit Obligations	267,648	15,419	58,832	35,826	23,634	401,359	396,741
Current Service Cost	-	-	-	-	368	368	410
Administration Costs	530	177	414	161	-	1,282	1,287
Interest Cost	6,417	369	1,422	864	589	9,661	10,490
Contributions by Scheme Participants	-	-	-	-	57	57	67
Actuarial (Gains)/Losses	(42,377)	(1,646)	(5,828)	(3,940)	(4,558)	(58,349)	11,366
Past Service Cost	6,918	-	-	-	-	6,918	-
Benefits and Expenses paid	(12,787)	(885)	(2,363)	(1,438)	(497)	(17,970)	(19,002)
Closing Defined Benefit Obligations	226,349	13,434	52,477	31,473	19,593	343,326	401,359

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2018 £000	2017 £000
Fair Value of Scheme Assets							
Opening Fair Value of Scheme Assets	333,345	18,670	62,281	41,857	17,552	473,705	468,124
Interest Income	8,013	449	1,519	1,015	436	11,432	12,441
Contributions by Scheme Participants	-	-	-	-	57	57	67
Contributions by the Employer	24	52	1,065	280	228	1,649	2,151
Actual return on assets excluding amounts included in net interest	(6,446)	(581)	(2,305)	(1,271)	(1,390)	(11,993)	9,924
Benefits and Expenses paid	(12,787)	(885)	(2,363)	(1,438)	(497)	(17,970)	(19,002)
Closing Fair Value of Scheme Assets	322,149	17,705	60,197	40,443	16,386	456,880	473,705
Irrecoverable surplus brought forward	(65,697)	(3,251)	(3,449)	(6,031)	-	(78,428)	(79,298)
Impact of irrecoverable surplus on interest income	(1,610)	(80)	(84)	(148)	-	(1,922)	(2,140)
(Increase)/decrease in irrecoverable surplus from experience	(28,493)	(940)	(4,187)	(2,791)	-	(36,411)	3,010
Irrecoverable surplus at end of year	(95,800)	(4,271)	(7,720)	(8,970)	-	(116,761)	(78,428)
Closing Fair Value of Scheme Assets recognised on Balance Sheet	226,349	13,434	52,477	31,473	16,386	340,119	395,277
Closing Net Defined Benefit Obligation	-	-	-	-	3,207	3,207	6,082
Opening Net Defined Benefit Obligation	-	-	-	-	6,082	6,082	7,915

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2018 £000	2017 £000
--	-------------------	-------------	------------------------	-------------	------------------------	--------------	--------------

Analysis of Amount Charged to Operating (Deficit)/Surplus

Current & Past Service Cost	6,918	-	-	-	368	7,286	410
Administration Costs	530	177	414	161	-	1,282	1,287
Total Operating Charge	7,448	177	414	161	368	8,568	1,697

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2018 £000	2017 £000
--	-------------------	-------------	------------------------	-------------	------------------------	--------------	--------------

Analysis of Amount Credited to Other Finance Income

Interest Income on Scheme Assets	8,013	449	1,519	1,015	436	11,432	12,441
Impact of Asset Ceiling on Net Interest	(1,610)	(80)	(84)	(148)	-	(1,922)	(2,140)
Interest on Scheme Liabilities	(6,417)	(369)	(1,422)	(864)	(589)	(9,661)	(10,490)
Net Interest on Net Defined Benefit Liability	(14)	-	13	3	(153)	(151)	(189)

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2018 £000	2017 £000
--	-------------------	-------------	------------------------	-------------	------------------------	--------------	--------------

Total Amount Charged to Statement of Financial Activities

Total Operating Charge less Net Interest	7,462	177	401	158	521	8,719	1,886
--	-------	-----	-----	-----	-----	-------	-------

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2018 £000	2017 £000
Analysis of Amount recognised in Other Recognised Gains and Losses							
Actual return on Assets excluding amounts included in net interest	(6,446)	(581)	(2,305)	(1,271)	(1,390)	(11,993)	9,924
Actuarial gains/(losses) on Scheme obligations	42,377	1,646	5,828	3,940	4,558	58,349	(11,366)
(Increase)/decrease in irrecoverable surplus from membership fall and other factors	(28,493)	(940)	(4,187)	(2,791)	-	(36,411)	3,010
Remeasurement gain/(loss) recognised in Other Recognised Gains and Losses	7,438	125	(664)	(122)	3,168	9,945	1,568

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2018 £000	2017 £000
Major Categories of Scheme Assets:							
UK Equities	5,389	200	1,780	546	10,060	17,975	20,082
Overseas Equities	9,613	357	3,175	974	-	14,119	14,629
UK Managed Funds	4,366	1,511	13,739	3,322	-	22,938	86,322
Overseas Managed Funds	1,219	1,281	4,491	2,760	-	9,751	1,855
UK Government Index-linked Bonds	129,866	9,165	19,460	19,624	4,196	182,311	178,621
UK Government Fixed-interest Bonds	155,460	4,992	16,493	12,848	-	189,793	166,642
Property	-	-	-	-	1,451	1,451	1,445
Cash/Net Current Assets	16,236	199	1,059	369	679	18,542	4,109
Total Value of Assets	322,149	17,705	60,197	40,443	16,386	456,880	473,705
Actuarial Value of Liabilities	(226,349)	(13,434)	(52,477)	(31,473)	(19,593)	(343,326)	(401,359)
Surplus/(Deficit) of Funded Scheme Liabilities	95,800	4,271	7,720	8,970	(3,207)	113,554	72,346
Irrecoverable Surplus	(95,800)	(4,271)	(7,720)	(8,970)	-	(116,761)	(78,428)
Net Pension Liability	-	-	-	-	(3,207)	(3,207)	(6,082)

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

The main financial assumptions used in preparing the defined benefit schemes figures above as at 31st December 2018 and 2017 are as follows:

	2018 %	2017 %
Retail Price inflation	3.45	3.40
Consumer Price inflation	2.60	2.55
Discount rate	2.80	2.70
Pension Increase Rate	1.95 - 2.60	1.95 - 2.55
Salary increase rate (LGP Schemes only)	2.90	3.75

34. Post Balance Sheet Event

On 2nd January 2019, the bank loan between St Andrew's Galilee Ltd and Bank Hapoalim of USD 12.3m was repaid in accordance with the loan agreement. Just prior to the year end, the deposit held by UCC had been assigned to The Church Of Scotland Trust (see Note 20).

Reference and Administrative Details

Council of Assembly

Members of the Council of Assembly Voting Members and Charity Trustees

- **Sally Bonnar** Convener (Elder, Perth: North)
- **David Watt** Vice-Convener (Elder, Airdrie: The New Wellwynd) (Vice-Convener from May 2018)
- **Catherine Coull** Vice-Convener (Elder, Dundee: Chalmers-Ardler) (until May 2018)
- **Jennifer Adams** Convener, Panel on Review and Reform (Minister, Duffus, Spynie and Hopeman) (from May 2018)
- **David Brackenridge** (Elder, Peebles: St. Andrew's Leckie)
- **John Chalmers** Convener, World Mission Council (Retired Minister) (from May 2018)
- **John Corrigan** (Elder, Stewarton: John Knox) (until December 2018)
- **Iain Cunningham** Convener, World Mission Council (Minister, Carluke: Kirkton) (until May 2018)
- **Graham Duffin** Convener, Panel on Review and Reform (Minister, Loanhead) (until May 2018)
- **Alison Fenton** (Elder, Glasgow: Giffnock South) (from May 2018)
- **Richard Frazer**, Convener, Church and Society Council (Minister, Edinburgh: Greyfriars Kirk)
- **Alistair Gibb** (Elder, Edinburgh: Cramond)
- **Neil Glover** Convener, Ministries Council (Minister, Aberfeldy l/w Dull and Weem l/w Grantully, Logierait and Strathtay)
- **Isobel Hunter** (Elder, Skirling)
- **Anne Lamont** (Elder, Edinburgh: Leith North)
- **Andrew McGowan** (Minister, Inverness: East)
- **Norma Rolls** (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)
- **Ronald Wright** (Elder, Dunblane: Cathedral)
- **Jayne Scott** Secretary, Ministries Council
- **Viv Dickenson** Chief Executive, CrossReach and Secretary, Social Care Council
- **Ian Alexander** Secretary, World Mission Council

Non-Voting Members

- **Martin Scott** Secretary to the Council of Assembly
- **Martin Johnstone** Secretary, Church and Society Council; Interim Secretary, Council of Assembly (from October 2018)
- **Anne Macintosh** General Treasurer
- **Mary Macleod** Solicitor of the Church
- **George Whyte** Principal Clerk of the General Assembly
- **Angus Mathieson** Secretary, Mission and Discipleship Council (from March 2018)



Scottish Charity Number

SC011353

Principal Office

121 George Street
Edinburgh
EH2 4YN

Professional Advisors

Auditors

RSM UK Audit LLP
(Group Auditors)
Chartered Accountants
and Statutory Auditor
69 Wellington Street
Glasgow
G2 6HG

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 2AD

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

Then Jesus told his disciples
'If any want to become my followers, let them deny
themselves and take up their cross and follow me'.

Matthew 16:24
