



The Church of Scotland
General Trustees

ANNUAL REPORT & FINANCIAL STATEMENTS

For The Year Ended 31 December 2020

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2020

Contents	Page
Trustees' Report	2-24
A Objectives and Activities	2-6
B Achievements and Performance	6-8
C Financial Review	9-14
D Future Plans	15
E Structure, Governance and Management	16-21
F Reference and Administrative Details	22-23
Statement of Trustees' Responsibilities	24
Independent Auditor's Report to the Trustees	25-27
Consolidated Statement of Financial Activities	28
Charity Statement of Financial Activities	29
Balance Sheets	30
Statement of Cashflows	31
Notes to the Financial Statements	32-47

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT for the year ended 31 December 2020

A. OBJECTIVES AND ACTIVITIES

Article III of the Articles Declaratory of the Constitution of the Church of Scotland in Matters Spiritual says: "As a national Church representative of the Christian faith of the Scottish people it acknowledges its distinctive call and duty to bring the ordinances of religion to the people in every Parish of Scotland through a territorial ministry". The Church of Scotland General Trustees has a registered charity number SC014574.

Objectives

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

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

Their purpose is to administer stipend endowments and any heritable assets such as land, churches, halls and manses and any moveable assets such as investments derived therefrom for such ends, uses and purposes as the General Assembly (or any body to which its powers are delegated) may direct. More detail on how these objectives will be achieved in the short and medium term can be found in the Future Plans section (page 15).

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

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

Public Benefit

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

Principal Activities

The General Trustees' principal activities are the support of parish ministry and support of congregations in the provision of buildings which are fit-for-purpose and in the right location. In doing so, the Trustees administer a significant level of funds which are applied towards the achievement of their trust purpose and charitable objectives.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

A. **OBJECTIVES AND ACTIVITIES** (Continued)

Funds Supporting Parish Ministry

a. Consolidated Stipend Fund

This Fund is administered for the benefit of the 1,189 congregations with holdings in it. The Fund capital is largely derived from the sale of glebeland since 1925 as well as from transfers of surplus capital from the Consolidated Fabric Fund and from the investment of new monies by individual congregations. Revenue generated on the capital is distributed through the Faith Nurture Forum to help the congregations meet their parish ministry costs.

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

b. Glebeland Funds

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

Funds Assisting Congregations in the Provision of Suitable Buildings

a. Consolidated Fabric Fund

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

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

A. OBJECTIVES AND ACTIVITIES (Continued)

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

b. Individual Funds and Temporary Funds

Individual Funds were derived from the sale of redundant properties and where the main purpose of the proceeds was for Christian mission rather than for the repair or improvement of buildings. Release of accrued revenue and capital is subject to various approvals from congregations and Presbyteries.

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

c. Central Fabric Fund

The Fund is the main resource which enables the Trustees to provide financial assistance in the form of grants and loans to congregations for repairing and improving the buildings which they use as local resources for Christian mission. The following guidelines are applied when assessing applications for financial assistance:

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

The introduction of revised policies and protocols in relation to the awarding of grants and loans was reported last year. The Trustees are pleased to report that these appear to be working well although it is recognised that, given the considerable reduction in applications for financial assistance in 2020 as a result of the health crisis, the number of cases requiring the submission of detailed business and finance plans has been relatively small.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

A. OBJECTIVES AND ACTIVITIES (Continued)

Supporting the Work of the Trustees

a. General Fund

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

b. Historic Property Fund

During the year the Trustees have agreed to assume administrative responsibility for certain substantial historic listed buildings that are not capable of being disposed of in the short term following the dissolution of a congregation. The costs associated with the upkeep of these buildings over an extended period will be substantial. The Trustees predict that as Presbytery Plans are reviewed, there will be further such buildings which will become the Trustees' responsibility.

This new Fund has been established as a designated fund to receive the assets both heritable and moveable of congregations which have been dissolved and where the buildings involved present the challenges outlined above. The Fund monies will be applied towards the costs of keeping such buildings in good order until such time as a satisfactory outcome is achieved either by outright disposal or the liabilities of ownership are no longer the sole responsibility of the General Trustees.

It should be noted that the number of buildings that the foregoing arrangements will apply to cannot be determined at this time. The bulk of the proceeds from the sale of the heritable properties of dissolved congregations will be credited to the Central Fabric Fund.

c. Church of Scotland Insurance Services Limited

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

The Company is a wholly-owned subsidiary of the General Trustees and as such its assets, liabilities and results for the year are consolidated with those of the General Trustees. The Company provides through its Church Scheme a first-class comprehensive package-type cover at competitive rates for buildings, liabilities and contents for congregations. The Scheme provides certainty for congregational Treasurers as it was renewed for a three-year period with Aviva from 1 January 2020 with the possibility of a further two-year extension. It is also an

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

A. OBJECTIVES AND ACTIVITIES (Continued)

Supporting the Work of the Trustees (continued)

income for the Trustees. The Trustees have no doubt that the services which the Company provides represent a good deal for congregations and the Trustees.

B. ACHIEVEMENTS AND PERFORMANCE

Bearing in mind their trust purpose, the General Trustees have continued throughout 2020 to support parish ministry and to assist congregations in the provision of suitable buildings by the efficient administration of the Funds under their control despite the effect of the Covid-19 lockdown and furlough working. The General Trustees will look to introduce key performance indicators in the coming years to allow better monitoring of performance.

a. **Investment Performance**

The General Trustees invest primarily in the Deposit, Growth and Income Funds of the Church of Scotland Investors Trust (COSIT). Although they obtain the benefits of professional management, continuous portfolio supervision, spread of investment risk and economies of scale, decisions as to the appropriate investment mix as between the three Funds are the responsibility of the General Trustees.

The COSIT Trustees set internal benchmarks for the Growth Fund that take account of ethical constraints and these are used to assess the investment performance of the Fund Manager. In 2020 the total return was -0.62% (2019: +17.04%) against the composite benchmark of +3.06% (2019: +17.02%). The Income Fund's total investment return was +6.9% (2019: +9.2%) compared with the composite benchmark return of +7.2% (2019: +8.2%). The Deposit Fund's average rate of interest paid for 2020 was +0.54% (2019: +0.84%). Within total returns, income distributions from the Growth Fund, the Income Fund and the Deposit Fund all declined during the year. Growth Fund income fell sharply as the global pandemic hit the earnings of UK and overseas companies, and dividends are expected to be slow to recover in the years ahead. Distributions from the Income Fund also fell as a result of lower long-term bond market yields, while a reduced distribution from the Deposit Fund reflects continuing low levels of interest rates.

b. **The Land & Buildings Plan – “Well-equipped spaces in the right places”**

As a result of the disruption caused by the Covid-19 virus and the subsequent lockdown restrictions, the General Assembly scheduled for May 2020 was cancelled and held in a virtual format in October. In the intervening period, the Trustees took the opportunity of re-working their report to the General Assembly by emphasising that delivery of the Plan should be in the context of supporting Presbyteries in the planning process. The October General Assembly affirmed this approach and agreed with the key principles set out by the Trustees. This included a commitment to deliver a Presbytery Planning Toolkit for Land and Buildings which was achieved at the start of January 2021. Initial feedback from Presbytery Clerks has been very positive and marks a major step in progressing the commitment towards engagement with Presbyteries.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

B. ACHIEVEMENTS AND PERFORMANCE (Continued)

c. Organisational Re-Structuring

The organisational review started by the Trustees' Secretary in 2019 identified a clear need for an immediate increase in the level of professional and administrative resources if the Trustees are to successfully deliver the key elements of the Land & Buildings Plan to Presbyteries and congregations. The intention is to develop the role of the Trustees as the land and buildings division of the Church of Scotland. Put on hold during the first half of 2020 due to the Covid-19 restrictions and the lockdown, the resumption of activity coincided with the decision by the Trustees' Secretary, Mr David D Robertson, to retire in April 2021. This in turn led to the appointment of Mr Barri Millar as the Trustees' principal officer. Mr Millar joined the Trustees' staff in mid-November 2020 and formally assumed responsibility as Chief Executive on 9 March 2021. Mr Millar has continued to progress the review concentrating on delivering a strengthened administrative structure as well as an enhanced professional capability through re-defining the roles of the senior executive staff and the appointment of an additional Buildings Officer.

The most widely-accepted element of the Land & Buildings Plan was the benefits for congregations and Presbyteries which would flow from regionally-based professional Buildings Officers. In close collaboration with four Presbyteries in the North-east of Scotland (Aberdeen & Shetland, Buchan, Gordon and Kincardine & Deeside) the Trustees hope to appoint a pilot Presbytery Buildings Officer to work across the cluster. For this pilot, the costs will be met equally by the cluster and the Trustees.

In addition to the formal re-organisation, the Trustees successfully recruited a replacement Health & Safety Officer on a 2-year contract to support the work being done by their Head of Building Safety, Risk & Compliance and their Fire Safety Officer. Despite the lockdown in 2020, the Health & Safety team has continued to provide advice and guidance to congregations. In addition, the Head of Building Safety continues to serve as an active member of the national administration's Covid Response Group which has engaged with Scottish Government Ministers and officials in co-ordinating the Church's response to the changing restrictions on the use of congregational buildings. As a result of the incorporation of Art & Architecture functions into the Trustees' operations from 1 January 2021, two additional staff members have been transferred to the Trustees' staff complement.

d. Trustees' Re-structuring

The October 2020 Assembly approved the adoption of fixed terms of service for Trustees and Advisory Members. Transitional arrangements are in place for those appointed under the previous system in place since 1992 whereby they were entitled to serve until the General Assembly following their 75th birthday. Under the new system, Trustees and Advisory Members can only serve for a maximum of three terms of 4 years with the second and third terms being subject to Board approval. The new system will also see the introduction of performance review of the Board and Committees.

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

B. ACHIEVEMENTS AND PERFORMANCE (Continued)

d. Trustees' Re-structuring (Continued)

The Trustees have also slimmed down the Committee structure and have introduced Terms of Reference reviewable annually. The Board has taken direct responsibility for the nomination, induction and training of Trustees and Advisory Members.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

C. FINANCIAL REVIEW

a. Total Reserves

The financial statements as at 31 December 2020 show that the General Trustees have total reserves of £743,123,000 (2019: £744,385,000). Of this total for the charity, £520,115,000 (2019: £522,869,000) is represented by the value of land and property assets as shown in note 12 and £77,294,000 (2019: £83,733,000) is represented by unrealised gains on investment assets to date.

b. Unrestricted Reserves

The impact of Covid-19 on the reserves of the General Trustees has been minimal in 2020 with the exception of a drop in value of investment holdings within the Growth Fund of the Church of Scotland Investors Trust. The long-term impact on the reserves of the General Trustees and how badly the closure of Churches for worship during the pandemic has impacted local finances is as yet unknown. This will have a direct impact on the ability of congregations to maintain the buildings and increase the need for support from the General Trustees for financial assistance.

Of the total reserves of £743,123,000 only £9,671,000 (2019: £9,548,000) are unrestricted and undesignated, the majority of the reserves being held in restricted funds for the benefit of individual congregations. There are risks relating both to income and expenditure within the funds:

- there is annual expenditure on the General Fund of around £1,769,000 (2019: £1,471,000) with annual ordinary recurring income, excluding income from the Insurance Company which is solely dependent on its trading results, of £437,000 (2019 £399,000);
- major essential maintenance costs or underinsured damage to buildings which cannot be met by the congregation concerned could become a liability of the General Trustees to be met from this reserve and while such instances are not common when they do arise the sums can be very significant; and
- the General Trustees have contingent liabilities as disclosed in note 29 to the financial statements which, if they arose, would significantly reduce unrestricted reserves.

Given the potential scale of the call on reserves arising from these risk categories, it is the policy of the General Trustees to hold approximately 4 years of annual expenditure in reserves that amounts to around £7m. The General Trustees currently retain over 5 years of annual expenditure within this reserve. The investment portfolio is conservatively structured with the aim of providing income and the prospect of capital growth in the medium term.

c. Designated Reserves

In addition to the General Trustees' own reserves, the consolidated financial statements show reserves in a Designated Fund of £8,841,000 (2019: £7,629,000) at the Balance Sheet date of which £8,021,000 represents the net assets of the Insurance Company. The Insurance Company operates under the Companies Act and is authorised and regulated by the Financial

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

C. FINANCIAL REVIEW (Continued)

c. Designated Reserves (continued)

Conduct Authority. The Directors of the Company are conscious of the Trustees' desire to aid the work of the Church and continue to examine ways to assist in that process.

At 31st of December a new Designated Fund, the Historic Property Fund, was set up using the monies received from the former Aberdeen Kirk of St Nicholas Uniting congregation. At the balance sheet date this fund held reserves of £820,000. This new Fund has been established as a designated fund to receive the heritable and moveable assets of congregations which have been dissolved and where the buildings involved present challenges in being disposed of. The Fund monies will be applied towards the costs of keeping the buildings in good order until such time as a satisfactory outcome is achieved either by outright disposal or the liabilities of ownership are no longer the sole responsibility of the General Trustees.

d. Restricted Reserves

There are restricted reserves of £721,201,000 (2019: £723,665,000) at 31 December 2020, comprising £135,785,000 (2019: £141,143,000) of funds to support parish ministry and £585,416,000 (2019: £582,522,000) of Fabric and other Funds which includes £35,133,000 and £484,982,000 respectively of capitalised land and properties.

As explained on page 3, the Consolidated Stipend Fund is held for the benefit of the 1,189 congregations for whom it is earmarked, and the income is applied against the congregation's ministry costs. Capital is not normally withdrawn but upon receipt of additional capital, typically from the sale of glebeland, surplus monies can be transferred to the Consolidated Fabric Fund or to the National Stipend Fund administered by the Faith Nurture Forum. As agreed with the then Board of Ministry (now Faith Nurture Forum) and adopted and re-affirmed by the General Assembly on a number of occasions, the most recent being in 2016, the Fund is regarded as a permanent endowment for investment strategy purposes.

Whilst the Trustees consider this internally as an endowment fund it is not treated as such within these financial statements and it is therefore invested for the very long term. However, the unusual market conditions of 2020 resulted in sharply reduced distributions from the Fund and accordingly a revised investment policy has been agreed with the Faith Nurture Forum. The Consolidated Stipend Fund will continue to be invested for the very long term with the aim of distributing some £3.2m per annum from 2021 to 2025 comprising dividend income from COSIT and the sale proceeds of some units. The objective will otherwise be to maximise the long-term capital value of the Fund to benefit future levels of income and capital. Following the approval of the 2001 General Assembly, the Fund has been viewed on a total return basis, and the Trustees are empowered to pay a proportion of any dividend out of capital. This power will be exercised for the first time during the current financial year to reflect the revised investment policy.

Fabric Funds are made up of (1) heritable properties capitalised in the accounts which total £484,982,000 (2) monies held for specific congregations totalling £69,983,000 and (3) the Central Fabric Fund of £19,121,000.

TRUSTEES' REPORT - CONTINUED
for the year ended 31 December 2020

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

C. FINANCIAL REVIEW (Continued)

d. Restricted Reserves (Continued)

In the case of (2) the monies are held for the benefit of approximately 810 congregations and, subject to the relevant approvals by Presbyteries and the General Trustees, both capital and revenue balances may be withdrawn to meet local fabric needs. The timing of these withdrawals is out-with the control of the General Trustees. With effect from July 2003 new capital holdings are initially individually invested in the Deposit Fund of the Investors Trust until the congregation advises the Trustees as to the appropriate investment strategy.

The Central Fabric Fund is used to award loans and grants to congregations (see notes 15, 17 and 27 to the Financial Statements). Grants and loans from the Central Fabric Fund may be applied for by all congregations but all such applications fall to be decided by the General Trustees. Levies on property sales are credited to Revenue and ring-fenced for grant assistance to the three priority categories of congregations as approved by the 2003 General Assembly. The Fund is long term in nature as it is the Trustees' main funding support for congregations now and in the future. It is therefore the policy of the General Trustees to hold around 10 years of annual expenditure (or grants) in reserves. The Fund is conservatively structured and is managed with the aim of providing income and the prospect of capital growth in the long term.

e. Restricted Revaluation Reserve

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

f. Funds of the Investors Trust

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

The Growth Fund is a largely equity-based fund with some holdings in corporate bonds and alternative assets and is intended for long-term investment. It seeks to provide growing annual income and a long-term increase in the value of the capital. The Income Fund is largely invested in UK bonds and gilts with a small exposure to property and is intended to provide nominal capital protection. The Deposit Fund is intended for short-term investment and seeks to provide a competitive rate of interest whilst preserving nominal capital value.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

C. FINANCIAL REVIEW (Continued)

f. Funds of the Investors Trust (Continued)

Two members of the Finance & Resources Committee with an investment background regularly engage with COSIT by reviewing its quarterly and annual investment reports, with particular reference to the Growth and Income Funds, and attending presentations from the Investment Managers of these two Funds. They conducted an annual review of the suitability of the Trustees' current investment strategy for the Consolidated Stipend Fund in early 2020, recommending that it remain unaltered. The Trustees approved this proposal. Further reviews were carried out in late March 2020 due to the impact of the Coronavirus on financial markets and in December 2020 taking account of a revised distribution policy. The same conclusion was reached. Asset allocation strategies for the Central Fabric Fund, the General Fund and the Consolidated Fabric Fund were continuously monitored during the year to ensure that they remained consistent with their objectives, and the review outcomes were reflected in revised positions in the Growth, Income and Deposit Fund holdings underlying each Fund.

g. Review of Financial Activities

The Statement of Financial Activities discloses the incoming and expended resources for the year to 31 December 2020 and the supporting notes analyse these over the General Trustees' main activities of supporting parish ministry, assisting the provision of suitable buildings and the unrestricted activities of general administration and the Insurance Company. The assets, liabilities and results of the Insurance Company are consolidated with those of the General Trustees and the format of the financial statements complies with the requirements of the Statement of Recommended Practice "Charities SORP (FRS 102)" effective 01 January 2019.

The underlying net assets of the Insurance Company at the Balance Sheet date were £8,021,000 (2019 - £7,629,000). A summary of the Insurance Company's results for the year is shown in Note 14.

The overall total income is £14,754,000 (including 'donated' assets of £2,285,000 – see notes 1 and 4) which is £3,763,000 less than 2019 with total expenditure of £23,903,000, a decrease of £6,091,000 on the previous year. The reduction in both income and expenditure for 2020 compared to 2019 is largely a result of the impact of Covid-19 on the work of the General Trustees. The General Trustees, in consultation with Presbyteries agreed to put on hold most major capital and renovation works during the global health pandemic and only authorise works that were to either make buildings safe or wind and water tight.

The objective of supporting parish ministry was met by expenditure of £2,874,000 with £2,848,000 of that providing Faith Nurture Forum with around 7.4% of its total ministry costs for the year from Stipend Fund income and glebe rents.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

C. FINANCIAL REVIEW (Continued)

g. Review of Financial Activities (Continued)

Including gross capital expenditure, £22,726,000 has been spent on fabric purposes to assist the provision of suitable buildings for congregational purposes. This expenditure represents a significant investment in the Church's property assets. Of this sum £672,000 is committed by way of fabric grants to congregations which is significantly lower than the £1,589,000 in 2019. This is because of the previously mentioned hold put in place by both the General Trustees and Presbyteries on non-urgent works. Awarding grants in excess of £1,000,000 per annum is only possible if the Central Fabric Fund receives support from other income streams of the General Trustees. The General Fund surplus for the year was due in great measure to the Insurance Company's contribution to the work of the General Trustees amounting to £1,494,000 for the year.

h. Valuation of Assets

As a result of the change of status from that of a Designated Religious Body to a Designated Religious Charity in 2005 which removed the previous exemption from compliance with charity accounting standards in respect of capitalising heritable properties, the General Trustees carefully considered the significant impact of the Statement of Recommended Practice "Charities SORP (FRS 102)" effective 01 January 2019 given that they are the legal owners of around 2,500 buildings – churches, halls, manses, church officers' houses, steadings and the like – as well as around 550 glebes.

Glebeland

The 12,382 acres of glebeland (2019 – 12,407 acres) in the General Trustees ownership have been brought into the Financial Statements at fair value applying a yield of 1.2% of glebe rental and seasonal grazing income generated throughout the year. This suggested an average value of £2,815 per acre for pasture land at 31 December 2020 (2019 - £2,983). Glebeland had a capitalised value of £34,848,000.

Other Land

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

Churches and Halls

Splitting these into (a) churches with and without integral halls and (b) separate halls, the General Trustees adopted a fair value using a new methodology approved by the Trustees based on using the valuations held at 31 December 2016 as a baseline figure and adjusted for inflation using the annual Tender Price Index at Q4 for the respective year. An annual depreciation charge is charged at 2% of the year end value of the properties. At the end of 2020 this indicated an average price for churches (including churches with integral halls) of £150,727 (2019 - £152,250) and an average price of £102,038 for separate halls (2019 - £103,069). These figures disclosed capitalised values at 31 December 2020 of £196,096,000 for churches (2019 - £200,056,000) and £19,898,000 for halls (2019 - £20,099,000).

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

C. FINANCIAL REVIEW (Continued)

h. Valuation of Assets (Continued)

Manses

The General Trustees adopted a fair value for manses using methodologies approved by the trustees based on a formula involving the midpoint of the relative Council Tax Band as at 1991 to which is applied indexing to each Band based on the Nationwide Building Society House Price Indexes at Q4 for the respective year. This brought out a capitalised value for manses vested in the General Trustees of £268,987,000 as at 31 December 2020 (2019 - £265,425,000)

The total capitalised value of tangible assets as at 31 December 2020 was therefore £520,115,000 comprising 12,382 acres of glebeland, 1,301 churches, 195 halls and 791 manses. This capitalised sum accounts for 70% of the Charity's total net assets.

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

i. Covid-19 and Going Concern

The General Trustees are satisfied that Covid-19 has had minimal impact on the Group and Charity in the short to medium term. The General Trustees have robust reserves policies, noted above, and the capital values of investments began to return to pre Covid-19 levels at 31st December market value of £193,198,000 compared to £197,340,000 in 2019. The impact on the reserves of the General Trustees from Covid-19 will depend on how well congregations recover after churches were closed for worship for most of 2020 and the first quarter of 2021. If congregational income does not recover the need for financial assistance from the General Trustees to assist congregations with the maintenance of buildings will likely increase. However, the Central Fabric Fund holds roughly 10 years of funding for grant awards in reserve, with a fund value of £19,121,000, at the present time and therefore the Trustees are satisfied that the going concern basis of preparation of the financial statements is appropriate and there are no material uncertainties that would cast doubt on the charity's ability to continue as a going concern for at least 12 months from the date the financial statements are authorised for issue.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

D. FUTURE PLANS

1. The Presbytery Planning Toolkit for Land & Buildings will be revised in light of continuing feedback as it becomes more widely used and will be supplemented by the proposed development and roll-out of a revised system of buildings' assessment including a desk-top and a modified version of the long-standing 5-yearly property inspection reports. Taken together, Presbyteries should be enabled to undertake a consistent and transparent assessment of whether congregational buildings are fit-for-purpose and in the right location for congregations' future worship, mission, discipleship and community engagement activities.
2. The Trustees completed a major review of the Parliamentary and Assembly legislation under which they operate. The review has identified a number of changes which are required if the Trustees are to provide effective support to Presbytery Planning. The suggested changes will be presented to the May 2021 Assembly for noting. The Trustees intend to consult widely with the intention of coming to the 2022 Assembly with detailed proposals for reform.
3. As part of the reform of legislation, the Trustees have engaged with the Faith Nurture Forum and the Legal Questions Committee on a draft Presbytery Mission Plan Act to replace the 2003 Act on appraisal and adjustment. The draft Act contains useful provisions which will give the Trustees a clear role in approving the buildings element of Mission Plans. Nevertheless, if the Act is passed at the 2021 Assembly, there will be resource implications for the Trustees and their staff which will need to be worked through.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

E. STRUCTURE, GOVERNANCE & MANAGEMENT

Constitution

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

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

Organisation and Structure

General Trustees are appointed by the General Assembly which passes legislation and approves procedures to aid and enable the Trustees to carry out their functions. Directions and instructions from the General Assembly cannot conflict with the General Trustees' statutory powers or trusteeship responsibilities. The Trustees and Advisory Members who served during the financial year and since the year end to the date of this Report are listed on Page 23.

As highlighted earlier, the structure has been re-organised. The Trustees operate through six Committees which are responsible for particular aspects of the Trustees' work: Audit & Assurance, Fabric, Finance & Resources, Glebes, Presbytery Strategy & Innovation and Safe Buildings. The Committees are executive bodies which take decisions on behalf of the General Trustees on matters falling within their Terms of Reference which do not involve a change of policy. The Committees report their decisions to the next meeting of the Board. The Board and the Committees have a schedule of regular meetings throughout the year.

The Trustees' Chief Executive is primarily accountable for the efficient and effective delivery of the Trustees' operations and is responsible for the management of staff and other resources. The Trustees have entered into a Service Level Agreement with the Assembly Trustees in relation to the financial, accounting and audit functions provided to the General Trustees by the Stewardship & Finance Department. The Department is part of the Support Service of The Church of Scotland Unincorporated Entities. The General Treasurer is ultimately accountable for the Annual Report and Accounts in her capacity as the Trustees' Treasurer under the 1921 Act.

On their own initiative, the Trustees seek instructions and directions from the General Assembly and have an opportunity to promote General Assembly legislation to further their objectives when they present their Report to the General Assembly each May. The Trustees ensure that such instructions and directions are implemented timeously. Frequently, this will involve close liaison and

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

E. STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)

Organisation and Structure (continued)

co-operation with other parts of the national administration and with external bodies such as the Scottish Churches Committee.

Related Parties

The General Trustees and the Unincorporated Entities of the General Assembly of the Church of Scotland are component elements of the Church of Scotland, reporting annually to the General Assembly and subject to its direction and are thus related parties as stated in Note 30 to the Financial Statements. In carrying out their functions, the Trustees work closely with the Unincorporated Entities in the shape of the Faith Nurture and Faith Impact Forums at both trustee and executive staff levels. The General Trustees have traditionally invested all monies under their administration through the Church of Scotland Investors Trust. The Trustees and their executive staff rely heavily on the high level of skill and professional expertise of the Solicitor of the Church, her Depute and Assistants and support staff in the Law Department. The Church of Scotland Insurance Services Limited is wholly owned by the Church of Scotland General Trustees. It is a Company trading as an insurance intermediary and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Further information regarding the relationship between the company and the General Trustees is contained later in the report. The accounts of the Insurance Company have been consolidated with those of the General Trustees.

Appointment and Induction of Trustees

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

Details of potential Trustees are scrutinised by the Board and those identified as suitable are personally interviewed by the Chair and Vice-Chair and one other Trustee after being given an opportunity of perusing an information pack including extracts from relevant legislation, the last financial report and audited financial statements, committee remits, staff organisation and directory and calendar of meetings.

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

E. STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)

Appointment and Induction of Trustees (Continued)

Every effort is made to fulfil training needs as these come to be identified and new members are encouraged to attend external trustee training courses.

Currently, persons who are neither Elders nor Ministers of the Church of Scotland but whose skills and experience have been identified as relevant to the work of the General Trustees are co-opted to serve as Advisory Members. Advisory Members have no voting rights but otherwise play a full part in the work of the Trustees by serving on Committees, attending Board meetings and undertaking deputation visits.

All members of the General Trustees are volunteers and many are also involved at Congregational and Presbytery level. Apart from the Chairman and Vice-Chairman who are entitled to receive a modest honorarium as provided for in the 1925 Act, no members receive remuneration except expenses. The work of the General Trustees would be virtually impossible without the significant voluntary contribution of Congregational Boards, Kirk Sessions and of Presbytery officials. It is therefore important to note that while this voluntary effort is one of the strengths of the Church of Scotland, it also represents a limitation on the ability of the General Trustees to impose solutions on congregations and Presbyteries. This is a reflection of the Presbyterian structure of the Church of Scotland which is evidenced in the lack of powers in General Assembly legislation to force compliance. The General Trustees' risk register refers to this situation.

Risk Management

The Trustees have a risk management strategy which comprises:

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

Risk Management (continued)

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

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

The Audit & Assurance Committee has been giving detailed consideration to the Register and a revised draft is being prepared. This has yet to be reviewed by the Committee before being presented to the Board in early 2021 for discussion. In the meantime, the Register sets out mitigation of the key risks as follows:

- Major property-related problems at congregational level

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

Supported by data generated through the Land & Buildings Plan Consultation in the latter half of 2019, the Trustees are about to launch a pilot appointment of a Presbytery Buildings Officer who will be deployed to work across the informal cluster of the Presbyteries of Aberdeen & Shetland, Buchan, Gordon and Kincardine & Deeside. The Officer will not only undertake the professional inspections but will work with individual Kirk Sessions to ensure that recommendations are implemented to an agreed timetable. The Officer will also carry out assessments of buildings based on a framework of sustainability of usage, projected maintenance and management resources and financial costs. The assessment details have yet to be finalised but the cumulative effect of a revised buildings survey and assessment system should improve the condition of churches, halls and manses over the short to medium term.

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

Risk Management (continued)

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

The creation of a team comprising the Head of Building Safety, Risk & Compliance, the Fire Safety Officer and the Health & Safety Officer enables the Trustees to support the local and regional Church through the provision of the Health & Safety Toolkit, congregational Health & Safety Administrators and Presbytery Health & Safety Co-ordinators and the provision of accredited training courses and teaching webinars. In addition, the team deals with telephone and email enquiries on a daily basis. Throughout most of 2020, the number of such enquiries has risen very significantly due to the complexity of issues surrounding initial restrictions on use of churches for public worship and subsequent re-opening.

- External issues

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

- Dependence on others for information

The Trustees had invested heavily in developing the existing Property & Glebes database onto a web-based source of information for congregations and Presbyteries. Problems with the development programme came to light in the latter half of 2020 resulting in the Trustees' decision to pause further work and to take time to reflect on whether to proceed or to consider an alternative solution. While extremely disappointing, the Trustees remain committed to improving the availability of a reliable and comprehensive database capable of being accessed by congregations and Presbyteries.

- Takeover of heritable asset building by the General Trustees after congregations dissolve

During the year the Trustees have agreed to assume administrative responsibility for certain substantial historic listed buildings that are not capable of being disposed of in the short term following dissolution of a congregation. The costs associated with the upkeep of these buildings over an extended period will be substantial and there is a possibility of a substantial funding gap in future as the number of buildings this will affect cannot be ascertained. The Trustees have mitigated this risk with the creation of a new designated fund, the Historic Property Fund, to maintain these buildings and new legislation is being presented to the 2021 General Assembly to ensure that a suitable proportion of any cash assets of the dissolved

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

congregation are also transferred to the General Trustees and held in the Historic Property Fund.

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

Corporate Governance

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

As mentioned previously, the Convener of the Trustees' Audit & Assurance Committee attends meetings of the Main Audit Committee when considering the appointment of external auditors to the Unincorporated Entities.

Appointment of External Auditors

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

F. REFERENCE AND ADMINISTRATIVE DETAILS

Offices

121 George Street
Edinburgh EH2 4YR

Bankers

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

Independent Auditors

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

The Church of Scotland Investors Trust

Mrs Nicola Robertson
Secretary
121 George Street
Edinburgh EH2 4YN

Secretary and Clerk (to 9/3/21)

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

Chief Executive and Clerk (from 9/3/21)

Mr Barri S Millar
121 George Street
Edinburgh EH2 4YR

Solicitor

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

Treasurer

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

List of General Trustees

Mr Raymond K Young (Chair)	Mr Ian T Townsend (Vice-Chair)
Mr Robert W Balfour	Dr J Kenneth Macaldowie
Mr Walter H Barbour	Rev Neil I M MacGregor
Mr Richard S Bell (from 5/5/20)	Rev Kenneth I Mackenzie (from 5/5/20)
Mr Robert Bell (from 5/5/20)	Mr John W Maddock
Mr Michael J P Cunliffe	Rev Fiona M Mathieson
Rev James S H Culter	Rev Janet S Mathieson
Mr Manliffe Goodbody	Mr David Menzies
Mr William A Hall	Mr Neil A Price (resigned 2/8/20)
Mr Nigel W Hicks (from 5/5/20)	Rev Scott Rennie (from 5/5/20)
Mr Alan F K Kennedy	Mr Robin M Stimpson
Mr Douglas Kerr	Mr Donald W Thomas
Rev Sheila M Kirk	Mr D Stewart Toy
Mr William M Lawrie	Dr John M Trushell
Mr J G Grahame Lees	Mr Kenneth M Wright

Advisory Members (as defined on pages 17 and 18)

Mr A Graham Biggerstaff	Mr Tom Nelson (from 13/3/20)
Miss Laura J Dunlop	Ms Deborah J Nicol (from 16/2/21)
Mr William Gill (resigned 18/12/20)	Mr Michael M Norval
Mrs Isobel W Gray (from 16/2/21)	Mr Iain Ogilvie
Mr Andrew Hartley	Rev David Taverner
Mr Chris Johnstone	Mrs Rosalind J Taylor
Mr Ian W T Lochhead	Mr Roger S Trueman
Mr Hamish McBean	

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

TRUSTEES' REPORT - CONTINUED for the year ended 31 December 2020

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

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Edinburgh
date**

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

**Barri Millar
Chief Executive and Clerk**

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

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

Opinion

We have audited the financial statements of The Church of Scotland General Trustees (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Company Balance Sheets, the Group and Charity Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

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

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

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

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

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

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

The most significant laws and regulations that have an indirect impact on the financial statements are the charity's governing documents. We performed audit procedures to inquire of management and those charged with governance whether the charity is in compliance with these law and regulations and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

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

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

Use of our report

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

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2020

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2020 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000
Income from:									
Donations and legacies	3	823	1,712	-	2,535	-	1,992	-	1,992
Charitable Activities	4	164	2,630	-	2,794	170	4,714	-	4,884
Investments	5	254	4,548	-	4,802	299	5,546	-	5,845
Other	6	1,770	2,853	-	4,623	1,801	3,995	-	5,796
Total income		3,011	11,743	-	14,754	2,270	16,247	-	18,517
Expenditure on:									
Raising Funds		35	-	-	35	24	-	-	24
Charitable Activities	7	2,133	21,604	-	23,737	1,761	26,626	-	28,387
Other	11	131	-	-	131	196	1,387	-	1,583
Total expenditure		2,299	21,604	-	23,903	1,981	28,013	-	29,994
Net gains / (losses) on investments	13								
Realised - Investments		(14)	(339)		(353)	39	88	-	127
Unrealised - Investments		636	(3,742)	(132)	(3,238)	1,123	16,998	417	18,538
		622	(4,081)	(132)	(3,591)	1,162	17,086	417	18,665
Net income / (expenditure)		1,334	(13,942)	(132)	(12,740)	1,451	5,320	417	7,188
Transfers between funds	19 - 22	-	-	-	-	811	(811)	-	-
Gains on revaluation of tangible fixed assets	12	-	11,478	-	11,478	-	19,812	-	19,812
Other gains	15	-	-	-	-	-	248	-	248
Net movement in funds		1,334	(2,464)	(132)	(1,262)	2,262	24,569	417	27,248
Total funds brought forward		17,177	723,665	3,543	744,385	14,915	699,096	3,126	717,137
Total funds carried forward		18,511	721,201	3,411	743,123	17,177	723,665	3,543	744,385

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

CHARITY STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2020

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2020 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000
Income from:									
Donations and legacies	3	2,317	1,712	-	4,029	1,343	1,992	-	3,335
Charitable Activities	4	164	2,630	-	2,794	170	4,714	-	4,884
Investments	5	207	4,548	-	4,755	227	5,546	-	5,773
Other	6	63	2,853	-	2,916	2	3,995	-	3,997
Total income		2,751	11,743	-	14,494	1,742	16,247	-	17,989
Expenditure on:									
Charitable Activities	7	1,769	21,604	-	23,373	1,471	26,626	-	28,097
Other	11	-	-	-	-	-	1,387	-	1,387
Total expenditure		1,769	21,604	-	23,373	1,471	28,013	-	29,484
Net gains / (losses) on investments									
Realised - Investments	13	-	(339)	-	(339)	21	88	-	109
Unrealised - Investments		(40)	(3,742)	(132)	(3,914)	511	16,998	417	17,926
		(40)	(4,081)	(132)	(4,253)	532	17,086	417	18,035
Net income / (expenditure)		942	(13,942)	(132)	(13,132)	803	5,320	417	6,540
Transfers between funds									
Transfers between funds	19 - 22	-	-	-	-	811	(811)	-	-
Gains on revaluation of tangible fixed assets	12	-	11,478	-	11,478	-	19,812	-	19,812
Other gains	14 & 15	392	-	-	392	648	248	-	896
Net movement in funds		1,334	(2,464)	(132)	(1,262)	2,262	24,569	417	27,248
Total funds brought forward		17,177	723,665	3,543	744,385	14,915	699,096	3,126	717,137
Total funds carried forward		18,511	721,201	3,411	743,123	17,177	723,665	3,543	744,385

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

BALANCE SHEETS As at 31st December 2020

Note	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Fixed Assets				
12 Tangible Assets	520,120	522,872	520,115	522,869
13 Investments	198,193	201,669	193,198	197,340
14 Investment in Subsidiary Company	-	-	8,021	7,629
Total fixed assets	718,313	724,541	721,334	727,838
15 Long Term Concessionary Loans	2,153	1,632	2,153	1,632
Current Assets				
15 Short Term Concessionary Loans	2,071	3,802	2,071	3,802
16 Debtors	2,617	1,922	1,029	223
26 Short Term Deposits	16,846	12,830	16,846	12,830
26 Cash at Bank and in hand	5,136	4,035	2,322	1,104
Total current assets	26,670	22,589	22,268	17,959
17 Creditors: Amounts falling due within one year	3,691	4,161	2,632	3,044
Net Current Assets	22,979	18,428	19,636	14,915
Total Assets less Current Liabilities	743,445	744,601	743,123	744,385
18 Provisions for Liabilities and Charges	323	216	-	-
Net Assets	743,122	744,385	743,123	744,385
The funds of the charity:				
19 Endowment Funds	3,411	3,543	3,411	3,543
20a Restricted income Funds	219,098	233,040	219,098	233,040
20b Restricted Revaluation Reserve	502,103	490,625	502,103	490,625
21 Unrestricted income Funds	9,670	9,548	9,670	9,548
22 Designated Funds	8,841	7,629	8,841	7,629
Total charity funds	743,123	744,385	743,123	744,385

The notes on pages 32 to 47 form an integral part of these financial statements.

The financial statements on pages 28 to 47 were authorised for issue by The Church of Scotland General Trustees on (date) and were signed on its behalf by:

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

Anne F Macintosh BA CA, Treasurer

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

STATEMENT OF CASH FLOWS
for the year ended 31st December 2020

Note	Group		Charity		
	2020 £000	2019 £000	2020 £000	2019 £000	
Cash flows from operating activities:					
25	Net cash (outflow) / generated from operating activities	<u>(62)</u>	<u>(3,858)</u>	<u>49</u>	<u>(3,937)</u>
Cash flows from investing activities:					
	Purchase of Tangible Assets	(5,579)	(4,940)	(5,576)	(4,938)
	Proceeds from sale of Tangible Assets	8,594	8,458	8,594	8,459
	Purchase of Investments	(20,877)	(20,691)	(20,030)	(19,943)
	Proceeds from sale of Investments	20,763	16,247	19,919	15,590
	Payment of Loans to Congregations	2,278	1,585	2,278	1,585
	Net cash used in investing activities	<u>5,179</u>	<u>659</u>	<u>5,185</u>	<u>753</u>
Cash flow from financing activities:					
	Net cash change in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Increase / (Decrease) in cash and cash equivalents in the reporting year	5,117	(3,199)	5,234	(3,184)
	Cash and cash equivalents at the beginning of the reporting year	<u>16,865</u>	<u>20,064</u>	<u>13,934</u>	<u>17,118</u>
26	Cash and cash equivalents at the end of the reporting year	<u><u>21,982</u></u>	<u><u>16,865</u></u>	<u><u>19,168</u></u>	<u><u>13,934</u></u>
NET DEBT RECONCILIATION					
26	Analysis of changes in net debt		Group		
		At 1 Jan 2020 £000	Cash flows £000	At 31 Dec 2020 £000	
	Cash and cash equivalents				
	Cash	4,035	1,101	5,136	
	Cash equivalents	12,830	4,016	16,846	
		<u>16,865</u>	<u>5,117</u>	<u>21,982</u>	
	Analysis of changes in net debt		Charity		
		At 1 Jan 2020 £000	Cash flows £000	At 31 Dec 2020 £000	
	Cash and cash equivalents				
	Cash	1,104	1,218	2,322	
	Cash equivalents	12,830	4,016	16,846	
		<u>13,934</u>	<u>5,234</u>	<u>19,168</u>	

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1 Accounting Policies

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

a) Basis of preparation

The group and charity financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('the Charities SORP'), FRS 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102'), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

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

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

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

The principal activities of the charity are as described in the Trustees' Report (page 2).

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

Subsidiary Company

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

b) Preparation of accounts on a going concern basis

The Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months from the signing of the financial statements. The Trustees have undertaken extensive planning and forecasting as a result of Covid-19 and confirm that there are no material uncertainties in respect to the going concern of the charity. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

c) Group financial statements

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

d) Recognition of income

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

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1 Accounting Policies (Continued)

d) Recognition of Income (Continued)

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

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

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

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

-when donors specify that donations / grants must be used in future periods, the income is deferred.

-when donors impose conditions which have to be fulfilled before the charity becomes entitled to the income, the income is deferred and recognised when the conditions have been met.

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

Rental income is recognised on an accruals basis.

e) Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis and allocated to the appropriate headings in the financial statements. Grants and loans are recognised as a liability and expensed on the date of approval by the Trustees.

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

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

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

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

f) Employee benefits

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

g) Taxation

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1 Accounting Policies (Continued)

h) Tangible assets

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

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

Glebeland and Heritable Properties

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

Tangible Fixed Assets excluding Heritable Properties

Tangible Fixed Assets costing more than £50,000 are capitalised. All other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

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

Manses, Churches and Halls	50 years
Office Furniture and Equipment	5 years
Computers	3 years

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

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

Derecognition

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

i) Investments

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

Deposits held by the Deposit Fund are stated at cost.

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

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

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

j) Cash and cash equivalents

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1 Accounting Policies (Continued)

k) Provisions and contingencies

Provisions

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

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

Contingencies

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

l) Long Term and Short Term Concessionary Loans

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

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

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

Fabric loans are measured at cost less impairment. Recoverability of loans is considered on an annual basis and are provided for as required.

m) Financial instruments

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

n) Fund Accounting

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

Designated Funds comprise unrestricted funds of the 'Insurance Company' that have been set aside by the Trustees for particular purposes and those of the recently created Historic Property Fund.

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1 Accounting Policies (Continued)

n) Fund Accounting continued

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

o) Related party transactions

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

2 Critical accounting judgements and estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

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

Key accounting estimates and assumptions

Valuation of Assets

Heritable assets fall into four classes, the valuations of which are calculated using Third Party indices based on variable market data. The assets have been valued as follows:

Glebeland

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

Other Land

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

Churches and Halls

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

Manses

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31st December 2020

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
3 Income from Donations and legacies				
Legacies	129	4	129	4
Mission & Renewal Fund	277	1	277	1
Donations	12	975	1,506	2,318
Monies from Other Boards/Committees	3	180	3	180
New Capital from Congregations	2,114	832	2,114	832
	<u>2,535</u>	<u>1,992</u>	<u>4,029</u>	<u>3,335</u>
4 Income from Charitable activities				
Supporting Parish Ministry	21	49	21	49
Providing Suitable Buildings				
Donated Assets	2,285	4,542	2,285	4,542
Other income	324	122	324	122
Other - General Fund	164	171	164	171
	<u>2,794</u>	<u>4,884</u>	<u>2,794</u>	<u>4,884</u>
5 Income from Investments				
Dividends	4,698	5,698	4,655	5,690
Interest	104	147	100	83
	<u>4,802</u>	<u>5,845</u>	<u>4,755</u>	<u>5,773</u>
6 Other Income				
Rental Income	1,897	1,821	1,897	1,821
Subsidiary Company Trading Income (note 14)	1,707	1,799	-	-
Net Proceeds on Disposal of Tangible Fixed Assets	925	1,935	925	1,935
Levies on Property Sales	32	239	32	239
Government Job Retention Scheme Grant	60	-	60	-
Sundry Income	2	2	2	2
	<u>4,623</u>	<u>5,796</u>	<u>2,916</u>	<u>3,997</u>
<p>Net proceeds on Disposal of Tangible Fixed Assets is the proceeds on the sale of locally vested properties which contain an Assembly Control Clause less the realised loss on disposal of properties vested with the General Trustees.</p>				
7 Expenditure on Charitable Activities				
Supporting Parish Ministry	2,874	3,720	2,874	3,720
Providing Suitable Buildings	18,730	22,906	18,730	22,906
Other (General & Designated Funds)	2,133	1,761	1,769	1,471
	<u>23,737</u>	<u>28,387</u>	<u>23,373</u>	<u>28,097</u>

Included in the figure of Providing Suitable Buildings is a cost of £672,000 in respect of fabric grant awards for the year. An analysis of fabric grants payable during the year is set out in note 27.

Other mainly relates to Support Costs of £1,541,000 (2019: £1,058,000) (note 8); Governance Costs of £267,000 (2019: £251,000) (note 9); property related costs of £43,000 (2019: £48,000) ; health & safety costs of £60,000 (2019: £33,000); staff travel and subsistence of £12,000 (2019: £54,000).

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

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

	Support Costs £000	Transfer to Governance £000	Total 2020 £000	Total 2019 £000
Legal	434	-	434	291
Finance and Payroll Administration.	131	-	131	94
Direct Staff	827	(50)	777	554
Human Resources	29	-	29	25
Central Premises	60	-	60	54
Information Technology	60	-	60	40
	<u>1,541</u>	<u>(50)</u>	<u>1,491</u>	<u>1,058</u>

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

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
9 Governance Costs				
External Audit	38	30	30	22
Internal Audit	6	5	-	-
Trustees' Remuneration and Expenses (See Note 10)	2	22	2	22
Expenses of Advisory Members etc.	1	5	1	5
Trustees' Indemnity Insurance	30	7	8	7
Professional Support for Trustees	50	50	50	50
Subsidiary Company's Directors' Remuneration	140	132	-	-
	<u>267</u>	<u>251</u>	<u>91</u>	<u>106</u>

10 Employees and trustees

Employees

Salaries	769	759	662	656
Social Security Costs	80	79	64	62
Defined Contribution Pension Costs	110	114	84	89
Other Staff Costs	1	21	1	21
	<u>960</u>	<u>973</u>	<u>811</u>	<u>828</u>

The General Trustees do not employ any staff, except in its Subsidiary Company, but reimburse the Church of Scotland for the services of staff employed by the Church's Central Services Committee, but working primarily for the General Trustees. The average number of such employees, calculated as full time equivalents, was 17 (2019 - 17).

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

	2020 £000	2019 £000
Salaries	226	217
Social Security Costs	16	17
Defined Contribution Pension Costs	48	42
	<u>290</u>	<u>276</u>

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

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THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

10 Employees and trustees (Continued)

Trustees

Other than the Chairman and Vice-Chairman, who each received £nil (2019 - £1,820), the individual Trustees received no remuneration. Authority to pay this remuneration is contained in Section 38 of the Church of Scotland (Property and Endowment) Act 1925.

Expenses incurred and amounting in total to £2,406 were reimbursed to 13 Trustees mainly for travel and subsistence (2019 - £17,173 to 23 Trustees). A total of £730 was also reimbursed to Advisory Members (2019 - £4,703).

Key management compensation

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

	Group and Charity	
	2020	2019
	£	£
Salaries and other short-term benefits	118,087	114,289
Post-employment benefits	21,567	17,915
	<u>139,654</u>	<u>132,204</u>

11 Other Expenditure

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

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Subsidiary Company - Trading expenditure	24	119	-	-
Subsidiary Company Taxation	107	77	-	-
Loss on disposal of Tangible Assets (note 12)	-	1,387	-	1,387
	<u>131</u>	<u>1,583</u>	<u>-</u>	<u>1,387</u>

12 Tangible Assets

	Land	Heritable Properties	Charity	Subsid. Co Office Equipment	Group
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of the year	37,289	485,580	522,869	14	522,883
Additions	-	5,576	5,576	3	5,579
Disposals	(74)	(10,034)	(10,108)	-	(10,108)
Revaluations	(2,082)	3,860	1,778	-	1,778
At end of the year	<u>35,133</u>	<u>484,982</u>	<u>520,115</u>	<u>17</u>	<u>520,132</u>
Accumulated depreciation					
At beginning of the year	-	-	-	11	11
Depreciation	-	9,700	9,700	1	9,701
Disposals	-	-	-	-	-
Revaluations	-	(9,700)	(9,700)	-	(9,700)
At end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
Net book value at beginning of the year	37,289	485,580	522,869	3	522,872
Net book value at end of the year	<u>35,133</u>	<u>484,982</u>	<u>520,115</u>	<u>5</u>	<u>520,120</u>
Net gains on disposal of tangible fixed assets					
Proceeds	550	8,044	8,594	-	8,594
Opening net book value	(74)	(10,034)	(10,108)	-	(10,108)
Net realised Losses in year	<u>476</u>	<u>(1,990)</u>	<u>(1,514)</u>	<u>-</u>	<u>(1,514)</u>

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

Included within additions is £702,009 of donated assets that have been capitalised during the year.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

12 Tangible Assets (Cont'd)

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

Gains / (losses) on revaluation of tangible fixed assets

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

	2020	2019
	£000	£000
Revaluation gain /(loss)	1,778	10,100
Depreciation reversal	9,700	9,712
Net gain on revaluation	<u>11,478</u>	<u>19,812</u>

13 Investments

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Fair value at beginning of the year	201,669	178,560	197,340	174,951
Acquisitions at cost	20,877	20,691	20,030	19,943
Disposals at opening fair value / cost	(21,115)	(16,120)	(20,258)	(15,481)
Net (losses) / gains on revaluation	(3,238)	18,538	(3,914)	17,927
Fair value at end of the year	<u>198,193</u>	<u>201,669</u>	<u>193,198</u>	<u>197,340</u>
Historic cost at end of the year	<u>119,068</u>	<u>116,361</u>	<u>115,904</u>	<u>113,607</u>
Net gains / (losses) on disposal of investments				
Proceeds	20,762	16,247	19,919	15,590
Opening fair value	21,115	16,120	20,258	15,481
Net realised (losses) / gains in year	<u>(353)</u>	<u>127</u>	<u>(339)</u>	<u>109</u>
Analysis of Investments at 31st December				
Church of Scotland Investors Trust - Growth Fund	138,987	144,444	138,987	144,444
Church of Scotland Investors Trust - Income Fund	25,347	24,981	25,347	24,981
Church of Scotland Investors Trust - Deposit Fund	29,172	27,915	29,172	27,915
Ordinary Stocks and Shares and Unit Trusts	4,994	4,329	-	-
	<u>198,500</u>	<u>201,669</u>	<u>193,506</u>	<u>197,340</u>

14 Investment in Subsidiary Company

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

14 Subsidiary Company (continued)

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

	2020	2019
	£000	£000
Turnover	1,708	1,799
Investment Income	47	72
Total Income	<u>1,755</u>	<u>1,871</u>
Expenditure	(425)	(433)
Operating Profit	<u>1,330</u>	<u>1,438</u>
Gain on Investment Assets	663	630
Profit on ordinary activities before taxation	<u>1,993</u>	<u>2,068</u>
Taxation (Charge)	(107)	(77)
Net Operating Profit before Gift Aid Distributions	<u>1,886</u>	<u>1,991</u>
Gift Aid Distributions to the General Trustees	(1,494)	(1,343)
Net Operating Profit after Gift Aid Distributions	<u>392</u>	<u>648</u>
Reserves brought forward	<u>7,099</u>	<u>6,451</u>
Reserves carried forward	<u><u>7,491</u></u>	<u><u>7,099</u></u>
 Subsidiary Company Funds:		
Assets	9,403	8,962
Liabilities	<u>(1,382)</u>	<u>(1,333)</u>
Total Funds (including 530,000 ordinary shares of £1 each)	<u>8,021</u>	<u>7,629</u>

15 Concessionary Loans - Group and Charity

Loan movements were as follows:

	Interest Free	Interest Bearing	2020	2019
	£000	£000	£000	£000
Value at beginning of the year	2,744	2,690	5,434	3,629
Other Gains	-	-	-	248
Loan awards drawn down	801	1,333	2,134	1,487
Movement in Provisions	(252)	(212)	(464)	151
Loans repaid	<u>(1,101)</u>	<u>(1,177)</u>	<u>(2,278)</u>	<u>(1,585)</u>
Value of loans drawn at end of the year	2,192	2,634	4,826	3,930
Change in Loan awards not yet drawn down	<u>(915)</u>	<u>313</u>	<u>(602)</u>	<u>1,504</u>
Total Value of loans at end of the year	1,277	2,947	4,224	5,434
Less : Amounts repayable within one year	820	1,251	2,071	3,802
Amounts repayable after one year	<u><u>457</u></u>	<u><u>1,696</u></u>	<u><u>2,153</u></u>	<u><u>1,632</u></u>

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

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 31st December 2020

16 Debtors	Group		Charity	
	2020	2019	2020	2019
	£000	£000		£000
Interest Receivable	34	109	34	109
Subsidiary Company Insurance Debtors	1,545	1,671	-	-
Debtors and Prepayments	1,038	127	995	99
Due from the Church of Scotland Unincorporated Entities	-	15	-	15
	<u>2,617</u>	<u>1,922</u>	<u>1,029</u>	<u>223</u>

Subsidiary Company Insurance Debtors are stated after provisions for impairment of £Nil (2019: £Nil).

17 Creditors: Amounts falling due within one year	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Grants voted but not paid	895	1,236	895	1,236
Loans voted but not paid	902	1,504	902	1,504
Subsidiary Company Insurance Creditors & Provisions	1,020	1,084	-	-
Sundry Creditors and Accruals	560	337	521	304
Due to the Church of Scotland Unincorporated Entities	314	-	314	-
	<u>3,691</u>	<u>4,161</u>	<u>2,632</u>	<u>3,044</u>

18 Provision for Liabilities and Charges	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Deferred Taxation on unrealised investment gains				
At beginning of the year	216	139	-	-
Provision for year	107	77	-	-
At end of the year	<u>323</u>	<u>216</u>	<u>-</u>	<u>-</u>

19 Permanent Endowment Funds - Group and Charity					Balance	
	1 Jan				Gains /	31 Dec
	2020	Income	Expenditure	Transfers	(Losses)	2020
	£000	£000	£000	£000	£000	£000
Providing Suitable Buildings - Fabric Funds	<u>3,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132)</u>	<u>3,411</u>
	1 Jan				Gains /	31 Dec
	2019	Income	Expenditure	Transfers	(Losses)	2019
	£000	£000	£000	£000	£000	£000
Providing Suitable Buildings - Fabric Funds	<u>3,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417</u>	<u>3,543</u>

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

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

20a Restricted income Funds

	Balance 1 Jan 2020 £000	Income £000	Expenditure £000	Transfers £000	Other Gains / (Losses) £000	Balance 31 Dec 2020 £000
Supporting Parish Ministry	£000	£000	£000	£000	£000	£000
Glebe Funds	37,221	899	(394)	(107)	(2,082)	35,537
Consolidated Stipend Fund	103,922	2,493	(2,480)	133	(3,820)	100,248
	<u>141,143</u>	<u>3,392</u>	<u>(2,874)</u>	<u>26</u>	<u>(5,902)</u>	<u>135,785</u>
Providing Suitable Buildings						
Consolidated Fabric Fund	555,281	(4,891)	(12,910)	3,946	13,539	554,965
Individual & Temporary Funds	7,771	12,392	(4,809)	(3,972)	(52)	11,330
Central Fabric Fund	19,470	850	(1,011)	-	(188)	19,121
	<u>582,522</u>	<u>8,351</u>	<u>(18,730)</u>	<u>(26)</u>	<u>13,299</u>	<u>585,416</u>
Total Restricted Funds	<u>723,665</u>	<u>11,743</u>	<u>(21,604)</u>	<u>-</u>	<u>7,397</u>	<u>721,201</u>

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

	2020 £000	2019 £000
Total Restricted Funds	721,201	723,665
Restricted Revaluation Reserve (note 20b)	(502,103)	(490,625)
Other Restricted Funds	<u>219,098</u>	<u>233,040</u>

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

20b Restricted Revaluation Reserve - Group and Charity

	2020 £000	2019 £000
Opening Revaluation Reserve	490,625	481,532
Reserve adjustment	-	(10,719)
Revised Opening Revaluation Reserve	<u>490,625</u>	<u>470,813</u>
Revaluation gain for the year	1,778	10,100
Depreciation reversal	9,700	9,712
Movement in year	<u>11,478</u>	<u>19,812</u>
Closing Revaluation Reserve balance	<u>502,103</u>	<u>490,625</u>

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

21 Unrestricted income Fund - Group and Charity

	Balance 1 Jan 2020 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2020 £000
Other - General Fund	9,548	437	(1,769)	-	(40)	1,494	9,670

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

22 Designated Funds

	Balance 1 Jan 2020 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2020 £000
(a) Group	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	7,629	1,754	(530)	-	662	(1,494)	8,021

	Balance 1 Jan 2019 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2019 £000
(b) Charity	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	7,629	-	-	-	392	-	8,021

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

	Balance 1 Jan 2019 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2019 £000
(b) Charity	£000	£000	£000	£000	£000	£000	£000
Other - Subsidiary Company	6,981	-	-	-	648	-	7,629

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

	Balance 1 Jan 2020 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2020 £000
Other - Historic Property Fund	-	820	-	-	-	-	820

	Balance 1 Jan 2019 £000	Income £000	Expenditure £000	Transfers £000	Total Gains / (Losses) £000	Gift Aid Distribution £000	Balance 31 Dec 2019 £000
Other - Historic Property Fund	-	-	-	-	-	-	-

23 Analysis of group net assets among funds

	Endowment £000	Restricted £000	Unrestricted £000	Designated £000	Revaluation £000	2020 Total £000
Tangible Assets	-	18,013	-	5	502,103	520,121
Investments	3,411	182,130	7,657	4,995	-	198,193
Long Term Loans	-	1,881	272	-	-	2,153
Current Assets	-	19,123	2,324	5,223	-	26,670
Current Liabilities	-	(2,049)	(583)	(1,059)	-	(3,691)
Provisions for Liabilities and Charges	-	-	-	(323)	-	(323)
	3,411	219,098	9,670	8,841	502,103	743,123

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 31st December 2020

23 Analysis of group net assets among funds (continued)

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

24 Financial instruments

The group and charity have the following financial instruments:

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Investments at fair value	169,328	173,754	164,334	169,425
	<u>169,328</u>	<u>225,890</u>	<u>164,334</u>	<u>216,931</u>
Financial liabilities measured at amortised cost				
Grants voted but not paid	895	1,236	895	1,236
Loans voted but not paid	902	1,504	902	1,504
Subsidiary Company Insurance creditors and provisions	1,018	1,084	-	-
Sundry creditors and accruals	560	337	521	304
Due to Church of Scotland Unincorporated Entities	314	-	314	-
	<u>3,689</u>	<u>4,161</u>	<u>2,632</u>	<u>3,044</u>

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

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Net (expenditure)/income for the financial year (as per the statement of financial activities)	(1,262)	27,248	(1,262)	27,248
Adjustments for:				
Depreciation	9,701	9,713	9,700	9,712
Donated Assets	(1)	(868)	(1)	(868)
Losses / (Gains) on investments	3,591	(18,665)	3,860	(18,684)
(Gains) on property	(9,963)	(18,424)	(9,963)	(18,425)
Increase/(Decrease) in Provision for Loans	464	(399)	464	(399)
Increase / (Decrease) in Deferred Tax Provision	107	77	-	-
(Increase) in Debtors	(695)	(125)	(806)	(83)
(Increase) in Loans due from Congregations	(1,532)	(2,991)	(1,532)	(2,991)
(Decrease) / Increase in Creditors	(472)	576	(411)	553
Net cash (used in) / provided by operating activities	<u>(62)</u>	<u>(3,858)</u>	<u>49</u>	<u>(3,937)</u>

26 Analysis of cash and cash equivalents

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Short term deposits	16,846	12,830	16,846	12,830
Cash at bank	5,136	4,035	2,322	1,104
Total cash and cash equivalents	<u>21,982</u>	<u>16,865</u>	<u>19,168</u>	<u>13,934</u>

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

27 Analysis of Fabric Grant Awarded to Congregations

	2020	2019
	£000	£000
Providing Suitable Buildings		
Standard		
Churches / Halls - 32 (2019 - 61)	275	657
Manses - 12 (2019 - 12)	314	168
	589	825
Less: Grants lapsed or cancelled	(129)	(48)
	460	777
Priority		
Churches / Halls - 16 (2019 - 20)	180	495
Manses - 2 (2019 - 9)	35	228
	215	723
Less: Grants lapsed or cancelled	(36)	(3)
	179	720
Bequests	33	92
Total Net Grants Awarded	672	1,589

28 Capital Commitments

As at 31 December 2020, the General Trustees had approved a number of capital projects which will enable congregations to draw down on balances within the Consolidated Fabric Fund. Due to these projects comprising both capital and revenue expenditure and with some projects having a number of funding partners, the extent of the capital commitment cannot be estimated with any accuracy other than being limited to the amount held in name of the congregation concerned.

29 Contingent Liabilities

A contingent liability exists in relation to grants received from the Community Fund, the Heritage Lottery Fund and Historic Environment Scotland in respect of work at buildings vested in the General Trustees. Some or all of the individual grants could become repayable in certain circumstances, such as the sale of the properties within a specified period from the date of receipt of the grant. In cases where the proceeds of sale and other funds held by the Congregations concerned were less than the amounts of the grants repayable, there could be a liability falling on the General Trustees to repay the balance of grants amounting to £4,797,000 as at 31 December 2020.

A further contingent liability exists in that the General Trustees are the titular proprietors of the bulk of the Congregational property of the Church of Scotland. The individual Congregations are charged with the maintenance and adequate insurance of their property but in the event of their not having the resources to meet statutory obligations these would fall on the General Trustees. It is not possible to quantify this potential liability but at 31 December 2020 the Trustees are not aware of any specific liability against which a provision need be made.

THE CHURCH OF SCOTLAND GENERAL TRUSTEES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 31st December 2020

29 Contingent Liabilities (Continued)

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

30 Related party transactions and controlling party

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

The General Trustees paid over to Faith Nurture Forum, which is one of the Church of Scotland's Unincorporated Entities, the sum of £2,835,000 (2019 - £3,556,000) representing net revenue income from its Stipend and Glebe Revenue Funds.

The General Trustees paid £nil to the Faith Nurture Forum Go For It Fund representing that Forum's one-half share of the Levy on property sales (2019 -£108,000) and gave a grant of £30,000 to the Chance to Thrive project (2019 - £30,000).

The Church of Scotland Unincorporated Entities receive monies and make payments on behalf of the Church of Scotland General Trustees via a current account. At the end of the financial year, the sum of £314,000 was due to the Church of Scotland Unincorporated Entities by the Church of Scotland General Trustees (2019 - £15,000 owed to the General Trustees). Both bodies are answerable to the General Assembly of the Church of Scotland. The General Trustees paid internal support costs to the Unincorporated Entities of £1,540,000 in respect of accommodation, information technology, human resources, finance and payroll administration, legal services and direct staff costs (2019 - £1,509,000).

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

The chair of the General Trustees, by order of the General Assembly, is also an Assembly Trustee of the Unincorporated Entities of the Church of Scotland.