



The Church of Scotland

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2023

The Church of Scotland Unincorporated Entities

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Foreword

Letter from Rev David S Cameron: Convener

Charting a Course for Renewal and Growth

In the pages that follow, this Annual Report and Accounts unfolds not merely as a financial statement of numbers but as a narrative of resilience, compassion, and commitment. As we navigate the turbulent waters of financial challenges, we do so with a shared understanding that mission activity extends far beyond the columns of a balance sheet. The Church of Scotland stands at the forefront of communities, grappling with the profound impact of the ongoing complexities of our time.

This report encapsulates the tenacity and vision with which we address the multifaceted challenges of today. It reflects not only our financial position but, more importantly, the valiant leadership of a church in the midst of necessary transformation. Limited resources challenge us, yet they also serve as a catalyst for innovation. Our commitment to future mission and evangelism stands undeterred.

The Church of Scotland, as one of Scotland's largest charities, shoulders the responsibility of supporting, resourcing, and serving our communities. The multifaceted nature of our work, from worship and prayer to engagement with society and the world church, and social care through CrossReach requires financial stewardship. It is not merely about meeting minimum obligations but embracing a narrative of generosity that transcends time, talent, and money. Our buildings, though cherished, must not hinder progress; instead, they should become spaces that resonate with our evolving mission. The Assembly Trustees vigilantly monitor our charitable estate, ensuring that the contributions from our loyal members are directed toward providing public benefit.

Our challenges are formidable, with ministry expenses remaining a significant portion of our budget. However, these challenges also present opportunities for every member, adherent and leader, to play a role in sustaining our inspirational ministry. Our Seeds for Growth initiative, coupled with a new training and recruitment programme, positions us to navigate these challenges and invest in the future.

The journey ahead is fraught with challenges, yet it is imbued with hope and potential. The Church of Scotland is on the cusp of a transformation, a revival that necessitates bold decisions, collaborative efforts, and a genuine embrace of change.

As you delve into the details of this financial report, do not merely see numbers on a page; see a story of a church in transition, poised for renewal, and ready to proclaim the Good News in ways that resonate with the needs of our time. Christ is already in our future, beckoning the church to follow. Let the church be attuned to the calling of the Holy Spirit, utilising the resources bestowed upon us with courage and faith.

Rev David S Cameron
Convener of the Assembly Trustees

Overview of the work of the Charity

The Church of Scotland is a national Church providing ministry, care, witness and service across the whole of Scotland and engaging in other parts of the UK and across the world.

The General Assembly of the Church of Scotland (the "General Assembly") is the supreme court of the Church and meets annually to make laws and set the national agenda for the Church. The unincorporated Councils and Committees of the Church of Scotland (the "Unincorporated Entities" and the "UE") implement policy decisions of the General Assembly.

The work of the UE has charitable status under the name of The Church of Scotland, the Unincorporated Entities, Scottish Charity No. SC011353 (the "Charity"). The Assembly Trustees (the "Trustees") are the Trustees of the Charity.

The objectives of the Charity are:

- 1) to offer Christian worship, fellowship, instruction, mission and service;
- 2) to bring the ordinances of religion to the people in every parish of Scotland through a territorial ministry; and
- 3) to labour for the advancement of the Kingdom of God throughout the world.

In accordance with the Constitution and Remit from the General Assembly of 2019 (as revised by the General Assembly from time to time), the principal work of the Charity Trustees, in using the Charity's assets for its charitable objects, is to:

- seek to build and strengthen local congregations as centres of worship, care, nurture, service, witness and mission;
- promote, in partnership with other churches, the ministry and mission of the Church throughout all of Scotland, with particular reference to its poorest and most remote areas; and
- support the work of ecumenical bodies and other agencies in Scotland and elsewhere in the world.

The Charity is one of Scotland's largest and, in 2023, the Trustees were responsible for reporting expenditure of £118.6 million.

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

The UE support, resource and serve the Church in its work including the promotion and resourcing of worship, prayer and discipleship; the recruitment, support, training and development of ministers and staff; engagement with society, the world church and ecumenical partners; theological reflection and creative thinking; delivery of social care; provision of financial and legal services; church law advice and related judicial procedures; and regulatory compliance, audit and safeguarding services.

The Trustees monitor the activities of the UE to ensure that their work provides public benefit and consider that, in particular, this is achieved through the facilitation of the contributions made by thousands of volunteers, the operation of grant-making activities which benefit communities and the outward engagement of staff. Volunteers are part of every area of the charity. They include the trustees and their office bearers, members of other committees and working groups within the charity; and volunteers within CrossReach (the Church's direct social care service). There are no activities where our ability to undertake them would not be impacted by volunteers.

Structure, Governance and Management

Constitution

The Church of Scotland, part of the One Holy, Catholic and Apostolic Church, is a national Church in Scotland, recognised by the State but independent in spiritual matters. In one sense, its constitution cannot be written down in precise terms, as the Church has developed over time. In another sense, the Church's constitution may be said to be set out in certain important instruments. These include the Articles Declaratory of the Constitution of the Church of Scotland in Matters Spiritual (1921), the Act anent Spiritual Independence of the Church (1906) and the Act of Union (1929).

Structure

The UE comprise groups of Church members (the "Agencies"), appointed through an objective church-wide system, and headed by Conveners and Vice-conveners, overseen by the Trustees. The Agencies support ministers and local congregations in carrying out the tasks of ministry, in exercising pastoral care, in engaging in mission and evangelism, in Christian education work, and in managing the Church's direct social care service ("CrossReach") throughout Scotland. They also act as a channel for expressing practical and vocal support at a national, international and ecumenical level, and ensure that legal requirements are being met by the whole organisation. The Agencies have permanent staff to carry out their work. Building on changes from the Commission of Assembly held in November 2019, the General Assembly held in May 2023 agreed that two of the Agencies responsible for work within the UE, the Faith Nurture Forum and the Faith Impact Forum come together to create the Faith Action Programme Leadership Team. It ("FAPLT") leads and oversees detailed work carried out by four Programme Groups - Mission Support, People and Training, Public Life and Social Justice, and Resource and Presence.

The Trustees, through the Central Services Committee (the "CSC"), are responsible overall for staff in the national offices.

The Ministries Council remains as a sub-committee of Faith Action Programme Leadership Team, with members appointed from amongst the membership of FAPLT and with specific responsibility as an employing agency and as the statutory employer of individuals who are members of the Church of Scotland Pension Scheme for Ministers and Overseas Missionaries or the Church of Scotland Pension Scheme for Ministries Development Staff.

The World Mission Council remains as a sub-committee of FAPLT, with members appointed from amongst the membership of FAPLT and with specific responsibility as an employing agency and for acting as the statutory employer of certain individuals who are members of the Church of Scotland Pension Scheme for Ministers and Overseas Missionaries.

The Chief Officer (Dave Kendall) oversees management within the UE and provides executive leadership to the work of the Trustees. With overall executive responsibility for CSC employees and budgets, the Chief Officer is accountable to the Trustees for the effective and efficient organisational implementation of vision, strategy and policy as determined by the Trustees and the General Assembly.

As from May 2023 the principal elements of the UE structure are:

The Faith Action Programme Leadership Team (FAPLT). In a break with tradition this is a limited life arrangement, for the duration of a five-year Faith Action Programme, and the General Assembly, taking account of priorities the Assembly Trustees had identified, tasked FAPLT to focus on seven key areas which, summarised, embrace -

- supporting local churches to grow in faith, develop national and international partnerships, and be missional; providing training for local church members; improving recruitment for ministries; delivering presbytery mission planning; supporting worship development; contributing to public life and social justice; and reducing expenditure/generating income.

The Social Care Council ("CrossReach"), embracing -

- the offering of services in Christ's name to further the caring work of the Church to people in need.

The Central Services Committee, responsible for -

- the managing of the Church offices and its service departments along with the employment of the operational staff based at 121 George Street, Edinburgh and elsewhere.

Other constituent elements are:

- **The Ecumenical Relations Committee,** sitting within the departmental structure of the Office of the General Assembly.

- **The Theological Forum**, sitting within the departmental structure of the Office of General Assembly.

Other agencies within the UE which report directly to the General Assembly are:

- **The Chaplains to HM Forces**
- **The Safeguarding Committee**
- **Assembly Business Committee**
- **Legal Questions Committee**

There are also certain associated elements which are operationally autonomous but use assets which, ultimately, are to some extent under the supervision of the Trustees. Their financial results are incorporated in the consolidated financial statements of the Unincorporated Entities.

Subsidiary Companies:

- St Andrew's Galilee Limited is a limited liability company, incorporated in Israel, which manages the Scots Hotel in Tiberias, Israel. There is a Board of Directors and the Church of Scotland Trust is the sole shareholder on behalf of the UE.
- St Andrew's Scottish Centre Limited is a limited liability company, incorporated in Israel, which manages St Andrew's Scottish Guesthouse in Jerusalem. There is a Board of Directors and the Church of Scotland Trust is the sole shareholder on behalf of the UE.
- Tabeetha School, Jaffa, Israel, is an Amuta (Not for Profit Association) in Israel with a Board of Governors, who are responsible for the strategic direction of Tabeetha and the oversight of the day to day operations.

All major strategic decisions require the approval of the Assembly Trustees as ultimately the charity trustees. Title to the school property is held by the Church of Scotland Trust on behalf of the UE.

Other subsidiary companies which are not consolidated in the financial statements, on the basis of being immaterial:

CrossReach Trading Limited is a private company limited by shares incorporated in Scotland to sell CrossReach branded calendars and cards.

CrossReach Community Connections SCIO (Scottish Charitable Incorporated Organisation) passes grants on to CrossReach under the same terms and

conditions that apply to the initial award to the SCIO.

Sanctuary First SCIO (Scottish Charitable Incorporated Organisation) operates the digital ministry aspects of the Church of Scotland. In 2023 this ceased being under the control of the UE and is no longer a subsidiary.

Significant Funds

The UE holds a substantial number of individual funds. In many cases the purpose for which they may be used is restricted and such restrictions are observed. Two funds within the UE, the assets of which are part of the charitable estate, are held by separate trustees.

- The Housing and Loan Fund is held by trustees, separate from the Assembly Trustees, for the purpose of providing support to retired Church of Scotland ministers, and widows, widowers, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers, in need of help with housing. Whilst those trustees report directly to the General Assembly, the assets held for the Fund are assets of the Charity and the Trustees have a supervisory role. The value of the Fund as at 31 December 2023 was £54.7 million. The Housing and Loan Fund Trustees have been continuing their Strategic Overview. Their assets currently outstrip the Fund's anticipated obligations. The Assembly Trustees have tasked the Chief Officer on their behalf to work with the Fund trustees as the Fund Trustees seek to identify how, in compliance with the Fund's purposes, such assets can be best applied for the benefit of the Fund's Beneficiaries and the wider benefit of the Church.
- The F G Salvesen Trust was a bequest, the purposes of which, as varied with the approval of OSCR in 2023, are "to provide support to the Church of Scotland in its work as it labours, itself or through its partner Churches, organisations or communities, for the advancement of the Kingdom of God throughout the world (but outwith the UK and Channel Islands) through Christian worship, fellowship, instruction, mission and service." Whilst these trust purposes are separate from those in the Constitution and Remit for the Trustees, the funds are treated as part of the overall assets of the Charity and accordingly the Trustees have a supervisory role. As part of the changes to create FAPLT, the General Assembly held in May

2023 agreed that the members of the Assembly Trustees would replace the members of the Faith Impact Forum as the ex officio trustees of the Fund. The value of the Fund as at 31 December 2023 was £17.1 million.

Related Parties

The Church of Scotland Investors Trust was incorporated by Act of Parliament in 1994 to manage the investments of the Church and connected bodies. All of the investments of the UE are made through the investment funds provided by the Trust.

The Church of Scotland General Trustees was incorporated by Act of Parliament in 1921 to manage the properties of the Church. The General Trustees hold the titles to the properties in Scotland of the UE.

The Church of Scotland Trust was incorporated by Act of Parliament in 1932 to hold the titles to the properties outwith Scotland.

The Church of Scotland Pension Trustees, an unincorporated body constituted by the General Assembly, administers the closed defined benefit pension schemes for the UE.

St Andrew's Galilee Limited was incorporated in Israel in 1992. The issued share capital is held in total by The Church of Scotland Trust on behalf of the UE.

St Andrew's Scottish Centre Limited was incorporated in Israel in 1993. The issued share capital is held in total by The Church of Scotland Trust on behalf of the UE.

The Tabeetha School in Jaffa was registered as an Amuta, an Israeli not for profit association, in 2008 and commenced operations under the new arrangement in 2009. The school has operated under the supervision of the Faith Impact Forum, now the Resource and Presence Programme Group in FAPLT. Accordingly it is considered that the Church of Scotland has control of the entity.

CrossReach Trading Limited is a private company limited by shares incorporated in Scotland to sell CrossReach branded calendars and cards.

CrossReach Community Connections SCIO (Scottish Charitable Incorporated Organisation) passes grants on to CrossReach under the same terms and conditions that apply to the initial award to the SCIO.

Governance

The General Assembly of 2019 appointed a new trustee body (the "Trustees") to be the Charity Trustees of the Church's charitable funds and assets. The Trustees comprise twelve appointed Trustees including three office-bearers from within their number, a Convener, a Vice-convener and an Administrative Trustee. As set up in 2019, the trustees included two others by virtue of office, the Chair of the General Trustees and the Convener of the Assembly Business Committee ("ABC"). The General Assembly held in May 2023 agreed that, instead, the General Trustees might appoint one of their members as a representative, entitled to attend all trustee meetings as a corresponding member but without a right to vote or make a motion. Later in 2023 the convener of ABC had to stand down as an ex officio member and, de facto, another member of ABC has been attending trustee meetings as ABC's representative.

A list of the Trustees during 2023 can be found under Reference and Administrative Details on page 72.

The Trustees are accountable to the General Assembly for the proper use of the Church's funds and assets (other than those held by the Church of Scotland General Trustees, by the Church of Scotland Investors Trust and by the Church of Scotland Trust) in accordance with the policies and deliverances of the General Assembly. They are also accountable to the Office of the Scottish Charity Regulator (OSCR).

Under the Trustees' Constitution and Remit, Trustees must be members of the Church. Appointments are made by the Trustees subject to approval by the General Assembly. They should have an understanding of the life of the Church and of Scotland's contemporary culture and should be committed to developing the vision and mission of the General Assembly. The expertise of the Trustees must include finance, human resources, management, communications, civil law, strategic planning and theology. In making appointments the Trustees are to have regard to seeking diversity among the Trustees.

There is a formal induction process, agreed with the Solicitor of the Church and the Head of HR, and access to a learning pathway for ongoing induction and refresher training. Each member is provided with, or given direct access to, copies of the Constitution and Remit, the Report of the Special Commission on Structural Reform to the

General Assembly 2019, the Minutes of recent Trustee meetings, a plan for the anticipated work over the ensuing twelve months with proposed meeting dates, the Code of Conduct for the Trustees, and a link to OSCR Guidance on being a Charity Trustee. A separate induction meeting is held at which presentations are made by members of the Senior Management Team and the Principal Clerk on matters including (a) the charitable purpose of the Church of Scotland and related Charity trustee duties, roles and responsibilities, (b) the Church's Designated Religious Charity status, (c) avoiding and dealing with conflicts of interest, (d) the organisational structure of the Church and the UE, (e) important aspects of the Constitution and (f) the Church's finances. These materials are then available on the Learning Pathway and all trustees are expected to attend and/or engage with the learning materials on an ongoing basis.

The Trustees revised the meeting arrangements and remit of the Trustees' Governance Group, in 2021 and again in 2023. The Group is now chaired by someone other than an office bearer and it comprises a minimum of four and a maximum of five members of the Trustees, with in addition the Convener able to attend ex officio. It is charged with advising and assisting the full body of Trustees in the exercise of the supervisory function of the component elements of the Church as required by the Church's Designated Religious Charity Status. The remit includes a focus around the Church's Risk Management arrangements.

The Trustees have adopted, implemented, and keep under review a Trustee Appraisal System. Each year, all Trustees who have been in office for more than twelve months engage in an appraisal of their individual trusteeship, with one of the office-bearers. Separately, every two years, the Trustees set aside time for a corporate appraisal of their joint trusteeship.

The Trustees exercise the supervisory function required by the Church's Designated Religious Charity status, oversee Codes of Conduct, ensure the operation of internal audits and maintain risk management strategies.

The Trustees seek to ensure that the work of the UE is in accordance with the policies, priorities and strategic objectives of the General Assembly and the financial strategy of the Trustees, including assisting the General Assembly to determine strategy for the Church. They are also tasked with encouraging vision

among the members and the Agencies of the Church so as to enable the emergence of ministries to meet the needs of the people of Scotland.

As required by the Constitution, the Trustees maintain a system of liaison trustees with the Agencies in order better to understand the development of their elements of the UE's work.

The Trustees approve the reports to the General Assembly for the UE prior to submission to the General Assembly; discussing with individual Agencies any apparent inconsistencies with the policies, priorities and strategic objectives of the General Assembly, with the financial strategy of the Trustees and as between or among reports of various Agencies. The Trustees attend the sittings of the General Assembly as corresponding members.

The Special Commission of 2019 placed considerable emphasis on budget planning and budgetary control, and the General Assembly has approved further developments in this sphere, as set out in the Trustees' Constitution and Remit. The Trustees have given the utmost support to the Chief Officer, General Treasurer and the Stewardship and Finance Department in developing a zero-based budgeting approach and sustainable five-year plans. A continued restriction on new expenditure or on the reallocation of authorised expenditure continues to be imposed unless with the authorisation of Heads of Department, the Chief Officer and the General Treasurer as necessary.

2022 was the last year of the Ministries and Mission scheme through which congregations helped fund the Church's ministries and other work. It has been replaced from January 2023 by Giving to Grow. The Giving to Grow scheme, created by an independent panel convened by the Very Rev. Dr Russell Barr, was approved at the 2021 General Assembly for implementation in 2023. It was designed to address various concerns related to the previous arrangements, with a view to having a system that builds and strengthens the local Church. The detailed regulations of the new scheme were agreed by the General Assembly in May 2022, with some changes agreed in May 2023.

Giving to Grow is based on congregational income and, unlike the previous system, linked to the cost of a Minister of Word and Sacrament. In a context where currently only 29% of charges pay for the cost of the ministry they receive, the new scheme makes it clear to members locally what their congregation will contribute towards that cost. The arrangements

include some provision for transitional funding for those congregations which will have an increase in the level of their contribution.

Under Giving to Grow £38.2 million (net of transition funding) will be collected from congregations in 2024, with budgeted parish ministries costs in 2024 of £35.0 million. Congregational contributions in 2023 were £36.9 million and parish ministries costs were £36.3 million.

Management

The Senior Management Team ("SMT") exists to ensure work towards the strategic and operational goals of the Church are aligned and since January 2023, comprises:

- The Chief Officer
- The Head of Faith Action Programme (until October 2023)
- The Solicitor of the Church
- The Head of Human Resources
- The General Treasurer
- The Head of Communications
- The Head of Estates
- The Head of IT
- The Head of Analysis and Programme Development

Management meetings incorporate two specific sets of arrangements to ensure that strategic and operational areas are appropriately addressed.

All members of the SMT are Key Management Personnel – defined as those members of staff who are the senior management personnel who have delegated significant authority or responsibility in the day to day running of the charity.

The Delegates Team is a group from the SMT to whom the Chief Officer delegates authority when unavailable.

The team comprises:

- The Head of Faith Action Programme (or their appointed delegate) (until October 2023)
- The Solicitor of the Church
- The Head of Human Resources
- The General Treasurer

Staff pay is based on a comprehensive job evaluation system with staff placed on one of 11 bands. The bands and evaluation is undertaken with reference to relevant salary benchmarking.

CrossReach have their own separate Chief Executive Officer who has interface arrangements with the Chief Officer and General Treasurer of the Church on the finances of CrossReach. Where any operational matters might impact on the Church either financially or in terms of potential risk, the Chief Executive Officer is included within Key Management Personnel meetings.

General

Further information about the activities of the Church of Scotland and its constituent elements can be found on the Church of Scotland website. More detailed reports and information can be found in each year's Reports to the General Assembly which are issued to all General Assembly Commissioners and are available publicly.

The Church also publishes a Yearbook with contact details for its presbyteries, congregations, ministers and senior officials and this also contains useful general information about the Church. The Yearbook is available for purchase on-line from Saint Andrew Press.

Audit and Compliance

The Church of Scotland has an Audit Committee to advise and assist the Trustees in the oversight of financial reporting, systems of internal control and risk management and processes related to these systems. The principal requirements of the remit are to oversee the financial and other relevant reporting processes implemented by management, to consider the integrity of the annual accounts, and accounting policies, to keep under review the adequacy and effectiveness of internal financial controls and procedures, to oversee the relationship with the external auditors, and to review procedures established by management for detecting fraud and whistle blowing.

The Internal Audit function was delivered in 2023 by Azets. The internal auditors produce an annual programme of work based on an assessment of audit risk which seeks to ensure that all of the main areas of activity are periodically reviewed. Audit reports are submitted at the end of each assignment and an annual audit report is made to the Audit Committee expressing an opinion on the systems of internal control in place in the UE based upon the work undertaken in the year to which the audit opinion relates.

Achievements and Performance

As the Convener writes in his foreword, the Church of Scotland stands at the forefront of communities, grappling with the profound impact of the ongoing complexities of our time. Many people, of all ages, remain affected by Covid-19 and this is reflected in a range of ways in the church's congregations, from hesitancy about getting together in person to changes in hall let patterns. People are worried about the cost of living, climate change and troubles abroad.

In relation to the war in Ukraine some communities and congregations are playing a direct part through the refugees living and working in their midst, and the war between Hamas and Israel, following the Hamas attack in October, has had a direct effect upon part of the Church's life and work. Different arrangements now prevail for the mission partners and staff in Jerusalem, Tel Aviv and Tiberias and for the students at Tabeetha School in Tel Aviv, and the situation in the Holy Land, as in other parts of the world, is a matter of prayerful concern.

Life is uncertain, and a challenge across the Church has been the increased uncertainty as congregations have participated in Presbytery Mission Planning, Presbyteries have reshaped, and the Church nationally has continued to grapple with a mismatch between aspirations and available resources.

The structural reforms initiated in 2019 have continued apace at all levels of the Church. Three further Presbyteries, Lothian and Borders, Perth and the Presbytery of the North East & Northern Isles were welcomed in January 2023. Most Presbytery Mission Plans, under the Presbytery Mission Plan Act 2021, were agreed by the intended due date, 31 December 2023, and are now in course of implementation. This will result in changes across a number of congregations.

Change has also continued within the national structures of the Church. The General Assembly of 2023 approved the detailed arrangements for the establishment of the Faith Action Programme Leadership Team (FAPLT) and its four programme groups, centred around people and training, mission support, public life and social justice and resource and presence. A key feature, with the smaller number of Presbyteries, is the inclusion of Presbytery-nominated members on FAPLT, one from each of the new Presbyteries, with the aim of ensuring that the Faith Action Programme is closely aligned with the work of Presbyteries. The work of the Faith Action Programme is spiritual work going to the very heart of who the church is. The Faith Action staff group, which had come together at the time of the original proposals for FAPLT to General Assembly 2022, have continued the process of adapting from what had, prior to the Commission of Assembly 2019, been four separate units, then the staff of two Forums, reducing duplication of processes, streamlining work areas under dedicated

heads of sections and continuing a prioritisation process begun in 2022.

At the end of January 2023, the Moderator, the Rt Rev. Dr. Ian Greenshields accompanied Pope Francis and the Most Rev. Justin Welby, Archbishop of Canterbury to South Sudan for a Pilgrimage of Peace at the invitation of the President, Salva Kiir Mayardit. South Sudan heads towards its planned elections into 2024 and the historic pilgrimage has further strengthened ties to this predominately Christian country, as the Church advocates for international aid development and a process of reconciliation.

In Westminster Abbey, at the Coronation of His Majesty Charles III, the Moderator presented the King with a specially-made King James Bible. In July, a Service of Thanksgiving and Dedication at St Giles' was held when His Majesty was presented with the Honours of Scotland. The Moderator of the 2023 General Assembly, the Rt Rev Sally Foster-Fulton, preached the sermon and gave the blessing to close the service. The Rt Rev Foster-Fulton was also received in Rome by the Pope in November. Following the signing of the historic Saint Margaret Declaration last year, recognising that there is more that unites the Church of Scotland and the Catholic Church in Scotland than divides them, the Moderator and Archbishop of the Catholic Archdiocese of St Andrews & Edinburgh released a joint Christmas message.

The Assembly Trustees were delighted to launch 'Seeds for Growth' in June, with up to £25 million to be made available from the Church's reserves over the next seven years to support new worshipping communities. In 2023 five Level 1 and 2 grants (£1,000 and up to £10,000 respectively) and eight Level 3 grants (monies of up to £40,000 per annum) were awarded totalling £0.7 million. The Assembly Trustees, mindful of the needs for the sustainability of both existing and future worshipping communities, look forward to the development of these projects.

CrossReach is the social care arm of the Church of Scotland and it continues to be a valued and respected provider of a very wide range of services in many parts of Scotland. The CrossReach Recovery Volunteers Programme trains and equips people who have come through the substance abuse services to support and mentor others who are starting

out on their recovery journey. In January thirty-five people graduated from the programme at a celebratory event where Angela Constance MSP, the then Minister for Drugs Policy, was keynote speaker. A £2.4million investment from the Scottish Government by way of grant funding has been secured which will now allow CrossReach to expand their residential rehabilitation capacity in Inverness within the grounds of their existing property Beechwood House, with a 46% increase in annual service capacity, providing benefit to the Highlands as well as the surrounding areas of Moray and the Western and Northern Isles. The funding is to cover both revenue (£0.7 million) and capital costs (£1.7 million) incurred in the project between 2022 and 2026. During 2023 £0.5 million was received from the Scottish Government. As the performance criteria had not been met at 31 December 2023, it is included as deferred income in note 20. At 31 December 2023 there were capital commitments of £1.4 million included in note 31 – the remainder of the capital costs to be incurred have not yet been committed to at the year end.

As part of the digital investment strategy CrossReach has successfully introduced 'Care Docs', a care management software programme, into all 15 of its residential care homes for older people. This move will support staff to keep up to date more easily with the high standards of care planning and review demanded by the Care Inspectorate and deliver the best possible service to residents and their families. Staff are able to input information onto handheld devices whenever they are supporting residents, eliminating the need for additional recording. Training has gone well, and staff are reporting a notable difference in time saved which they can now spend catering for their residents' needs rather than on the paperwork.

In 2018 CrossReach opened a small school in Renfrewshire, Erskine Waterfront Campus, for children with special educational needs as part of a major redesign programme in its care and education services. This continues to allow better opportunities for the pupils to connect with their communities and engage with potential employers. 2023 saw the Erskine campus host a careers day for many of the local schools in the area involving a number of partners including Skills Development Scotland, the SSPCA and the Fire and Rescue Service. Over 200 children from across the region attended. The careers day provides opportunities for young people to explore what is available to them beyond school and combats the stigma which those with special educational needs often feel. Pupils reported being proud of their school after the event.

Over 400 faith leaders responded to the call to raise awareness of the need for Fair Work in Social Care. This has been a significant campaign led by

the Moderator and Archbishop Nolan of the Roman Catholic Archdiocese of Glasgow and has involved a number of interfaith and ecumenical partners, culminating in a meeting with the Cabinet Secretary for Health and Social Care in November 2023. As part of its own commitment to Fair Work the CrossReach Board committed to paying Living Wage to all of its employees by the end of the year, a policy which was implemented in October 2023 and which they will continue into 2024.

The General Assembly of 2023 saw the affirmation of the Church of Scotland's ambitious Net Zero Strategy. There is no one area of the Church which can be tasked with the delivery of Net Zero each and every member of the Church are the custodians for the future sustainability of the planet. Increasing support and resource will be made available to congregations over the coming years in order to help them move towards the Net Zero target.

The work of the Principal Clerk's Office in conjunction with government, both in Scotland and Westminster has continued to develop over the last year. In February, a senior civil servant from the Scottish Government was appointed on a two-year secondment to strengthen and deepen the relationship between Scotland's faith communities and the public sector. The secondment is ecumenical in nature and funded by the UE, a number of other churches, Action of Churches Together in Scotland (ACTS) and the Scottish Government.

Following the General Assembly's agreement to the Assembly Trustees' proposal to use the George Street Buildings for the purposes of income generation over the next few years, significant work has been undertaken to transform the space with staff moved from across four floors to two. The freeing of space has now allowed new tenants into the building through rental agreements resulting in a considerable income stream into the Charity.

Following the presentation of a set of Trustee priorities to the General Assembly in 2023, in September the Chief Officer brought detailed proposals to the Assembly Trustees for a thorough prioritisation project across the national offices, taking into scope the work of the Support Services as well as the Faith Action Programme. This is the first time in memory that a holistic view has been taken of most work areas across the Church's national office and the question asked: where and how is this best delivered or is it time that the work is set aside? The need for this work to happen is clear. The Church now has revised Presbytery structures where activities might be better suited. Staff reductions in George Street have not been accompanied by re-prioritisation of workloads whilst financial pressures, highlighted at the 2023 General Assembly, continue to place a significant strain on the Church's reserves.

Principal Risks and Uncertainties

Risk Management is a focus of the revised Governance Group. The Trustees, through the Chief Officer, continue to review the approaches to Risk and Resilience and are of the opinion that some of the principal risks highlighted in the Annual Report for 2022 remain.

The ability of the Church to successfully address its challenges is the key risk. The challenges are evident and understood, to varying degrees, at national level, at presbytery level and within congregations.

The national structure is progressing towards becoming more sustainable, affordable and fit for the future. This has been an area of significant change since the 2019 Special Commission Report and continues to evolve. Work has continued through 2023 to strengthen governance arrangements, revise policies and reduce duplication of roles. The next phase, now underway, is a prioritisation exercise examining the work of the Support Services and Faith Action Programme.

In terms of National Office reporting, this is in the form of performance information from all areas. Governance data is received on a monthly basis by the Chief Officer and presented to the quarterly meeting of the Assembly Trustees' Governance Group.

The process of presbyteries coming together to form a smaller number of new presbyteries continues. Part of the aim of having bigger presbyteries is for them all to have a professional team available to work with, and support, congregations, thus mitigating risks around local governance. Support from the national administration relating to Human Resources, IT, Communications and Payroll/Pension support has been offered to all of the newly forming presbyteries with a number taking up the provision. The new presbyteries are offered core funding from the UE during their first five years of operation with the expectation that presbyteries will work towards being self-sufficient by the end of that period.

The Presbytery Mission Planning process also continues, reshaping the configuration of congregations and mitigating a number of key risks around financing ministries across the church and maintaining buildings of varying standards, with more limited resources. The aim is to have a church fit for the future and focused on mission. The process has been difficult for many, with some distress at local level. However, the new parish landscape is beginning to form as the plans begin to be implemented following agreement at both Presbytery and National Level.

Congregational Numbers: A material risk remains in relation to the continuing fall in membership numbers, a trend that began in the late 1950s. As stated in previous years, the fall in numbers has significant impacts for trust governance, both in terms of income and in terms of people available for leadership roles, at all levels. The Trustees are working towards readying the Church for growth. Funding Seeds for Growth from the national budget through presbyteries for local congregations is one action taken to help with growth.

Continuing Challenge of Providing, Supporting and Funding Ministries: The present demographic of the retirement of ministers is such that the combination of current numbers of candidates together with ordained individuals coming from other denominations will not keep pace with the decrease in numbers in the next few years, even with the reduced number of ministries approved by the General Assembly of 2021. The Faith Action Programme continues to identify training initiatives for the future provision of ministries and this work is a fundamental focus of the Church's use of the sacramental and sacrificial giving from congregations.

Church Finances: The Assembly Trustees, Chief Officer and General Treasurer remain focused on the Church's financial position in both the short and long term. In order to provide some remedy to the projected shortfalls, within the national office there is a constant focus by all on cost reduction measures and improved forecasting. The introduction of a rolling five-year budget including annual cost savings is now bedding in. Importantly there is also a real drive towards improving future income.

Presbytery Mission Planning: The Presbytery Mission Planning process is intended to match, so far as possible, the number of charges with available ministry resources. The process includes presbyteries assessing with their local congregations where it is inappropriate for a congregation to continue as a separate entity, often because of the costliness of maintaining their building or finding people for leadership roles. As the process moves into its implementation phase, the numbers of charges and congregational buildings are reducing.

Social Care: The key challenge relates to the ongoing difficulties in the recruitment and retention of staff which affects all service areas. This has had an impact on the finances during 2023, given the high cost of agency staffing. An allowance for additional staffing costs is projected into the 2024 budget. Recruitment and retention difficulties also impact the wellbeing of current staff who are covering additional shifts which would otherwise be uncovered with potential consequences for service delivery.

Cost of Living pressures continue to be felt in social care and we have reflected a reasonable uplift in the budget for 2024 to reflect that, however there are factors outwith our control which may affect pricing during the course of the year and will impact on future projections.

The financial constraints faced by Scottish Government and Local Authorities and Health Boards mean that we have already been served notice of cuts in the funding for some of our service areas. There is the potential for further impact in 2024.

Both the Scottish Child Abuse Inquiry and the Scottish Covid Inquiry will continue to run during 2024 and the Scottish Covid Inquiry will be taking evidence from CrossReach staff. This may hold a future financial or reputational risk, although the risk of financial impact from historic child abuse cases is vastly minimised by the Redress Scheme.

Net Zero Targets: The General Assembly of 2020 set an ambitious target in respect of Net Zero and the year 2030. Planning work has begun in this area, which acknowledges that the number, condition and age of buildings across the Church presents a real challenge to the end date in terms of programme scope and affordability. Progressing towards Net Zero does not sit with any individual part of the church and there is a long way to go, given the breadth of the church's work and buildings. A Net Zero Strategy Group champions Net Zero across the church and recording of metrics has begun. The Strategy Group have set out a Pathway to Net Zero and secured access to an Energy Footprint Tool for use by presbyteries and local congregations.

Financial Review

The Church's Vision Statement gives scope for the life of the Church to be expressed in a variety of ways:

The Church of Scotland seeks to inspire the people of Scotland and beyond with the Good News of Jesus Christ through enthusiastic worshipping, witnessing, nurturing and serving communities.

The activities carried out by the Church in furtherance of the overall charitable purpose - the advancement of religion - have always been diverse. In furthering mission throughout Scotland in the years immediately ahead the Church must ally financial soundness and proactivity to its missional purpose.

The General Assembly 2023:

- Noted the 2024 budgets.
- Agreed with the areas identified as priorities:
 - The growth and development of the Church through the new presbyteries working closely with the local congregations;
 - The work of the national on the local need with a particular emphasis on recruiting and equipping our future leaders in ministries of the Church; and
 - The modernisation and simplification of our governance, structure and processes.
- Agreed to identify and deliver further savings in line with the deficit reduction plan which will impact on all areas other than the agreed priorities.
- Approved the merger of the work of the Faith Nurture Forum with the work of the Faith Impact Forum to become the work of the Faith Action Programme Leadership Team, to take effect from 1 June 2023.
- Welcomed the launch of Seeds for Growth funding from 1 June 2023 recognising that it is an investment in the future of mission and growth within local church that will draw on our reserves.
- Celebrated the work of CrossReach and noted that it accounts for approximately half of the Church of Scotland's total income and expenditure.

Specific areas standing out in 2023 are:

- With the introduction of Giving to Grow, assessed congregational contributions for 2023 presented a decrease of 12.4% compared with those in 2022.
- The pressures on CrossReach continued in 2023 with additional costs and some cuts in funding. However, these continue to have been offset in part by continued support through Social Care Sustainability Payments.

CrossReach received income of £0.7 million in the year (2022: £1.8 million) from Social Care Sustainability Payments to cover additional costs incurred as a result of Covid-19.

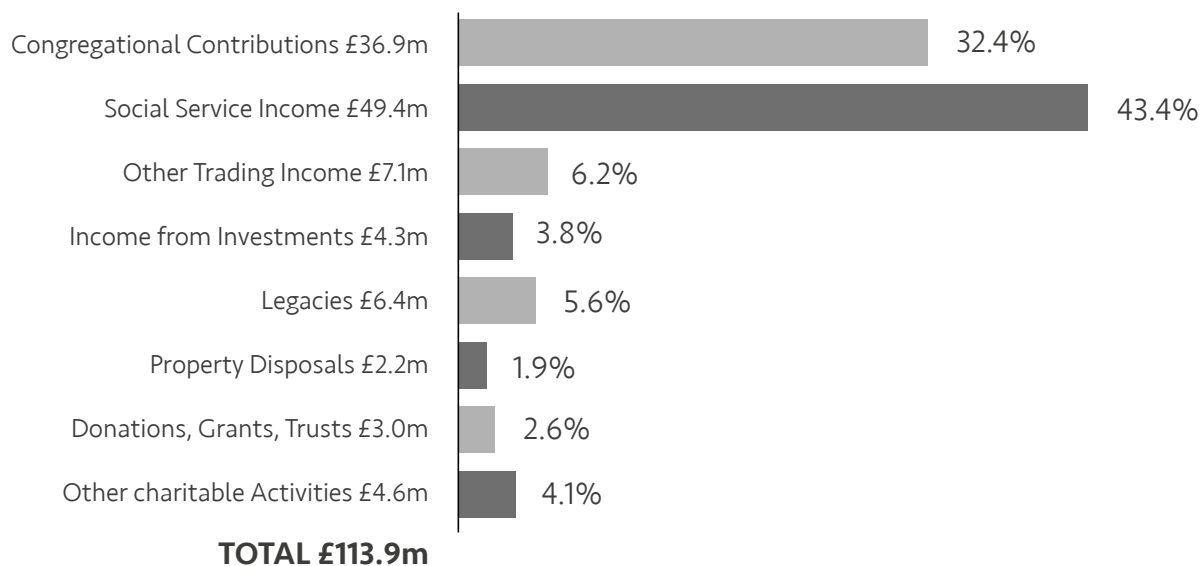
CrossReach has a wide range and depth of activities in Older People's Services, Children and Families and Adult Care and is the single largest category of the Church's expenditure. Expenditure on parish ministry costs accounts for the majority of the Church's other expenditure, and the expectation in setting up Giving to Grow was that it should be funded by congregational contributions.

This Financial Review refers to the consolidated financial results which also include certain trading operations in Israel, as set out earlier in the report.

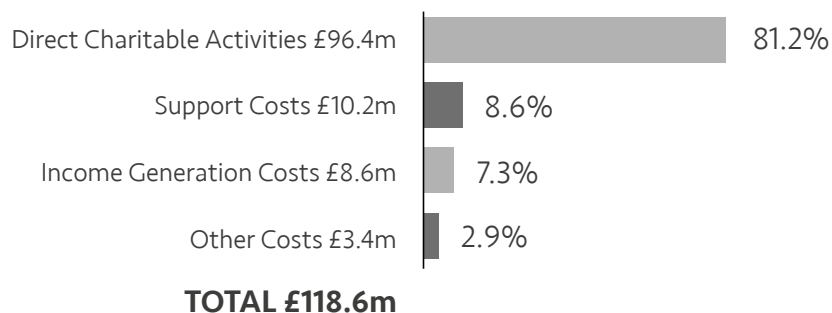
Headline results for 2023 were:

- Income for the Group was £114.0 million and expenditure was £118.6 million, giving a deficit of £4.6 million before investment gains. This compared to income of £111.0 million, expenditure of £142.1 million and a deficit of £31.1 million before investment losses in the previous financial year.
- CrossReach's operational deficit before gains on investment assets was £4.9 million compared to an operational deficit of £4.4 million in the previous financial year.
- The trading results of the establishments in Israel showed a total operating loss of £1.3 million compared to an operating loss of £0.9 million the previous year.
- Strong market conditions at the year end resulted in an unrealised gain of £15.3 million (2022: loss of £17.3 million) on investment assets.
- During 2023 work has been undertaken to make some of the George Street buildings available for lease. This portion of the building has been reclassified as an Investment Property and recognised at valuation. This resulted in an unrealised gain of £5.7 million in the year, which is included in the above realised gain of £15.3 million.
- Income from congregations under the Giving to Grow system in 2023 was £36.9 million compared to £41.6 million in 2022 under the previous Ministries and Mission contributions.
- Legacies received amounted to £6.4 million, of which unrestricted legacies were just under £5.2 million. In 2022 legacies of £2.4 million were received. Unrestricted legacies in the current year included £3.6 million which was a one off historic legacy that was able to be valued and recognised in the year.
- Net expenditure of £4.6 million, unrealised gains on investments of £15.3 million together with smaller gains on revaluation of foreign assets of £0.1 million and actuarial gains on defined benefit pension schemes of £0.9 million, meant the funds of the Group increased by £11.7 million to £215.8 million.
- At 31 March 2023, the membership of both Local Government Pension Schemes ceased through a buy out. The pension asset at that time was £5.1 million, the receipts from the buy out were £3.5 million and the overall actuarial loss on cessation of the schemes was £1.6 million which is included in Charitable Expenditure in the SOFA.
- Due to an offer being made on a previously impaired property in CrossReach, impairment charges of £0.9 million have been reversed in the year.
- The Investment in Subsidiary Entities of £1.4 million which represented specific historic investments made in the Israeli entities was fully impaired in the year. The specific investments were reviewed for indicators of impairment and the relevant operational results and market conditions led to an impairment of the investments.

How our activities were funded

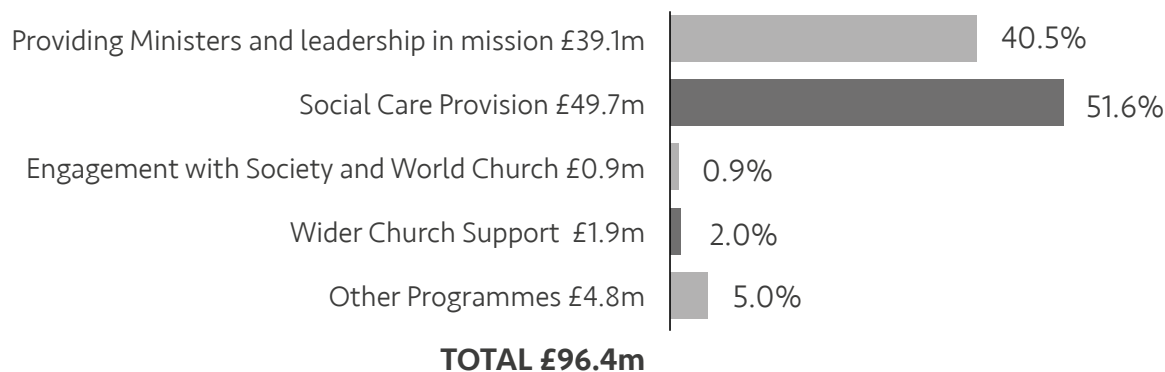


How this was used



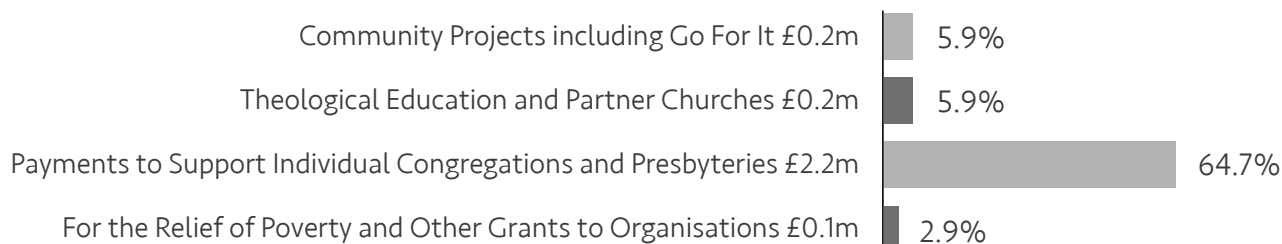
- Congregational Contributions are amounts receivable from all Church of Scotland congregations based on congregational income and linked to the cost of a Minister of Word and Sacrament. Almost all of the congregational contributions are used to pay for the provision of ministers and others providing ministry, as well as contributing to wider mission and support costs needed to enable this work to be carried out.
- Social Service Income supports the charitable activities of CrossReach, the Church's Social Care arm, and comes mainly from care contracts with local authorities, as well as self-funding clients.
- Other charitable activities are programmes with charitable aims which also provide the Church with income such as the production of publications such as Life and Work.

Direct Charitable Activities

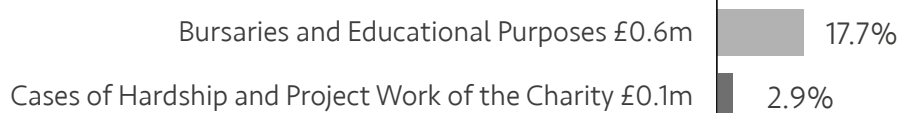


Charitable Grant Making Activities

Grants to Institutions:

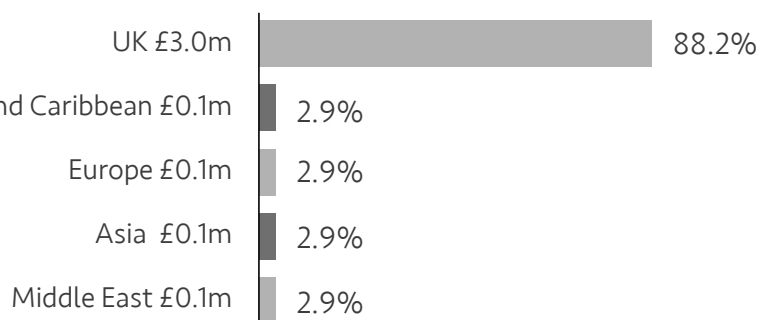


Grants to Individuals:



TOTAL £3.4m

Geographical Spread of Grants



TOTAL £3.4m

Income Overview

Income from all sources in 2023 was £114.0 million, an increase of £3.0 million on the previous year. Income from congregations recognised in the accounts was £4.8 million less than in 2022, at £36.9 million.

Legacies received were higher in 2023 at £6.4 million (2022: £2.4 million). Other trading income decreased by £0.9 million to £7.1 million with the decrease in revenue due to the Israeli subsidiaries.

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

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Income by Type					
Congregational Contributions	36.9	41.6	39.2	45.5	47.2
Social Care	49.4	46.1	46.2	42.8	43.4
Other Charitable Activities	4.6	4.4	5.4	3.1	3.4
Legacies	6.4	2.4	3.0	1.1	2.5
Donations, Trusts, Grants	3.0	3.6	2.5	2.4	2.2
Other Trading Activities	7.1	8.0	6.4	4.5	8.4
Investment & Other	6.5	4.9	7.9	4.9	7.0
Total	113.9	111.0	110.6	104.3	114.1

Trends in Congregational Contributions

The new Giving to Grow scheme was introduced in 2023 to replace the previous Ministries and Mission scheme. Giving to Grow is an income-based system linked to the cost of a Minister of Word and Sacrament, as well as their allocation to a Charge. The first three years of Giving to Grow (2023 to 2025) include the application of transition funding, designed to help those congregations with lower assessable income meet the increase in contributions from moving from the Ministries and Mission scheme to Giving to Grow. The three-year period, over which the transition funding applies, is the gap between implementation of the Giving to Grow scheme (2023) and new Presbytery mission plans (by the end of 2025).

In 2023 the amount collected under Giving to Grow was £36.9 million, a reduction of £4.8 million compared to 2022. The amount remaining to be received from congregations at the year end 31 December 2023 has decreased from the previous year as shown in Note 18 (£1.3 million compared to £2.2 million in 2022). The amount due from congregations, net of transition funding in 2024 is £38.2 million.

During 2023, in its final year, the Presbytery Discretionary Allowance, an amount available to presbyteries for use which includes support to congregational missional projects and assistance to congregations facing financial difficulty, continued at the rate of 5% on the 2022 Ministries and Mission contributions for congregations within each presbytery. The Ministries and Mission contribution system over-collected from congregations in order to provide Presbytery with a discretionary allowance. The rationale of the Giving to Grow system is to leave more money overall with congregations and for presbytery to determine what level of funding they require from congregations.

The income recorded in the Statement of Financial Activities (SOFA) represents contributions required from congregations, less reductions given by presbyteries from their 5% allowance, vacancy allowances given to eligible congregations during 2023 and net of transition funding. Presbyteries can use all or part of their Discretionary Allowance to assist congregations in paying their contributions. As shown in Note 4 to the financial statements, Stipend Endowment and glebe rental income totalling £3.5 million was also received from the General Trustees, giving the total congregational income recorded of £36.9 million.

An online facility continues to be available on the Church's website to allow individuals to contribute to the General Funds of the church. The donation facility has also been used by individuals to donate to congregations. During 2023 £0.1 million was donated using this method, the majority given for specific

congregations and the balance for general purposes within the Church; where applicable the donations have been transferred directly to the beneficiary congregation.

Generosity of our Supporters

Our members and supporters have continued to be committed to funding projects of the Church, as reflected in voluntary donations from individuals and congregations with £0.8m received in 2023. The work of CrossReach, and to some degree other projects of the Church, also attracts significant funding from external trusts. The donations received are spread over many separate projects within the Church. Given that congregations and individuals have faced their own financial pressures during the challenging economic environment, this is again very encouraging and demonstrates the potential for our projects to enthuse donors. The bigger challenge is to receive unrestricted donations and the Stewardship team is currently working on ways of promoting these.

Legacies Making a Lasting Difference

For many people, leaving a legacy in their will is a significant opportunity to make a real difference to the Church. Legacies gifted to support the UE enable work which might not otherwise be possible. Income from legacies of earlier years is still being put to good use. In 2023, income from legacies was nearly £6.4 million (2022: £2.4 million). Legacies without restrictions are vital to our work, providing flexibility to be used where most needed. In 2023, unrestricted legacies for any work of the Church were £5.2 million (2022: £0.9 million). During 2023 there was a historic unrestricted legacy of £3.6m which was able to be valued and recognised as legacy income in the year. Unrestricted legacies provide a vital source of funding for the General Fund, the main fund the Church has available for wider application. In 2023, CrossReach benefited from total legacy income of £0.8 million. The Trustees are deeply grateful for the generosity of those who provide for the Church in their wills.

Social Care

CrossReach's total income in 2023 was £50.2 million representing 44% of the Church's total income. The majority of the income generated by CrossReach is through charitable activities and the provision of social services (£47.8 million).

Trading Activities

Income from Other Trading Activities of £7.1 million comprises trading income from the establishments in Israel of £6.8 million (2022: £7.8 million) and fundraising income of £0.3 million (2022: £0.2 million). The Israeli operations have been impacted since October 2023 by the ongoing conflict in the region.

As shown in Note 30, all three entities have decreased levels of revenue and expenditure in the year compared to 2022. St Andrew's Galilee Limited recorded a deficit of £0.9 million (2022: deficit £0.7 million), St Andrew's Scottish Centre Limited recorded a deficit of £0.3 million (2022: deficit £0.1 million) and Tabeetha School reported a small surplus in the year compared to a small deficit in 2022.

With cost reductions in the entities and some support from the Israeli Government during the time of the conflict, cash flow forecasts by the Scots Hotel and St Andrew's Guesthouse demonstrated that its operations could be maintained without any additional financial input from the National Church budget. However, to maintain required cash balances during the current period of uncertainty, neither the Guesthouse nor the Hotel made any rental payments in 2023. The 50% rental due by the Guesthouse from 2022 also remains unpaid and unprovided against. Rental payments from the establishments in Israel impact costs at the group level and income at the charity level as the rental income is donated to the charity from the Church of Scotland Trust. The investment in subsidiaries was impaired during the year (Note 14).

Investment Income Funding the Church's Work

Investments provide a source of income for the Agencies as well as helping to safeguard the future of the Church. Reflecting the broader external environment, investment income increased to £4.3 million compared to 2022 (£3.3 million). The increase in 2023 was attributable to increased dividend rates from investments in the Growth and Income Funds and rising interest rates causing interest from deposit and bank accounts to increase.

Other income was from Gains on Disposal of Property of £2.2 million (2022: £1.6 million), mainly relating to the Housing and Loan Fund. Also recorded in Other Income is £0.7 million (2022: £1.8 million) received by CrossReach for Social Care Sustainability Payments to cover additional reasonable costs as a result of Covid-19.

Expenditure overview

Supporting our activities

The Church's most valuable earthly resource are people. Much of their input is freely volunteered. Many are employed or in ministry positions and over 73% of our expenditure is on salary and stipend costs. This includes over 730 (2022: almost 800) (full time equivalent) ministers and Ministries Development Staff, overseas Mission Partners, over 950 (2022: almost 1,100) (full time equivalent) Social Care staff, and almost 170 (2022: almost 170) (full time equivalent) CSC staff. There are other costs associated with the running of such a large and complex charity, outlined in the table below.

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Expenditure					
Charitable	96.4	118.2	95.2	98.7	97.6
Support	10.2	12.0	8.9	8.4	8.8
Grants	3.4	2.7	2.1	3.0	4.7
Raising Funds	8.6	9.2	6.2	3.9	7.6
Total	118.6	142.1	112.4	114.0	118.7

Charitable Expenditure

Charitable expenditure for the year includes £0.1 million (2022: £27.9 million) in relation to current and past service costs for the defined benefit pension schemes, as calculated by the actuaries at 31 December 2023 (and up to the buy out at 31 March 2023 for the Local Government Pension Schemes). During 2022 the Pension Trustees awarded annual discretionary increases to the members of the Ministers scheme with pre-1997 service. As these increases are made in perpetuity this resulted in the increased past service cost during 2022.

Charitable expenditure also includes £1.6 million loss on cessation for the buy out of the Local Government Pension Schemes within CrossReach.

Priority Areas

The Church continues to support the funding of a range of incentives directly in support of the poorest parishes in Scotland. These congregations are also contributors to the Church, in some cases very significantly. One Trustee is minister in a Priority Area Parish.

Social Care

CrossReach's total expenditure in 2023 was £55.1 million, representing 51.7% of the Church's charitable and support costs.

The regulated nature of most of these activities meant that difficulties in recruiting staff in a number of areas and particularly in services to older people had to be compensated for by the use of more expensive agency staff.

Grant Making Activities

Pursuit of the Church's objectives has always included the making of external grants. The overall level of grants made in 2023 increased to £3.4 million from £2.7 million in 2022, largely due to the establishment of Seeds for Growth which represented £0.7 million of grants during the year.

The Trustees were delighted to launch 'Seeds for Growth' in 2023, designed with the explicit purpose of providing grants to encourage church growth through the development of new worshipping communities. As noted in the achievements and performance section five level 1 & 2 grants have been awarded within 2023, with eight level 3 grants (of up to £40,000 per annum) totalling £0.7 million awarded to 13 congregations. 2024 will see the launch of the Level 4 awards (grants of up to £100,000 per annum). This work is closely monitored by the Trustees through the Seeds for Growth Committee.

All grants are awarded in accordance with set criteria and evaluation systems which are in place to ensure full accountability. As the prioritisation of the work of the Faith Action Programme continues, grant-making activities will continue to come under review to be within the funds available.

The Small Grants Initiative was created in 2021 – it provides grants for short term projects (between three and twelve months) and can be claimed by congregations and presbyteries. Due to the cost of living crisis which arose during 2022 part of the Small Grants budget was repurposed for Winter Support Funding together with some additional funding. The Winter Support Fund could be claimed by congregations, with support of presbytery, with the purpose to support people in the local areas through winter at the time of increased need. £0.1 million of grants were awarded in 2023 through both the Small Grants Scheme and the Winter Supporting Funding.

Presbytery Funding

With the creation of the new presbyteries, the UE has provided the core funding to each of the newly formed presbyteries for a period of up to five years from when each presbytery was set up. In 2023 core funding of £1.1 million was provided to presbyteries. These payments are included within grant making activities.

Plans for Future Periods

With the ongoing challenging financial forecasts the future sustainability of the Church remains a priority for the Trustees. The Chief Officer has been tasked to prioritise core work areas within the national budget in order to achieve further savings. Financial estimates show that a £6m annual reduction in budget will need to be embedded into the plans by 2026. The first £2m of this saving is embedded in the 2024 budget, with a further £2m each year in 2025 and 2026. This will require a significant change in scope, scale and focus of operations in the National Office which is now being actioned through the Priorities Project, an exercise in which all areas of in-scope work across the Support and Services and Faith Action Team is being assessed in terms of defined criteria. The purpose of this is to identify what areas of activity are no longer core to the requirements now being presented from the Church.

The impact of the Mission Planning Process will result in changes to the numbers of ministries and congregations throughout Scotland and beyond. As noted above, good progress is being made in rolling out the new presbytery structures with a further one (Clèir Eilean Ì) coming into existence as of 1 January 2024.

The Trustees aim to encourage missional leadership at all levels of the Church through working with Presbyteries as they in turn work with congregations. This emphasis on the local church seeks to foster and support a missionary movement where Presbyteries and Congregations have the confidence to engage successfully with their local mission context. Through Presbytery reform they are being encouraged to keep mission at the heart of all they do.

The Trustees recognise that for a longstanding mainline denomination to move in this direction requires significant work over a number of years. The process of change will take time, but the Trustees are confident that alongside the support of the wider Church and the strategic deployment of funds such as Seeds for Growth, a new era of mission and evangelism can be entered.

Reserves

Funds are recognised/classified as restricted by their purpose. All funds are directly controlled by the Trustees. The General Fund is the main unrestricted fund within the UE and had a balance of £69.4 million at the end of 2023 (2022: £61.8 million).

Designated funds amounting to £0.2 million (2022: £7.6 million) are disclosed separately in note 26. During the year designated funds were reviewed and, where appropriate, designations were removed and the funds transferred to the General Fund or other unrestricted funds.

Research into the restricted funds began in 2018 and over the period since then actions have included removing what had been thought to be permanent endowment status and reclassifying from formally restricted by the settlor to merely designated by the Church (and therefore able to be used more generally). A number of funds have also been reorganised through application to the Scottish Charities Regulator ("OSCR"). During 2023 The F G Salvesen Trust was formally reorganised which resulted in a widening of its remit, but is still restricted to specific purposes.

The Trustees have set a target to maintain free reserves representing approximately three months expenditure of the UE which equates to £29.7 million (2022: £35.5 million). This level of reserves would allow immediate commitments to be met and necessary mitigating actions to be taken.

At 31 December 2023 the total funds for the UE were £215.8 million (2022: £204.1 million) of which £125.3 million (2022: £111.9 million) was held in restricted funds and £nil (2022: £5.2 million) in the pensions reserve. A further £18.9 million (2022: £17.5 million) was held in endowment funds.

Total unrestricted funds were £71.5 million (2022: £69.5 million) of which £9.3 million (2022: £10.2 million) were tied up in functional fixed assets and therefore not readily available to spend and a further £10.1 million (2022: £10.2 million) were being utilised in mixed motive and programme related investments. £0.2 million (2022: £7.6 million) had been designated for future spending and was committed at the year end and so is excluded from free reserves.

This leaves free reserves of £52.0 million (2022: £41.5 million) which equates to over five months expenditure of the UE.

The Trustees consider this is an acceptable level of reserves given the current challenges faced by the wider Church and taking the following factors into account:

- the level of congregational income upon which half of the income is based can, under normal circumstances, be reasonably estimated;
- a relatively high level of reserves is required to meet the stipends of ordained ministers due to the nature of ministerial tenure and the broad range of the Church's operations;
- the ongoing structural changes relating to Presbytery Funding, the new Giving to Grow system from 2023 and Presbytery Mission Planning;
- the Assembly Trustees monitor the reserves and have strategies in place to balance budgets and use reserves appropriately; and
- ongoing research into the restrictions on reserves.

Investment Policy – Unlisted Investments

Under powers given by the Church of Scotland (Properties and Investments) Order Confirmation Act 1994, the Unincorporated Entities are permitted to invest, to an unlimited extent, in the funds provided by The Church of Scotland Investors Trust. Any investment outwith the Trust is subject to the provisions of the Charities and Trustee Investment (Scotland) Act 2005.

The UE investments are managed to maximise the overall return on funds. The Trustees' predecessors had a policy of using only the Investors Trust and protocols were put in place to ensure proper governance and accountability.

The Investors Trust has an ethical investment policy under which investment is avoided in any company whose management practices are judged by the Trustees to be unconscionable. In particular, investment is avoided in any company substantially involved in gambling, tobacco products (and electronic vaping devices), alcohol, armaments, the extraction of thermal coal or tar sands, recreational cannabis products, and other activities which are felt to harm society more than they benefit it. "Substantially" is interpreted as resulting in around 10% or more of total turnover being derived from these sectors. In general, investment is sought in companies that demonstrate responsible employment and good corporate governance practices, have regard to environmental performance and human rights and act with sensitivity to the communities in which they operate.

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

The Growth Fund aims to provide good total returns over the long term, generated by diversified global investments in growing economies. Total returns are received from the combination of capital growth and income. The Fund is managed by Newton Investment Management Limited.

The Income Fund is mainly invested in fixed interest securities and aims to provide sustainable income and to protect the nominal value of capital. The Fund is managed by Royal London Asset Management.

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

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

The ethical policy of the Investors Trust has been informed over the years by the General Assembly; and the Assembly Trustees follow a policy which was approved in 2018. The 2021 General Assembly appointed a Special Committee on Ethical Investment to determine how ethical investment decisions should be made within the Church.

The 2023 General Assembly approved the Committee's recommendation to establish as a Standing Committee of the General Assembly an Ethical Oversight Committee ('EOC') made up of nine people, each of whom would serve no more than two 3-year terms, to be populated as follows: (i) three persons would be trustees of the Investors Trust, (ii) one person from the General Trustees, and (iii) five appointed by the General Assembly through the Nomination process; of these five, three will have a social justice and/or world church background; one will be a parish minister; and one will be 30 years of age or under at first appointment.

The EOC is an advisory group that will help the Church of Scotland Investors Trust (COSIT) to focus on the theological and ethical background of what the Church should be investing in, consider the complexities of the investment options, and be a space for intelligent conversations that can support the COSIT to provide the investment managers with very specific briefs, in line with the Church's values.

Investment Performance – Unlisted Investments

In order to allow objective assessment to be made of investment performance, an internal benchmark reflecting ethical constraints has been agreed with the Managers of the Growth Fund. The Growth Fund's performance for 2023 was 10.6% (2022: -9.2%) compared to the benchmark total return of 13.2%. The Income Fund's total return was 9.44% (2022: -12.16%) against the composite benchmark of 8.6% (2022: -17.72%). The Deposit Fund's average annual rate of interest paid for 2023 was 4.26% (2022: 1.16%).

Intangible Fixed Assets

Intangible fixed assets include computer software and website costs initially recorded at cost and amortised over the determined period on a straight line basis from the date they were available for use.

Tangible Fixed Assets

Tangible fixed assets include all costs incurred on acquiring, improving or adding to heritable and other properties. Where there are indicators of impairments of individual assets, the Group performs reviews based on a fair value less costs to sell calculation. The Group considers whether such indicators are present on an annual basis. Where the recoverable amount is materially less than historic cost, the asset is impaired to the lower amount. Impairment costs are included within Expenditure on Charitable Activities.

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

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

Mixed Motive Investments

The Housing and Loan Fund makes loans to retired ministers, widows and widowers. Loans are repayable upon sale of the property. Interest is charged at rates between 1% and 2% to provide the Fund with an income to maintain its property portfolio.

Programme Related Investments

Investments include funding provided to The Church of Scotland Trust. There are three unsecured loans which are repayable over 39 years for one loan and 10 years for two loans. No interest is charged on the loans. These assets contribute to the Church's stated purposes.

Provisions

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

Pension Schemes

As described in Note 32 to the Financial Statements, the Church closed its defined benefit pension schemes to future accrual from 31 December 2013 (1 August 2013 for CrossReach) and in its place, ministers and staff are now able to join a defined contribution group personal pension plan with Legal and General. CrossReach had already operated a defined contribution plan for new staff since 2003.

In addition to a triennial valuation, the Scheme Actuary carries out a separate annual valuation in line with the requirements of Financial Reporting Standard (FRS102), which, through the application of differing assumptions, may result in a different funding position for financial reporting purposes. In 2023 there was a net decrease of £10.8 million in the irrecoverable surpluses in the defined benefit schemes over the previous year from £58.3 million in 2022 to £47.5 million in 2023.

Certain employees of CrossReach were members of two Local Government Pension Schemes (LGPS) and since 2014 valuations have been included in the Financial Statements. At 31 December 2022 the Church's share of the surpluses was £5.2 million. As the other defined benefit schemes are in surplus to varying levels (although the surpluses are not recognised as assets), the combined defined benefit pension scheme surplus shown on the balance sheet was therefore £5.2 million. At 31 March 2023 membership of both schemes ceased through

a buy out. At the time of the buy out an updated actuarial valuation on an accounting basis was undertaken which indicated that the Church's share of the surplus was £5.1 million. The receipts from the buy out were £3.5 million which resulted in an overall actuarial loss on cessation of the schemes of £1.6 million – this is included within Charitable Expenditure (note 10).

Note 32 to the Financial Statements gives full disclosures as required by FRS102 and includes a charge for Past Service Cost in one of the schemes of £nil (2022: £27.5 million). During 2022 the Pension Trustees awarded annual discretionary increases to the members of the Ministers scheme with pre 1997 service. As these increases will be made in perpetuity this resulted in the increased past service cost in 2022.

Gains and Losses

FRS102 requires the disclosure of actuarial gains or losses during the year and the combined gain of £0.9 million (2022: £36.8 million) on all defined benefit schemes is disclosed under Other Recognised Gains and Losses.

Each year the Church's investments are revalued at the unit price published by the Church of Scotland Investors Trust and the resulting unrealised gain for 2023 was £9.5 million (2022: loss of £17.3 million).

Going Concern

The Trustees do not consider that there are any factors which will cause any material uncertainty as to the ability of the Charity and Group to operate as a going concern for the foreseeable future. Cashflow forecasts have been prepared for the twelve months following the date of signing of the accounts, which show that activities budgeted for 2024 can be maintained. Mitigating actions have been taken to control expenditure and maintain income and this will continue during 2024 and beyond. As noted above, the Church holds free reserves to cover over five months of operation, with substantial amounts held as investments and other assets which may be readily liquidated.

The Trustees consider that their revised budgeting methodology and strict accountability measures will enable them to contain costs.

Apart from the external funding of much of the work of CrossReach, congregational contributions are by far the major income to the national budget. The new Congregational Contribution system (Giving to Grow) was effective from 2023 and includes an annual review process to mitigate the effects of any major changes, subject to General Assembly approval.

Responsibilities of Trustees

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' 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 Group and of the incoming resources and application of resources 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 Statement of Recommended Practice (SORP);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Constitution and Remit of the Trustees. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees and signed on their behalf by:

Rev David S Cameron
Convener of the Assembly Trustees

Dave S Kendall BSc FRSC
Chief Officer

Edinburgh
30 April 2024

Auditor's Report

Independent auditor's report to the Trustees of The Church of Scotland (also referred to as The Church of Scotland Unincorporated Entities)

Opinion

We have audited the financial statements of The Church of Scotland Unincorporated Entities (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated and Charity Statements of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2023 and of the group's and parent charity's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and 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 group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group'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 and Accounts other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or

Independent auditor's report to the Trustees of The Church of Scotland (also referred to as The Church of Scotland Unincorporated Entities) (continued)

- 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 26 the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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 entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks, that the group and parent charity operates in and how the group and parent 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

Data Protection Act 2018, Disclosure (Scotland) Act 2020, Social Work (Scotland) Act 1968, Regulation of Care (Scotland) Act 2001, and The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011. We performed audit procedures to inquire of management and those charged with governance whether the charity and group are in compliance with these law and regulations.

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
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: 1 May 2024

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

Consolidated Statement of Financial Activities for the year ended 31 December 2023

Note		Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2023 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022 £000
	Income from:								
4	Donations and Legacies	43,895	2,333	-	46,228	44,568	3,016	-	47,584
5	Other Trading Activities	7,137	9	-	7,146	7,981	11	-	7,992
6	Investments	1,918	2,398	-	4,316	1,207	2,088	-	3,295
7	Charitable Activities	4,746	48,618	-	53,364	3,224	45,454	-	48,678
8	Other	793	2,086	-	2,879	179	3,240	-	3,419
	Total Income	58,489	55,444	-	113,933	57,159	53,809	-	110,968
	Expenditure on:								
9	Raising Funds	8,250	331	-	8,581	8,777	353	-	9,130
10	Charitable Activities	52,309	57,663	-	109,972	75,928	57,005	-	132,933
	Total Expenditure	60,559	57,994	-	118,553	84,705	57,358	-	142,063
	Net Expenditure before Investment (Losses)/Gains	(2,070)	(2,550)	-	(4,620)	(27,546)	(3,549)	-	(31,095)
14, 16	Net Gains/(Losses) on Investment Assets	9,170	4,807	1,354	15,331	(6,135)	(9,080)	(2,099)	(17,314)
	Net Income (Expenditure) before Transfers	7,100	2,257	1,354	10,711	(33,681)	(12,629)	(2,099)	(48,409)
29	Transfers	(5,977)	5,908	69	-	(1,022)	7,342	(6,320)	-
	Net Income/(Expenditure) after Transfers	1,123	8,165	1,423	10,711	(34,703)	(5,287)	(8,419)	(48,409)
	Other Recognised Gains and Losses								
15	Foreign currency gain on consolidation of overseas subsidiaries	100	-	-	100	25	-	-	25
32	Actuarial Gains on Defined Benefit Pension Schemes	846	44	-	890	28,245	8,509	-	36,754
	Total Other Recognised Gains and Losses	946	44	-	990	28,270	8,509	-	36,779
	Net Movement in Funds	2,069	8,209	1,423	11,701	(6,433)	3,222	(8,419)	(11,630)
	Fund Balances brought forward at 1 January	69,474	117,117	17,526	204,117	75,907	113,895	25,945	215,747
26, 27 & 28	Fund Balances carried forward at 31 December	71,543	125,326	18,949	215,818	69,474	117,117	17,526	204,117

The Statement of Financial Activities includes all gains and losses recognised in the year. All income, expenditure and resulting net movements are derived from continuing activities.

Charity Statement of Financial Activities for the year ended 31 December 2023

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2023 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022 £000
Income from:								
4	43,120	2,333	-	45,453	43,536	3,016	-	46,552
5	276	9	-	285	228	11	-	239
6	1,918	2,398	-	4,316	1,207	2,088	-	3,295
7	3,208	48,618	-	51,826	1,789	45,454	-	47,243
8	960	2,086	-	3,046	179	3,240	-	3,419
	49,482	55,444	-	104,926	46,939	53,809	-	100,748
Expenditure on:								
9	204	331	-	535	178	353	-	531
10	51,506	57,663	-	109,169	73,407	57,005	-	130,412
	51,710	57,994	-	109,704	73,585	57,358	-	130,943
	(2,228)	(2,550)	-	(4,778)	(26,646)	(3,549)	-	(30,195)
14, 16	9,170	4,807	1,354	15,331	(6,135)	(9,080)	(2,099)	(17,314)
	6,942	2,257	1,354	10,553	(32,781)	(12,629)	(2,099)	(47,509)
29	(5,977)	5,908	69	-	(1,022)	7,342	(6,320)	-
	965	8,165	1,423	10,553	(33,803)	(5,287)	(8,419)	(47,509)
Other Recognised Gains and Losses								
	(74)	-	-	(74)	(13)	-	-	(13)
32	846	44	-	890	28,245	8,509	-	36,754
	772	44	-	816	28,232	8,509	-	36,741
	1,737	8,209	1,423	11,369	(5,571)	3,222	(8,419)	(10,768)
	72,074	117,117	17,526	206,717	77,645	113,895	25,945	217,485
26, 27 & 28	73,811	125,326	18,949	218,086	72,074	117,117	17,526	206,717

The Statement of Financial Activities includes all gains and losses recognised in the year. All income, expenditure and resulting net movements are derived from continuing activities.

Balance Sheets as at 31 December 2023

Note	Group		Charity		
	2023 £000	2022 £000	2023 £000	2022 £000	
Fixed Assets					
12	Intangible Assets	21	58	21	58
13	Tangible Assets	47,725	45,185	39,466	35,614
14	Investments	151,141	133,493	151,141	135,008
16a	Mixed Motive Investments	6,258	6,216	6,258	6,216
16b	Programme Related Investments	10,045	10,142	10,045	10,142
	Total Fixed Assets	215,190	195,094	206,931	187,038
Current Assets					
17	Mixed Motive Investments	131	101	131	101
	Stocks and Work in Progress	69	99	28	38
18	Debtors: Amounts receivable within one year	10,702	12,133	9,096	10,533
19	Short Term Deposits	7,624	9,870	7,624	9,870
	Cash at Bank and in Hand	11,564	7,366	10,588	6,488
	Total Current Assets	30,090	29,569	27,467	27,030
20	Creditors: Amounts falling due within one year	(17,047)	(13,222)	(14,432)	(10,772)
	Net Current Assets	13,043	16,347	13,035	16,258
	Total Assets less Current Liabilities	228,233	211,441	219,966	203,296
21	Creditors: Amounts falling due after one year	(11,222)	(11,164)	(1,347)	(1,119)
22	Provision for Liabilities and Charges	(1,193)	(1,348)	(533)	(648)
		(12,415)	(12,512)	(1,880)	(1,767)
	Net Assets excluding Pension Asset	215,818	198,929	218,086	201,529
32	Defined Benefit Pension Asset	-	5,188	-	5,188
24 & 25	Net Assets including Pension Asset	215,818	204,117	218,086	206,717
The Funds of the Group and Charity:					
28	Endowment Funds	18,949	17,526	18,949	17,526
26	Unrestricted Income Funds	71,543	69,474	73,811	72,074
27	Restricted Funds:				
	Pension Reserve	-	5,188	-	5,188
	Restricted Income Funds	125,326	111,929	125,326	111,929
	Total Restricted Funds	125,326	117,117	125,326	117,117
	Total Funds of the Group and Charity	215,818	204,117	218,086	206,717

The Financial Statements were approved and authorised by the Assembly Trustees on 30 April 2024 and signed on its behalf by :

REV DAVID S CAMERON Convener of the Assembly Trustees

JENNY SIMPSON BSc (Hons) FCA DChA General Treasurer

The Notes on pages 35 to 71 form part of these Financial Statements

Statements of Cash Flows for the year ended 31 December 2023

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Cash Flows from operating activities:				
Net cash provided by/(used in) operating activities	828	(5,096)	1,218	(5,261)
Cash flows from investing activities				
Dividends, and rents from investments	3,725	3,162	3,725	3,162
Interest received	591	101	591	101
Proceeds from sale of property, plant and equipment	3,339	2,401	3,354	2,280
Purchase of property, plant and equipment	(4,946)	(2,201)	(4,742)	(1,816)
Purchase of intangibles	-	(3)	-	(3)
Loans granted	(313)	(383)	(313)	(383)
Loans repaid	338	242	338	242
Proceeds from sale of investments	1,387	1,501	1,387	1,501
Proceed from sale of mixed motive investments	-	763	-	763
Purchase of investments	(3,704)	(2,977)	(3,704)	(2,977)
Net cash provided by investing activities	417	2,606	636	2,870
Change in cash and cash equivalents in the reporting year	1,245	(2,490)	1,854	(2,391)
Cash and cash equivalents at the beginning of the reporting year	17,236	19,719	16,358	18,749
Change in cash equivalents due to exchange rate movements	707	7	-	-
Cash and cash equivalents at the end of the reporting year	19,188	17,236	18,212	16,358
Reconciliation of net income/(expenditure) to net cash flow for the reporting year				
Net movement in funds for the year per the Statement of Financial Activities	11,701	(11,630)	11,369	(10,768)
Adjustments for:				
Depreciation charges (net of foreign currency adjustments) and impairment	607	2,441	(50)	1,502
Dividends interest and rents from investments (including pension schemes)	(3,725)	(3,162)	(3,725)	(3,162)
Profit on sale of fixed assets	(2,210)	(1,581)	(2,377)	(1,581)
Profit on sale of mixed motive investments	-	(63)	-	(63)
Deposit and bank account interest	(591)	(101)	(591)	(101)
Actuarial gains on defined benefit pension schemes	(890)	(36,754)	(890)	(36,754)
Net (gains)/losses on investment assets	(15,331)	17,377	(13,816)	17,390
Decrease/(increase) in stock	30	2	10	(1)
(Decrease)/increase in debtors receivable within one year	1,431	(512)	1,437	(364)
Increase in creditors	3,961	568	3,660	327
Decrease in provisions	(1,383)	(199)	(115)	(238)
Increase/(decrease) in long term liabilities	1,150	(92)	228	(58)
Increase in pension surplus	6,078	28,610	6,078	28,610
Net cash provided by/(used in) operating activities	828	(5,096)	1,218	(5,261)

Statements of Cash Flows for the year ended 31 December 2023 (continued)

Analysis of changes in net cash and cash equivalents				
	Balance 31 Dec 2022	Movements		Balance 31 Dec 2023
Group	£000	£000		£000
Short term deposits	9,870	(2,246)		7,624
Cash at Bank and in Hand	7,366	4,198		11,564
	17,236	1,952		19,188
Charity				
Short term deposits	9,870	(2,246)		7,624
Cash at Bank and in Hand	6,488	4,100		10,588
	16,358	1,854		18,212
Analysis of changes in net debt				
	Balance 1 Jan 2023	Cash flows	Other non-cash changes	Balance 31 Dec 2023
Group	£000	£000	£000	£000
Cash and cash equivalents				
Short term deposits	9,870	(2,246)	-	7,624
Cash at Bank and in Hand	7,366	4,198	-	11,564
	17,236	1,952	-	19,188
Borrowings				
Debt due within one year	(94)	94	(209)	(209)
Debt due after one year	(10,045)	-	194	(9,851)
	(10,139)	94	(15)	(10,060)
Total	7,097	2,046	(15)	9,128
Charity				
Cash and cash equivalents				
Short term deposits	9,870	(2,246)	-	7,624
Cash at Bank and in Hand	6,488	4,100	-	10,588
	16,358	1,854	-	18,212
Borrowings				
Debt due within one year	-	-	-	-
Debt due after year	-	-	-	-
	-	-	-	-
Total	16,358	1,854	-	18,212

Notes to the Financial Statements for the year ended 31 December 2023

1. Accounting Policies

Legal Status

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

The Principal Office of the charity is 121 George Street, Edinburgh EH2 4YN. The principal activities of the charity are as described in the Trustees' Report.

Basis of Preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of investments and on the accruals basis, and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('the SORP') and Financial Reporting Standard 102: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102'), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). These financial statements are presented in £000 Sterling.

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

These financial statements have been prepared on a going concern basis. Based on the levels of cash and unrestricted investments held and budgets and cashflow forecasts, which cover a period of more than 12 months, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Judgements and Estimates

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

Pensions

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The resulting asset in the Local Government Pension Schemes was previously recognised in accordance with FRS102 and the SORP and has been released during 2023 with the buy-out. The irrecoverable surpluses in the defined benefit pension schemes have not been recognised, in line with the requirements of FRS102 and the SORP. Further details are given in Note 32.

Impairment of non-financial assets

Assets are reviewed for indicators of impairment, and where there

are indicators of impairment of individual assets, the Charity performs impairment reviews and will reduce the carrying value of the asset to its recoverable amount which will be the higher of the future expected cash flows (value in use) or fair value. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets less incremental costs of disposing of the asset.

Useful lives and residual values

Management reviews its estimates of the useful life and residual values of depreciable assets at each reporting date, using both internal and external information. If factors such as a change in how an asset is used, significant unexpected wear and tear and changes in market prices indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date, management review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. Useful lives are summarised later in this note. Residual values are the scrap or net realisable value at the end of the assets' expected economic useful life.

Congregational Contribution Provisioning

Management review the outstanding congregational contributions and assess any which require specific provisioning against them. For those remaining, any debts which are greater than 1 year are fully provided against and any debts within the 1 year are provided by 50%. Efforts continue to collect all outstanding debts.

Valuation of Investment Properties

Properties which are identified as investment properties and made available for commercial lease are removed from Tangible Fixed Assets and included as Investment Properties. The valuation of the Investment Property is at fair value and is based on a formal valuation undertaken by a third party expert.

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

Basis of Consolidation and Subsidiary Undertakings

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

Funds

Funds are recognised/classified as restricted by their purpose. All funds are directly controlled by the Trustees.

Funds held by the Unincorporated Entities of the Church of Scotland are categorised as follows:

i Unrestricted Funds

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

> Designated Funds

These are unrestricted funds which are expendable on the work of specific projects as decided by the Trustees.

ii Restricted Funds

These are funds which are subject to donor restrictions or may result from the terms of an appeal for funds or may only be used for a specific purpose or project.

> Permanent Endowment Funds

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

> Expendable Endowment Funds

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

Income

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

Income received from the provision of Social Care services is recognised when the relevant service has been delivered, it is probable that the income will be received, and the amount can be quantified with reasonable accuracy.

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

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

No amount has been included for services donated by volunteers in accordance with the SORP.

All grants (whether revenue or capital grants) and contractual payments under funding arrangements from central and local government and their agencies are recognised in the SOFA on a receivable basis. Incoming resources from grants, where there are service or performance deliverables required as conditions of the terms of the grant, are accounted for as the charity earns the right to payment through its performance, when the charity has entitlement to the funds, it is probable that the income will be

received and the amount can be measured reliably and it is not deferred.

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

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

Other income includes claims made for Social Care Sustainability Payments.

Rental income is generated from leases on properties and is recognised when there is entitlement to the income.

Expenditure

Expenditure is accounted for in the SOFA on an accruals basis and is presented on an activity basis against the appropriate heading in the Financial Statements. Expenditure and liabilities are recognised when a legal or constructive obligation exists.

The costs of generating funds include the costs incurred in generating voluntary income and fundraising trading costs. These costs are regarded as necessary to generate funds that are needed to finance our charitable activities.

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

Under these headings are costs of employing staff to carry out the charitable activities, grants paid and other programme costs, as well as associated support costs. Salary costs are recognised as expenditure on an accruals basis. Grants payable in furtherance of our charitable objectives are recognised as expenditure when the criteria for a constructive obligation are met, payment is probable, it can be measured reliably, and there are no conditions attaching to its payment that limit its recognition. Agreements are typically for one year but may span several years.

Where a grant is payable over more than one year, a liability is recognised for the full amount of the constructive obligation unless conditions apply to payments falling after the Balance Sheet date. Where conditions remain within the control of UE, a liability is not recognised. Where a condition falls outside the control of UE, this would be recognised as a contingent liability.

For capital contracts in place at the year end which include payments to be made in future years, such payments are disclosed in Note 31 to the Financial Statements as a Capital Commitment.

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

Recognition of Liabilities

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

Contingent Liabilities

A contingent liability is identified and disclosed where it results from a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control.

Operating Leases

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

Value Added Tax

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

Investments

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

Investments in subsidiary companies are held at cost less any impairment. Impairment costs are included within Expenditure on Charitable Activities.

Investment properties are properties which are owned and available for lease - and are held at fair value and not depreciated. The gain or loss on revaluation is included in the SOFA and shown in Note 14. Where a property is identified as mixed use, the portion held for investment is split from the property previously held within Tangible Fixed Assets and is recorded as an investment property.

Intangible Fixed Assets

Computer Software

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

Website

The cost of the website relating to the Social Care Council is recorded at cost and written off over ten years on a straight line basis from the date at which it is available for use.

Amortisation for intangible assets for the year is within Other Expenditure on Charitable Activities in the SOFA.

Tangible Fixed Assets

Heritable and Other Properties

The titles to properties in Scotland belonging to the Unincorporated Entities are held by The Church of Scotland General Trustees with beneficiary nominees being the Unincorporated Entities. The titles to properties outwith Scotland are held by The Church of Scotland Trust with beneficiary nominees being the Faith Action Programme Leadership Team.

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

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

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

Where there are indicators of impairment of individual assets, the Group performs reviews based on a fair value less costs to sell calculation. The Group considers whether such indicators are present on an annual basis. Where the recoverable amount is materially less than historic cost, the asset is impaired to the lower amount. Where the recoverable amount is materially higher than the impaired value, the previous impairment is reversed to record the asset at the net book value it should have been without the impairment. Impairment costs and reversals of previous impairments are included within Expenditure on Charitable Activities.

Other Tangible Fixed Assets

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

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

Depreciation

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

Heritable and Other Properties

Residential Properties, Churches and Manses	50 years
Operational Constructed Properties – traditional	50 years
Operational Constructed Properties – prefabricated	20 years
Operational Refurbished Properties	25 years
Limited Lifespan Properties	15 years
Leasehold Property Improvements	10 years

Equipment and Furniture:

Motor Vehicles	4 years
Computer Equipment	3-5 years
Office Equipment and Plant and Machinery	4-5 years
Furniture and Fittings	5-10 years

Assets under construction are not depreciated.

One property is held as a social investment and is stated at valuation. This property is not depreciated. Realised gains and losses on disposal are recorded in the SOFA in Other Income, at the difference between the sales price and the net book value of the asset.

Programme Related Investments

Programme Related Investments include funding provided to The Church of Scotland Trust. It is three unsecured loans which are repayable over 39 years for one loan and 10 years for two loans. No interest is charged on the loans. These assets contribute to the Church's stated purposes. The value is measured at the amount of the loan provided to the Church of Scotland Trust net of any repayments made to date.

Mixed Motive Investments

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

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

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

a) Standard loans are subject to a minimum and a maximum loan amount which at 31 December 2023 was £5,000 and £25,000 respectively. The interest rate on such loans is currently two percent for ministers and one per cent for widows, widowers or bereaved civil partners of ministers. The amount which the borrower is due to repay does not change, regardless of whether the property appreciates or falls in value over the term of the loan.

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

or

b) Shared Appreciation loans, which may be granted for up to seventy per cent of a house purchase price, subject to a minimum loan amount (currently £25,000) and a maximum loan amount which at 31 December 2023 was £175,000. The interest rate on such loans is currently one and a half per cent for ministers and three quarters per cent for widows, widowers or bereaved civil partners of ministers.

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

As the rates provided are below market value, shared Appreciation loans are accounted for as concessionary loans and are recognised at cost with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and are adjusted as necessary for any impairment.

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

Stocks

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

Debtors

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

Cash and Cash Equivalents

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

Overseas Operations/Foreign Currencies

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

Creditors

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

Provisions

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

Pensions

The Church of Scotland operates both defined benefit and defined

contribution pension schemes. In addition, certain employees of the Social Care Council were members of Local Government Pension Schemes - the membership of these schemes ceased on 31 March 2023 due to a buy out. The assets of all the schemes are held separately from those of the Unincorporated Entities of The Church of Scotland.

Defined benefit pension assets are measured at fair value.

The Scheme Rules of the LGP schemes permitted a right to reduced contributions and a right to a refund as set out in FRS 102 Section 28. Accordingly the Church of Scotland recognised a pension asset in respect of these schemes. The value recognised was the lower of the surplus in the scheme and the asset ceiling, which was the future economic benefit available in form of reduced contributions or a cash refund measured at present value. Due to the buy out of these schemes in the year, a FRS102 valuation was calculated at the date of cessation. The cash received from the buy out was offset against the pension asset at the point of the buy out and the release of the pension asset remaining thereafter is recognised in the SOFA and further detailed in Note 32.

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

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

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

The Scheme Rules of these schemes also permit a right to reduced contributions as set out in FRS 102 Section 28. However, the schemes are closed to future accrual and no contributions are currently being made, nor is any service cost accruing, the value of the scheme on this basis is £nil, and there is no unconditional right to a refund and as such no value is recognised for the pension asset.

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

For the defined contribution schemes, the amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Taxation

The Church of Scotland Unincorporated Entities is exempt from taxation on the income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 insofar as such income or gains are applied exclusively to charitable purposes.

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

2. Related Parties

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

The three subsidiary undertakings in Israel are consolidated in full in the group accounts. In the charity results there are transactions and balances at the year end between the Unincorporated Entities and the subsidiary undertakings, all related balances are eliminated on consolidation.

Related party	Group entity	Nature of transactions	Value of transactions during year		Nature of balance	Amounts owed from/(to) at year	
			2023 £000	2022 £000		2023 £000	2022 £000
The Church of Scotland Investors Trust	The Church of Scotland	Management charges received	110	110	Creditor (note 20)	(2,371)	(1,674)
The Church of Scotland Trust	The Church of Scotland	Donation received	722	732	Programme related investment (note 16b)	10,045	10,142
		Grant paid	(55)	(52)	Creditor (note 20)	(10)	(6)
		Finance and legal service charges received	56	48	Accrued income - loan repayments and interest (note 18)	-	2
		Loan recovered	98	49			
The Church of Scotland Trust	St Andrew's Galilee Limited	Loan payment	(51)	(49)	Loan balance (notes 20 and 21)	(9,440)	(9,490)
		Loan interest paid	(369)	(371)	Rent due (note 20)	272	-
		Rent paid	-	-			
		Rent balance forgiven	-	-			
The Church of Scotland Trust	St Andrew's Scottish Centre Limited	Loan payment	(43)	(3)	Loan balance (notes 20 and 21)	(606)	(649)
		Loan interest paid	(20)	(2)	Rent due (note 20)	94	33
		Rent paid	-	(33)			
The Church of Scotland General Trustees	The Church of Scotland	Stipend endowment income and glebe rents	3,513	3,550	Debtor (note 18)	-	2,347
					Creditor (note 20)	(945)	-
		Grant received	7	16			
		Finance, legal and other support service charges received	2,086	767			
The Church of Scotland Pension Trustees	The Church of Scotland	Pensions paid	18,955	16,738			
		Management fees received	539	447			
St Andrew's Galilee Limited	The Church of Scotland	Regional Director's costs	11	12	Investment (note 14)	-	504
					Creditor (note 20)	(11)	(1)
					Debtor (note 18)	8	-
St Andrew's Scottish Centre Limited	The Church of Scotland	Regional Director's costs	11	12	Investment (note 14)	-	1,011
					Debtor (note 18)	19	21
Tabeetha School in Jaffa	The Church of Scotland	Regional Director's costs	11	12	Debtor (note 18)	14	14
CrossReach Trading Limited	The Church of Scotland	Donations received	15	-	Debtor (note 18)	43	49
CrossReach Community Connections	The Church of Scotland	Grants received	100	35			
Sanctuary First	The Church of Scotland	Grants paid	50	100			

The Church of Scotland Investors Trust

The Church of Scotland Investors Trust was incorporated by the Church of Scotland (Properties and Investments) Order Confirmation Act 1994. All investments of the Unincorporated Entities are made through the investment funds provided by The Church of Scotland Investors Trust. As the Church of Scotland Investors Trust does not hold a bank account in their own name, the creditor balance represents the bank account operated by the UE on behalf of the Church of Scotland Investors Trust. All transactions through the internal banking system are transactions undertaken in the usual course of business for the Church of Scotland Investors Trust and not transactions undertaken directly with the Unincorporated Entities. The remaining movement on the creditor balance (£0.7 million) represents the net position of all other day to day transactions undertaken by the Church of Scotland Investors Trust throughout the year within its internal account.

The Church of Scotland Trust

The Church of Scotland Trust was incorporated by the Church of Scotland Trust Order Confirmation Act 1932. The Church of Scotland Trust holds the titles to the properties outwith Scotland of the Unincorporated Entities. It also holds, for behoof of the Faith Action Programme Leadership Team, all the shares in St. Andrew's Galilee Company Limited in Tiberias and St. Andrew's Scottish Centre Limited in Jerusalem, both of which are incorporated in Israel as "foreign institutions". The Faith Action Programme Leadership Team has given an indemnity to the Trust in respect of all liabilities arising from its Shareholding.

The Church of Scotland General Trustees

The Church of Scotland General Trustees was incorporated by the Church of Scotland (General Trustees) Order Confirmation Act 1921. The General Trustees holds the titles to the properties in Scotland of the Unincorporated Entities. As at 31 December 2023, the Unincorporated Entities had a debtor balance in respect of monies held in the church's internal banking system.

The Church of Scotland Pension Trustees

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

The Church of Scotland Pension Scheme for Ministers and Overseas Missionaries

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

The Church of Scotland Pension Scheme for Staff

The members of the bodies shown above are appointed by the General Assembly. In the case of the Church of Scotland Pension Trustees, additional trustees for the individual Pension Schemes are appointed by the Scheme members.

St. Andrew's Galilee Limited

St. Andrew's Galilee Limited was incorporated in Israel in 1993. The share capital is held in total by The Church of Scotland Trust on behalf of the Faith Action Programme Leadership Team.

St. Andrew's Scottish Centre Limited

St. Andrew's Scottish Centre Limited was incorporated in Israel in 1993. The share capital is held in total by The Church of Scotland Trust on behalf of the Faith Action Programme Leadership Team.

Tabeetha School in Jaffa

The Tabeetha School in Jaffa was registered as an Amuta, an Israeli not for profit association, in 2008 and commenced operations under the new arrangement in 2009. The school has operated under the supervision of the Faith Action Programme Leadership Team. Accordingly it is considered that the Church of Scotland has control of the entity.

CrossReach Trading Limited

CrossReach Trading Limited is a private company limited by shares incorporated in Scotland to sell CrossReach branded calendars and cards. CrossReach Trading Limited has a policy of paying a gift aid amount up to the taxable profits each year to CrossReach.

CrossReach Community Connections

CrossReach Community Connections was formed under the Charities and Trustees Investment (Scotland) Act 2005. The SCIO passes grants on to CrossReach under the same terms and conditions as apply to the initial award to the SCIO.

Sanctuary First

Sanctuary First was formed under the Charities and Trustees Investment (Scotland) Act 2005. The SCIO operates the digital ministry aspects of the Church. During the year Sanctuary First ceased being a related party.

3. Staff Costs and Numbers

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

The figures include parish ministers, although they are office holders and not employees. Ministers are not employees of Church of Scotland and they do not hold a contract, but they are recruited, trained, supported and paid by the Faith Action Programme Leadership Team.

The Social Care Council's staff costs include £6.9 million for agency staff (2022: £6.5 million). These staff are not included in the average staff numbers noted below. Agency staff are employed due to the difficulty in recruiting permanent staff to work in care homes and units. Agency staff are used by other Forums but the cost is immaterial.

Staff employed by three institutions in Israel are paid in New Israeli Shekels, translated to Sterling for the purposes of the consolidated financial statements. Social security costs in Israel are not comparable to those in the United Kingdom and costs and benefits disclosed below include benefits which are required legally or by industry custom and practice. These include provisions for severance pay, educational and pensions plans and disability provision. Senior hotel managers receive performance related bonuses and use of a vehicle, all of which are taxable benefits.

Employees in the Israeli institutions received emoluments including local benefits in kind as described above, which when converted to Sterling were included in the figures for the group below.

Group	2023 Total £000	2022 Total £000
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Staff Costs

Salaries and Stipends	74,639	73,859
Social Security Costs	5,815	6,017
Pension Costs – Defined Contribution	6,261	6,143
Pension Costs – Defined Benefit	164	246
Total	86,879	86,265

Charity	Ministries £000	Social Care £000	CSC £000	World Mission £000	2023 Total £000	2022 Total £000
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Staff Costs

Salaries and Stipends	26,681	36,453	7,273	300	70,707	69,792
Social Security Costs	2,339	2,482	696	6	5,523	5,709
Pension Costs – Defined Contribution	3,567	1,343	931	38	5,879	5,745
Pension Costs – Defined Benefit	-	164	-	-	164	246
Total	32,587	40,442	8,900	344	82,273	81,492

Severance costs paid in the year included in the above were £132,000 (2022: £189,000). These related to closed services in the Social Care Council and other termination costs in the year. Termination costs are included at the time they become payable.

Ex-gratia payments included in the above were £nil (2022: £nil).

Group	2023 Total No.	2022 Total No.
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Average Staff Numbers

Monthly Average		
Full Time	1,362	1,416
Part Time	1,252	1,337
Total	2,614	2,753
Full Time Equivalents	1,985	2,170

Charity	Ministries No.	Social Care No.	CSC No.	World Mission No.	2023 Total No.	2022 Total No.
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Average Staff Numbers

Monthly Average						
Full Time	709	422	128	9	1,268	1,310
Part Time	48	1,073	56	-	1,177	1,271
Total	757	1,495	184	9	2,445	2,581
Full Time Equivalents	724	963	169	9	1,865	2,050

Within the Group there were 40 employees whose total employee benefits (excluding employer pension contributions) exceeded £60,000 in 2023 (2022: 30 employees).

Within the Charity there were 32 employees whose total employee benefits (excluding employer pension contributions) exceeded £60,000 in 2023 (2022: 22 employees).

Group	2023 No.	2022 No.
£60,000 - £70,000	20	14
£70,001 - £80,000	9	4
£80,001 - £90,000	5	8
£90,001 - £100,000	2	1
£100,001 - £110,000	1	-
£110,001 - £120,000	1	1
£120,001 - £130,000	-	-
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1

Charity	Social Care No.	CSC No.	2023 Total No.	2022 Total No.
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Total Employee Benefits

£60,000 - £70,000	13	5	18	11
£70,001 - £80,000	1	5	6	4
£80,001 - £90,000	4	-	4	5
£90,001 - £100,000	1	1	2	1
£100,001 - £110,000	-	1	1	-
£110,001 - £120,000	1	-	1	1

During 2023, there were 10 (2022: 10) individuals who served as members of the Key Management Personnel. The total remuneration (salary, benefits, employer pension contributions and employer national insurance contributions) for the Key Management Personnel for 2023 was £978,000 (2022: £864,000).

4. Donations and Legacies

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Assessed Congregational Contributions	33,347	38,070	33,347	38,070
Stipend Endowment Income	3,513	3,550	3,513	3,550
Total Congregational Contributions	36,860	41,620	36,860	41,620
Donations, Grants, Trusts	2,284	2,882	1,509	1,850
Legacies	6,362	2,350	6,362	2,350
Donations from The Church of Scotland Trust	722	732	722	732
	46,228	47,584	45,453	46,552

Grants recognised in the year were £0.3 million. All conditions have been fulfilled and none are subject to repayment.

5. Other trading activities

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Fundraising	285	239	285	239
Israeli Trading Subsidiaries	6,861	7,753	-	-
	7,146	7,992	285	239

6. Income from Investments

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Dividends from Unlisted Investments	3,725	3,195	3,725	3,195
Deposit and Bank Account Interest	591	100	591	100
	4,316	3,295	4,316	3,295

7. Income from Charitable Activities

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Social Service Provision	49,370	46,085	47,799	44,615
Rental of Accommodation and Premises	632	614	632	614
Publications and Royalties	477	460	477	460
Income from Events	322	328	322	328
Guild Memberships and Other Fees	153	134	153	134
Reimbursement of Legal, Accounting and Other Support by Wider Network of Church Organisations	1,997	577	2,030	612
Other	413	480	413	480
	53,364	48,678	51,826	47,243

8. Other Income

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Gain on Disposal of Fixed Assets	2,210	1,581	2,377	1,581
Social Care Sustainability Payments	693	1,832	693	1,832
Realised (Loss)/Gain on Foreign Currency	(24)	6	(24)	6
	2,879	3,419	3,046	3,419

During the year the Church of Scotland (Social Care Council) received £693,000 (2022: £1,832,000) in sustainability payments from Local Authorities under a national scheme. The scheme provides to fund Covid related additional costs and to compensate for income lost due to Covid related reduction in the level of services provided.

9. Expenditure on Raising Funds

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Fundraising Activities (including Trading Subsidiaries in Israel)	8,046	8,599	-	-
Costs of Generating Voluntary Income	535	531	535	531
	8,581	9,130	535	531

10. Expenditure on Charitable Activities

	Group and Charity 2023			
	Direct Costs £000	Grants £000	Support Costs £000	Total 2023 £000
Social Care Council	48,074	31	5,120	53,225
Loss on Settlement of Pension Scheme - Social Care Council (Note 32)	1,648	-	-	1,648
Faith Action Programme Leadership Team	39,086	1,238	4,149	44,473
Support and Services Departments	1,944	808	283	3,035
Other Funds	4,793	1,360	635	6,788
Charity Total	95,545	3,437	10,187	109,169
Faith Action Programme Leadership Team - Israeli Subsidiaries	803	-	-	803
Group Total	96,348	3,437	10,187	109,972

	Group and Charity 2022			
	Direct Costs £000	Grants £000	Support Costs £000	Total 2022 £000
Social Care Council	48,086	29	4,888	53,003
Faith Nurture Forum	62,725	1,178	6,493	70,396
Faith Impact Forum	2,153	507	270	2,930
Support and Services Departments	543	31	58	632
Other Funds	2,214	919	318	3,451
Charity Total	115,721	2,664	12,027	130,412
Faith Impact Forum - Israeli Subsidiaries	2,521	-	-	2,521
Group Total	118,242	2,664	12,027	132,933

The General Assembly, held in May 2023, agreed that two of the Agencies responsible for work within the UE the Faith Nurture Forum and the Faith Impact Forum come together to create the Faith Action Programme Leadership Team.

10. Expenditure on Charitable Activities (continued)

	Group and Charity	
	2023 £000	2022 £000
Grants		
Grants to Individuals:		
Bursaries and Educational Purposes	586	734
Cases of Hardship	47	39
Project Work of the Charity	3	49
	636	822
Grants to Organisations for the Advancement of Religion:		
Through Theological Education and Partner Churches	286	400
Through Community Projects	243	337
By Payments to Support Individual Congregations and Presbyteries	2,150	969
For the Relief of Poverty	112	122
For Heritage and the Environment	10	14
	2,801	1,842
Total Grants	3,437	2,664

	Group and Charity	
	2023 £000	2022 £000
Support Costs		
Finance, Payroll, Information Technology and Estates	3,902	3,314
Human Resources and Training	1,324	1,201
Central Premises	828	850
Regional Offices and Senior Operational Management	2,546	2,509
Legal	276	338
Safeguarding of Children and Vulnerable Adults	364	342
Communications and Website	850	835
FRS102 Defined Benefit Pension Scheme Costs	97	2,638
	10,187	12,027

10. Expenditure on Charitable Activities (continued)

	Group and Charity	
	2023 £000	2022 £000
Governance costs included in Expenditure on Charitable Activities	1,577	2,043
Support costs are apportioned to charitable activities and individual Forums on the basis of direct expenditure.		
Leasing costs charged to the SOFA		
Property	1,088	1,206
Other	249	210
Total Leasing Charges	1,337	1,416
Fees paid to the external auditors are as follows;		
Audit of UE - RSM UK	119	106
Audit of subsidiary undertakings - PWC	30	30
Total audit fees	149	136
Tax advice- RSM UK	3	4
Total non-audit fees	3	4
Total Fees	152	140

	Group	
	2023 £000	2022 £000
Impairments		
Impairment losses reversed included in Expenditure on Charitable Activities - Tangible Fixed Assets (Note 13)	(944)	-
Impairment losses included in Expenditure on Charitable Activities - Tangible Fixed Assets (Note 13)	51	716
	(893)	716

	Charity	
	2023 £000	2022 £000
Impairments		
Impairment losses reversed included in Expenditure on Charitable Activities - Tangible Fixed Assets (Note 13)	(944)	-
Impairment losses included in Expenditure on Charitable Activities - Tangible Fixed Assets (Note 13)	51	716
Impairment losses included in Expenditure on Charitable Activities - Investment in Subsidiary Company (Note 14)	1,441	-
	548	716

The impairment losses reversed in the year arose on a property within CrossReach which had been impaired in prior years. During the year an offer was made to purchase the property and therefore the impairment was no longer required.

11. Trustees' Remuneration and Expenses

Trustees are not remunerated for their services as Assembly Trustees. During 2023 there were fifteen Assembly Trustees. Six of the fifteen voting members who served during 2023 (2022: seven of eighteen) are parish ministers appointed by individual congregations, inducted by presbyteries, and four out of six trustees remunerated for their work as parish ministers with congregations in accordance with the National Stipend Scale. The amount paid to these six Trustees as parish ministers during their time as Assembly Trustees was

£108,000 (2022: £173,000). Expenses of £500 (2022: £1,000) were reimbursed to Trustees in respect of travel to Assembly Trustee meetings and overnight accommodation where required. Expenses of £100 (2022: £2,000) were reimbursed to Trustees in respect of travel to meetings and overnight accommodation, on behalf of other Agencies. In total, four Trustees received expenses during 2023 (2022: four Trustees). The list of all Trustees who served during 2023 is given at the end of the Annual Report.

12. Intangible Assets

	Website Costs £000	Computer Software £000	Total £000
Group and Charity			
Cost			
At 1 January 2023	78	231	309
Disposals	(45)	-	(45)
At 31 December 2023	33	231	264
Accumulated Amortisation			
At 1 January 2023	34	217	251
Charge for year	8	7	15
Disposals	(23)	-	(23)
At 31 December 2023	19	224	243
Net Book Value			
At 31 December 2023	14	7	21
At 31 December 2022	44	14	58

13. Tangible Assets

	Heritable & Other Properties £000	Motor Vehicles £000	Equipment & Furniture £000	Capital Work in Progress £000	Total £000
Group					
Cost					
At 1 January 2023	79,308	495	8,313	72	88,188
Additions	3,140	141	1,368	297	4,946
Disposals	(1,546)	(30)	(1,044)	-	(2,620)
Foreign Currency Exchange Adjustments	(1,544)	(1)	(369)	-	(1,914)
At 31 December 2023	79,358	605	8,268	369	88,600
Accumulated Depreciation					
At 1 January 2023	36,869	288	5,846	-	43,003
Disposals	(570)	(31)	(890)	-	(1,491)
Impairment Charge (Note 10)	51	-	-	-	51
Impairment Charge Reversed (Note 10)	(944)	-	-	-	(944)
Charge for Year	895	73	495	-	1,463
Foreign Currency Exchange Adjustments	(926)	-	(281)	-	(1,207)
At 31 December 2023	35,375	330	5,170	-	40,875
Net Book Value					
At 31 December 2023	43,983	275	3,098	369	47,725
At 31 December 2022	42,439	207	2,467	72	45,185
Charity					
Cost					
At 1 January 2023	58,299	482	3,293	72	62,146
Additions	3,033	110	1,302	297	4,742
Disposals	(1,545)	(30)	(33)	-	(1,608)
At 31 December 2023	59,787	562	4,562	369	65,280
Accumulated Depreciation					
At 1 January 2023	24,353	283	1,896	-	26,532
Disposals	(569)	(30)	(32)	-	(631)
Impairment Charge	(893)	-	-	-	(893)
Charge for Year	393	70	343	-	806
At 31 December 2023	23,284	323	2,207	-	25,814
Net Book Value					
At 31 December 2023	36,503	239	2,355	369	39,466
At 31 December 2022	33,946	199	1,397	72	35,614

14. Investments

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Unlisted Investments - Growth Fund	115,728	107,915	115,728	107,915
Unlisted Investments - Income Fund	26,303	25,374	26,303	25,374
Unlisted Investments - Other Investments	3,413	204	3,413	204
	145,444	133,493	145,444	133,493
Investment in Subsidiary Entities	-	-	-	1,515
Investment Properties	5,697	-	5,697	-
Fair Value/Cost	151,141	133,493	151,141	135,008
Historic Cost	85,867	81,659	85,867	83,174

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

The investment properties relate to buildings which are made available to lease commercially. The properties were valued in December 2023 by a third party expert. The fair value was based on outright ownership interest in the buildings and determines the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The properties now recognised as investment properties have been transferred from Tangible Fixed Assets (Note 13), but the net book value was £nil therefore there is no net impact on the Tangible Fixed Assets or the SOFA. The revaluation of the properties of £5,697,000 is included within net gains on revaluation of investments.

The Investment in Subsidiary Entities represented specific historic investments made in the Israeli entities and was fully impaired in the year. The specific investments were reviewed for indicators of impairment and the relevant operational results and market conditions led to an impairment of the investments.

Movements in Investments

	Group	Charity
	2023 £000	2023 £000
Fair Value at 1 January	133,493	135,008
Disposals at Opening Fair Value	(1,355)	(1,355)
Acquisitions at Cost	3,704	3,704
Impairment of investment in subsidiary	-	(1,441)
Losses on Revaluation of Foreign Assets	-	(74)
Net Gains on Revaluation at 31 December	15,299	15,299
Market Value at 31 December	151,141	151,141
Net Losses on Disposal of Investments		
Sale Proceeds	1,387	1,387
Fair Value at 1 January	(1,355)	(1,355)
Net Realised Gains on disposal in Year	32	32
Amount charged to the Statement of Financial Activities		
Net Gains on Revaluation of Investments	15,299	15,299
Net Realised Gains on Disposal of Investments	32	32
Losses on Revaluation of Foreign Assets	-	(74)
Impairment of investment in subsidiary	-	(1,441)
Net Gains on Investment Assets	15,331	13,816

15. Foreign Currency

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Realised Gains and Losses recognised in:				
Income				
On Bank Deposits not denominated in sterling	-	5	-	5
Unrealised Gains and Losses recognised in:				
Income/(Expenditure)				
On Bank Deposits not denominated in sterling	(24)	1	(24)	1
Other Recognised Gains and Losses				
Gains/(Losses) on Net Assets of Subsidiary Companies on Consolidation	100	25	(74)	(13)

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

16a. Mixed Motive Investments - Fixed Assets

	Group and Charity	
	2023 £000	2022 £000
Housing Loans (heritably secured) at amortised cost	6,258	6,216
Property held as mixed motive investment	-	-
	6,258	6,216

The Housing Loans are repayable when the properties relating to the loans are sold, and attract interest at rates between 1% and 2%. The carrying value of concessionary loans was £6,233,000 (2022: £6,191,000), all payable in more than one year. At 31 December 2023, future Housing Loans which were committed but not taken up were £580,000 (2022: £515,000).

	Group and Charity	
	2023 £000	2022 £000
Movement in Property held as Mixed Motive Investment		
Valuation at 1 January	-	700
Disposals	-	(700)
Valuation at 31 December	-	-

	Group and Charity	
	2023 £000	2022 £000
Net Gains on Disposal of Mixed Motive Investments		
Sale Proceeds	-	763
Fair Value at 1 January	-	(700)
Net Gains Realised on disposal in year	-	63
Amount charged to the Statement of Financial Activities		
Net Realised Gains on Disposal of Mixed Motive Investments	-	63
Net Gains on Investment Assets	-	63

16b. Programme Related Investments

	Group and Charity	
	2023 £000	2022 £000
The Church of Scotland Trust		
At 1 January	10,142	9,539
Loan advanced	-	652
Loan repaid	(97)	(49)
At 31 December	10,045	10,142

The funding provided to The Church of Scotland Trust comprises three unsecured loans. One which is repayable over thirty nine years and two over ten years. No interest is charged on the loans.

17. Mixed Motive Investments - Current Assets

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Car Loans	61	37	61	37
Other Loans	70	64	70	64
	131	101	131	101

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

18. Debtors

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Amounts receivable within one year				
Trade Debtors	3,994	3,955	2,874	2,526
Amounts Owed by: Congregations	1,263	2,216	1,263	2,216
Church of Scotland General Trustees	-	2,347	-	2,347
Sundry Debtors	961	670	505	511
Prepayments	1,815	824	1,785	805
Accrued Income	2,669	2,121	2,669	2,128
	10,702	12,133	9,096	10,533

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

19. Short Term Deposits

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Deposit Fund with Church of Scotland Investors Trust	7,624	9,870	7,624	9,870
	7,624	9,870	7,624	9,870

20. Creditors: Amounts Falling Due within One Year

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade Creditors	1,511	1,294	1,323	763
Amounts Owed to: Church of Scotland Investors Trust	2,371	1,674	2,371	1,674
Church of Scotland General Trustees	945	-	945	-
Church of Scotland Trust	373	38	10	6
Congregations	146	146	146	146
Loan from Church of Scotland Trust to St Andrew's Galilee Limited	151	51	-	-
Loan from Church of Scotland Trust to St Andrew's Scottish Centre Limited	44	43	-	-
Other Creditors	165	83	136	80
Other Tax and Social Security	2,385	2,663	2,028	2,333
Sundry Creditors	1,411	1,478	1,339	1,396
Accruals	3,419	3,297	3,264	3,132
Deferred Income	3,494	2,329	2,238	1,116
Grants	632	126	632	126
	17,047	13,222	14,432	10,772

Deferred Income includes payments received in advance of services being provided by the Social Care Council (£1,331,000) (2022: £663,000), grants received in advance by the Social Care Council of £783,000 (2022: £383,000), and advance payments from customers received by the Israeli trading subsidiaries (£1,256,000) (2022: £1,213,000).

The balances reported have all been deferred in the current year and will be released to income in the following year.

Deferred Income

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Balance brought forward at 1 January	2,329	2,049	1,116	896
Income deferred in the year	3,395	2,118	2,194	981
Amounts released from previous periods	(2,222)	(1,838)	(1,072)	(761)
Exchange differences	(8)	-	-	-
Balance carried forward at 31 December	3,494	2,329	2,238	1,116

21. Creditors: Amounts Falling Due after One Year

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Grants	386	22	386	22
Loan from Church of Scotland Trust to St Andrew's Galilee Limited	9,289	9,439	-	-
Loan from Church of Scotland Trust to St Andrew's Scottish Centre Limited	562	606	-	-
Loan from Nan Stevenson Trust to Housing & Loan Fund	5	5	5	5
Other creditors	980	1,092	956	1,092
	11,222	11,164	1,347	1,119

A loan agreement exists between St Andrew's Galilee Limited and the Church of Scotland Trust for the loan detailed in notes 20 and 21. Payments are made from St Andrew's Galilee Limited to the Church of Scotland Trust in line with the loan agreement. Interest is charged at 3.9% and the full term of the loan is 39 years. £151,000 is due to be repaid within 1 year as shown in Note 20.

During 2022 two new loan agreements were created between St Andrew's Scottish Centre Limited and the Church of Scotland Trust - the loans are detailed in notes 20 and 21. Payments are made from St Andrew's Scottish Centre Limited to the Church of Scotland Trust in line with the loan agreement. On one loan, interest is charged at 3.9% and the full term of the loan is 10 years. £38,000 is due to be repaid within 1 year as included in Note 20. On the second loan, there is no interest charged and the full term of the loan is 10 years. £6,000 is due to be repaid within 1 year as included in Note 20.

22. Provision for Liabilities and Charges

	Group			
	Other £000	Onerous Lease £000	Statutory Severance £000	Total £000
Balance brought forward at 1 January 2023	180	468	700	1,348
Utilised in the year	(115)	-	(58)	(173)
Additional provision in the year	-	-	69	69
Exchange differences	-	-	(51)	(51)
Balance carried forward at 31 December 2023	65	468	660	1,193

	Charity		
	Other £000	Onerous Lease £000	Total £000
Balance brought forward at 1 January 2023	180	468	648
Utilised in the year	(115)	-	(115)
Balance carried forward at 31 December 2023	65	468	533

The onerous lease provision for dilapidations relates to a property formerly leased and then vacated in 2015 and the provision is for an ongoing dispute concerning dilapidation costs on the property. There are arbitration proceedings which are currently ongoing. The timing of the release of the severance pay provision is inherently uncertain as these are calculated by reference to the length of service of employees in Israel. Other provisions include a range of provisions covering dilapidations and redundancy costs.

23. Financial Instruments

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

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Financial assets at fair value through the Statement of Financial Activities				
Unlisted investments	145,444	133,493	145,444	133,493

24. Analysis of Net Assets among Funds - Group

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2023 £000
Tangible and Intangible Fixed Assets	9,302	38,444	-	47,746
Investments	58,915	73,277	18,949	151,141
Mixed Motive Investments	25	6,233	-	6,258
Programme Related Investments	10,045	-	-	10,045
Total Fixed Assets	78,287	117,954	18,949	215,190
Net Current Assets	5,133	7,910	-	13,043
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	(11,877)	(538)	-	(12,415)
Net Assets at 31 December 2023	71,543	125,326	18,949	215,818

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022 £000
Tangible and Intangible Fixed Assets	10,171	35,072	-	45,243
Investments	47,132	68,835	17,526	133,493
Mixed Motive Investments	25	6,191	-	6,216
Programme Related Investments	10,142	-	-	10,142
Total Fixed Assets	67,470	110,098	17,526	195,094
Net Current Assets	13,863	2,484	-	16,347
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	(11,859)	(653)	-	(12,512)
Pension Scheme Asset	-	5,188	-	5,188
Net Assets at 31 December 2022	69,474	117,117	17,526	204,117

25. Analysis of Net Assets among Funds - Charity

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2023 £000
Tangible and Intangible Fixed Assets	1,043	38,444	-	39,487
Investments	58,915	73,277	18,949	151,141
Mixed Motive Investments	25	6,233	-	6,258
Programme Related Investments	10,045	-	-	10,045
Total Fixed Assets	70,028	117,954	18,949	206,931
Net Current Assets	5,125	7,910	-	13,035
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	(1,342)	(538)	-	(1,880)
Net Assets at 31 December 2023	73,811	125,326	18,949	218,086

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2022 £000
Tangible and Intangible Fixed Assets	600	35,072	-	35,672
Investments	48,647	68,835	17,526	135,008
Mixed Motive Investments	25	6,191	-	6,216
Programme Related Investments	10,142	-	-	10,142
Total Fixed Assets	59,414	110,098	17,526	187,038
Net Current Assets	13,774	2,484	-	16,258
Creditors: Amounts falling due after more than one year and Provisions for Liabilities and Charges	(1,114)	(653)	-	(1,767)
Pension Scheme Liability	-	5,188	-	5,188
Net Assets at 31 December 2022	72,074	117,117	17,526	206,717

26. Unrestricted Funds - Group and Charity

Group							
	At 1 Jan 2023 £000	Income £000	Expenditure £000	Net Gains on Investment Assets £000	Fund Transfers £000	Other Gains and Losses £000	At 31 Dec 2023 £000
General Fund	61,836	58,128	(59,327)	8,963	(333)	100	69,367
Pension Reserve	-	-	(846)	-	-	846	-
Other Unrestricted Funds	-	(1)	(25)	125	1,895	-	1,994
Total General Funds	61,836	58,127	(60,198)	9,088	1,562	946	71,361
Priority Areas Properties	1,661	31	-	-	(1,692)	-	-
Ministries Candidates Bursaries	1,024	23	(16)	22	(1,053)	-	-
Study Leave Fund	1,267	46	(32)	60	(1,341)	-	-
New College Funds	1,009	23	(17)	-	(1,015)	-	-
St Colm's Fund	948	-	-	-	(948)	-	-
Other Designated Funds	1,729	239	(296)	-	(1,490)	-	182
Total Designated Funds	7,638	362	(361)	82	(7,539)	-	182
Total Unrestricted Funds	69,474	58,489	(60,559)	9,170	(5,977)	946	71,543

Group							
	At 1 Jan 2022 £000	Income £000	Expenditure £000	Net Losses on Investment Assets £000	Fund Transfers £000	Other Gains and Losses £000	At 31 Dec 2022 £000
General Fund	67,211	56,838	(55,801)	(5,300)	(1,137)	25	61,836
Pension Reserve	-	-	(28,245)	-	-	28,245	-
Total General Funds	67,211	56,838	(84,046)	(5,300)	(1,137)	28,270	61,836
Priority Areas Properties	1,798	28	-	(165)	-	-	1,661
Ministries Candidates Bursaries	1,535	27	(381)	(157)	-	-	1,024
Study Leave Fund	1,464	40	(48)	(189)	-	-	1,267
New College Funds	1,126	21	(21)	(119)	2	-	1,009
St Colm's Fund	1,056	-	-	(108)	-	-	948
Other Designated Funds	1,717	205	(209)	(97)	113	-	1,729
Total Designated Funds	8,696	321	(659)	(835)	115	-	7,638
Total Unrestricted Funds	75,907	57,159	(84,705)	(6,135)	(1,022)	28,270	69,474

26. Unrestricted Funds - Group and Charity

Charity							
	At 1 Jan 2023 £000	Income £000	Expenditure £000	Net Gains on Investment Assets £000	Fund Transfers £000	Other Gains and Losses £000	At 31 Dec 2023 £000
General Fund	64,436	49,121	(50,478)	8,963	(333)	(74)	71,635
Pension Reserve	-	-	(846)	-	-	846	-
Other Unrestricted Funds	-	(1)	(25)	125	1,895	-	1,994
Total General Funds	64,436	49,120	(51,349)	9,088	1,562	772	73,629
Priority Areas Properties	1,661	31	-	-	(1,692)	-	-
Ministries Candidates Bursaries	1,024	23	(16)	22	(1,053)	-	-
Study Leave Fund	1,267	46	(32)	60	(1,341)	-	-
New College Funds	1,009	23	(17)	-	(1,015)	-	-
St Colm's Fund	948	-	-	-	(948)	-	-
Other Designated Funds	1,729	239	(296)	-	(1,490)	-	182
Total Designated Funds	7,638	362	(361)	82	(7,539)	-	182
Total Unrestricted Funds	72,074	49,482	(51,710)	9,170	(5,977)	772	73,811

Charity							
	At 1 Jan 2022 £000	Income £000	Expenditure £000	Net Losses on Investment Assets £000	Fund Transfers £000	Other Gains and Losses £000	At 31 Dec 2022 £000
General Fund	68,949	46,618	(44,681)	(5,300)	(1,137)	(13)	64,436
Pension Reserve	-	-	(28,245)	-	-	28,245	-
Total General Funds	68,949	46,618	(72,926)	(5,300)	(1,137)	28,232	64,436
Priority Areas Properties	1,798	28	-	(165)	-	-	1,661
Ministries Candidates Bursaries	1,535	27	(381)	(157)	-	-	1,024
Study Leave Fund	1,464	40	(48)	(189)	-	-	1,267
New College Funds	1,126	21	(21)	(119)	2	-	1,009
St Colm's Fund	1,056	-	-	(108)	-	-	948
Other Designated Funds	1,717	205	(209)	(97)	113	-	1,729
Total Designated Funds	8,696	321	(659)	(835)	115	-	7,638
Total Unrestricted Funds	77,645	46,939	(73,585)	(6,135)	(1,022)	28,232	72,074

26. Unrestricted Funds - Group and Charity (cont)

In 2023 there was a foreign currency translation gain of £100,000 upon consolidation of the net assets of the Israeli Subsidiaries as disclosed in Note 30 (2022: gain £25,000).

During the year, designated funds were reviewed and any where the designation was removed by the Trustees were transferred to other unrestricted funds.

Transfers in the year are detailed in note 29.

27. Restricted Funds - Group and Charity

Group	Balance 1 Jan 2023 £000	Income £000	Expenditure £000	Net Gains on Investment Assets £000	Fund Transfers £000	Other recognised Gains and Losses £000	Balance 31 Dec 2023 £000
Social Care Council	17,566	50,216	(55,101)	682	11,174	(154)	24,383
Housing & Loan	50,760	3,097	(802)	1,686	(1)	-	54,740
F G Salvesen Trust	15,800	526	(211)	950	-	-	17,065
Ministries Benevolence Fund	1,729	58	(113)	131	-	-	1,805
Faith Impact Fund	1,660	68	(134)	-	34	-	1,628
Faith Nurture Fund	1,384	2	(55)	-	6	-	1,337
Augusta Lamont Bequest	5,500	122	(90)	435	-	-	5,967
Other Funds	17,530	1,355	(1,290)	923	(117)	-	18,401
	111,929	55,444	(57,796)	4,807	11,096	(154)	125,326
Pensions Reserve	5,188	-	(198)	-	(5,188)	198	-
	117,117	55,444	(57,994)	4,807	5,908	44	125,326

Group	Balance 1 Jan 2022 £000	Income £000	Expenditure £000	Net Losses on Investment Assets £000	Fund Transfers £000	Other recognised Gains and Losses £000	Balance 31 Dec 2022 £000
Social Care Council	21,942	48,439	(52,853)	(1,073)	1,111	-	17,566
Housing & Loan	51,987	2,594	(650)	(3,171)	-	-	50,760
F G Salvesen Trust	17,995	459	(352)	(2,302)	-	-	15,800
Ministries Benevolence Fund	1,953	34	(61)	(197)	-	-	1,729
Faith Impact Fund	2,047	526	(1,069)	(39)	195	-	1,660
Faith Nurture Fund	1,478	58	(186)	(5)	39	-	1,384
Augusta Lamont Bequest	(32)	112	(101)	(654)	6,175	-	5,500
Other Funds	19,481	1,587	(1,721)	(1,639)	(178)	-	17,530
	116,851	53,809	(56,993)	(9,080)	7,342	-	111,929
Pensions Reserve	(2,956)	-	(365)	-	-	8,509	5,188
	113,895	53,809	(57,358)	(9,080)	7,342	8,509	117,117

27. Restricted Funds - Group and Charity

Charity

	Balance 1 Jan 2023 £000	Income £000	Expenditure £000	Net Gains on Investment Assets £000	Fund Transfers £000	Other recognised Gains and Losses £000	Balance 31 Dec 2023 £000
Social Care Council	17,566	50,216	(55,101)	682	11,174	(154)	24,383
Housing & Loan	50,760	3,097	(802)	1,686	(1)	-	54,740
F G Salvesen Trust	15,800	526	(211)	950	-	-	17,065
Ministries Benevolence Fund	1,729	58	(113)	131	-	-	1,805
Faith Impact Fund	1,660	68	(134)	-	34	-	1,628
Faith Nurture Fund	1,384	2	(55)	-	6	-	1,337
Augusta Lamont Bequest	5,500	122	(90)	435	-	-	5,967
Other Funds	17,530	1,355	(1,290)	923	(117)	-	18,401
	111,929	55,444	(57,796)	4,807	11,096	(154)	125,326
Pensions Reserve	5,188	-	(198)	-	(5,188)	198	-
	117,117	55,444	(57,994)	4,807	5,908	44	125,326

Charity

	Balance 1 Jan 2022 £000	Income £000	Expenditure £000	Net Losses on Investment Assets £000	Fund Transfers £000	Other recognised Gains and Losses £000	Balance 31 Dec 2022 £000
Social Care Council	21,942	48,439	(52,853)	(1,073)	1,111	-	17,566
Housing & Loan	51,987	2,594	(650)	(3,171)	-	-	50,760
F G Salvesen Trust	17,995	459	(352)	(2,302)	-	-	15,800
Ministries Benevolence Fund	1,953	34	(61)	(197)	-	-	1,729
Faith Impact Fund	2,047	526	(1,069)	(39)	195	-	1,660
Faith Nurture Fund	1,478	58	(186)	(5)	39	-	1,384
Augusta Lamont Bequest	(32)	112	(101)	(654)	6,175	-	5,500
Other Funds	19,481	1,587	(1,721)	(1,639)	(178)	-	17,530
	116,851	53,809	(56,993)	(9,080)	7,342	-	111,929
Pensions Reserve	(2,956)	-	(365)	-	-	8,509	5,188
	113,895	53,809	(57,358)	(9,080)	7,342	8,509	117,117

Material funds have been shown separately in this note.

The restrictions on the use of the funds disclosed above are:

Social Care Council – funds received by CrossReach specifically for the provision of care.

Faith Nurture Fund – various donations and grants received from donors specifically for use by the Faith Nurture Forum (now Faith Action Programme Leadership Team).

Faith Impact Fund – various donations and grants received from donors specifically for use by the Faith Impact Forum (now Faith Action Programme Leadership Team).

Housing and Loan – for providing support to retired Church of Scotland ministers, and widows, widowers, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers, in need of help with housing.

FG Salvesen Trust – to provide support to the Church of Scotland in its work as it labours, itself or through its partner Churches, organisations or communities, for the advancement of the Kingdom of God throughout the world (but outwith the UK and Channel Islands) through Christian worship, fellowship, instruction, mission and service.

Ministries Benevolence Fund – to provide grants for support to any retired person who has been ordained or commissioned for the Ministry of the Church of Scotland; widow, widower, spouse or former spouse and/or child of a person who has been ordained or commissioned for the Ministry of the Church of Scotland; anyone involved in active Ministry within the Church of Scotland; who is in need.

Augusta Lamont Bequest – to assist schemes in operation in Cowal.

Fund transfers are detailed in Note 29.

28. Endowment Funds - Group and Charity

	Balance 1 Jan 2023 £000	Income £000	Investment Gains £000	Fund Transfers £000	Balance 31 Dec 2023 £000
Social Care Council	305	-	-	-	305
Craigfoodie Endowment	1,505	-	120	-	1,625
Erskine Cunningham Hill Trust	1,650	-	124	-	1,774
Other Funds	14,066	-	1,110	69	15,245
	17,526	-	1,354	69	18,949

	Balance 1 Jan 2022 £000	Income £000	Investment Losses £000	Fund Transfers £000	Balance 31 Dec 2022 £000
Social Care Council	318	-	(13)	-	305
Augusta Lamont Bequest	6,175	-	-	(6,175)	-
Craigfoodie Endowment	1,683	-	(178)	-	1,505
Erskine Cunningham Hill Trust	1,855	-	(205)	-	1,650
Other Funds	15,914	-	(1,703)	(145)	14,066
	25,945	-	(2,099)	(6,320)	17,526

Total Endowment Funds at 31 December 2023 of £18,949,000 are made up of £18,214,000 Permanent Endowment and £735,000 Expendable Endowment (2022: Permanent Endowment £16,900,000 and Expendable Endowment £626,000). Fund transfers are detailed in note 29.

The restrictions on the use of the funds disclosed above are:

Craigfoodie Endowment – the income generated by the fund is paid to New College to assist with the salary costs of the holder of the Meldrum Lectureship.

Erskine Cunningham Hill Trust – the income generated by the fund is for the purpose of making donations, subscriptions or grants to charitable schemes of the Church of Scotland and other recognised charities.

29. Analysis of Fund Transfers - Group and Charity

	Reclassification of Funds £000	Contribution To Costs £000	Other Transfers £000	Group and Charity Total Transfers £000
Unrestricted Funds				
General Fund	5,583	(1,068)	(4,848)	(333)
Priority Areas Properties	(1,692)	-	-	(1,692)
Ministries Candidates Bursaries	(1,053)	-	-	(1,053)
Study Leave Fund	(1,341)	-	-	(1,341)
St Colm's Fund	(947)	-	-	(947)
Other Funds	(618)	-	7	(611)
	(68)	(1,068)	(4,841)	(5,977)
Restricted Funds				
Social Care Council	-	1,072	10,102	11,174
Other Funds	68	(4)	(142)	(78)
Pension Reserve	-	-	(5,188)	(5,188)
	68	1,068	4,772	5,908
Endowment Funds				
Other Funds	-	-	69	69
	-	-	69	69
	-	-	-	-

Reclassification of Funds relates mainly to funds being reclassified in the year to designated funds as approved by the Assembly Trustees (Note 26).

Contribution to Costs includes the transfer of funds from the General Fund to CrossReach during the year.

Other Transfers relate to the distribution of income between funds in line with any restrictions and the transfer of the historic Pension Reserve to the Social Care Council as part of the LGPS buy out during the year..

30. Subsidiary Undertakings

The Church of Scotland has the following subsidiary undertakings that are consolidated into the Group financial statements:

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

The company was incorporated in Israel in 1993 to manage the Tiberias Guesthouse, later redeveloped into a sixty-nine bedroom facility "The Scots Hotel, St. Andrew's Galilee". The share capital of 2,900,102 shares each of one New Israeli Shekel (approximately £0.22) is held in total by The Church of Scotland Trust on behalf of the Faith Action Programme Leadership Team.

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

The company was incorporated in Israel in 1993 to manage the nineteen bedroom St. Andrew's Scottish Guesthouse in Jerusalem. The share capital of 22,900 shares each of one New Israeli Shekel (approximately £0.22) is held in total by the Church of Scotland Trust on behalf of the Faith Action Programme Leadership Team.

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

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

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

Other subsidiary companies which are not consolidated in the financial statements, on the basis of being immaterial:

CrossReach Trading Limited is a private company limited by shares incorporated in Scotland to sell CrossReach branded calendars and cards.

CrossReach Community Connections SCIO (Scottish Charitable Incorporated Organisation) passes grants on to CrossReach under the same terms and conditions that apply to the initial award to the SCIO.

Sanctuary First SCIO (Scottish Charitable Incorporated Organisation) and operates the digital ministry aspects of the Church of Scotland. Sanctuary First was no longer a subsidiary undertaking at 31 December 2023.

Their financial results of material subsidiaries were as follows:

	St. Andrew's Galilee Limited		St Andrew's Scottish Centre Limited		Tabeetha School	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Income	5,950	6,691	825	1,062	2,346	2,502
Expenditure	(6,994)	(7,459)	(1,074)	(1,175)	(2,336)	(2,521)
Net (Loss)/ Profit	(1,044)	(768)	(249)	(113)	10	(19)
Unrealised Gains/(Losses) on Foreign Currency transactions	130	31	(47)	(8)	17	2
	(914)	(737)	(296)	(121)	27	(17)
Gross Assets	8,174	9,170	1,244	1,600	1,485	1,413
Gross Liabilities	(10,655)	(10,737)	(841)	(901)	(1,675)	(1,630)
Total Net (Liabilities)/Assets	(2,481)	(1,567)	403	699	(190)	(217)

31. Commitments

	Group and Charity	
	2023	2022
	£000	£000

Capital Expenditure

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

Social Care Council	4,217	56
	4,217	56

	Group and Charity	
	2023	2022
	£000	£000

Authorised Capital Expenditure

Authorised by Councils and Other Funds, not contracted for at 31 December

Social Care Council	689	3,750
	689	3,750

Operating Leases where the Group is Lessee

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

	Group and Charity			
	Property	Other	2023	2022
	£000	£000	Total	Total
			£000	£000
Within one year	374	256	630	582
After one and before five years	29	620	649	167
	403	876	1,279	749

Operating Leases where the Group is Lessor

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

	Group and Charity	
	2023	2022
	£000	£000
Within one year	152	99
After one and before five years	432	-
	584	99

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

32. Pension Schemes

Details of Schemes

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

Defined Contribution Schemes

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

From 1 October 2013 two further defined contribution schemes were provided by Legal and General, one for employees of the Ministries and World Mission Councils with employer rates of 11.5% to 14%, and one for employees of the Central Services Committee with employer rates of 11.5% to 14%. A statutory minimum compliance employer rate of 3% is provided for certain categories of workers such as locum ministers.

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

At 31 December 2023, £0.2 million was due in respect of the defined contribution pension schemes. This balance is recorded within creditors: amounts due within one year.

Defined Benefit Schemes

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

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

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

All assets are held independently of the Church of Scotland by the Church of Scotland Pension Trustees. The investments of the Pension Schemes are held directly by each Scheme, and managed by Aon Ltd, Baillie Gifford & Co, BlackRock Investments Management, Insight Investment and Legal & General Investment Management Ltd.

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

During the year the charity also contributed to two Local Government Pension Schemes (LGP Schemes) in respect of certain current and past employees of Crossreach. Following agreement being reached with the affected members of staff (16 persons), CrossReach gave notice that it would exit the two Defined Benefit Local Governments Pension Schemes (LGPS) on 31 March 2023. It exited the two schemes with a positive exit value of £3.5m to offset the pension asset at 31 March 2023 with the balance released as a loss to charitable expenditure. The affected members of staff are now within the Defined Contribution Scheme for CrossReach.

The most recent actuarial valuations for the Ministers, MDS, and Social Care/CSC defined benefit schemes were carried out as at 31 December 2021. The Actuary determines contribution rates for funding past service each year, and these will be funded from the General Funds.

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2023 £000
Defined Benefit Obligation						
Opening Defined Benefit Obligations	197,263	9,719	38,393	23,084	14,864	283,323
Current Service Cost	-	-	-	-	44	44
Administration Cost	410	233	193	183	-	1,019
Interest Cost	9,083	445	1,769	1,069	173	12,539
Contributions by Scheme Participants	-	-	-	-	12	12
Actuarial Losses	7,232	410	1,374	1,065	610	10,691
Benefits and Expenses paid	(12,678)	(954)	(2,548)	(1,364)	(133)	(17,677)
Full Settlement of Scheme	-	-	-	-	(15,570)	(15,570)
Closing Defined Benefit Obligations	201,310	9,853	39,181	24,037	-	274,381
Fair Value of Scheme Assets						
Opening Fair Value of Scheme Assets	240,377	12,466	45,491	28,429	20,052	346,815
Interest Income	11,121	570	2,101	1,318	234	15,344
Contributions by Scheme Participants	-	-	-	-	12	12
Contributions by the Employer	-	-	-	-	47	47
Return on assets excluding amounts included in net interest	(1,235)	(245)	(373)	(617)	456	(2,014)
Benefits and Expenses paid	(12,678)	(954)	(2,548)	(1,364)	(133)	(17,677)
Exit credit received	-	-	-	-	(3,450)	(3,450)
Full Settlement of Scheme	-	-	-	-	(17,218)	(17,218)
Closing Fair Value of Scheme Assets	237,585	11,837	44,671	27,766	-	321,859
Irrecoverable surplus brought forward	(43,114)	(2,747)	(7,098)	(5,345)	-	(58,304)
Impact of irrecoverable surplus on interest income	(2,048)	(130)	(337)	(254)	-	(2,769)
Decrease in irrecoverable surplus from experience	8,887	893	1,945	1,870	-	13,595
Irrecoverable surplus at end of year	(36,275)	(1,984)	(5,490)	(3,729)	-	(47,478)
Closing Fair Value of Scheme Assets net of irrecoverable surplus	201,310	9,853	39,181	24,037	-	274,381
Closing Net Defined Benefit Asset	-	-	-	-	-	-
Opening Net Defined Benefit Asset	-	-	-	-	(5,188)	(5,188)

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2023 £000	2022 £000
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Analysis of Amount (Charged)/Credited to Operating (Deficit)/Surplus

Current & Past Service Cost	-	-	-	-	44	44	27,855
Administration Costs	410	233	193	183	-	1,019	938
Total Operating Charge	410	233	193	183	44	1,063	28,793

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2023 £000	2022 £000
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Analysis of Amount (Charged)/Credited to Other Finance Income

Interest Income on Scheme Assets	11,121	570	2,101	1,318	234	15,344	8,941
Impact of Asset Ceiling on Net Interest	(2,048)	(130)	(337)	(254)	-	(2,769)	(2,055)
Interest on Scheme Liabilities	(9,083)	(445)	(1,769)	(1,069)	(173)	(12,539)	(6,954)
Net Interest on Net Defined Benefit Liability	(10)	(5)	(5)	(5)	61	36	(68)

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2023 £000	2022 £000
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Total Amount Charged to Statement of Financial Activities

Total Operating Charge less Net Interest	420	238	198	188	(17)	1,027	28,861
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	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2023 £000	2022 £000
Analysis of Amount recognised in Other Recognised Gains and Losses							
Return on Assets excluding amounts included in net interest	(1,235)	(245)	(373)	(617)	456	(2,014)	(135,898)
Actuarial losses on Scheme obligations	(7,232)	(410)	(1,374)	(1,065)	(610)	(10,691)	117,875
Decrease in irrecoverable surplus from membership fall and other factors	8,887	893	1,945	1,870	-	13,595	54,777
Remeasurement gain/(loss) recognised in Other Recognised Gains and Losses	420	238	198	188	(154)	890	36,754

	Ministers £000	MDS £000	Social Care £000	CSC £000	LGP Schemes £000	2023 £000	2022 £000
Major Categories of Scheme Assets:							
UK Equities	-	-	-	-	-	-	12,247
Sustainable Multi Asset Fund	6,228	363	1,389	827	-	8,807	-
Diversified Growth Fund	-	-	-	-	-	-	8,470
Adept Strategy Fund	-	-	-	-	-	-	30,374
UK Managed Funds	6,557	376	1,512	856	-	9,301	8,280
Buy & Maintain Bond Fund	21,573	1,229	4,326	2,796	-	29,924	28,070
UK Government Index-linked Bonds	142,476	5,261	28,480	12,807	-	189,024	183,604
UK Government Fixed-interest Bonds	42,360	3,179	8,653	9,310	-	63,502	65,716
Property	-	-	-	-	-	-	1,573
Cash/Net Current Assets	18,391	1,429	311	1,170	-	21,301	8,481
Total Value of Assets	237,585	11,837	44,671	27,766	-	321,859	346,815
Actuarial Value of Liabilities	(201,310)	(9,853)	(39,181)	(24,037)	-	(274,381)	(283,323)
Surplus of Funded Scheme Liabilities	36,275	1,984	5,490	3,729	-	47,478	63,492
Irrecoverable Surplus	(36,275)	(1,984)	(5,490)	(3,729)	-	(47,478)	(58,304)
Net Pension Asset	-	-	-	-	-	-	5,188

The actual return on plan assets was a deficit of £12.6 million (2022: £125.7 million).

Although some of the defined benefit pension schemes show an accounting asset as disclosed above, the financial positions as measured by the latest actuarial valuations may require that the Charity makes total deficit repair payments. As of February 2021 the Pension Trustees agreed to cease the contributions, but if trigger points on the funding levels are met they would resume again.

The main financial assumptions used in preparing the defined benefit schemes figures above as at 31 December 2023 and 2022 are as follows:

	2023 %	2022 %
Financial Assumptions		
Retail Price inflation	3.20	3.30
Consumer Price inflation	2.75	2.80
Discount rate	4.45	4.75
Pension Increase Rate (non LGP schemes)	2.00 - 2.70	2.00 - 2.75
Pension Increase Rate (LGP Schemes only)	-	3.05
Salary increase rate (LGP Schemes only)	-	3.65 - 3.75

The assumptions made for life expectancy are as follows:

	2023	2022
Life Expectancy Assumptions		
Age 65	21.9	22.3

33. Contingencies

The Church of Scotland has operated a large number of residential and community based social care services for over 150 years, latterly through the Social Care Council, trading as CrossReach, and previously through the Board of Social Responsibility, caring for significant numbers of vulnerable children as part of their work over that time. Safeguarding practices have always been followed and have evolved into the robust procedures which are in place today.

The Scottish Parliament passed The Redress for Survivors (Historical Abuse in Care) (Scotland) Act 2021 that is intended to deliver reparation for the survivors of historical abuse. An agreement has been reached with the Scottish Government for CrossReach to make a contribution to Scotland's Redress Scheme in respect of compensation payments to survivors of childhood abuse in care. The contingency is the difference between the formally agreed core contribution of £1,364,000 (which is reflected in other creditors to the extent payment into the scheme has not yet been made) and the formally agreed cap of £2,000,000. The provision of waiver, within the Scheme, will mean that recipients of a Redress payment cannot then pursue a civil claim.

Reference and Administrative Details

Assembly Trustees

- **David Cameron** (from June 2021)
- **Jean Couper**, (from June 2020)
- **Ian Forrester** (from June 2022)
- **David Harrison** (from June 2020)
- **Miranda Heggie** (from June 2023)
- **Barry Hughes** (from June 2021)
- **Alan Kennedy** ex officio Chair pro-tem of General Trustees (from June 2022, resigned May 2023)
- **Jennifer MacDonald** (from June 2022)
- **Michael Mair** (from June 2023, resigned October 2023)
- **Donald McCorkindale**, ex officio Convener of Assembly Business Committee (from December 2019, end of term May 2023)
- **Peter McEnhill** (from June 2021, resigned November 2023)
- **Geoff Miller** (from June 2020)
- **Ann Nelson** (from June 2020)
- **Norman Smith** (from June 2022)
- **Philip Ziegler** (from December 2020)

Key Management Personnel

- **Viv Dickenson**, Chief Executive Officer CrossReach
- **Liam Fennell**, Head of Estates
- **Dave Kendall**, Chief Officer
- **Anne Macintosh**, General Treasurer (until March 2024)
- **Mary Macleod**, Solicitor of the Church
- **Richard MacLennan**, Head of IT
- **Ruth MacLeod**, Head of Communications
- **Elaine McCloghry**, Head of Human Resources
- **Scott Shackleton**, Head of Faith Action Programme (until October 2023)
- **Jenny Simpson**, General Treasurer (from April 2024)
- **Catherine Skinner**, Head of Analysis and Programme Development

Scottish Charity Number

SC011353

Principal Office

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EH2 4YN

Professional Advisors

Auditors

RSM UK Audit LLP
(Group Auditors)
Chartered Accountants
and Statutory Auditor
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Edinburgh
EH3 8BL

PricewaterhouseCoopers

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

Bankers

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Scotland plc
36 St Andrew Square
Edinburgh
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The Bank of Scotland

The Mound
Edinburgh
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Bank Hapoalim

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Netanya 42505
Israel

Mercantile Discount Bank

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Scottish Charity Number: SC011353

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