

FREE PRESBYTERIAN CHURCH OF SCOTLAND

Scottish Charity Number SC003545

REPORT & ACCOUNTS

For year ended 31 December 2025

Free Presbyterian Church of Scotland
ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2025

CONTENTS

FINANCE COMMITTEE'S REPORT.....	page 4 - 11
AUDITORS' REPORT.....	12 - 15
STATEMENT OF FINANCIAL ACTIVITIES.....	16
BALANCE SHEET.....	17
CASH FLOW STATEMENT.....	18
NOTES TO THE ACCOUNTS.....	19 - 33

FINANCE COMMITTEE REPORT

Convener: Rev K D Macleod

THE FINANCE COMMITTEE presents its report together with the financial statements of the Church for the year ended 31 December 2025.

OBJECTIVES AND ACTIVITIES

The Church's purpose is that of the worldwide Christian church: to seek the advancement of the glory of the Lord Jesus Christ in the salvation of sinners through the gospel.

In the context of its status as a registered charity the Church has identified several charitable purposes which flow from the above overriding purpose, and which find expression in the activities which the Church carries out. Although several charitable purposes are identified, all are subordinate to the primary purpose of the advancement of the Christian religion. Activities are carried out in pursuance of the other charitable purposes to the extent that these ultimately support the advancement of religion. This is usually by helping to overcome barriers to the work of the gospel. The Church's charitable purposes and the main related activities are as follows.

Advancement of religion

The activities which aim most directly at the fulfilment of this purpose involve supporting the Church's congregations, and mission work. Congregations in the UK are supported via administration of funds for payment of ministers' stipends, acquisition and maintenance of properties, and provision for other financial needs that might arise.

Congregations outside the UK arrange their ministers' stipends and most of their property costs locally, but the Church centrally gives assistance (via grants and loans) when necessary. The Church also organises, and supports the cost of, travel between the UK and overseas, which facilitates Church government as well as maintaining and strengthening fellowship and mutual support between congregations.

A college system is maintained for training of ministers. This involves appointment and payment of tutors, and payment of grants to divinity students. An extensive library is also maintained, and a theological conference is held each year.

The Church publishes Christian books and sells these, together with a wide range of other Christian literature, through the Free Presbyterian Bookroom. The aim of these activities is to expand the dissemination of sound literature. Two monthly magazines are also produced and sold, this activity sharing the objective of seeking to disseminate sound Christian reading material. Neither the Bookroom nor the other literature-related activities are operated as a means of raising funds: the financial objective is to break even over the longer term and the Church is willing to commit charitable expenditure to the Bookroom (in particular) in the shorter term in view of the benefit of sound Christian literature for the advancement of religion.

Overseas mission work is supported, mainly in Zimbabwe, which involves seeking to bring the gospel to areas where it is not known or established, as well as other activities described below.

Advancement of education

The mission work which the Church supports in Zimbabwe includes a secondary school and several primary schools. As well as providing a good standard of education, these schools aim to bring children to the preaching of the gospel. A core part of the work at the schools is to teach the Christian religion and maintain a Christian ethos.

In 2024 a pilot scheme was launched to support families seeking to educate their children outside the state education system. This was continued in 2025. The scheme offers percentage grants to families to offset the cost of educational materials, tuition and associated costs, and fees for independent schools run with a Christian ethos. The pilot scheme is restricted to Scotland, where the costs can be met from the R W Forsyth Fund.

Advancement of health

A hospital in Zimbabwe is supported as part of the Church's mission work in that country. The hospital is a focal point for large numbers of people, and thus a means of bringing the gospel to them – as well as its more direct impact in providing much needed health services to areas where these are not so readily available.

The work of the hospital extends to operating several rural health centres. These help to ease pressure on the hospital, as well as reaching more people overall, and at earlier stages of illnesses.

Prevention or relief of poverty

Many of the areas reached by the overseas mission work suffer from a high rate of poverty, which represents an additional motive for provision of healthcare and education, as well as requiring more direct relief of hardship. In recent years the Church's work in Zimbabwe has included a food aid program and vocational training schemes for people in rural areas.

The relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage

The Church operates two residential care homes for the elderly in the UK. These seek to maintain a Christian environment for the residents, including regular worship and opportunities for Christian friendship and fellowship with other residents and visitors. The care homes strive to provide a high standard of service, one measure of which is their Care Inspectorate ratings. The financial objective of the care homes is the same as that of the Bookroom – to break even over the longer term. Due to the ongoing need for capital and maintenance expenditure to maintain and improve care standards, the care homes will ideally produce surpluses in some years.

An orphanage is supported by the Church in Zimbabwe, which seeks to provide an upbringing in a Christian atmosphere for the resident children.

Measurement

The Church's activities aim at outcomes of a spiritual nature. Identification and measurement of their achievement is not within the competency of charity trustees. In practical terms, for most of the Church's activities the usual measure of success is maintenance of the relevant funds and continuation of the gospel work. Some activities will have more specific shorter-term outcomes in some years.

Social investments and grant making

The Church advances grants and interest-free concessionary loans as a means of assisting congregations with the cost of acquiring, improving and maintaining their church and manse properties. These interest-free loans are classed as 'programme related investments' – a type of 'social investment' – in terms of the accounting standards for charities. Grants and loans are offered in response to applications from congregations for financial assistance. The Committee has developed a detailed policy for assessing applications and calculating amounts of grant and loan funding to be offered to congregations.

Grants are offered to congregations on a basis which takes account of the size of the congregation's available resources relative to the cost of the planned project. The policy provides for grants of up to 75% of the cost of a project.

Concessionary loans are offered where the congregation's available resources would otherwise be reduced (as a result of a project) below the level of one year's revenue expenditure. The loans policy thus helps to maintain a stable level of reserves within congregations, supporting the gospel work of congregations. Repayment terms for loans are calculated on the basis of the congregation's capacity for annual repayments, which is assessed by reference to recent years' accounts. The loans policy thus helps to prevent loan repayments becoming an excessive burden on congregations.

For projects involving property purchase by a congregation the Church would generally seek to take an equity interest in the property rather than give a grant to the congregation.

Volunteers

The Church's work in general is supported by voluntary effort, which the Committee acknowledges with thankfulness. Examples range from those who support the annual theological and youth conferences by delivering papers, to membership of Synod committees.

REVIEW OF THE YEAR

The trustees have always recognised the restricted scope of their role: the Church being essentially a spiritual entity, the most important aspects of its activities and health are outside the remit of trustees. This report therefore focuses, as in previous years, on the financial aspects of the Church's work during the past year: maintenance of financial support for the Church's activities being a key success criterion for the charity trustees.

Contributions to the Church's funds increased marginally in 2025, which was encouraging. Stock market performance was very strong, which has a significant influence on the financial results although it is less relevant to the Church's day-to-day activities in the short term.

Congregational contributions to the **Sustentation Fund** increased by £5,567 to £364,836 in 2025, reversing a similarly sized decrease in the previous year. This Fund is of key importance to the Church's work, being used for payment of ministers' stipends. Maintenance of the general level of congregational contributions is therefore encouraging, although it has to be measured in the context of recent high inflation. The Fund suffered a deficit of £5,467 in 2025 following a surplus of £84,939 in 2024 (which was supported by a legacy of £56,197; no legacies were received by the Fund in 2025). Stipend outgoings were higher than in the previous year due to the inflationary increase awarded in April 2025, the increase in the employer's national insurance contribution rate, and commencement of a probationer minister towards the end of 2024. The Fund's credit balance at the end of the year was £135,275 (£140,742 in 2024).

The **Home Mission Fund** had a deficit of £9,802 in 2025, following surplus of £7,448 in 2024 – that surplus having been supported by a legacy of £21,250, with no legacies received in 2025. It was encouraging to see congregational contributions increasing, from £18,861 in 2024 to £19,383 in 2025. The Fund now supports only one missionary, which resulted in a decrease in salary costs between 2024 and 2025. The Fund's debit balance increased from £105,635 at the end of 2024 to £115,437 at the end of 2025.

The **College and Library Fund** had an increased deficit of £24,884 in 2025 (deficit of £7,960 in 2024) with the main reason for the difference being a legacy of £21,250 in 2024 (nil in 2025). Congregational contributions increased by nearly 15% from £28,160 in 2024 to £32,345 in 2025, which was very encouraging. The cost of student grants remains the main expenditure of the Fund, at approximately £40,000 per year. The Fund's debit balance increased from £13,037 at the end of 2024 to £37,921 at the end of 2025.

The **Bookroom** suffered a difficult year, with sales decreasing from £41,076 in 2024 to £35,892 in 2025. Margins on the books sold were also tighter in 2025, leading to a deficit of £26,002 for the year. This contrasted with a surplus of £5,687 in 2024, although that was supported by a non-recurring legacy of £21,250. The Fund had a closing debit balance of £183,139 in 2025, compared with a debit balance of £157,137 at the end of 2024.

Both **Ballifeary Care Home** and **Leverburgh Care Home** returned deficits in 2025, as they have done in several recent years. The poor recent financial performance reflects the ongoing difficult operating conditions in the care sector nationally. Specific contributors to the deficits include the need to use agency staff to a far greater extent than would be sustainable over the longer term. Although (as noted above) the Church does not operate the Homes in order to generate a surplus over the long term, the recent trend of substantial deficits is the subject of continuing management attention.

The **Jewish and Foreign Missions Fund** had a surplus of £46,393 in 2025, following a deficit of £25,696 in 2024. The surplus reflects the strong stock market performance in 2025, with income and

expenditure otherwise broadly balanced. The Mbumba Zending Foundation in the Netherlands continues to support almost all the expenditure in Zimbabwe, for which we are very grateful.

Grants made to congregations to assist with property-related costs increased slightly to £39,342 in 2025 from £34,219 in 2024. Replacement of windows in the Aberdeen church building was the main project supported in both years. Following some large **concessionary loan** advances in recent years the level of advances was much lower in 2025. Loan repayments were broadly according to the expected schedule in 2025, the schedule taking account of congregations' financial circumstances.

During 2025 the Committee carried out its regular annual review of existing loans, which involved examination of congregations' recent financial statements to check that the repayments expected from congregations remained affordable. There are a number of congregations from which no repayments are currently required due to their financial circumstances. This is in line with the Church's objectives in offering loans – to allow congregations to access financial assistance that would be out of their reach using commercial lenders, where that is necessary to promote the work of the gospel in the relevant locality.

The Church's investment portfolios gave a total return after charges of 16.5% in 2025 (7.7% in 2024). The return was approximately 4% higher than that on market indices most relevant to the Church's portfolios (following a 2.5% under-performance in 2024). Taking account of the Church's investment strategy and the restrictions (described in the 'Investment policy' section below) that have been specified by the trustees, the investment performance was judged to be satisfactory.

FINANCIAL REVIEW

The Church's funds increased by £1,262,358 during the year (2024: increase of £522,154). As usual, the movement in the market value of the investments was the most significant factor affecting the relative financial performances in the two years. The market value of investments increased by £1,611,724 in 2025, compared with an increase of £642,102 in 2024.

The underlying financial performance (excluding the change in market value of investments) was a net decrease in funds of £349,366 in 2025, compared with a net decrease of £119,948 in 2024. Although the financial results represent the combination of many factors, the losses at the two residential care homes accounted for a substantial portion of the decrease in the Church's funds in both years.

Comparing 2025 with 2024, the most significant factors contributing to the worsened underlying financial result were:

- No legacies were received in 2025, compared with £147,197 of legacy income in 2024.
- The combined deficits of the Church's two residential care homes were £77,644 greater in 2025 than in 2024.

Congregational contributions to the Church's central funds increased slightly, from £491,904 in 2024 to £497,333 in 2025. The relatively flat level of congregational contributions in recent years, despite significant inflation, probably reflects reducing sizes of congregations. The difficult national economic situation in recent years might also be a factor, and the trustees will continue to monitor trends. Congregational contributions, to the Sustentation Fund in particular, are an important reflection of the level of ongoing support for the Church's core activities.

The factor most likely to affect the Church's financial performance in the next few years is expected to be the levels of gains or losses on the investments.

Due to its size the Zimbabwe mission will continue to be a significant component of the Church's financial position. While expenditure on the mission is subject to continuing inflationary pressures due to the difficult financial and economic situation in Zimbabwe, the ongoing support from donors in the Netherlands is encouraging. Careful management continues to be required to ensure that expenditure is within the range that can be supported by the Mbumba Zending foundation in The Netherlands, the mission's main long-term supporter.

The financial aspect of the residential care homes is sufficiently large to have potentially material impacts on the Church's future financial position. The large deficits in the homes in recent years have removed the reserves that had been built up in years of more benign operating conditions. The Church is able to provide working capital to the homes, to allow operational improvements to be made with a view to improving future financial results. Strategic management continues to be undertaken to protect the overall financial position of the Church.

The Bookroom Fund, the Home Mission Fund, the College and Library Fund and the Magazines Fund continued to be in deficit at the end of 2025. The Finance Committee monitors the performance of the Funds regularly and is able to intervene with support from the (unrestricted) General Fund if these funds' own income cannot be increased sufficiently. The deficit position of the Bookroom Fund has persisted for several years and is the subject of continuing strategic review. It is hoped that the annual deficits in the other funds can be reversed over the coming years from their normal sources of income.

Investment policy

The Church has a policy of keeping sufficient liquid funds in short-term deposits which can be accessed readily, and monitors its bank deposits regularly to ensure that returns are maximised. The Trustees have delegated day-to-day management of the Church's share portfolios to its stockbrokers. Restrictions, however, prevent investment in brewers, distillers, tobacco and the leisure sector, as well as high street retailers that trade on the Sabbath. In addition to these stated restrictions, the trustees monitor the investment holdings regularly to identify any which might be associated with particularly flagrant opposition to the Church's moral and ethical standards. Otherwise, the policy is to have a spread of investments to give a balanced income and capital growth with a target minimum yield, for the R W Forsyth Bequest Fund portfolio, currently of £150,000 per annum.

Risk management

The Finance Committee reviews the risks which the Church faces on a regular basis, directly and through its Risk Management Sub-Committee. The Committee identifies the principal risks as being in the areas of manpower, increasing regulation and long-term decline in the income from any of the Church's major sources. The main sources of income are donations from the Mbumba Zending organisation in the Netherlands for the African mission work, resident and local council fees for care home occupancy, contributions from congregations, and investment income.

To mitigate these risks the trustees are supporting enhanced planning and risk management in the various Synod committees through which the Church operates. The trustees also monitor investment performance regularly, ensure that adequate budget planning is in place relative to the Church's foreign missions, and maintain an adequate level of reserves.

Appropriate insurance cover and operational controls are also maintained to mitigate the impact of other risks.

The Church sponsors a defined benefit pension scheme. The assets of the R W Forsyth Fund are sufficient to cover any deficit that would be likely to emerge in the scheme, even in considerably more adverse financial conditions. The Fund's restrictions are such as allow it to be used to fund the pension scheme.

Reserves

The Church's policy is to hold reserves sufficient to give reasonable confidence that the work of the Church will not be curtailed by lack of funding in the short to medium term. The reserves are identified as those unrestricted funds not held in fixed assets, stock-in-trade or congregational loans, and which are not designated for specific purposes or otherwise committed. The level of reserves takes account of the financial position of each of the restricted funds, the nature and funding arrangements of the Church's activities, the long-term commitment of the Church to its core activities, and the form in which the reserves are held.

In the Church's current circumstances, the trustees would expect to hold reserves equivalent to between three months' and nine months' total expenditure.

As well as monitoring the overall level of reserves the trustees consider the balances in each of the restricted funds relative to planned expenditure in these funds and take action when necessary to ensure stability of the Church's overall financial position.

According to the above definition the reserves at 31 December 2025 amounted to £2,950,134. This represents between six months' and seven months' expenditure: a similar level to that in the previous year and comfortably within the acceptable range. The trustees note that a significant portion of these reserves are currently held as investments, which have more volatile market value than cash holdings.

The Church's total funds at the end of 2025 were £16,384,584 of which £11,696,139 were restricted funds. Included in the unrestricted funds is the Congregational Development Fund of £1,721,357 which is designated for support of congregations in specified circumstances: £1,093,251 is designated for establishment of new congregations and support of recently formed congregations; and £628,106 is designated for support of the Church's activities in North America. It is unlikely that any substantial portion of these designated amounts will be spent within the next few years.

PLANS FOR FUTURE PERIODS

The trustees' main objectives and expectations for the next few years are broadly the same as those described earlier in this report. The nature of the Church's activities is not predominantly project-focused but tends to require maintenance of funding and support for ongoing activities, rather than support for changes from year to year. The significant financial changes of recent years, in particular the deficits incurred at the residential care homes, is the subject of increased strategic management activity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and governing documents

The constitution of the Free Presbyterian Church of Scotland is defined in its Deed of Separation dated 14 August 1893. The Deed of Separation identifies the several (publicly available) historical documents which are considered constitutional.

Administration of the Church's temporal affairs is governed by the Scheme of Financial Administration dated 27 December 1960. This Scheme includes the constitution of the Finance Committee (whose members are the charity trustees) and details the powers and duties of the General Trustees.

The Free Presbyterian Church of Scotland is an unincorporated association.

Appointment of trustees

The Scheme of Financial Administration contains provisions for appointment of members of the Finance Committee (who are the charity trustees). The Committee is appointed annually by the Synod of the Church. Persons appointed to the Finance Committee must be members of Synod (either in the current year or a previous year) and there must be at least four members, including at least one from each Presbytery of the Church (in the UK). The Synod directly appoints the Convener of the Finance Committee (who is the chairman of the charity trustees). The Clerk of the Finance Committee is the General Treasurer, who is also appointed directly by the Synod. The General Treasurer is not necessarily a member of the Finance Committee (and the convention for some years has been that the General Treasurer is not a member of the Committee, and therefore not a charity trustee).

Qualifications and training of trustees

The prerequisite that charity trustees be members of the Church's Synod ensures that they have a broad-based understanding and experience of the Church's principles, organisation and activities, and that they have personally declared their adherence to the Church's constitution.

The Church ensures that all trustees have access to copies of its governing documents and the legislation and guidance relevant to charity trustees in Scotland. Trustees are expected to become familiar with these resources. Ongoing training and development includes sessions at Finance

Committee meetings, from time to time, when aspects of the duties of trustees and the legislation and guidance are reviewed and discussed.

Organisation

The Church is organised according to the Presbyterian system, with the Synod as its supreme court. It is the Church as a central body, and the assets owned centrally and managed by the Finance Committee, that are within the scope of the charity registration to which this report relates. (Congregations of the Church manage their own financial affairs, and their assets and transactions are not under the control of the Finance Committee and not included in the attached accounts. Some congregations are registered as charities in their own right.)

The Synod appoints committees to oversee various areas of the Church's work. Each committee reports annually to the Synod. The Finance Committee has overall responsibility for the Church's financial and central administrative affairs. The Committee decides on matters of policy, including investment policy, and makes decisions on applications from congregations for grants and loans.

Remuneration

The Finance Committee is responsible for setting the stipend levels for ministers and home missionaries and the salaries and other conditions for staff employed centrally, including the General Treasurer. The Committee reviews the stipends and salaries in March each year and its general policy is to seek to adjust remuneration levels in line with changes in national average earnings, subject to availability of funds. Because some members of the Committee are ministers who receive stipends, the decision on the level of stipends is taken by those members of the Committee who are not ministers.

Taking account of earnings inflation and the Church's financial position up to the end of 2025, the Committee decided to increase the stipend for ministers by 3.0% to £30,549 with effect from 1 April 2026.

Finance Committee's responsibilities in relation to the financial statements

The Finance Committee is responsible for preparing the Committee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements 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 Church will continue in operational existence.

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 Church's governing documents. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REFERENCE AND ADMINISTRATIVE DETAILS

The Free Presbyterian Church of Scotland has its administrative offices at 133 Woodlands Road, Glasgow, G3 6LE. The Church is registered as a charity in Scotland, with charity number SC003545. The Church's website is www.fpchurch.org.uk.

Charity Trustees

The members of the Finance Committee are recognised as the Charity Trustees in terms of the Charities and Trustee Investment (Scotland) Act 2005. The members of the Finance Committee serving during the year and since the year end were as follows:

Rev K D Macleod (Convener)
Mr R A Campbell
Mr D MacLean
Mr R Middleton

Rev K M Watkins
Mr C Finlayson
Mr H M Macleod
Mr R W van Kralingen

General Trustees

Title to the Church's assets is held by the General Trustees, for the purposes of the Church. The General Trustees hold office ex officio on the basis of certain other appointments within the Church, as identified below.

The General Trustees serving during the year and since the year end were as follows:

Moderator of Synod	Rev W A Weale	(retired 20 May 2025)
Moderator of Synod	Rev G B Macdonald	(appointed 20 May 2025)
Clerk of Synod	Rev K M Watkins	
Convener of the Finance Committee	Rev K D Macleod	
General Treasurer	Mr W Campbell	

The position of Moderator of Synod is normally held for one year. The other appointments, in virtue of which a person acts as a General Trustee, are normally held for several years at a time.

Day to day management of the Church's financial and administrative affairs is delegated to the General Treasurer.

The principal professional services and advisers engaged by the trustees are listed below.

Auditors	Stewart Gilmour & Co., 3rd Floor, St George's Buildings, 5 St Vincent Place, Glasgow G1 2DH
Bankers	Bank of Scotland, 54-62 Sauchiehall Street, Glasgow G2 3AH
Solicitors	Brodies LLP, 58 Morrison Street, Edinburgh EH3 8BP
Principal Investment Managers	Rathbones, 8 Finsbury Circus, London EC2M 7AZ
Actuary	Broadstone Corporate Benefits Limited, 221 West George Street, Glasgow G2 2ND

Approved by the trustees and signed on their behalf.



Rev K D Macleod
Convener
18 March 2026

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE FREE PRESBYTERIAN CHURCH OF SCOTLAND

Opinion

We have audited the financial statements of the Free Presbyterian Church of Scotland (the 'Church') for the year ended 31 December 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The relevant financial framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 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 Church's affairs as at 31 December 2025 and of its incoming resources and application of resources, including its results, for the year then ended; and
- have been properly prepared in accordance with relevant reporting framework and, in particular the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusion 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 Church'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 Trustees are responsible for the other information. The other information comprises the information in the Finance Committee Report, but does not include the financial statements or our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE FREE PRESBYTERIAN CHURCH OF SCOTLAND

Opinion on other matters prescribed by the Statement of Recommended Practice

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Finance Committee Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Finance Committee Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Church and its environment obtained in the course of the audit, we have not identified material misstatements in the Finance Committee Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; 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 Finance Committee Responsibilities set out on page ten, the Finance Committee, as 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 controls as the Trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and otherwise comply with the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006.

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

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures in response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE FREE PRESBYTERIAN CHURCH OF SCOTLAND

In identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance we considered the following:

- The nature of the Church, the environment in which it operates and the control procedures implemented by management and the Trustees; and
- Our enquiries of management and Trustees about their identification and assessment of the risks of irregularities.

Based on our understanding of the Church and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to:

- Regulations and legislation pertinent to the Church's operations including the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006, data protection, employment and health & safety; and
- UK tax legislation.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. We evaluated management and Trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks of the Church were related to:

- Posting inappropriate journal entries; and
- Management bias in accounting estimates.

Our procedures to respond to the risks identified included the following:

- Gaining an understanding of the legal and regulatory framework applicable to the Church and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, Trustees and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- Performing analytical procedures to identify any unusual or unexpected movements;
- Assessing the judgements and key sources of estimation in the financial statements which could indicate management bias;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more the compliance with a law or regulation is removed from the

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE FREE PRESBYTERIAN CHURCH OF SCOTLAND

events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omissions or misrepresentation.

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

Use of our report

This report is made solely to the Church's members, 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. Our audit work has been undertaken so that we might state to the Church's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Church and the Church's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Sheila L Tannock CA". The signature is written in a cursive style with a large initial 'S'.

Sheila L Tannock C.A. (Senior Statutory Auditor)
Stewart Gilmour & Co.
Chartered Accountants & Statutory Auditors
3rd Floor
St George's Buildings
5 St Vincent Place
Glasgow
G1 2DH

31 March 2026

Free Presbyterian Church of Scotland

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2025

		2025			2024		
		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
	Note	£	£	£	£	£	£
Income from:							
Donations:							
- Congregational contributions		-	497,333	497,333	-	491,904	491,904
- Other donations		5,501	1,742,980	1,748,481	5,350	1,508,546	1,513,896
- Legacies		-	-	-	-	147,197	147,197
Total donations		<u>5,501</u>	<u>2,240,313</u>	<u>2,245,814</u>	<u>5,350</u>	<u>2,147,647</u>	<u>2,152,997</u>
Charitable activities:							
- UK ministry and mission		-	134,072	134,072	-	132,315	132,315
- Residential care homes		-	2,316,203	2,316,203	-	2,134,093	2,134,093
- Publication and distribution		-	78,745	78,745	-	82,929	82,929
Total charitable activities		<u>-</u>	<u>2,529,020</u>	<u>2,529,020</u>	<u>-</u>	<u>2,349,337</u>	<u>2,349,337</u>
Investments	(2)	<u>70,123</u>	<u>185,769</u>	<u>255,892</u>	<u>67,223</u>	<u>170,722</u>	<u>237,945</u>
Total income		<u>75,624</u>	<u>4,955,102</u>	<u>5,030,726</u>	<u>72,573</u>	<u>4,667,706</u>	<u>4,740,279</u>
Expenditure on:							
Raising funds:							
- Investment management		<u>13,078</u>	<u>55,350</u>	<u>68,428</u>	<u>12,727</u>	<u>51,316</u>	<u>64,043</u>
Charitable activities							
- UK ministry and mission		<u>12,827</u>	<u>995,441</u>	<u>1,008,268</u>	<u>11,156</u>	<u>918,340</u>	<u>929,496</u>
- Overseas ministry and mission		<u>13,358</u>	<u>1,658,462</u>	<u>1,671,820</u>	<u>8,391</u>	<u>1,483,511</u>	<u>1,491,902</u>
- Residential care homes		<u>-</u>	<u>2,508,460</u>	<u>2,508,460</u>	<u>-</u>	<u>2,255,042</u>	<u>2,255,042</u>
- Publication and distribution		<u>-</u>	<u>123,116</u>	<u>123,116</u>	<u>-</u>	<u>119,744</u>	<u>119,744</u>
Total charitable activities		<u>26,185</u>	<u>5,285,479</u>	<u>5,311,664</u>	<u>19,547</u>	<u>4,776,637</u>	<u>4,796,184</u>
Total expenditure	(3)	<u>39,263</u>	<u>5,340,829</u>	<u>5,380,092</u>	<u>32,274</u>	<u>4,827,953</u>	<u>4,860,227</u>
Net income / (expenditure) before gains / (losses)		<u>36,361</u>	<u>(385,727)</u>	<u>(349,366)</u>	<u>40,299</u>	<u>(160,247)</u>	<u>(119,948)</u>
Net gains on investments		<u>372,467</u>	<u>1,239,257</u>	<u>1,611,724</u>	<u>151,383</u>	<u>490,719</u>	<u>642,102</u>
Net income		<u>408,828</u>	<u>853,530</u>	<u>1,262,358</u>	<u>191,682</u>	<u>330,472</u>	<u>522,154</u>
Transfers between funds	(15)	<u>(71,631)</u>	<u>71,631</u>	<u>-</u>	<u>(60,415)</u>	<u>60,415</u>	<u>-</u>
Other recognised losses:							
Actuarial losses on defined benefit pension scheme	(16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	(14)	<u>337,197</u>	<u>925,161</u>	<u>1,262,358</u>	<u>131,267</u>	<u>390,887</u>	<u>522,154</u>
Reconciliation of funds:							
Total funds brought forward		<u>4,351,248</u>	<u>10,770,978</u>	<u>15,122,226</u>	<u>4,219,981</u>	<u>10,380,091</u>	<u>14,600,072</u>
Total funds carried forward		<u>4,688,445</u>	<u>11,696,139</u>	<u>16,384,584</u>	<u>4,351,248</u>	<u>10,770,978</u>	<u>15,122,226</u>

Free Presbyterian Church of Scotland

BALANCE SHEET

as at 31 December 2025

	Note	2025 Total funds £	2024 Total funds £
Fixed assets:			
Tangible assets	(6)	<u>2,155,369</u>	<u>2,224,384</u>
Investments:			
Programme related investments - concessionary loans	(8)	<u>1,159,362</u>	<u>1,215,455</u>
Other investments		<u>12,513,361</u>	<u>10,956,121</u>
Total investments	(7)	<u>13,672,723</u>	<u>12,171,576</u>
Total fixed assets		<u>15,828,092</u>	<u>14,395,960</u>
Current assets:			
Stocks	(9)	<u>62,567</u>	<u>64,897</u>
Debtors	(10)	<u>255,869</u>	<u>309,441</u>
Current asset investments - concessionary loans	(8)	<u>72,777</u>	<u>48,762</u>
Cash at bank and in hand		<u>434,112</u>	<u>546,235</u>
Total current assets		<u>825,325</u>	<u>969,335</u>
Liabilities			
Creditors: Amounts falling due within one year	(11)	<u>(268,833)</u>	<u>(243,069)</u>
Net current assets		<u>556,492</u>	<u>726,266</u>
Net assets excluding pension scheme liability		<u>16,384,584</u>	<u>15,122,226</u>
Defined benefit pension scheme (liability)	(16)	<u>-</u>	<u>-</u>
Total net assets		<u>16,384,584</u>	<u>15,122,226</u>
The funds of the Church:			
Restricted income funds	(13)	<u>11,696,139</u>	<u>10,770,978</u>
Unrestricted funds	(13)	<u>4,688,445</u>	<u>4,351,248</u>
Total Church funds		<u>16,384,584</u>	<u>15,122,226</u>

The notes on pages 19 to 33 form part of these financial statements

Approved by the Finance Committee on 18 March 2026

K D MacLeod

Rev K D Macleod, Convener of the Finance Committee

W Campbell

W Campbell, General Treasurer

Free Presbyterian Church of Scotland

STATEMENT OF CASH FLOWS

Year ended 31 December 2025

		2025 Total funds £	2024 Total funds £
	Note		
Cash flows from operating activities:			
Net cash used in operating activities		<u>(355,455)</u>	<u>(904,896)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments	(2)	255,892	237,945
Purchase of property, plant and equipment	(6)	(12,560)	(10,941)
Proceeds from sale of investments	(7)	-	344,738
Net cash provided by investing activities		<u>243,332</u>	<u>571,742</u>
Change in cash and cash equivalents in the reporting period		(112,123)	(333,154)
Cash and cash equivalents at the beginning of the reporting period		<u>546,235</u>	<u>879,389</u>
Cash and cash equivalents at the end of the reporting period		<u>434,112</u>	<u>546,235</u>

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

		2025 £	2024 £
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)		1,262,358	522,154
Adjustments for:			
Depreciation charges	(6)	81,575	80,711
(Gains) on investments	(7)	(1,611,724)	(642,102)
Dividends, interest and rents from investments	(2)	(255,892)	(237,945)
Investment management charges deducted at source	(7)	54,484	52,473
Repayments of concessionary loans	(8)	52,877	18,583
Advances of concessionary loans	(8)	(20,799)	(613,304)
(Increase) / decrease in stocks	(9)	2,330	(3,446)
(Increase) / decrease in debtors	(10)	53,572	(81,032)
Increase / (decrease) in creditors	(11)	25,764	(988)
Net cash used in operating activities		<u>(355,455)</u>	<u>(904,896)</u>

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2025 £	2024 £
Cash at bank and in hand	<u>434,112</u>	<u>546,235</u>
Total cash and cash equivalents	<u>434,112</u>	<u>546,235</u>

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(1) PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The accounts are prepared under the historical cost convention, as modified by the revaluation of investments, and on an accruals basis.

The financial statements have been prepared in accordance with:

- The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- The Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102;
- The Charities and Trustee Investment (Scotland) Act 2005; and
- The Charities Accounts (Scotland) Regulations 2006 (as amended).

The trustees consider that there are no material uncertainties about the Church's ability to continue as a going concern.

The Church is a public benefit entity as defined in FRS 102.

Calculation of the surplus or deficit on the defined benefit pension scheme sponsored by the Church involves making assumptions regarding future experience. These are set out in Note (16). There are no other areas where judgements have been made which could significantly affect the amounts recognised in the accounts.

These accounts do not consolidate the results and assets and liabilities of individual congregations and they present information about the Church as an individual undertaking.

(b) Recognition of income

Income is recognised when the Church has satisfactory evidence of entitlement and likelihood of receipt, and when the amount can be reliably measured.

Congregational contributions are recognised on the basis of receipt or notification by the congregation of intended donation. The same criteria are used for other donations, although it is very rarely that these are notified prior to receipt. Legacies are recognised on the basis of written information from the executors which sufficiently confirms the Church's entitlement, sufficiency of funds within the estate, and the likely amount receivable by the Church.

All other types of income are recognised when receivable.

(c) Expenditure

Centrally incurred support costs are allocated across the funds by reference to time spent by central administrative staff. Most funds support a single activity but where more than one activity is supported by a particular fund, the costs are further allocated between activities in proportion to the levels of direct expenditure (including grant making) on each activity.

Contributions to defined contribution pension schemes, and life insurance costs, are allocated to activities on the same basis as the other employment costs of the staff involved.

(d) Depreciation

The cost or valuation of tangible fixed assets, less any residual value, is depreciated over the estimated useful economic lifetimes of the assets as follows:

- Heritable property - at 2% per year on a straight line basis
- Fixtures and equipment - at 10% per year on a straight line basis
- Computer equipment - at 33.33% per year on a straight line basis
- Motor vehicles - at 25% per year on a reducing balance basis

(e) Investments

Fixed asset investments held within the Church's investment portfolios are listed investments. These are stated initially at cost and subsequently at fair value (closing quoted market price).

The trustees have opted to measure the (interest free) concessionary loans at the amount receivable.

(f) Current assets and liabilities

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

Debtors are measured at their recoverable amounts.

Current asset investments represent the portion of concessionary loan repayments which is expected to be received within less than one year. These are measured as the amount receivable.

Cash at bank and in hand includes the value of bank accounts with notice periods of less than three months.

Creditors are measured as the amounts payable.

(g) Foreign currency transactions

Transactions entered into in foreign currencies are translated into sterling at the spot rate at the date of the transaction. Monetary balances denominated in foreign currencies are translated into sterling at the spot rate at each balance sheet date. Profits and losses on exchange rate movements are taken to the Statement of Financial Activities.

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(2) INVESTMENT INCOME

	2025 £	2024 £
Dividends and other income on listed investments	249,968	232,841
Interest on cash deposits	5,924	5,104
	<u>255,892</u>	<u>237,945</u>

(3) EXPENDITURE

Activity or programme	Activities undertaken directly	Grant funding of activities	Support costs		2025 Total	2024 Total
			Governance costs	Other support costs		
			£	£		
Raising funds	54,484	-	5,922	8,022	68,428	64,043
Charitable activities:						
- UK ministry and mission	645,031	282,478	34,591	46,168	1,008,268	929,496
- Overseas ministry and mission	351,115	1,267,957	31,661	21,087	1,671,820	1,491,902
- Residential care homes	2,483,538	-	10,584	14,338	2,508,460	2,255,042
- Publication and distribution	108,993	-	6,204	7,919	123,116	119,744
Total charitable activities	3,588,677	1,550,435	83,040	89,512	5,311,664	4,796,184
Total	3,643,161	1,550,435	88,962	97,534	5,380,092	4,860,227

Support costs are allocated as described in Note 1(c).

The items included in support costs are as follows:

	2025 £	2024 £
Governance costs:		
- Staff costs	30,653	28,965
- Legal and professional	11,927	2,826
- Audit	8,525	8,290
- Committee and Synod expenses	31,952	19,504
- Trustee insurance	5,905	10,546
	<u>88,962</u>	<u>70,131</u>
Other support costs:		
- Staff costs	79,503	73,452
- Miscellaneous office costs	18,031	14,204
	<u>97,534</u>	<u>87,656</u>
Total support costs	<u>186,496</u>	<u>157,787</u>

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(4) GRANTS

	UK ministry and mission £	Overseas ministry and mission £	2025 Total £	2024 Total £
Grants to congregations				
Pulpit supply costs:				
Sustentation Fund	20,825	-	20,825	18,354
	<u>20,825</u>	<u>-</u>	<u>20,825</u>	<u>18,354</u>
Property related costs:				
R W Forsyth Fund:				
Aberdeen	35,328	-	35,328	33,290
Dundee, Perth and Stirling	1,014	-	1,014	929
Portree	3,000	-	3,000	-
	<u>39,342</u>	<u>-</u>	<u>39,342</u>	<u>34,219</u>
Specified donations:				
Donations under gift aid scheme	141,786	-	141,786	132,884
Miscellaneous	16,118	-	16,118	15,518
	<u>157,904</u>	<u>-</u>	<u>157,904</u>	<u>148,402</u>
Total grants to congregations	<u>218,071</u>	<u>-</u>	<u>218,071</u>	<u>200,975</u>
Other grants				
Zimbabwe mission	-	1,237,838	1,237,838	1,189,469
Israel mission	-	-	-	(4,684)
Eastern Europe mission	-	27,410	27,410	26,939
Asia Pacific Presbytery	-	2,709	2,709	7,751
Divinity student maintenance grants	40,324	-	40,324	42,061
Education	12,083	-	12,083	6,708
Trinitarian Bible Society	10,000	-	10,000	10,000
The Christian Institute	2,000	-	2,000	1,000
Total other grants	<u>64,407</u>	<u>1,267,957</u>	<u>1,332,364</u>	<u>1,279,244</u>
Total grants	<u>282,478</u>	<u>1,267,957</u>	<u>1,550,435</u>	<u>1,480,219</u>

The grant of £27,410 to the Eastern Europe mission comprised £19,811 to individuals and £7,599 to the mission entity. Divinity student maintenance grants of £40,324 were to individuals. Education grants of £12,083 were to families in respect of their children. No other grants were made to individuals.

Support costs are allocated between the Church's charitable activities as shown in Note (3), and are not further analysed between grant making and other components of each charitable activity. The proportionate share of support costs that might be attributed to grant making activities is £24,600 for UK ministry and mission, and £41,310 for Overseas ministry and mission.

Some donations are specified as for the benefit of particular congregations of the Church. The value of such donations (together with tax reclaimed, where appropriate) is paid as grants to the relevant congregations, and the total amount is shown in the above analysis. The amounts paid to individual congregations are not sufficiently material to merit separate analysis.

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(5) BENEFITS AND RELATED PARTIES

Trustees' remuneration

The charity trustees do not receive remuneration for services as trustees.

Two (2024: two) of the charity trustees who served during the year (Revs K D Macleod and K M Watkins) are ministers of the Church, in pastoral charges. As such they receive stipends on the same basis as other ministers. Payment of ministerial stipends is provided for in the Church's governing documents. The total trustees' remuneration payments were £55,103 (2024: £51,161) and total pension scheme and life insurance contributions made on behalf of trustees were £3,896 (2024: £5,317).

The amount of stipend varies depending on the minister's eligibility for pension benefits from the Church's defined benefits scheme, and on subsidiary appointments held within the Church. The amounts paid to Revs K D Macleod and K M Watkins were £21,707 and £33,396 respectively (2024: £20,274 and £30,887 respectively). Pension contributions and life insurance costs paid in the year on behalf of these two charity trustees were nil and £3,896 respectively (2024: £1,582 and £3,735 respectively).

Trustees' expenses

Charity trustees are reimbursed for travel, accommodation and subsistence expenses incurred in carrying out their duties as trustees, and in connection with their other responsibilities within the Church.

During the year, two (2024: two) of the charity trustees were reimbursed for expenses or had expenses paid by the Church. The total amount of such payments was £3,897 (2024: £6,202).

Other related party transactions

As members of the Church, the trustees and other related parties may make regular donations to their local congregations. Congregations make contributions to the Funds of the Church, as disclosed in the Statement of Financial Activities. Trustees or other related parties may occasionally make direct donations to the Funds of the Church. The total amount of such donations (including gift aid where applicable) in the year was £18,313 (2024: £14,750). These donations were not subject to conditions that require disclosure.

Apart from the transactions detailed above there were no related party transactions that require disclosure.

Payments to the auditor	2025	2024
	£	£
Statutory audit	8,525	8,290
Audit of defined benefit pension scheme	1,206	1,176
	<u>9,731</u>	<u>9,466</u>
Staff costs	2025	2024
	£	£
Wages and salaries	2,506,578	2,284,612
Social security costs	173,709	158,819
Defined contribution pension contributions and life insurance costs	54,541	53,689
	<u>2,734,827</u>	<u>2,497,121</u>

The average number of paid staff in the year was 97 (2024: 96).

One employee/officeholder received employee benefits of more than £60,000 in the year (2024: none).

Key management personnel

The charity trustees together with the General Treasurer are recognised as the key management personnel. The total remuneration and other benefits paid to key management personnel was £121,626 (2024: £115,729).

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(6) TANGIBLE FIXED ASSETS

	Heritable Property £	Fixtures & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost:					
At beginning of year	3,089,734	548,165	17,124	33,481	3,688,504
Additions	-	9,393	3,167	-	12,560
At end of year	3,089,734	557,558	20,291	33,481	3,701,064
Cumulative depreciation and impairments:					
At beginning of year	977,003	443,497	17,124	26,496	1,464,120
Depreciation charge for year	61,794	16,979	1,056	1,746	81,575
At end of year	1,038,797	460,476	18,180	28,242	1,545,695
Net book value at end of year	2,050,937	97,082	2,111	5,239	2,155,369
Net book value at beginning of year	2,112,731	104,668	-	6,985	2,224,384

Tangible fixed assets are held at deemed cost.

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(7) INVESTMENTS

	Cash and cash equivalents £	Listed investments £	Programme related investments £	Total £
Value at beginning of year	336,862	10,619,259	1,215,455	12,171,576
Change in market value	-	1,611,724	-	1,611,724
Management fees	-	(54,484)	-	(54,484)
Additions / loan advances	-	-	20,799	20,799
Disposals / loan repayments	-	-	(33,954)	(33,954)
Transfers	180,309	(180,309)	(42,938)	(42,938)
Value at end of year	517,171	11,996,190	1,159,362	13,672,723

The amounts shown as "cash and cash equivalents" and "listed investments" are held within the Church's investment portfolios.

The programme related investments are concessionary interest free loans (see Note (8)). The amounts stated above for concessionary loans represent the portion of the loan repayments expected after more than one year. Transfers out of this category of investment represent the repayments that have moved into current assets during the year.

The Church's investment policy is to seek to maintain the value in real terms of the investments while generating income to support ongoing activities. Investment income represents a relatively small proportion of the Church's total income, although certain activities rely heavily on the investment income. Accordingly, the main risks arising from the investments are a sharp reduction in the level of income, and a failure over the longer term to maintain the value of the investments, and hence of the level of future income. Adverse events of these types could result from investment market conditions or underperformance of the investment managers.

The trustees manage these risks by maintaining well diversified portfolios, comprising mainly listed equities but with some exposure to bonds and other classes of investment; by monitoring investment manager performance quarterly; and by maintaining other resources at a level that allows continuity of activities in the event of short term fluctuations in investment income (taking account of the extent to which some activities could be curtailed in the short term in such a scenario).

The trustees do not anticipate a requirement to realise the investments in the short term. Shorter term volatility in the market value of the investments is not, therefore, a significant risk to the Church. Although liquidity is not a primary consideration, the investments held are quoted and readily tradeable.

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(8) CONCESSIONARY LOANS RECEIVABLE

	At beginning of year	Advanced in year	Repaid in year	At end of year
	£	£	£	£
Congregational loans from General Building Fund:				
Barnoldswick	40,559	-	(4,507)	36,052
Carterton	72,450	-	(3,150)	69,300
Gisborne	172,781	-	-	172,781
Sydney	32,569	-	-	32,569
	<u>318,359</u>	<u>-</u>	<u>(7,657)</u>	<u>310,702</u>
Congregational loans from R W Forsyth Bequest Fund:				
Aberdeen	15,304	16,241	-	31,545
Gairloch	28,704	-	(5,000)	23,704
Laide	1,000	-	-	1,000
North Harris	45,654	-	-	45,654
Raasay	7,623	-	(7,623)	-
Shieldaig	2,427	-	-	2,427
South Harris	13,335	-	-	13,335
Uig	10,000	-	-	10,000
	<u>124,047</u>	<u>16,241</u>	<u>(12,623)</u>	<u>127,665</u>
Congregational loans from Congregational Development Fund:				
Santa Fe, Texas	588,000	-	(23,520)	564,480
Singapore	221,127	-	(2,066)	219,061
	<u>809,127</u>	<u>-</u>	<u>(25,586)</u>	<u>783,541</u>
Manse furnishing loans from General Fund	546	-	(504)	42
Vehicle loans from Jewish and Foreign Missions Fund	12,138	4,558	(6,507)	10,189
Total concessionary loans receivable	<u>1,264,217</u>	<u>20,799</u>	<u>(52,877)</u>	<u>1,232,139</u>
Receivable within one year	48,762			72,777
Receivable after more than one year	<u>1,215,455</u>			<u>1,159,362</u>
	<u>1,264,217</u>			<u>1,232,139</u>

The concessionary loans are programme related investments. Loans are issued to congregations of the Church mainly to assist with costs of acquisition and maintenance of ecclesiastical properties owned and used by the congregations; to ministers of the Church to assist with manse furnishing costs; and to certain foreign mission employees to assist with vehicle acquisition.

The portion of the repayments which are expected within less than one year are included within current asset investments, and the portion expected after more than one year within fixed asset investments.

The loans are interest free and are unsecured (although the repayment arrangements, detailed below, would enable the trustees to recover the outstanding repayments in the event of sale of the congregational properties which had benefited from the loans).

Loan repayment terms are agreed at outset based on the congregation's capacity for annual repayment costs, which is measured by reference to the congregation's recent history of revenue surpluses or deficits. Repayment terms at outset are normally at least 10 years. Loans are reviewable by the trustees, and the level of required annual repayments may be increased or decreased on the basis of the congregation's financial position at the time of the review.

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(9) STOCKS

	2025 £	2024 £
Ballifeary Care Home Fund	277	386
Bookroom Fund	45,855	46,381
Publications Fund	16,316	17,984
Welfare of Youth Fund	51	51
Organisation Fund	68	95
	<u>62,567</u>	<u>64,897</u>

(10) DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	£	£
Trade debtors	137,625	60,527
Prepayments and accrued income	<u>118,244</u>	<u>248,914</u>
	<u>255,869</u>	<u>309,441</u>

(11) CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	£	£
Trade creditors	107,929	85,153
Accruals and deferred income	<u>160,904</u>	<u>157,916</u>
	<u>268,833</u>	<u>243,069</u>

(12) FUND PURPOSES AND RESTRICTIONS

The Church has established a number of funds to support its activities. Most of the funds have been in operation for many years, and together the funds reflect the nature of the Church's activities and financial management.

Unless otherwise stated in the list below, donations can be received into any of the funds. Those marked with * are the funds to which donations are currently invited. Although other funds can receive donations, they generally rely on alternative sources of income, or existing assets, to support their activities. In particular, a number of the funds are supported by transfers from other funds, as described in Note (15).

In general, the restrictions applying to each fund reflect the stated purpose of that fund, of which donors are aware (in most cases donors will specify the fund to which they wish their donation to be added). Where a fund's restriction arises differently, this is indicated in the list below.

None of the restricted funds are endowment funds. Taking account of the long term nature of the Church's activities and commitments, the trustees consider it prudent to manage the R W Forsyth Bequest Fund by seeking to maintain the real value of the capital in order to protect the annual income on which certain of the Church's activities depend. This method of managing the fund does not, however, imply a restriction on realisation of the capital of the fund.

The Church's funds are as follows:

Restricted income funds:

Sustentation Fund * - Payment of UK ministers' salaries, and pulpit supply expenses of congregations which do not have a minister.

Home Mission Fund * – Payment of UK missionaries' salaries, and pulpit supply expenses of congregations which are regularly supplied by a home missionary.

Aged and Infirm Ministers, Widows and Orphans Fund – Provision of pensions and related benefits.

College and Library Fund * - Supports all aspects of the work of training ministers and maintaining the Church's library, including grants for students, salaries for tutors, and the theological conference.

Bookroom Fund * – Sale of Christian literature.

Publications Fund – Publication of Christian literature.

Magazines Fund – Production and distribution of the Church's two monthly magazines, the quarterly Gaelic supplement and the annual Synod reports.

Welfare of Youth Fund – Activities and resources for young people, including the annual youth conference, and prizes and awards for the Scripture and Catechism exercises.

Organisation Fund – Supports central administration expenses, which are then recouped via transfers received from other funds.

General Building Fund * – Used to give grants and loans to congregations for assistance with their property costs. With the R W Forsyth Fund largely fulfilling this role for congregations in Scotland, the General Building Fund is normally used for congregations outside Scotland.

Outreach Fund * – Used to support efforts to reach people outside the Church. It is mainly, but not exclusively, used in the UK due to the existence of other funds specifically for overseas mission work.

Ballifeary Care Home Fund – Operation of the Church's residential care home for the elderly at Inverness.

Leverburgh Care Home Fund – Operation of the Church's residential care home for the elderly at Leverburgh, Isle of Harris.

R W Forsyth Bequest Fund – Restricted by the terms of the Will to use within Scotland, to help the elderly, the young, and for property costs (with other relatively insignificant restrictions). The fund incurs direct expenditure in the form of grants to congregations (within Scotland) for help with property costs, and also makes transfers to other funds to cover the cost of pension and related benefits and youth activities. This fund was established to receive a specific legacy and no further donations will be added to it.

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

Jewish and Foreign Missions Fund * – Supports the Church's overseas missionary work. Currently, this work is mainly in Zimbabwe, with some expenditure in Israel and Kenya in recent years.

Mbuma Zending Fund – Receives donations from the Mbuma Zending organisation in the Netherlands, for the purpose of supporting the Church's African missions. Expenditure is in the form of transfers to the Jewish and Foreign Missions Fund. This fund was established to receive donations from a specific donor, and donations from other sources cannot be received into it. (Any other donations for the purpose of supporting the Church's overseas missions are received into the Jewish and Foreign Missions Fund.)

Ebenezer Zending Fund – Supports a specific aspect of the Church's Zimbabwe mission work (the Thembeiso Children's Home). The fund's assets arose from a restricted donation for this purpose many years ago. Expenditure is in the form of transfers to the Jewish and Foreign Missions Fund, usually of amounts equal to the interest earned on the fund. This fund was established to receive a specific donation and no further donations will be added to it.

Overseas Fund * – Supports the Church's overseas congregations, mainly through funding travel expenses.

Eastern Europe Fund * – Supports the Church's work in Eastern Europe, including the congregation in the Ukraine and general missionary work in Eastern European countries.

China Mission Fund – This fund is for missionary work in China.

Miscellaneous Restricted Fund - This fund receives miscellaneous restricted income where the restrictions do not come within the scope of those governing any of the other restricted funds. The main component of income is donations for specified congregations of the Church, which are applied by making grants to these congregations.

Pension Reserve - Represents the surplus or deficit on the Church's final salary pension scheme (which is now closed to accrual of benefits), calculated in accordance with the relevant accounting standards. Because it has been, and will continue to be, financed from restricted funds, the Pension Reserve is included within restricted funds. This fund does not receive donations.

Unrestricted funds:

Congregational Development Fund – The trustees have designated this fund for support of congregations in specified circumstances. The part of the fund arising from sale of properties at Kames and Dumbarton is designated for the establishment of new congregations and support of relatively new congregations. The remainder of the fund arose from sale of properties at Vancouver, Canada, and is designated for support of the Church's activities in North America.

General Fund – This fund receives the Church's unrestricted income and is used to support any aspect of the Church's work which is not sufficiently supported by available restricted funds. Although no part of this fund has been formally designated for a specific purpose, its main priority would be to support the purposes of the Sustentation Fund, if necessary.

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(13) SUMMARY OF ASSETS BY FUND

	<i>Tangible fixed assets</i>	<i>Loans receivable</i>	<i>Other investments</i>	<i>Net current assets</i>	<i>Pension fund deficit</i>	<i>Total</i>
	£	£	£	£	£	£
Restricted income funds:						
Sustentation	-	-	-	135,275	-	135,275
Home Mission	-	-	-	(115,437)	-	(115,437)
Aged & Infirm	-	-	-	-	-	-
College & Library	1,708	-	-	(39,629)	-	(37,921)
Bookroom	-	-	-	(183,139)	-	(183,139)
Publications	-	-	-	73,617	-	73,617
Magazines	-	-	-	(11,868)	-	(11,868)
Welfare of Youth	-	-	-	-	-	-
Organisation	-	-	-	-	-	-
General Building	94,071	303,045	-	(249,480)	-	147,636
Outreach	4,714	-	-	25,253	-	29,967
Ballifeary Care Home	753,893	-	-	(145,086)	-	608,807
Leverburgh Care Home	215,032	-	-	(176,921)	-	38,111
R W Forsyth Bequest	1,006,970	117,614	9,123,964	7,372	-	10,255,920
Jewish & Foreign Missions	-	3,682	393,945	(101,223)	-	296,404
Mbuma Zending	-	-	-	297,733	-	297,733
Ebenezer Zending	-	-	-	64,000	-	64,000
Overseas	-	-	-	25,035	-	25,035
Eastern Europe	77,640	-	-	(27,119)	-	50,521
China Mission	-	-	-	21,478	-	21,478
Miscellaneous Restricted	-	-	-	-	-	-
Pension Reserve	-	-	-	-	-	-
Total restricted funds	2,154,028	424,341	9,517,909	(400,139)	-	11,696,139
Unrestricted funds:						
Congregational Development	-	735,021	863,484	122,852	-	1,721,357
General	1,341	-	2,131,968	833,779	-	2,967,088
Total unrestricted funds	1,341	735,021	2,995,452	956,631	-	4,688,445
Total funds	2,155,369	1,159,362	12,513,361	556,492	-	16,384,584

(14) SUMMARY OF FUND MOVEMENTS

	<i>Balance brought forward</i>	<i>Income</i>	<i>(Expenditure)</i>	<i>Transfers</i>	<i>Gains / (losses)</i>	<i>Surplus / (deficit) for year</i>	<i>Balance carried forward</i>
	£	£	£	£	£	£	£
Restricted income funds:							
Sustentation	140,742	421,747	(419,598)	(7,616)	-	(5,467)	135,275
Home Mission	(105,635)	19,393	(27,291)	(1,904)	-	(9,802)	(115,437)
Aged & Infirm	-	78,737	(135,732)	56,995	-	-	-
College & Library	(13,037)	32,705	(55,685)	(1,904)	-	(24,884)	(37,921)
Bookroom	(157,137)	44,099	(67,562)	(2,539)	-	(26,002)	(183,139)
Publications	73,106	5,804	(3,897)	(1,396)	-	511	73,617
Magazines	(11,095)	38,524	(37,701)	(1,596)	-	(773)	(11,868)
Welfare of Youth	-	2,170	(30,465)	28,295	-	-	-
Organisation	-	10,811	(180,312)	169,501	-	-	-
General Building	144,616	7,306	(2,001)	(2,285)	-	3,020	147,636
Outreach	37,718	9,384	(15,231)	(1,904)	-	(7,751)	29,967
Ballifeary Care Home	746,515	1,433,389	(1,559,672)	(11,425)	-	(137,708)	608,807
Leverburgh Care Home	79,365	889,848	(923,866)	(7,236)	-	(41,254)	38,111
R W Forsyth Bequest	9,118,968	170,329	(112,219)	(111,542)	1,190,384	1,136,952	10,255,920
Jewish & Foreign Missions	250,011	44,124	(1,575,797)	1,529,193	48,873	46,393	296,404
Mbuma Zending	280,795	1,567,614	-	(1,550,676)	-	16,938	297,733
Ebenezer Zending	64,000	1,366	-	(1,366)	-	-	64,000
Overseas	30,572	8,722	(6,057)	(8,202)	-	(5,537)	25,035
Eastern Europe	69,996	11,126	(29,839)	(762)	-	(19,475)	50,521
China Mission	21,478	-	-	-	-	-	21,478
Miscellaneous Restricted	-	157,904	(157,904)	-	-	-	-
Pension Reserve	-	-	-	-	-	-	-
Total restricted funds	10,770,978	4,955,102	(5,340,829)	71,631	1,239,257	925,161	11,696,139
Unrestricted funds:							
Congregational Development	1,615,741	27,562	(17,158)	(1,523)	96,735	105,616	1,721,357
General	2,735,507	48,062	(22,105)	(70,108)	275,732	231,581	2,967,088
Total unrestricted funds	4,351,248	75,624	(39,263)	(71,631)	372,467	337,197	4,688,445
Total funds	15,122,226	5,030,726	(5,380,092)	-	1,611,724	1,262,358	16,384,584

(15) TRANSFERS BETWEEN FUNDS

As described in Note (12) some of the funds hold specific past donations, or receive donations from specific donors, while other funds receive regular income and incur regular expenditure. This fund structure has historically met the needs of the Church's donors and beneficiaries in terms of presentation of information. Transfers are then made from funds in the first category to funds in the second category, to support the expenditure. The largest transfer between funds is from the Mbuma Zending Fund to the Jewish and Foreign Missions Fund, and it illustrates the above process. All the relevant expenditure (associated with the Zimbabwe mission in particular) is allocated to the Jewish and Foreign Missions Fund, in the interests of clarity and completeness of presentation. A transfer is then made from the Mbuma Zending Fund to cover the portion of that expenditure which is consistent with the restrictions of the Mbuma Zending Fund.

The Aged and Infirm Minsters, Widows and Orphans Fund incurs expenditure on pensions and related benefits. Most of this expenditure is supported by a transfer from the R W Forsyth Fund. Since the R W Forsyth Fund is restricted to use in Scotland, there are also smaller transfers from other funds to support that part of pension costs which relates to activities outside Scotland.

Central administrative costs are incurred in the Organisation Fund. This Fund receives a transfer from the General Fund to offset a portion of these costs, and the remainder is recovered via receipt of transfers from the other funds (see Note (3) for further information on the allocation of these support costs).

(16) DEFINED BENEFIT PENSION SCHEME

The Church sponsors a UK-based defined benefit pension scheme, providing benefits at retirement and on death. The scheme has been closed to accrual of benefits since 31 October 2010. The most recent full funding assessment was as at 31 March 2023 and this showed the scheme to have a surplus on a solvency basis. No contributions are required from the Church.

The defined benefit obligation at 31 December 2025 was calculated by an independent actuary using the Projected Unit Method.

Following the English High Court ruling on 26 October 2018 in the case of Lloyds Banking Group Pension Trustees Ltd v Lloyds Bank plc, and the further relevant ruling on 20 November 2020, the Church has decided to make an allowance for the cost of Guaranteed Minimum Pensions (GMPs) equalisation. The Church and the trustees of the scheme have not yet decided on the method of GMP equalisation, and an approximate allowance of 2% of the defined benefit obligations has therefore been made for the purpose of these accounts. The independent actuary has been instructed to use that allowance in his calculations.

Principal assumptions:	2025	2024
Inflation (CPI)	2.85%	3.20%
Discount rate	5.40%	5.30%
Salary increases	0.00%	0.00%
Life expectancies (years):		
male aged 65 now	20.3	19.9
at 65 for male aged 45 now	21.6	21.3
female aged 65 now	22.3	22.2
at 65 for female aged 45 now	23.8	23.8

NOTES TO THE ACCOUNTS for the year ended 31 December 2025

(16) DEFINED BENEFIT PENSION SCHEME (continued)

Analysis of change in defined benefit obligation:	£
Opening defined benefit obligation	1,877,000
Interest cost	96,000
Actuarial (gains)	(75,000)
Benefits (paid)	(134,000)
Closing defined benefit obligation	<u>1,764,000</u>
Analysis of change in fair value of plan assets:	£
Opening fair value of plan assets	2,639,000
Interest income	136,000
Return on plan assets (excluding income)	(17,000)
Contributions	-
Benefits (paid)	(134,000)
Closing fair value of plan assets	<u>2,624,000</u>
Net (surplus):	(860,000)
Unrecognised surplus at start of reporting period	762,000
Increase in unrecognised surplus	98,000
Net (surplus) recognised in financial statements:	<u>-</u>

The SORP allows recognition of the plan surplus to the extent that the Church is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The Church has decided not to recognise any surplus in these financial statements.

No amounts were recognised, either as expenses or gains, in 2025 or in 2024.

Included in the defined benefit obligation is £35,000 (2024: £37,000) in respect of GMP equalisation.

Assets of the plan (at fair value):	2025	2024
	£	£
Bonds	2,388,000	2,416,000
Insured Pensions	169,000	183,000
Cash	67,000	40,000
	<u>2,624,000</u>	<u>2,639,000</u>

The return on plan assets was £119,000 (2024: -£123,000).

(17) EVENTS AFTER THE REPORTING PERIOD

Following the year-end, geopolitical conflict in Iran has caused significant disruption to global energy supplies and increased market volatility. The conflict has resulted in elevated oil prices and tightening of financial conditions across multiple regions.

The Church's investment portfolio includes holdings in international equities and fixed-income instruments that have been adversely affected by the market downturn triggered by the conflict. Although the fair value of these investments at 31 December 2025 remains unchanged, post year-end market movements indicate an estimated decrease in value of £165,238.

This conflict did not exist at the reporting date of 31 December 2025 and therefore represents a non-adjusting event under Section 32 of Financial Reporting Standard 102 (FRS 102), requiring disclosure but no adjustment to carrying amounts at the year-end. The ultimate financial effect remains uncertain given the continuing nature of the conflict and its impact on energy markets, commodity prices, and investor risk appetite.