

**Free Church of Scotland (Continuing)
Annual Report and Financial Statements
for the year ended 31 December 2022**



Free Church of Scotland (Continuing)

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Free Church of Scotland (Continuing)

Report of the Trustees for the year ended 31 December 2022

The Trustees present their report together with the financial statements of the charity for the year ended 31 December 2022. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and Activities

Objectives and aims

The overall object of the Church, as a Christian denomination seeking to maintain conformity with the Bible as the Word of God, is to glorify God through maintaining and promoting His worship in accordance with the Bible, through the preaching and teaching of the Gospel of the Lord Jesus Christ and the administration of the sacraments of Baptism and the Lord's Supper. In carrying out its objectives of spreading the Gospel of Christ the Church has a full-time ministry.

Significant activities

The principal activity of the Church is the conduct of public worship and associated activities through local congregations and Presbyteries. Work is also organised, promoted and carried out by Standing Committees appointed by and accountable to the General Assembly.

The ministers/pastors of the denomination function on a full-time basis and are paid from a central fund supported by all of the local congregations. Each minister is paid exactly the same amount of stipend (salary) from the central fund, currently £22,000 per annum. Reimbursement to each minister, of locally-incurred expenses is covered by his local Deacons' Court and varies from congregation to congregation.

The denomination maintains a Seminary for the theological training of students for the ministry. This is staffed part-time by ministers already in charges and by retired ministers, and involves a combination of distance learning and tutorial work in a building located in Inverness.

Besides the work of a full-time ministry the Church is involved in producing publications germane to its principles, publishes a monthly magazine entitled Free Church Witness, operates a web-site www.fccontinuing.org and produces a young people's magazine entitled The Explorer. The Church also supports missionary work in Zambia, Sri Lanka, Spain, France and Portugal.

Achievement and Performance

Charitable activities

The principal activity of the Church is the conduct of public worship and associated activities through local congregations and Presbyteries, and through missionary work both in this country and abroad.

Financial Review

Financial position

During the year in review there was a surplus of income over expenditure for the year of £69,792 compared to a deficit in the previous year of £12,961. No legacies were received in 2022 (2021: £nil). Ordinary remittances from congregations were up by £624 on the previous year, with the total of congregational remittances for 2022 at £690,117. Expenditure was £735,054 (2021: £834,146) with payroll costs down by £49,767 (8.7%) at £521,501 compared to the previous year. Expenditure in the prior year included a provision of £36,969 against existing student divinity loans.

Free Church of Scotland (Continuing)

Report of the Trustees for the year ended 31 December 2022

Financial Review (continued)

Financial position (continued)

The total assets and funds of the denomination at the end of 2022 amounting to £1,211,584 (2021: £1,141,792), was up by £69,792 compared to the previous year. The total funds of £1,211,584 represents the unrestricted general fund of £513,370, designated funds of £636,428 and restricted funds of £61,786. Full details of the charity's funds are included in the notes to the financial statements.

Four manse properties were purchased in 2014 for the congregations of Edinburgh, Partick, North Uist and Duthil-Dores at a total cost of £1,005,050. Loans were taken out with Stewardship Ltd for a total of £532,000 repayable over 15 years. After receipt of annual mortgage loan repayments from these four congregations and an additional repayment of £100,000 in 2015 by the denomination to reduce the interest costs, a total amount of £nil now remains outstanding on these loans.

In the prior year, the mortgage on the Partick manse was repaid in full, and in September 2022, the £25,000 denominational loan has also been paid back in full and therefore the title deeds are in the process of being transferred.

In 2020, the mortgage on the North Uist manse was repaid in full. Once the congregation has repaid in full the £23,000 loan received in 2014 to help pay the initial deposit (the balance being £12,930 as at 31 December 2022) and the £25,000 loan received in 2015 (the balance being £25,000 as at 31 December 2022), the title deeds will be transferred to the congregation.

In 2019, the mortgage on the Duthil-Dores manse was repaid in full and in December 2020, the £25,000 denominational loan has also been paid back in full and therefore the title deeds are in the process of being transferred.

In 2018 the Edinburgh manse mortgage was repaid in full and in December 2019, the £25,000 denominational loan has also been paid back in full. The title deeds were finally transferred to the local congregation in December 2022.

A further manse property was purchased in 2016 for the congregation of Bracadale & Duirinish at a cost of £190,000. This was also part funded by a loan with Stewardship Ltd of £70,000. During the prior year, the congregation repaid that loan in full and therefore the title deeds are in the process of being transferred.

A further manse property was purchased in 2019 for the congregation of Brora at a cost of £190,100. This was also part funded by a loan with Stewardship Ltd of £105,000. After receipt of annual mortgage loan repayments from the congregation, a total amount of £62,647 remains outstanding on this loan.

In the prior year, a loan was also taken out with Stewardship Ltd of £95,000 in order to assist in the funding of the church building project in Poolewe & Aultbea. After receipt of monthly loan repayments from the congregation, a total amount of £43,157 remains outstanding on this loan.

During the year, the denomination made grant payments totalling £22,000 (2021: £56,500) from the Central Building Fund towards the payment of two (2021: four) congregations outstanding mortgages. In the year, the two (2021: four) recipients had Stewardship mortgages. In the prior year, £40,000 of that total grant payment was as a result of the receipt of £40,000 from the Lochalsh & Strath congregation to the denomination as an interest free loan.

Free Church of Scotland (Continuing)

Report of the Trustees for the year ended 31 December 2022

Financial Review (continued)

Financial position (continued)

In February 2019 a loan facility of £75,000 was arranged between the denomination and the congregation of Shettleston to assist them in their acquisition of the title to their present church and manse. The amount of £70,800 remains outstanding on this loan.

Principal funding sources

The principal funding resource of the Church is represented by the ordinary remittances of sums received monthly from congregations. These ordinary remittances represented 89.4% of total incoming resources in 2022. They are predominantly used for the payment of stipends (Ministers' salaries) and other payroll costs including amounts for pension provision and death-in-service insurance cover. The payroll-related costs accounted for £521,501 and represented 75.6% of congregational ordinary remittances to central funds in 2022.

Reserves policy

The General fund and Designated fund represent the unrestricted funds from past operating results. They also represent the free reserves of the charity. The Trustees have resolved, to set unrestricted reserves at £300,000. This takes into account a monthly stipend and salary commitment of approximately £42,000 for seven months. The Trustees consider that the level of the unrestricted reserves held in the General fund at 31 December 2022 equating to approximately 18 months operating expenditure, is sufficient to meet the charity's operational requirements taking account of the regular monthly contributions being received from congregations.

At the year-end there were total funds of £1,211,584 (2021: £1,141,792), which is made up as follows:

	2022	2021
	£	£
Restricted funds of	61,786	74,118
Designated asset funds of	636,428	674,509
Unrestricted funds of	513,370	393,165

Plans for the Future

The Finance & Sustentation Committee and the General Treasurer intend to continue to run the Church's financial affairs in such a manner that ensures its financial stability and assists in the carrying out the work to which it is committed. The Finance & Sustentation Committee and the General Treasurer believe that the Church's assets are available and sufficient to fulfil its present obligations.

Structure, Governance and Management

History

The Free Church of Scotland (Continuing) claims continuity with the Free Church of Scotland which historically came into being in 1843 as a result of the "Disruption" within the Church of Scotland as then constituted. In maintaining this continuity, the Free Church of Scotland (Continuing) identifies itself with the Free Church of Scotland that continued in existence in 1900 after the union of the then majority of the Free Church with the United Presbyterian Church.

Free Church of Scotland (Continuing)

Report of the Trustees for the year ended 31 December 2022

Structure, Governance and Management (continued)

History (continued)

Consequent upon actions and judgements within the Free Church of Scotland as then constituted, between June 1999 and January 2000, a Declaration of Reconstitution was adopted on 20 January 2000 by a minority of ministers and elders. They claimed to be more faithful to the constitutional principles of the Free Church of Scotland than the remainder of the former Free Church and thus legitimately and constitutionally sought to continue as the Free Church of Scotland, henceforth to be known for administrative reasons only as the Free Church of Scotland (Continuing).

Constitution

The constitutional documents of the Free Church of Scotland of 1843 remain the founding documents of the Free Church of Scotland (Continuing).

An explanatory document is available detailing the documents within which is embodied the constitution of the Church.

The Free Church of Scotland (Continuing) is an unincorporated association and was registered as a charity on 20 January 2000. Act of Assembly XVII, dated 22nd May 2014 asserts:

1. The General Assembly reaffirm that they are the true bona fide successor of the Free Church of Scotland of 1843.
2. The General Assembly hereby declare that legislation enacted by the Free Church of Scotland prior to 20th January 2000 applies to the Free Church of Scotland (Continuing) in the same way as any legislation enacted by the said Free Church of Scotland (Continuing) after 20th January 2000.

Structure

The Church is Presbyterian in Church government and is therefore ruled and governed by ministers and elders acting through Kirk Sessions of local congregations, Presbyteries, Synods, and the General Assembly. It is Reformed and Evangelical in doctrine and practice and conforms to full subscription to the Westminster Confession of Faith.

Governance and Management

The General Assembly annually appoints Standing Committees for the management of the central work of the Church. Consequently, a Finance and Sustentation Committee together with the General Treasurer are presently responsible for the financial management of the Church's resources, for which they are answerable to the General Assembly. Membership of the General Assembly is annually commissioned by each Presbytery in accordance with Assembly legislation and comprises all Ministers who have a seat in Presbytery with an approximately equal number of ruling elders, together with such Ministers as may be appointed by the Missions Committee and a corresponding number of ruling Elders. At present there are five Presbyteries covering the entire geographical area of Scotland. A Nominations Committee of the General Assembly annually puts forward for acceptance by the Assembly the names of ministers and elders for service on the various Standing Committees representing a range of work and interests consistent with the constitution, objectives and activities of the Church. These are selected with reference to representation of the various Synods and Presbyteries throughout the Church as detailed in the Standing Orders of Assembly. Membership of Committees is constantly changing because the replacement of men is on a staggered basis.

Free Church of Scotland (Continuing)

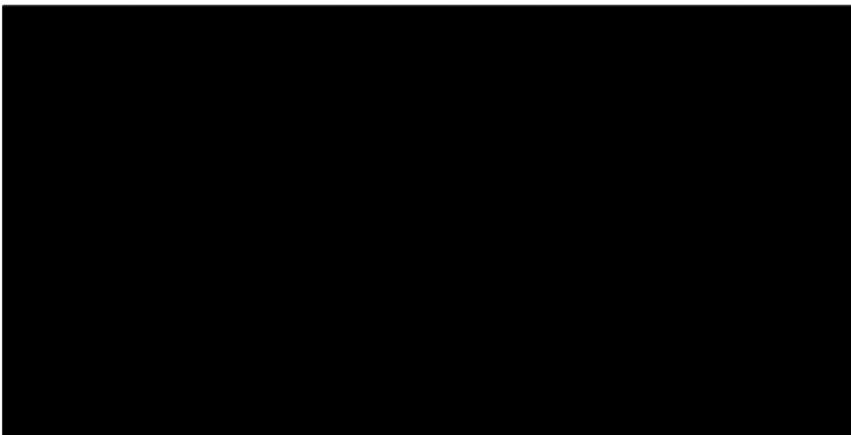
Report of the Trustees for the year ended 31 December 2022

Structure, Governance and Management (continued)

Financial Management

Mr Murray Mackay, General Treasurer, is accountable to the Finance and Sustentation Committee for the management of the financial affairs of the Church. Mrs Muriel Smith, Financial Administrator, is responsible for the maintenance of all financial records and book-keeping functions and reports to the General Treasurer.

The members of the Finance & Sustentation Committee during the year 2022 were as follows:



Recruitment and appointment of new Trustees

Under legislation approved by the General Assembly every Presbytery of the Church in Scotland has the right to nominate a person to represent them on the Board of General Trustees. The appointment of Trustees is finally approved by the General Assembly which meets in May each year. On the basis of the current structure of Presbyteries in Scotland, the Board of General Trustees will normally consist of five persons. The Board of the General Trustees elects their Chairman and Vice Chairman from amongst their own number. Each Trustee serves for five years and is eligible for re-appointment. On the basis of current Assembly legislation Trustees are bound to retire and be replaced on their having attained the age of 80 years.

Induction and training of new trustees

The charity will undertake training for newly appointed Trustees to ensure awareness and understanding of:

1. the duties and responsibilities of Trustees;
2. the organisational structure of the charity;
3. the financial position of the charity; and
4. the future plans and objectives of the charity.

Risk Management

The Trustees have a duty to identify and review the risks to which the charity may be exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The principal potential risks and uncertainties faced by the charity include:

1. changes in charitable status.
2. changes in Gift Aid legislation.
3. insufficient incoming financial resources.
4. compliance with laws and regulations including health & safety and employment regulations and PVG legislation.

Free Church of Scotland (Continuing)

Report of the Trustees for the year ended 31 December 2022

Risk Management (continued)

The charity's plans to manage principal risks and uncertainties include: the review of the major risks that the charity faces on an ongoing basis; the establishment of policies, systems and procedures to mitigate those risks that may be identified; and the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

Congregational Trustees

The Congregational Trustees who served during the year were A Naylor, J Norman Gillies, L M MacCallum, M MacDonald, and T MacInnes. Congregational Trustees are elected as required in order that property belonging to the congregation may be held in the names of these elected trustees. Their duties are to hold properties in trust and sign necessary documents connected with ownership or sale when duly authorised

Key Management Personnel Remuneration

The key management personnel of the charity comprise the trustees. No employee benefits were received by the trustees during the year to 31 December 2022 (2021: £nil).

Reference and Administrative Information

Trustees:

[REDACTED] Outer Hebrides Presbytery
Northern Presbytery
Inverness Presbytery
Skye & Lochcarron Presbytery
Southern Presbytery

Principal Office:

FCC Manse
'Loch Mor'
Struan
Isle of Skye
IV56 8FB

Charity Number:

SC030976

Auditors:

[REDACTED]
Innes & Partners Limited
Chartered Certified Accountants and Statutory Auditors
9 Ardross Street
Inverness
IV3 5NN

Bankers:

Bank of Scotland
47 Cromwell Street
Stomoway
Isle of Lewis
HS1 2DE

Free Church of Scotland (Continuing)

Report of the Trustees for the year ended 31 December 2022

Reference and Administrative Information (continued)

<i>Solicitors:</i>	Drummond Miller LLP Glenorchy House 20 Union Street Edinburgh EH1 3LR	Lindsays Caledonian Exchange 19a Canning Street Edinburgh EH3 8HE
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Signatories

It is believed that the Accounts and the Report thereon conform to the law regulating Charities in Scotland. The law requires that the Report and Accounts be approved by the "persons in management and control." It is assumed that this refers to the Finance & Sustentation Committee appointed by the General Assembly of the Free Church of Scotland (Continuing) to oversee the financial affairs of the church. By appointment of the Finance and Sustentation Committee the Accounts are signed by the Convener of the Finance & Sustentation Committee and the Chairman of the General Trustees.

Trustees' Responsibilities in relation to the Financial Statements

The Trustees are responsible for preparing the Report of the Trustees 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, the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution require 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, of the incoming resources and application of these resources, including the income and expenditure of the charity for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution. 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.

Approved by order of the Board of General Trustees on 10 May 2023 and signed on their behalf by:



Chairman

Free Church of Scotland (Continuing)

Report of the Independent Auditor to the Trustees for the year ended 31 December 2022

Opinion

We have audited the financial statements of Free Church of Scotland (Continuing) (the 'charity') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity's affairs as at 31 December 2022, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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

Conclusions relating to going concern

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

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

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

Other information

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

Free Church of Scotland (Continuing)

Report of the Independent Auditor to the Trustees for the year ended 31 December 2022

Other information (continued)

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 in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper 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 trustees' responsibilities statement set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

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.

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.

Free Church of Scotland (Continuing)

Report of the Independent Auditor to the Trustees for the year ended 31 December 2022

Auditor responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charity through discussion with Trustees and management, and from our wider knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct materials effect on the financial statements or the operations of the charitable company, including the Charities SORP FRS 102, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended);
- We assessed the extent of the compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected or alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to risks of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those changed by governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Requesting correspondence with HMRC, OSCR and the legal advisers of the charity.

Free Church of Scotland (Continuing)

Report of the Independent Auditor to the Trustees for the year ended 31 December 2022

Auditor responsibilities for the audit of the financial statements (continued)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditors report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Senior Statutory Auditor

For and behalf of Innes and Partners Limited, Statutory Auditor

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

9 Ardross Street

Inverness

IV3 5NN

Date ... 16/5/... 2023

Free Church of Scotland (Continuing)**Statement of Financial Activities for the year ended 31 December 2022**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Income					
Donations and Legacies	3	700,624	71,457	772,081	792,919
Charitable Activities	4	29,860	-	29,860	25,132
Investments	5	2,881	24	2,905	3,134
Total Income		733,365	71,481	804,846	821,185
Expenditure					
Raising Funds	6	858	-	858	768
Charitable Activities	6	644,124	90,072	734,196	796,409
Exceptional Items	9	-	-	-	36,969
Total Expenditure		644,982	90,072	735,054	834,146
Net income/(expenditure) before gains/(losses) on investments		88,383	(18,591)	69,792	(12,961)
Transfers between funds	17,18	(6,259)	6,259	-	-
Net Movement in Funds		82,124	(12,332)	69,792	(12,961)
Reconciliation of Funds					
Total Funds Brought Forward		1,067,674	74,118	1,141,792	1,154,753
Total Funds Carried Forward	17	1,149,798	61,786	1,211,584	1,141,792

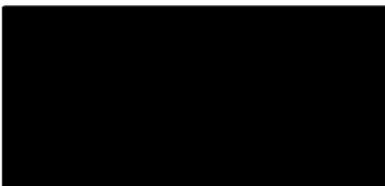
Free Church of Scotland (Continuing)

Balance Sheet as at 31 December 2022

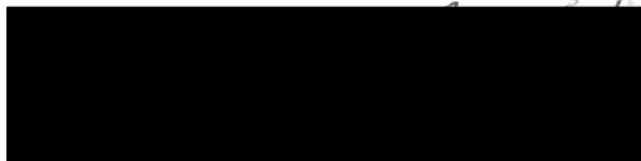
	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Fixed Assets					
Tangible assets	11	479,326	17,372	496,698	533,016
Total Fixed Assets		479,326	17,372	496,698	533,016
Current Assets					
Stock	12	1,241	-	1,241	1,430
Debtors falling due within one year	13	95,096	-	95,096	95,489
Debtors falling due after more than one year	13	146,947	-	146,947	166,440
Cash at Bank and in Hand		587,957	44,414	632,371	519,444
Total Current Assets		831,241	44,414	875,655	782,803
Liabilities					
Creditors falling due within one year	14	40,390	-	40,390	21,117
Net Current Assets		790,851	44,414	835,265	761,686
Total Assets less Current Liabilities		1,270,177	61,786	1,331,963	1,294,702
Creditors falling due after more than one year	14	120,379	-	120,379	152,910
Net Assets		1,149,798	61,786	1,211,584	1,141,792
The Funds of the Charity					
Restricted Income Funds		-	61,786	61,786	74,118
Unrestricted Funds		1,149,798	-	1,149,798	1,067,674
Total Charity Funds	17	1,149,798	61,786	1,211,584	1,141,792

The notes at pages 15 to 28 form part of these accounts

The financial statements were approved by the Board of Trustees and authorised for issue on 10 May 2023 and signed on their behalf by:



Chairman



Convenor, Finance & Sustentation Committee

Free Church of Scotland (Continuing)**Statement of Cash Flows as at 31 December 2022**

	Note	Total Funds 2022 £	Total Funds 2021 £
Cash flows from by operating activities	19	146,799	121,523
Interest paid		(4,539)	(6,220)
Net cash provided by operating activities		<u>142,260</u>	<u>115,303</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(600)	(2,000)
Proceeds on sale of tangible fixed assets		-	95,001
Interest received		2,905	3,134
Net cash used by investing activities		<u>2,305</u>	<u>96,135</u>
Cash flows from financing activities:			
Loan repayments	20	(31,638)	(48,770)
Net cash used by investing activities		<u>(31,638)</u>	<u>(48,770)</u>
Change in cash and cash equivalents in the year		112,927	162,668
Cash and equivalents brought forward		519,444	356,776
Cash and cash equivalents carried forward		<u><u>632,371</u></u>	<u><u>519,444</u></u>

The notes at pages 15 to 28 form part of these accounts

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

1. Accounting Policies

Basis of Preparation

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities and Trustee Investment (Scotland) Act 2005. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The financial statements are prepared in sterling which is the functional currency of the charity.

Going Concern

The activities of the charity have been affected by the impact of the COVID-19 pandemic and the Trustees have assessed the Charity's ability to continue as a going concern.

The management team have prepared projections which reflect the financial impact of the coronavirus crisis on the charity for the period to 31 December 2023. The Trustees have reviewed the projections, based on this review, have a reasonable expectation that the charity has adequate resources to continue in operation for a period of at least 12 months from the approval of the financial statements. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenditure.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods should it affect future periods.

The estimates and assumptions which carry a higher degree of risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. They are amended when necessary to reflect current estimates, future investment, economic utilisation and the physical condition of the assets. See note 11 for details of the values of tangible fixed assets.

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

1. Accounting Policies (continued)

Income Recognition

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably. Income received in advance is deferred until the criteria for income recognition are met.

Grants generated to support the objects of the charity and without further specified purpose are taken to the Statement of Financial Activities in that period. Grants received which are related to capital expenditure or are for a specified purpose are transferred to Restricted Funds and are utilised to fund the future depreciation of the related capital expenditure or fund the costs relating to the specified purpose.

Expenditure Recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. The charity is not registered for VAT, irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Raising funds

Costs of generating funds comprise the costs associated with attracting voluntary income.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its objects and activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. The allocation of direct and support costs are analysed in the notes to the financial statements.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Allocation and apportionment of costs

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. estimated usage.

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

1. Accounting Policies (continued)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	in accordance with the property
Fixtures and fittings	25% on reducing balance
Motor vehicles	10% on cost
Computer equipment	25% on reducing balance and 25% on cost

Properties not funded by loans are depreciated at 2% per annum on a straight line basis.

Properties purchased and funded by loans from Stewardship are depreciated by the amount by which the loan relating to each property is reduced each year.

Tangible fixed assets are stated at cost/revaluation less accumulated depreciation. The costs of minor additions or those costing below £100 are not capitalised.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from tax on its charitable activities.

Funds Structure

Unrestricted funds – can be used in accordance with the charitable objectives at the discretion of the trustees. Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds – can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pensions

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity's financial assets and financial liabilities qualify as basic financial instruments which are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank and other loans which are subsequently measured at amortised cost.

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

1. Accounting Policies (continued)

Concessionary loans

Loans receivable include concessionary loans made to congregations and individuals which are interest free or below market rates and are measured at cost less repayments or any impairment.

2. Related Party Transactions and Trustees' Expenses and Remuneration

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 (2021: £nil).

There were no trustees' expenses paid for the year ended 31 December 2022 (2021: £nil).

The following related party transactions took place in the year ended 31 December 2022:

During the year, Poolewe & Aultbea Free Church of Scotland (Continuing), a charity where Murdo MacDonald, Trustee, is also a trustee of, made loan repayments of £8,951 (2021: £19,383). At 31 December 2022 the balance owing to the charity was £43,157 (2021: £58,571). The charity also received donations from Poolewe & Aultbea Free Church of Scotland (Continuing) totalling £11,670 (2021: £11,520). Poolewe & Aultbea Free Church of Scotland (Continuing) also received grants from the charity of £13,500 (2021: £16,650).

During the year, Partick Free Church of Scotland (Continuing), a charity where John Gillies, Trustee, is also a trustee of, made loan repayments of £10,000 (2021: £22,329). At 31 December 2022 the balance owing to the charity was £nil (2021: £10,000). As the loan was fully repaid during the year, the building was transferred to Partick Free Church of Scotland (Continuing). The proceeds were £nil. The asset was fully depreciated and there was no gain or loss on the transfer of the asset. The charity also received donations from Partick Free Church of Scotland (Continuing) totalling £26,000 (2021: £25,500).

An ex-gratia payment of £1,151 was paid to Rev. Alasdair J. Macleod during the year, who resigned from his charge due to health issues. The F&SC determined it was appropriate to provide an ex-gratia payment to ensure he was under no financial hardship.

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

3. Donations and Legacies

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Congregations		690,117	-	690,117	689,493
Donations		9,901	71,457	81,358	79,378
Seminary books and fees		499	-	499	420
Other income		107	-	107	23,628
		<u>700,624</u>	<u>71,457</u>	<u>772,081</u>	<u>792,919</u>

Income from donations and legacies was £772,081 (2021: £792,919) of which £700,624 was unrestricted (2021: £726,889) and £71,457 was restricted (2021: £66,030).

4. Charitable Activities

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Magazine subscriptions		16,771	-	16,771	18,503
Publications and CDs		4,569	-	4,569	6,600
Stock movement		(189)	-	(189)	29
Camp income		6,846	-	6,846	-
Conference income		1,863	-	1,863	-
		<u>29,860</u>	<u>-</u>	<u>29,860</u>	<u>25,132</u>

Income from charitable activities was £29,860 (2021: £25,132) of which £29,860 was unrestricted (2021: £25,132) and £nil was restricted (2021: £nil).

5. Investments

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Deposit interest		2,874	24	2,898	3,068
Car loan interest		7	-	7	66
		<u>2,881</u>	<u>24</u>	<u>2,905</u>	<u>3,134</u>

Total investment income was £2,905 (2021: £3,134) of which £2,881 was unrestricted (2021: £3,129) and £24 was restricted (2021: £5).

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

6. Analysis of Expenditure

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Raising Funds					
Freewill offering envelopes		858	-	858	768
		858	-	858	768
Charitable Expenditure					
<u>Direct costs</u>					
Staff costs	8	493,400	-	493,400	544,586
Supply expenses		240	-	240	2,233
Home and foreign missions		17,402	25,643	43,045	37,963
Camp expenses		9,777	-	9,777	-
Conference expenses		2,261	-	2,261	-
General assembly (net cost)		11,918	-	11,918	-
Magazine		19,845	-	19,845	20,520
Donations and grants	7	20,522	28,683	49,205	30,378
Sabbath School prizes		428	140	568	796
Death in Service		-	-	-	20,750
Depreciation		10,553	26,257	36,810	80,897
Loss/(gain) on sale of assets		107	-	107	(6,335)
Interest payable		2,037	2,502	4,539	6,220
Total direct costs		588,490	83,225	671,715	738,008
<u>Management and support costs</u>					
Staff costs	8	28,101	-	28,101	26,682
Rent		600	-	600	600
Stationery		1,474	599	2,073	1,346
Postage		873	219	1,092	1,213
Printing and publications		255	3,611	3,866	14,467
Travel		4,577	2,418	6,995	3,171
Fees and subscriptions		4,071	-	4,071	2,855
Repairs		-	-	-	362
Presentations		1,000	-	1,000	400
General charges		980	-	980	239
Total management and support costs		41,931	6,847	48,778	51,335
<u>Governance</u>					
Auditors' remuneration		8,100	-	8,100	2,325
Legal fees		5,603	-	5,603	4,741
Total governance expenditure		13,703	-	13,703	7,066
Total charitable expenditure		644,124	90,072	734,196	796,409
Exceptional costs		-	-	-	36,969
Total expenditure		644,982	90,072	735,054	834,146

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

6. Analysis of Expenditure (continued)

Support cost have not been separately identified as the trustees consider that there is only one charitable activity. Therefore support cost relate wholly to that activity and have not been separately identified.

Expenditure on raising funds was £858 (2021: £768) of which £858 was unrestricted (2021: £768) and £nil was restricted (2021: £nil).

Expenditure on charitable activities was £733,196 (2021: £796,409) of which £643,124 was unrestricted (2021: £658,270) and £90,072 was restricted (2021: £138,139).

7. Analysis of Grants and Donations

	Total Funds 2022 £	Total Funds 2021 £
Institutions		
Donations	2,850	3,800
Grants	15,200	16,690
	18,050	20,490
Individuals		
Donations	-	250
Donations - Bibles for Ukraine	19,965	-
Grants	200	-
Funeral grants	-	1,115
Student grants	10,990	8,523
	31,155	9,888
	49,205	30,378

8. Analysis of Staff Costs

	Total 2022 £	Total 2021 £
Salaries and wages	434,828	479,560
Social security costs	30,076	33,199
Pension costs	56,597	58,509
	521,501	571,268

	Total 2022 Number	Total 2021 Number
Ministers	18	21
Home Mission	1	1
Lay Agent	-	1
Management and Administration	2	2
	21	25

No employee had employee benefits in excess of £60,000 (2021: nil).

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

9. Exceptional items

Provisions of £nil (2021: £36,969) have been made on loans advanced to divinity students. These provisions have been made as the stipend level is currently far below the existing repayment threshold for student loans.

10. Auditor's Remuneration

The auditor's remuneration paid to CIB Audit amounts to accountancy services of £nil (2021: £nil) and audit fees of £nil (2021: £2,325).

The auditor's remuneration paid to Innes and Partners Limited amounts to accountancy services of £1,200 (2021: £nil) and audit fees of £6,900 (2021: £nil).

11. Tangible Fixed Assets	Freehold property £	Fixtures & fittings £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
As at 1 January 2022	986,579	3,381	23,689	6,011	1,019,660
Additions	-	-	-	600	600
Disposals	(215,050)	-	-	(600)	(215,650)
As at 31 December 2022	771,529	3,381	23,689	6,011	804,610
Depreciation					
As at 1 January 2022	476,249	3,369	3,948	3,078	486,644
Charge for the year	33,317	3	2,369	1,121	36,810
Eliminated on Disposal	(215,050)	-	-	(492)	(215,542)
As at 31 December 2022	294,516	3,372	6,317	3,707	307,912
Net Book Value					
As at 31 December 2021	510,330	12	19,741	2,933	533,016
As at 31 December 2022	477,013	9	17,372	2,304	496,698

If freehold land and buildings had not been revalued they would have been included at 31 December 2022 at the historical cost of £691,529 (2021: £906,579).

The freehold property in Inverness was valued on an open market basis in December 2018 by Thomas Kissock, Property Surveyor - Inverness & The Highlands, McEwan Fraser Legal, Solicitors and Estate Agents.

12. Stocks

	Total 2022 £	Total 2021 £
Stocks	1,241	1,430
	1,241	1,430

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

13. Analysis of Debtors

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Due within 1 year				
Other debtors	4,585	-	4,585	843
Gift aid receivable	73,891	-	73,891	77,604
Loans	16,620	-	16,620	17,042
	95,096	-	95,096	95,489

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Debtors due after 1 year				
Loans	146,947	-	146,947	166,440
	146,947	-	146,947	166,440

14. Analysis of current liabilities and long term creditors

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Due within 1 year				
Taxation and Social Security	7,252	-	7,252	-
Other Creditors	4,382	-	4,382	-
Loans	18,475	-	18,475	17,583
Accruals and deferred income	10,281	-	10,281	3,534
	40,390	-	40,390	21,117

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Creditors due after 1 year (including provisions)				
Loans	120,379	-	120,379	152,910
	120,379	-	120,379	152,910

Analysis of Financial Instruments

	Total 2022 £	Total 2021 £
Loans payable within 1 year	18,475	17,583
Loans payable within 2-5 years	18,475	17,583
Loans payable within 2-5 years	101,904	135,327
As at 31 December 2022	138,854	170,493

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

14. Analysis of current liabilities and long term creditors (continued)

Deferred Income	Balance at 01.01.22	Received in year	Released in year	Balance at 31.12.22	For release: within 1 Year
	£	£	£	£	£
Remittances received in advance	995	995	(995)	995	995
Subscriptions received in advance	214	186	(214)	186	186
Total	1,209	1,181	(1,209)	1,181	1,181

15. Secured Debts

The following secured debts are included within creditors:

	Total 2022	Total 2021
	£	£
Other loans	98,854	130,493
	98,854	130,493

The Stewardship loans are secured over the properties for which the loans were advanced which have a carrying value of £55,697 (2021: £71,922). There is also a congregational loan of £43,157 (2021: £58,571). The loans are repayable over 15 years by monthly instalments at an interest rate of 5.5% (2021: 3.75%)

The loans were secured to assist in the purchase of a manse for the Brora congregation in 2019 and the church building project for the Poolewe and Aultbea congregation in 2020. The individual congregations fund the repayment of these loans and ownership of the manses will pass to these congregations when the loans have been repaid.

16. Analysis of Net Assets Among Funds

	Unrestricted Funds	Restricted Funds	Total Funds 2022
	£	£	£
Fixed Assets	479,326	17,372	496,698
Current Assets	831,241	44,414	875,655
Current Liabilities	(40,390)	-	(40,390)
Long Term Liabilities	(120,379)	-	(120,379)
Net Assets as at 31 December 2022	1,149,798	61,786	1,211,584
	Unrestricted Funds	Restricted Funds	Total Funds 2021
	£	£	£
Fixed Assets	513,275	19,741	533,016
Current Assets	728,426	54,377	782,803
Current Liabilities	(21,117)	-	(21,117)
Long Term Liabilities	(152,910)	-	(152,910)
Net Assets as at 31 December 2021	1,067,674	74,118	1,141,792

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

17. Movement in Funds	As at 01/01/2022	Incoming Resources	Outgoing Resources	Transfers	As at 31/12/2022
	£	£	£	£	£
Restricted Funds					
Central Building Fund	11,852	22,217	(26,390)	8,500	16,179
Sabbath School Prize Fund	1,079	-	(140)	-	939
Zambia Missions Fund	5,081	-	(966)	-	4,115
Gospel Fund	16,702	26,887	(26,812)	-	16,777
Sri Lanka Mission	-	10,642	(11,873)	1,231	-
Vavuniya Sri Lanka	103	5,230	(6,035)	702	-
Sri Lanka Car Fund	21,063	-	(3,869)	178	17,372
Teaching of Ministers	8,717	1	(8,718)	-	-
All Age Holiday	1,459	-	-	(1,459)	-
Death in Service Fund	4,060	7	-	(4,067)	-
Margaret Macleod Memorial Prize	4,002	2	-	-	4,004
Spanish Work	-	1,720	(2,544)	824	-
French Work	-	2,375	(2,725)	350	-
Presbytery of Navarre & Aragon	-	2,400	-	-	2,400
	74,118	71,481	(90,072)	6,259	61,786
Unrestricted Funds					
General	393,165	733,365	(635,553)	22,393	513,370
<u>Designated Funds</u>					
Building	674,509	-	(9,429)	(44,719)	620,361
Death in Service Fund	-	-	-	16,067	16,067
	1,067,674	733,365	(644,982)	(6,259)	1,149,798
Total Funds	1,141,792	804,846	(735,054)	-	1,211,584
	As at 01/01/2021	Incoming Resources	Outgoing Resources	Transfers	As at 31/12/2021
	£	£	£	£	£
Restricted Funds					
Central Building Fund	7,405	36,247	(71,650)	39,850	11,852
Sabbath School Prize Fund	1,219	-	(140)	-	1,079
Seminary Fund	686	-	-	(686)	-
Zambia Missions Fund	6,041	-	(960)	-	5,081
Gospel Fund	17,330	7,781	(8,409)	-	16,702
Sri Lanka Mission	65	18,995	(19,078)	18	-
Vavuniya Sri Lanka	3	1,700	(1,600)	-	103
Sri Lanka Car Fund	24,932	-	(3,869)	-	21,063
Teaching of Ministers	17,389	1	(8,673)	-	8,717
All Age Holiday	1,459	-	-	-	1,459
Death in Service Fund	13,670	1	(20,750)	11,139	4,060
Margaret Macleod Memorial Prize	4,002	-	-	-	4,002
Spanish Work	-	1,310	(3,010)	1,700	-
French Work	-	-	-	-	-
Presbytery of Navarre & Aragon	-	-	-	-	-
	94,201	66,035	(138,139)	52,021	74,118

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

17. Movement in Funds (continued)	As at 01/01/2021	Incoming Resources	Outgoing Resources	Transfers	As at 31/12/2021
	£	£	£	£	£
Unrestricted Funds					
General	382,650	755,149	(686,578)	(58,056)	393,165
Designated Funds					
Building	677,902	1	(9,429)	6,035	674,509
Death in Service Fund	-	-	-	-	-
	<u>1,060,552</u>	<u>755,150</u>	<u>(696,007)</u>	<u>(52,021)</u>	<u>1,067,674</u>
Total Funds	<u>1,154,753</u>	<u>821,185</u>	<u>(834,146)</u>	<u>-</u>	<u>1,141,792</u>

Fund Purposes:

Restricted Funds:

Central Building Fund - represents funds collected from congregations. These funds can only be used for the purchase of buildings (although more favourably towards the purchase of manses).

Sabbath School Prize Fund - represents the balance of two donations of £1,000 for the Maurine Murchison Memorial Fund.

Seminary Fund - represents a legacy which is used to pay for capital equipment in relation to the seminary.

Margaret Macleod Memorial Prize Fund - was previously included within the Seminary Fund, this has now been set up as a distinct fund which relates to a legacy of £4,000 which awards the interest each year to the best student.

Zambia Missions Fund - has been collected from congregations for the work in Zambia. These funds can only be used in projects associated with Zambia.

Gospel Fund - was set up in 2015 and is restricted to the expenditure associated with 'Home Missions' work.

Sri Lanka Mission - was set up historically by an £18,000 legacy left for missions work. The General Assembly used these funds to fund the work in Sri Lanka for three years. The legacy has now been exhausted. The fund is now made up by ongoing contributions made specifically for the work in Sri Lanka and the costs associated with the ongoing work in that land.

Teaching of Ministers and related costs legacy - was set up in November 2017 further to a legacy received of £22,692 for the training of ministers and related costs. Where possible, the costs are those associated with training of the ministry students, rather than the lecturers themselves.

Sri Lanka Car Fund - (set up in 2017) was for the purpose of purchasing a motor vehicle in Sri Lanka. A vehicle was purchased in 2020 and the balance of the funds are used to help the ongoing running costs of the vehicle. The closing balance of the fund represents the closing reconciled bank balance of plus the written down net book value of the vehicle.

Vavuniya, Sri Lanka Building Fund - can only be used in support of the expenditure associated with the Sri Lanka building project (in Vavuniya) and are distributed directly to the Sri Lankan congregations bank account upon receipt.

All Age Holiday Fund - the balance of £1,459 was transferred to the denomination on 25 July 2018. The All Age Holiday was under the auspices of the Welfare of Youth and Education Committee. No holidays have been organised since 2018.

Death In Service Fund - in May 2019 the General Assembly agreed that a fund should be built up over three years to contain the amount of the equal dividend. An amount is being transferred from General Reserves to this ring-fenced account each month to reach that level in the prescribed timescale.

Spanish Work - these funds can only be used in support of the work in Spain.

French Work - these funds can only be used in support of the work in France.

Presbytery of Navarre and Aragon - these funds can only be used in support of the work in the Presbytery of Navarre & Aragon

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

17. Movement in Funds (continued)

Fund Purposes (continued):

Unrestricted Funds:

General Fund - represents unrestricted funds which the trustees are free to use in accordance with the charitable objects.

Building fund - represents funding designated by the trustees for building purposes.

Death In Service Fund - in May 2019 the General Assembly agreed that a fund should be built up over three years to contain the amount of the equal dividend. An amount is being transferred from General Reserves to this ring-fenced account each month to reach that level in the prescribed timescale.

18. Fund Transfers

Funds of £1,231, £702, £178, £824 and £350 respectively have been transferred from General Funds to the Sri Lanka Mission Fund, the Sri Lanka Building Fund, the Sri Lanka Car Fund, the Spanish Work and the French work in order to finance the expenditure in the year.

Funds of £8,500 have been transferred from the Central Buildings Fund to the Buildings Fund for grant payments made to reduce Brora congregation Stewardship manse loan.

Funds of £1,459 have been transferred from the All Age Holiday Fund to the General Reserves. These funds are under the auspices of the WOY committee, who confirmed that the funds be used to help subsidise the youth camps, so the funds were transferred to General Reserves.

Funds of £44,719 have been transferred from the Building Fund to the General Reserves represents the movement in the congregational loan balances/NBV of buildings.

Funds of £12,000 have been transferred from the General Reserves to the Death in Service Fund to build this up to Stipend level, currently £22,000.

Funds of £16,067 have been transferred from the Restricted Death in Service Fund to the Designated Death in Service Fund, as this should have been set up as designated rather than restricted from the outset.

19. Reconciliation of net movement in funds to net cash flow from operating activities

	Total 2022 £	Total 2021 £
Net movement in funds for the reporting period (as per the statement of financial activities)	69,792	(12,961)
Adjustments for:		
Depreciation charges	36,810	80,897
Loss/(profit) on sale of assets	107	(6,335)
Interest received	(2,905)	(3,134)
Interest paid	4,539	6,220
Decrease/(increase) in stocks	189	(29)
Decrease/(increase) in debtors	19,886	61,892
(Decrease)/increase in creditors	18,381	(5,027)
Net cash provided by operating activities	146,799	121,523

Free Church of Scotland (Continuing)

Notes to the Financial Statements for the year ended 31 December 2022

20. Analysis of changes in net debt

	Total 2021 £	Cash flows £	Total 2022 £
Short-term borrowings	(17,582)	(893)	(18,475)
Long-term borrowings	(152,910)	32,531	(120,379)
Total liabilities	(170,492)	31,638	(138,854)
Cash and cash equivalents	519,444	112,927	632,371
Total net debt	<u>348,952</u>	<u>144,565</u>	<u>493,517</u>

21. FRC Ethical Standard - Provisions available for small entities

In common with many other organisations of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

22. Post Balance Sheet Events

On 15 February 2023 the charity paid the balance on the Stewardship loans and brought the loans 'in-house' on an interest free basis over the same redemption period.

Free Church of Scotland (Continuing)

Detailed Statement of Financial Activities for the year ended 31 December 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
INCOME					
Donations and Legacies					
Congregations		690,117	-	690,117	689,493
Donations		9,901	71,457	81,358	79,378
Seminary books and fees		499	-	499	420
Other income		107	-	107	23,628
		700,624	71,457	772,081	792,919
Charitable Activities					
Magazine subscriptions		16,771	-	16,771	18,503
Publications and CDs		4,569	-	4,569	6,600
Stock movement		(189)	-	(189)	29
Camp income		6,846	-	6,846	-
Conference income		1,863	-	1,863	-
		29,860	-	29,860	25,132
Investments					
Deposit interest		2,874	24	2,898	3,068
Car loan interest		7	-	7	66
		2,881	24	2,905	3,134
Total Incoming resources		733,365	71,481	804,846	821,185
EXPENDITURE					
Raising Funds					
Freewill offering envelopes		858	-	858	768
		858	-	858	768

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Free Church of Scotland (Continuing)

Detailed Statement of Financial Activities for the year ended 31 December 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Charitable Expenditure					
<u>Direct costs</u>					
Staff costs		493,400	-	493,400	544,586
Supply expenses		240	-	240	2,233
Home and foreign missions		17,402	25,643	43,045	37,963
Camp expenses		9,777	-	9,777	-
Conference expenses		2,261	-	2,261	-
General assembly (net cost)		11,918	-	11,918	-
Magazine		19,845	-	19,845	20,520
Donations and grants		20,522	28,683	49,205	30,378
Sabbath School prizes		428	140	568	796
Death in Service		-	-	-	20,750
Depreciation		10,553	26,257	36,810	80,897
Loss/(gain) on sale of assets		107	-	107	(6,335)
Interest payable		2,037	2,502	4,539	6,220
Total direct costs		588,490	83,225	671,715	738,008
Exceptional items					
Exceptional items		-	-	-	36,969
		-	-	-	36,969
<u>Management and support costs</u>					
Staff costs		28,101	-	28,101	26,682
Rent		600	-	600	600
Stationery		1,474	599	2,073	1,346
Postage		873	219	1,092	1,213
Printing and publications		255	3,611	3,866	14,467
Travel		4,577	2,418	6,995	3,171
Fees and subscriptions		4,071	-	4,071	2,855
Repairs		-	-	-	362
Presentations		1,000	-	1,000	400
General charges		980	-	980	239
Total management and support costs		41,931	6,847	48,778	51,335
<u>Governance</u>					
Auditors' remuneration		8,100	-	8,100	2,325
Legal fees		5,603	-	5,603	4,741
Total governance expenditure		13,703	-	13,703	7,066
Total expenditure		644,982	90,072	735,054	834,146
Net income/(expenditure)		88,383	(18,591)	69,792	(12,961)

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