

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
FREE CHURCH OF SCOTLAND (CONTINUING)

CIB Audit
Statutory Auditor
63 Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

FREE CHURCH OF SCOTLAND (CONTINUING)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Page
Report of the Trustees	1 to 7
Report of the Independent Auditors	8 to 9
Statement of Financial Activities	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	14 to 25
Detailed Statement of Financial Activities	26 to 27

FREE CHURCH OF SCOTLAND (CONTINUING)

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2021**

The Trustees present their report together with the financial statements of the charity for the year ended 31 December 2020. 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 £21,000 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 and Sri Lanka.

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.

FREE CHURCH OF SCOTLAND (CONTINUING)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL REVIEW

Financial position

During the year in review there was an excess of expenditure over income for the year of £12,961 compared to a surplus in the previous year of £25,048. No legacies were received in 2021 (2020 - £nil). Ordinary remittances from congregations were up by £9,268 (1%) on the previous year, with the total of congregational remittances for 2021 at £689,493. Expenditure was £834,146 (2020 - £797,151) with payroll costs down by £27,269 (5%) at £571,268 compared to the previous year. Expenditure for the year includes a provision of £36,909 against existing student divinity loans as detailed in note 11 to the financial statements.

On 30 July 2021 an offer of £95,000 was accepted for 21 Jubilee Drive, Tain. This was concluded in September 2021. The property had been valued at £90,000 in April 2021. This disposal ensures the desire of the original legacy is fulfilled - where the proceeds of the disposal of the property were to be bequeathed to the denomination.

The total assets and funds of the denomination at the end of 2021 amounting to £1,141,792 (2020 - £1,154,753), was down by £12,961 (1%) compared to the previous year. The total funds of £1,141,792 represents the unrestricted general fund of £393,165, designated funds of £674,509 and restricted funds of £74,118. 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 year, the mortgage on the Partick manse was repaid in full. Once the congregation has repaid in full the £25,000 loan received in 2015 (the balance being £10,000 at 31 December 2021), the title deeds will be transferred to the congregation.

In the prior year, 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 £16,228 at 31 December 2021) and the £25,000 loan received in 2015 (the balance being £25,000 at 31 December 2021), 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 £25k 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 £25k denominational loan has also been paid back in full and therefore the title deeds are in the process of being transferred.

A further manse property was purchased in 2016 for the congregation of Bracadale & Duirinish at a cost of £190,000. This is also part funded by a loan with Stewardship Ltd of £70,000. During the year, the congregation has 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 is 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 £71,922 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 £58,571 remains outstanding on this loan.

During the year, the denomination made grant payments totalling £56,500 (2020 - £29,721) from the Central Building Fund towards the payment of four (2020 - seven) congregations outstanding mortgages. In the year, the four recipients had Stewardship mortgages. In the prior year, five of these were the Stewardship mortgages (and loan) listed above and the other two were to assist the congregations in Aberdeen and Portree, who have locally financed congregational mortgages. £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. Grant payments of £14,650 made during the first four months of a 15-year mortgage loan term brought savings of £8,122; and therefore it was deemed good Stewardship to utilise the funds made available to denomination immediately upon receipt.

FREE CHURCH OF SCOTLAND (CONTINUING)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

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 £72,000 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 84% of total incoming resources in 2021. 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 £571,268 and represented 83% of congregational ordinary remittances to central funds in 2021.

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 consider that the level of the unrestricted reserves held in the General fund at 31 December 2021 equating to approximately nine months operating expenditure, is sufficient to meet the charity's operational requirements taking account of the regular monthly contributions being received from congregations.

FUTURE PLANS

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.

FREE CHURCH OF SCOTLAND (CONTINUING)

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

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 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Financial Management

██████████, General Treasurer, is accountable to the Finance and Sustentation Committee for the management of the financial affairs of the Church. ██████████, 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 2021 were as follows:

██████████ (Snizort, Skye), Convener
██████████ (Poolewe & Aultbea), Vice Convener
██████████ (Retired)
██████████ (Kilmuir & Stenscholl, (Appointed 21 May 2021)
██████████ (Retired)
██████████ (Stornoway) (Appointed 21 May 2021)
██████████ (Knightswod) (Appointed 21 May 2021)
██████████ (Kiltearn, Evanton) (Resigned 21 May 2021)
██████████ (Point, Lewis), (Resigned 21 May 2021)
██████████ (Stornoway, Lewis)
██████████ (Duthil-Dores)
██████████ (General Treasurer), Ex-officio Advisor
██████████ (Clerk)

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:-

- the duties and responsibilities of Trustees;
- the organisational structure of the charity;
- the financial position of the charity; and
- 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:-

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

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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

SC030976

Principal address

c/o Free Church Manse
'Loch Mor'
Struan
Isle of Skye
IV56 8FB

FREE CHURCH OF SCOTLAND (CONTINUING)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

Trustees

██████████	Chairman	Southern Presbytery, Resigned 1 January 2021
██████████	Chairman	Outer Hebrides Presbytery, Appointed Chairman 29 January 2021
██████████	Vice-chairman	Northern Presbytery, Appointed Vice-Chairman 29 January 2021
██████████		Inverness Presbytery, Reappointed 21 May 2021
██████████		Skye & Lochcarron Presbytery
██████████		Southern Presbytery, Appointed 21 May 2021

Auditors

CIB Audit
Statutory Auditor
63 Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

Bankers

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

Solicitors

Drummond Miller LLP
Glenorchy House
20 Union Street
Edinburgh
EH1 3LR

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.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 (as amended) and the provisions of the charity's constitution, requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, 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 Charity 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.

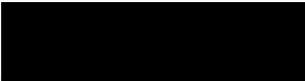
FREE CHURCH OF SCOTLAND (CONTINUING)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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 (as amended) 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 trustees on 30/3/22 and signed on its behalf by:

.....

....., Chairman - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
FREE CHURCH OF SCOTLAND (CONTINUING)**

Opinion

We have audited the financial statements of Free Church of Scotland (Continuing) (the 'charity') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2021 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 Auditors' 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
FREE CHURCH OF SCOTLAND (CONTINUING)**

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee 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 Independent 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit engagement, we:

gain an understanding of the legal and regulatory framework applicable to the charity and assess compliance with that framework;

enquire of management and those charged with governance around actual and potential litigation and claims;

review the financial statements disclosures and test to supporting documentation to assess compliance with applicable laws and regulations;

perform audit work to ensure the transactions included within the financial statements are properly recorded and authorised;

consider whether the assumptions and judgements applied by management within significant accounting estimates are reasonable.

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 Independent Auditors.

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 auditors' 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.



CIB Audit
Statutory Auditor
63 Kenneth Street
Stornoway
Isle of Lewis
HS1 2DS

Date: 20/4/22.....

FREE CHURCH OF SCOTLAND (CONTINUING)

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Unrestricted funds £	Restricted funds £	31.12.21 Total funds £	31.12.20 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	726,889	66,030	792,919	800,060
Charitable activities	4	25,132	-	25,132	21,063
Charitable activities					
Investment income	3	<u>3,129</u>	<u>5</u>	<u>3,134</u>	<u>1,076</u>
Total		755,150	66,035	821,185	822,199
EXPENDITURE ON					
Raising funds	5	768	-	768	1,156
Charitable activities	6	658,270	138,139	796,409	795,995
Charitable activities					
Exceptional items	11	<u>36,969</u>	<u>-</u>	<u>36,969</u>	<u>-</u>
Total		696,007	138,139	834,146	797,151
NET INCOME/(EXPENDITURE)		59,143	(72,104)	(12,961)	25,048
Transfers between funds	20	<u>(52,021)</u>	<u>52,021</u>	<u>-</u>	<u>-</u>
Net movement in funds		7,122	(20,083)	(12,961)	25,048
RECONCILIATION OF FUNDS					
Total funds brought forward		1,060,552	94,201	1,154,753	1,129,705
TOTAL FUNDS CARRIED FORWARD		<u>1,067,674</u>	<u>74,118</u>	<u>1,141,792</u>	<u>1,154,753</u>

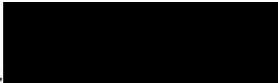
The notes form part of these financial statements

FREE CHURCH OF SCOTLAND (CONTINUING)

**BALANCE SHEET
31 DECEMBER 2021**

	Notes	Unrestricted funds £	Restricted funds £	31.12.21 Total funds £	31.12.20 Total funds £
FIXED ASSETS					
Tangible assets	13	513,275	19,741	533,016	700,578
CURRENT ASSETS					
Stocks	14	1,430	-	1,430	1,401
Debtors: amounts falling due within one year	15	95,489	-	95,489	94,056
Debtors: amounts falling due after more than one year	15	166,440	-	166,440	229,765
Cash at bank and in hand		<u>465,067</u>	<u>54,377</u>	<u>519,444</u>	<u>356,776</u>
		728,426	54,377	782,803	681,998
CREDITORS					
Amounts falling due within one year	16	<u>(21,117)</u>	-	<u>(21,117)</u>	(39,585)
NET CURRENT ASSETS		<u>707,309</u>	<u>54,377</u>	<u>761,686</u>	<u>642,413</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,220,584	74,118	1,294,702	1,342,991
CREDITORS					
Amounts falling due after more than one year	17	<u>(152,910)</u>	-	<u>(152,910)</u>	(188,238)
NET ASSETS		<u>1,067,674</u>	<u>74,118</u>	<u>1,141,792</u>	<u>1,154,753</u>
FUNDS	20				
Unrestricted funds				1,067,674	1,060,552
Restricted funds				<u>74,118</u>	<u>94,201</u>
TOTAL FUNDS				<u>1,141,792</u>	<u>1,154,753</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 30.3.22 and were signed on its behalf by:

.....

 - Chairman

.....

 - Convenor, Finance & Sustentation Committee

The notes form part of these financial statements

FREE CHURCH OF SCOTLAND (CONTINUING)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

31.12.20 £	Notes	31.12.21 £
	Cash flows from operating activities	
32,914	Cash generated from operations	121,523
<u>(6,798)</u>	Interest paid	<u>(6,220)</u>
<u>26,116</u>	Net cash provided by operating activities	<u>115,303</u>
	Cash flows from investing activities	
(24,829)	Purchase of tangible fixed assets	(2,000)
-	Sale of tangible fixed assets	95,001
<u>1,076</u>	Interest received	<u>3,134</u>
<u>(23,753)</u>	Net cash provided by/(used in) investing activities	<u>96,135</u>
	Cash flows from financing activities	
95,000	New loans in year	-
<u>(52,117)</u>	Loan repayments in year	<u>(48,770)</u>
<u>42,883</u>	Net cash (used in)/provided by financing activities	<u>(48,770)</u>
45,246	Change in cash and cash equivalents in the reporting period	162,668
311,530	Cash and cash equivalents at the beginning of the reporting period	<u>356,776</u>
<u>356,776</u>	Cash and cash equivalents at the end of the reporting period	<u>519,444</u>

The notes form part of these financial statements

FREE CHURCH OF SCOTLAND (CONTINUING)

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.12.21	31.12.20
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(12,961)	25,048
Adjustments for:		
Depreciation charges	80,897	79,341
Profit on disposal of fixed assets	(6,335)	-
Interest received	(3,134)	(1,076)
Interest paid	6,220	6,798
(Increase)/decrease in stocks	(29)	1,035
Decrease/(increase) in debtors	61,892	(79,687)
(Decrease)/increase in creditors	(5,027)	1,455
Net cash provided by operations	<u>121,523</u>	<u>32,914</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21	Cash flow	At 31.12.21
	£	£	£
Net cash			
Cash at bank and in hand	<u>356,776</u>	<u>162,668</u>	<u>519,444</u>
	<u>356,776</u>	<u>162,668</u>	<u>519,444</u>
Debt			
Debts falling due within 1 year	<u>(31,024)</u>	<u>13,441</u>	<u>(17,583)</u>
Debts falling due after 1 year	<u>(188,238)</u>	<u>35,328</u>	<u>(152,910)</u>
	<u>(219,262)</u>	<u>48,769</u>	<u>(170,493)</u>
Total	<u>137,514</u>	<u>211,437</u>	<u>348,951</u>

The notes form part of these financial statements

FREE CHURCH OF SCOTLAND (CONTINUING)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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 company's accounting policies, the directors 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 12 for details of the values of tangible fixed assets.

Income

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

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.

FREE CHURCH OF SCOTLAND (CONTINUING)
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued

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.

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

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.

Fund accounting

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.

Pension costs and other post-retirement benefits

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 - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued

Financial instruments

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. DONATIONS AND LEGACIES

	31.12.21	31.12.20
	£	£
Congregations	689,493	680,225
Donations	79,378	119,135
Seminary Books and Fees	420	683
Other income	<u>23,628</u>	<u>17</u>
	<u>792,919</u>	<u>800,060</u>

3. INVESTMENT INCOME

	31.12.21	31.12.20
	£	£
Deposit account interest	3,068	1,003
Car loan interest	<u>66</u>	<u>73</u>
	<u>3,134</u>	<u>1,076</u>

4. INCOME FROM CHARITABLE ACTIVITIES

		31.12.21	31.12.20
	Activity	£	£
Magazine subscriptions	Charitable activities	18,503	17,728
Publications and CDs	Charitable activities	6,600	4,370
Stock adjustment	Charitable activities	<u>29</u>	<u>(1,035)</u>
		<u>25,132</u>	<u>21,063</u>

5. RAISING FUNDS

Raising donations and legacies

	31.12.21	31.12.20
	£	£
Freewill offering envelopes	<u>768</u>	<u>1,156</u>

FREE CHURCH OF SCOTLAND (CONTINUING)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. CHARITABLE ACTIVITIES COSTS			
	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Charitable activities	<u>738,008</u>	<u>58,401</u>	<u>796,409</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES			
		31.12.21	31.12.20
		£	£
Staff costs		544,586	572,186
Supply expenses		2,233	2,620
Delivery of home and foreign missions work		37,963	34,259
Advertising		-	157
Magazine		20,520	19,946
Website		-	798
Donations and grants		30,378	23,315
Sabbath School prizes		796	482
Death in Service		20,750	-
Depreciation		80,897	79,341
Loss on sale of assets		(6,335)	-
Interest payable and similar charges		<u>6,220</u>	<u>6,798</u>
		<u>738,008</u>	<u>739,902</u>

8. SUPPORT COSTS			
	Management £	Governance costs £	Totals £
Charitable activities	<u>51,335</u>	<u>7,066</u>	<u>58,401</u>

Support costs, included in the above, are as follows:

Management			
		31.12.21	31.12.20
		Charitable activities £	Total activities £
Administration wages		23,144	22,865
Social security		761	742
Pensions		2,777	2,744
Rent		600	900
Stationery		1,346	1,796
Postage		1,213	935
Printing and publications		14,467	7,214
Travel		3,171	2,413
Fees and subscriptions		2,855	1,309
Repairs		362	-
Presentations		400	-
General charges		<u>239</u>	<u>238</u>
		<u>51,335</u>	<u>41,156</u>

FREE CHURCH OF SCOTLAND (CONTINUING)
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

8. SUPPORT COSTS - continued
Governance costs

	31.12.21	31.12.20
	Charitable activities	Total activities
	£	£
Auditors' remuneration	2,325	1,860
Legal fees	4,741	13,077
	<u>7,066</u>	<u>14,937</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2021 nor for the year ended 31 December 2020.

10. STAFF COSTS

	31.12.21	31.12.20
	£	£
Wages and salaries	479,560	497,683
Social security costs	33,199	35,134
Other pension costs	58,509	65,720
	<u>571,268</u>	<u>598,537</u>

The key management personnel of the charity comprise the trustees. No employee benefits were received by the trustees during the year (2020 - £Nil).

The average monthly number of employees during the year was as follows:

	31.12.21	31.12.20
Ministers	21	22
Home Mission	1	1
Lay Agent	1	1
Management and Administration	2	2
	<u>25</u>	<u>26</u>

No employees received emoluments in excess of £60,000.

FREE CHURCH OF SCOTLAND (CONTINUING)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

11. EXCEPTIONAL ITEMS

Provisions of £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.

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	716,485	83,575	800,060
Charitable activities			
Charitable activities	21,063	-	21,063
Investment income	<u>1,034</u>	<u>42</u>	<u>1,076</u>
Total	738,582	83,617	822,199
EXPENDITURE ON			
Raising funds	1,156	-	1,156
Charitable activities			
Charitable activities	716,788	79,207	795,995
Total	<u>717,944</u>	<u>79,207</u>	<u>797,151</u>
NET INCOME	20,638	4,410	25,048
Transfers between funds	<u>22,888</u>	<u>(22,888)</u>	<u>-</u>
Net movement in funds	43,526	(18,478)	25,048
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>1,017,026</u>	<u>112,679</u>	<u>1,129,705</u>
TOTAL FUNDS CARRIED FORWARD	<u>1,060,552</u>	<u>94,201</u>	<u>1,154,753</u>

FREE CHURCH OF SCOTLAND (CONTINUING)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2021	1,266,579	3,381	23,689	9,239	1,302,888
Additions	-	-	-	2,000	2,000
Disposals	(280,000)	-	-	(5,228)	(285,228)
At 31 December 2021	986,579	3,381	23,689	6,011	1,019,660
DEPRECIATION					
At 1 January 2021	590,333	3,366	1,579	7,032	602,310
Charge for year	52,290	3	2,369	808	55,470
Eliminated on disposal	(166,374)	-	-	(4,762)	(171,136)
At 31 December 2021	476,249	3,369	3,948	3,078	486,644
NET BOOK VALUE					
At 31 December 2021	510,330	12	19,741	2,933	533,016
At 31 December 2020	676,246	15	22,110	2,207	700,578

If freehold land and buildings had not been revalued they would have been included at 31 December 2020 at the historical cost of £906,579 (2020 - £1,186,579).

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.

14. STOCKS

	31.12.21 £	31.12.20 £
Stocks	1,430	1,401

15. DEBTORS

	31.12.21 £	31.12.20 £
Amounts falling due within one year:		
Other debtors	843	739
Gift aid receivable	77,604	76,039
Loans	17,042	17,278
	95,489	94,056
Amounts falling due after more than one year:		
Loans	166,440	229,765
Aggregate amounts	261,929	323,821

FREE CHURCH OF SCOTLAND (CONTINUING)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.21	31.12.20
	£	£
Other loans (see note 18)	17,583	31,024
Accrued expenses	3,320	7,214
Funds in advance	214	1,347
	<u>21,117</u>	<u>39,585</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	31.12.21	31.12.20
	£	£
Other loans (see note 18)	<u>152,910</u>	<u>188,238</u>

18. LOANS

An analysis of the maturity of loans is given below:

	31.12.21	31.12.20
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>17,583</u>	<u>31,024</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>17,583</u>	<u>23,694</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	95,327	164,544
Other loans	<u>40,000</u>	<u>-</u>
	<u>135,327</u>	<u>164,544</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.21	31.12.20
	£	£
Other loans	<u>130,493</u>	<u>219,262</u>

The Stewardship loans are secured over the properties for which the loans were advanced which have a carrying value of £71,922. There is also a congregational loan of £58,571. The loans are repayable over 15 years by monthly instalments at an interest rate of 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.

FREE CHURCH OF SCOTLAND (CONTINUING)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. MOVEMENT IN FUNDS

	At 1.1.21 £	Net movement in funds £	Transfers between funds £	At 31.12.21 £
Unrestricted funds				
General fund	382,650	68,571	(58,056)	393,165
Building	<u>677,902</u>	<u>(9,428)</u>	<u>6,035</u>	<u>674,509</u>
	1,060,552	59,143	(52,021)	1,067,674
Restricted funds				
Central Building Fund	7,405	(35,403)	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	(628)	-	16,702
Sri Lanka Mission	65	(83)	18	-
Vavuniya, Sri Lanka	3	100	-	103
Sri Lanka Car Fund	24,932	(3,869)	-	21,063
Teaching of Ministers	17,389	(8,672)	-	8,717
All Age Holiday	1,459	-	-	1,459
Death in Service Fund	13,670	(20,749)	11,139	4,060
Margaret Macleod Memorial Prize Fund	4,002	-	-	4,002
Spanish Works	<u>-</u>	<u>(1,700)</u>	<u>1,700</u>	<u>-</u>
	<u>94,201</u>	<u>(72,104)</u>	<u>52,021</u>	<u>74,118</u>
TOTAL FUNDS	<u>1,154,753</u>	<u>(12,961)</u>	<u>-</u>	<u>1,141,792</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	755,149	(686,578)	68,571
Building	<u>1</u>	<u>(9,429)</u>	<u>(9,428)</u>
	755,150	(696,007)	59,143
Restricted funds			
Central Building Fund	36,247	(71,650)	(35,403)
Sabbath School Prize Fund	-	(140)	(140)
Zambia Missions Fund	-	(960)	(960)
Gospel Fund	7,781	(8,409)	(628)
Sri Lanka Mission	18,995	(19,078)	(83)
Vavuniya, Sri Lanka	1,700	(1,600)	100
Sri Lanka Car Fund	-	(3,869)	(3,869)
Teaching of Ministers	1	(8,673)	(8,672)
Death in Service Fund	1	(20,750)	(20,749)
Spanish Works	<u>1,310</u>	<u>(3,010)</u>	<u>(1,700)</u>
	<u>66,035</u>	<u>(138,139)</u>	<u>(72,104)</u>
TOTAL FUNDS	<u>821,185</u>	<u>(834,146)</u>	<u>(12,961)</u>

FREE CHURCH OF SCOTLAND (CONTINUING)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.20 £	Net movement in funds £	Transfers between funds £	At 31.12.20 £
Unrestricted funds				
General fund	356,344	33,139	(6,833)	382,650
Building	660,682	(12,501)	29,721	677,902
	1,017,026	20,638	22,888	1,060,552
Restricted funds				
Central Building Fund	17,943	19,183	(29,721)	7,405
Sabbath School Prize Fund	1,279	(60)	-	1,219
Seminary Fund	686	-	-	686
Students Legacy Fund	178	(178)	-	-
Zambia Missions Fund	6,982	(941)	-	6,041
Gospel Fund	23,401	(6,071)	-	17,330
Sri Lanka Mission	-	(2,832)	2,897	65
Vavuniya, Sri Lanka	550	(547)	-	3
Sri Lanka Car Fund	21,251	(1,319)	5,000	24,932
Teaching of Ministers	20,219	(2,830)	-	17,389
All Age Holiday	1,459	-	-	1,459
Death in Service Fund	6,834	3	6,833	13,670
Margaret Macleod Memorial Prize Fund	4,000	2	-	4,002
Missions Legacy	7,897	-	(7,897)	-
	112,679	4,410	(22,888)	94,201
TOTAL FUNDS	<u>1,129,705</u>	<u>25,048</u>	<u>-</u>	<u>1,154,753</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	738,583	(705,444)	33,139
Building	(1)	(12,500)	(12,501)
	738,582	(717,944)	20,638
Restricted funds			
Central Building Fund	63,782	(44,599)	19,183
Sabbath School Prize Fund	-	(60)	(60)
Students Legacy Fund	-	(178)	(178)
Zambia Missions Fund	19	(960)	(941)
Gospel Fund	2,604	(8,675)	(6,071)
Sri Lanka Mission	11,448	(14,280)	(2,832)
Vavuniya, Sri Lanka	4,403	(4,950)	(547)
Sri Lanka Car Fund	1,349	(2,668)	(1,319)
Teaching of Ministers	7	(2,837)	(2,830)
Death in Service Fund	3	-	3
Margaret Macleod Memorial Prize Fund	2	-	2
	83,617	(79,207)	4,410
TOTAL FUNDS	<u>822,199</u>	<u>(797,151)</u>	<u>25,048</u>

FREE CHURCH OF SCOTLAND (CONTINUING)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

20. MOVEMENT IN FUNDS - continued

FUNDS

General fund

The general fund represents unrestricted funds which the trustees are free to use in accordance with the charitable objects.

Building fund

This represents funding designated by the trustees for building purposes.

There are 13 Restricted Funds where monies donated can only be used for the specific purpose for which it was given.

Central Building Fund

This 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

This represents the balance of two donations of £1,000 for the Maurine Murchison Memorial Fund.

Seminary Fund

This includes a legacy which is used to pay for capital equipment in relation to the seminary.

Margaret Macleod Memorial Prize Fund

This 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

These funds have been collected from congregations for the work in Zambia. These funds can only be used in projects associated with Zambia.

Gospel Fund

This new fund was set up in 2015 and is restricted to the expenditure associated with 'Home Missions' work.

Sri Lanka Mission

This fund 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

This fund was set up in November 2017 further to a legacy received of £22,692.48 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

This 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 £1,322 plus the written down net book value of the vehicle (£19,741).

Vavuniya, Sri Lanka Building Fund

These funds 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 £1,458.83 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.

FREE CHURCH OF SCOTLAND (CONTINUING)
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

20. MOVEMENT IN FUNDS - continued

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.

Transfers between funds

Funds of £39,850 have been transferred from General Fund to Central Buildings Fund in respect of grant payments to the Stewardship Loans. These payments are included in the depreciation charge reflecting the reduction in the value of these properties held by the Church.

Funds of £11,139 have been transferred from the General Fund to the Death in Service Fund to fund future commitments.

Funds of £6,035 have been transferred from General Fund to the Buildings Fund to agree the Buildings Fund to the net book value of properties and loans to congregations.

Funds of £686 have been transferred from the Seminary Fund to the General Fund to assist with the purchase of computer equipment.

Funds of £18 and £1,700 respectively have been transferred from General Funds to the Sri Lanka Mission Fund and the Spanish Work in order to finance the expenditure in the year.

21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2021.

22. FRC ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.