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REGISTERED COMPANY NUMBER: SC162884 (SCOTLAND)
REGISTERED CHARITY NUMBER: SC024407

HISTORIC CHURCHES SCOTLAND
(formerly known as SCOTTISH REDUNDANT CHURCHES TRUST)
(A COMPANY LIMITED BY GUARANTEE)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JANUARY 2026

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HISTORIC CHURCHES SCOTLAND

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FOR THE YEAR ENDED 31 JANUARY 2026

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HISTORIC CHURCHES SCOTLAND

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 JANUARY 2026

The Trustees, who are also directors of the charitable company for the purposes of company law, present their report and financial statements of the charitable company for the year ended 31 January 2026. The financial statements have been prepared in accordance with the accounting policies set out herein and comply with the charity's Constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC162884 (Scotland)

Registered Charity number
SC024407

Registered office and principal address
15 North Bank Street
Edinburgh
EH1 2LP

Honorary Patrons
Lady L C Douglas-Home
Professor David Walker

Trustees
Dr T Clarke
J M Cunliffe
Dr R D A Evetts
S T Green
C C Kenny (Chairman)
I M Davidson

Executive Director
V Collison-Owen (retired 31 July 2026)
E Arbuthnot (appointed 1 July 2026)

Company Secretary
V Collison-Owen (retired 31 July 2026)
C Roussot (appointed 31 July 2026)

Independent examiner
Findlay Paul, CA
MHA, Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

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HISTORIC CHURCHES SCOTLAND

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 JANUARY 2026

Bankers
Bank of Scotland
104 George Street
Edinburgh
EH2 3DF

Solicitors
Lindsays WS
Caledonian Exchange
Edinburgh
EH3 8HE

OVERVIEW

2025 was a year of both transition and frustration for Historic Churches Scotland. Having secured a Partnership Fund award from Historic Environment Scotland for 2025-28, we had greater certainty than for some time about our financial position, but the continued increase in the scale of the challenges we face, our starting position of historic under-resourcing and a pattern of slow disbursement meant that we have made a slower start than we would have wished in securing matching funding to make the full step up in our activities. Nevertheless, we were able to progress an orderly transition in staffing, to make considerable progress on our current estate, in particular relation to the successful transfer and enhanced accessibility of Croick Church and continued to play an active part in national debate about securing a more sustainable future for Scotland's ecclesiastical heritage as a whole.

OPERATING CONTEXT

As highlighted in last year's Report, this is a particularly challenging time for ecclesiastical heritage. The figures in the report of the Church of Scotland General Trustees to the General Assembly in May 2025 suggested a rate of disposal as much as ten times higher than the annual average for the period 1970-2000, with some 800 buildings at risk of closure by the end of the decade. The 2026 General Trustees report continued to emphasise the scale of the estate challenge and the need for a more co-ordinated system for the care and maintenance of church buildings, with an implicit message of continued disposal of buildings in cases where usage, condition and accessibility lead to them having no integral part in future plans at Presbytery level. With a new round of Presbytery planning due to start shortly, it seems likely that pressure will increase further, both as plans previously put in place move forward to implementation and further stocktaking of the perceived viability of the remaining buildings gets under way.

Unsurprisingly therefore, we have seen no deceleration in some of the most worrying trends on which we commented last year. These include:

- The growing number of planned disposals of category A listed churches, both in urban locations where such buildings can carry high civic historical importance and more remote settings where buildings and related fittings can be of high heritage value.
- Uncertainty in and lack of understanding of disposal processes, whether in short sales deadlines, perceived inconsistency in approach to off-market sales to community groups, uncertainty about protection of fixtures and fittings at disposal, long transfer processes with properties sometime returning to the market after apparently agreed disposal or purchasers seeking to rapidly "auction on" properties soon after a sale. The last is a particularly worrying trend, with each step taking the building further away from its local community.
- Demand for public and charitable support for community acquisition of buildings outstripping the supply of help available from the Architectural Heritage Fund, the Scottish Land Fund and others. Organisations providing early-stage support and advice for communities (including Historic Churches Scotland) continue to be overstretched; whilst printed resources such as "Your Church, Your Community", which we produced with Development Trust Association Scotland (DTAS) in 2023, can be helpful to such groups, they are no substitute for both the hands-on support and hard cash that most need to achieve their aspirations for both new community amenities and heritage preservation.

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OPERATING CONTEXT (continued)

It is fair to say that public recognition of the scale of the problem is very slowly increasing. More MSPs are aware of the issues emerging from high-profile disposals in their areas and as a general issue. Both Historic Environment Scotland and the National Heritage Lottery Fund have shown welcome recognition and prioritisation of the need for action, support and resourcing. But the overall response at present neither meets the scale of need nor quite constitutes the sum of its parts.

The problem remains the absence of an overarching strategy, resulting in a disproportionate focus on the short to medium term. The work of the National Churches Trust's 'Cherish' programme, the DTAS Scotland/Community Ownership Support Service's 'New Futures for Places of Worship' scheme and, most recently, the Scottish Churches Trust/Society of Antiquaries of Scotland's 'Research in Action on Church Heritage' (ReACH) programme — all supported by major grants from the National Lottery Heritage Fund (NLHF) — have all gained some momentum over the last 12 months and remain individually valuable for their immediate impact. But there remains a need to ensure long-term sustainability to protect historic places of worship, both in continuing faith-based use, and in community ownership, for future generations. That is as much about human support as building maintenance, and as much about sustaining technical skills for the long-term as securing an immediate repair.

UK politics and policy have also negatively impacted the sector generally. The end of the Community Ownership Fund, with no facility to move awards made in 2024-25 beyond the following financial year directly and adversely impacted the pace of work at St Margaret's Braemar, with the loss of a previously announced award. The end of the valuable financial support of the Listed Places of Worship Grant Scheme also dealt a blow to St Margaret's Braemar, with the introduction of a £25,000 cap per building in March 2025 and the complete closure of the scheme on 31 March 2026. While there was no immediate permanent successor funding regime put in place in Scotland, a new pilot scheme administered by Historic Environment Scotland will open for applications in autumn 2026.

OBJECTIVE AND AIMS

Against this challenging backdrop, Historic Churches Scotland's vision remains:

> A Scotland in which historic places of worship are more highly valued, better maintained, and used more frequently and creatively. When they are no longer required for worship new uses are found that are sympathetic, sustainable, and beneficial for their communities.

The organisation's mission is:

- To take responsibility for nationally important historic places of worship where no other viable alternative exists
- To share our expertise
- To support those with similar objectives
- To inspire people to see the contribution historic places of worship make to society, wellbeing, and the economy, and to work with others to realise this potential
- To help build an understanding of the nature, extent and condition of the ecclesiastical heritage and its value and relevance in a changing world
- To influence positive policy and decision-making in managing and sustaining the ecclesiastical heritage

We will consider how to further develop and embed these, for example through refreshed criteria for building accession, over the coming months.

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ACHIEVEMENT AND PERFORMANCE

The conservation of our existing estate remains our main operational priority, because of its importance to our ultimate mission and to our ambition for the churches in our care to be exemplars of care and maintenance, which are open for everyone in the community to enjoy.

We continue to work closely with communities where we have churches in care and seek to support local volunteers in opening and caring for their church building, and planning heritage and community events and activities. As a small organisation, there is often not enough capacity to provide as much support to each church as we might wish and we recognise that, with higher levels of support, local volunteer groups tend to be more active and successful in their fundraising efforts. We have in the last year seen an increase in engagement at Pettinain and Benholm, with the transfer of other community assets acting as catalysts in both cases. Other effective local partnerships have been maintained, not least with the Friends of St Peter's, Eastside, South Ronaldsay, an exemplar of how such relationships can work in smaller communities, as well as with St Margarets Trust in Braemar. The need to invest in such groups remains a priority area if we are to help volunteers become more resilient, better skilled and to support their succession planning. Without people to care for buildings at a local level the buildings are unsustainable. Investment in building fabric must be matched with investment in local volunteers.

Against that background, we highlight the following achievements in individual buildings between February 2025 and January 2026:

- Collaboration with the Society for Protection of Ancient Buildings (SPAB), with Maintenance Training Days held at Pettinain Church in April 2025, and at Cromarty East Church in September 2025.
- Increased investment in St Peter's, Eastside through the Friends of St Peter's whose local fundraising enabled electrical upgrading; repair and redecoration of windows and doors; new signage commissioned from a craft signwriter; new Pictish stone interpretation board; project with local schoolchildren creating 'replica' felted Pictish stone which was unveiled in April 2025.
- Development of place-based approach with Mill of Benholm Enterprise (which secured transfer of ownership of the Category A-listed mill from the Local Authority in June 2024) with the aim of creating a new access route between mill and kirk, growing visitor footfall, and exploring new exhibition opportunities.
- Collaboration with Sustainable Pettinain SCIO, which has assumed responsibility for the village hall from South Lanarkshire Council after closure plans, with a shared aim of 'greening' both the kirk and the hall and developing complementary functions.

We also note the impact that closure and disposal of Church of Scotland churches local to those in our care is having. This is particularly evident in Cromarty, Braemar and Kildrummy where there is increased demand for use of our churches for weddings and funerals, and from congregations wanting occasional worship in satellite locations.

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ACHIEVEMENT AND PERFORMANCE (CONTINUED)

There are two larger projects to describe in more detail.

St Margaret's Braemar

Funding was secured from various sources in 2024 and 2025 for the development phase of the major repair, conservation and regeneration project. This includes:

- £319,979 from the National Lottery Heritage Fund
- £249,999 from Historic Environment Scotland
- £30,000 from the Pilgrim Trust
- £30,000 from the Cairngorms Trust

The charitable company will be entitled to recognise the income as eligible expenditure is incurred.

- The launch of the St. Margaret's Jazz Club in May 2025, with jazz singer Marianne McGregor and pianist Paul Harrison.
- 'Amongst the Trees' / Stevi Benson Exhibition: An environmental art exhibition which ran in spring 2025.
- Breabach & Caritas Choir: Opening and closing the September Gathering weekend in September 2025.
- North East Open Studios: Interdisciplinary artist Carrie Fertig exhibited sculptures (including a life-sized glass sheep) in September 2025.
- Braemar Literary Festival: Partnered with The Fife Arms and The Queen's Reading Room (Sept 26–28, 2025) with authors like Sir Alexander McCall Smith and David Nicholls.
- The Braemar Folk Festival, which celebrated its fifth anniversary in October 2025, with acts including Mischa MacPherson, Cahalen Morrison, and Valtos.
- Aberdeen Remembers: A World War II 80th-anniversary commemorative concert held in November 2025.

Croick Church

We can also celebrate the acquisition of the nationally important Category A-listed Croick Church in April 2025, enabled through the Church of Scotland General Trustees' support and collaboration. This followed the commissioning of a condition survey with costed and prioritised repairs in January 2024 to inform respective trustee boards — a model which, if adopted more widely, has the potential to facilitate the transfer of other churches of national importance. Following the transfer to our care, and funded by the General Trustees, a scheme of urgent safety and weathertight repairs, including down taking of the dangerously unstable bellcote, was carried out. This enabled a successful Community Open Day in August 2025 ahead of the full reopening. In parallel, a community-focussed project to digitise over 50 years of visitor books was developed as part of wider efforts to capture and share people's responses to the church's unique Clearances history. A volunteers' group is now active and receiving recognition at the national level for its efforts.

As noted in the previous report, the award of Partnership Funding from Historic Environment Scotland for the period from April 2025 to March 2028 (£312,600) has provided a degree of medium-term security, enabling us to plan on a firmer basis than before for an increase in the scale of our activities.

This funding provides a launch pad for a wider £1 million+ programme with two key areas of focus:

- Safeguarding current churches in care: working in partnership with local communities to deliver social, economic, cultural and wellbeing benefits; and establishing area support networks for community owned churches, centred on our churches as hubs, developing maintenance cooperatives, and sharing expertise, skills, and knowledge.

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ACHIEVEMENT AND PERFORMANCE (CONTINUED)

- Identifying and safeguarding further churches of national significance: increasing our own portfolio of historic churches and facilitating appropriate ownership solutions for others.

It is hoped that the project will add three further full-time posts (Operations/Deputy Director; Estate/Buildings Officer; Community Development Officer) and one part-time post (Office/Finance Manager). This model, reflecting successful best practice in other charities in our sector elsewhere in the UK, not only enables us to grow activity but significantly derisks the operation by reducing pressure on our Executive Director as the sole member of staff.

We value HES's recognition of our unique role and track record in taking nationally important places of worship into our care. Their support provides 30% of the necessary resource to deliver the project. Discussion is underway with other funders, notably the National Lottery Heritage Fund and the Church of Scotland General Trustees as well as other Trusts and Foundations, with a view to securing the balance.

PROSPECTIVE PROPERTIES

We have continued to explore ways of securing the future of a number of other highly significant buildings, including the possibility of taking them into our ownership.

At the former Royal Hospital for Sick Children's mortuary building, with its chapel containing internationally important murals by Phoebe Anna Traquair, we have made significant progress thanks to the positive and enlightened attitude of new owners, iQ Student Accommodation. Following the completion of restoration of the murals by Scottish Wall Paintings Conservators, iQ facilitated a visit by trustees from Historic Churches Scotland and the Mansfield Traquair Trust and indicated their intention to transfer ownership to a charitable body with suitable expertise. Having secured a £7,000 grant from the Architectural Heritage Fund, together with funding from other sources, the two trusts commissioned a viability appraisal to explore potential future uses for the mortuary building that will enable public access to the murals together with their interpretation and that of the former hospital. We hope to come to final decisions shortly on the way forward.

The church closure crisis in Scotland means that we are actively reconsidering both our general acquisition criteria and individual candidate churches. Led by our new Trustee, Ian Davidson, we are reviewing our longstanding acquisition criteria, set out in past annual reports, reflecting the current closure landscape, prioritisation, and increased demand for assessments. We welcome the further strengthening of communication with the Church of Scotland General Trustees which allows us to work towards a managed pipeline of acquisitions in the coming years.

As previously noted, the number of closures and disposals of Category A-listed churches has risen significantly in the past year, a trend anticipated to continue for some time. While there have been positive outcomes for some significant buildings, including the acquisition by a community-led SCIO of St Monan's Kirk in Fife with funding from the Scottish Land Fund and support from Fife Historic Buildings Trust, and Lochwinnoch Parish Church acquired by the local development trust, also with Scottish Land Fund funding, others have proved problematic. A number of communities, given preferred bidder status by the Church of Scotland General Trustees and securing viability study funding, have subsequently withdrawn their interest citing a range of reasons including high maintenance and insurance costs, lack of volunteer numbers and skills, and limited income-generation. Examples of private buyers withdrawing after months under offer also exist, including Inverness Old High Kirk. These delays increase cost and uncertainty and considerably raise the level of threat to significant buildings left empty and with limited maintenance and undermine confidence more generally.

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ACHIEVEMENT AND PERFORMANCE (CONTINUED)

While transfer of ownership to Historic Churches Scotland cannot (and should not) be the solution for all – of even a majority – of Category A-listed places of worship, there is nevertheless an urgent need to reconsider the way in which these important assets — of all faiths and denominations - are disposed of and repurposed, and the support and resource necessary to secure the best outcome.

BUILDING PARTNERSHIPS AND SUPPORTING THE ECCLESIASTICAL HERITAGE

Historic Churches Scotland is seeking to better manage not just our own processes but also to help achieve positive change more widely in the sector. We are accomplishing this through partnerships, collaborative working, and through our active participation in sector discussions and activities. In particular, we highlight:

- Historic Environment Scotland (HES): award of grant 2025-28 through their Partnership Fund, designed to support a relatively small number of organisations whose activities are closely aligned with HES strategic priorities.
- Church of Scotland General Trustees: strong collaboration and communication underpinned by £15,000 organisational support funding in October 2025; working towards a managed transfer pipeline with clear timescales.
- Places of Worship Forum: continued active role in the forum, its strategic development, and key initiatives and outputs.
- Heritage Network: delivery of A Future for Your Church series of webinars, for communities owning or considering owning churches.
- Development Trusts Association Scotland/Community Ownership Support Service: communication with and referral of churches to 'New Futures' team; HES-funded reprint of Your Church, Your Community guidance co-produced and first published in 2023.
- Scotland's Churches Trust: ongoing communication and collaboration as Scotland's two remaining church-specific charitable trusts.
- National Churches Trust: continued cooperative working, communication, meetings, and referral of churches for support; National Church Awards 2025 judging panel member. Recognition of the Croick Volunteer Group in the 2026 awards.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The former Scottish Redundant Churches Trust was incorporated as a charitable company limited by guarantee on 25 January 1996 under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Memorandum and Articles of Association dated 18 October 1995. On 10 December 2018, by special resolution, the charitable company changed its name to Historic Churches Scotland and amended its Articles of Association. It is registered as a charity with the Office of the Scottish Charity Regulator (OSCR).

Recruitment and appointment of new Staff

The HES Partnership Fund award enabled the organisation to start planning for a broader structure and to consider long-term staffing needs. After 24 years' service as the organisation's bookkeeper, Rosemary Mann indicated a wish to step down and, even more importantly, after 27 years of service as Executive Director and the mainstay, not simply of our organisation but of ecclesiastical heritage activities throughout Scotland, Victoria Collison-Owen also decided to retire in 2026. It is difficult to overstate the value of the contribution both have made over many years. Plans for the recruitment of their successors were therefore made in the final quarter of 2025, with the appointments of Caroline Roussot and Emma Arbuthnot being made in the first half of 2026. Both are now in post, with their strong starts in role aided by very effective inductions and handovers from their predecessors.

Recruitment and appointment of new Trustees

Trustees of the charitable company are appointed in accordance with the charitable company's Memorandum and Articles of Association.

The Trustees strive to ensure that the skills and expertise of the Trustees meet the needs of the charitable company. In the event of particular skills being required, individuals may be approached to offer themselves for election. Alternatively, Trustees may be recruited through a process of public advertisement and application.

We continue to work on strengthening the Board with additional Trustees bringing skills in finance, public relations/communications, legal, fundraising, and community development, and continue to explore various recruitment channels to achieve this. We also do not discount the possibility of concurrent appointments of Trustees with experience of similar roles in partner bodies, provided that any possible conflicts of interest can be identified and appropriately mitigated.

Induction and training of new Trustees

New Trustees are usually familiar with our work but are encouraged to meet with other Trustees, and with the Executive Director to familiarise themselves with the day-to-day operations of the charitable company and the churches in our care. All Trustees are briefed on their legal obligations under Charity and Company Law and provided with information about charity law in Scotland and the duties of Charity Trustees as required by the Office of the Scottish Charity Regulator (OSCR). Trustees are sent updates as and when these are produced by the charitable company's lawyers, OSCR or other expert bodies. Trustees are encouraged to attend external training events to provide them with the additional knowledge and skills considered necessary to fulfil their role most effectively.

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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Each year, Trustees look to hold one meeting local to a church in our ownership, and to include a site visit to the church and an opportunity to meet members of the Friends Group and wider community. This enables Trustees to familiarise themselves with the building and the community, and to hear the views of local people.

Organisational Structure

The Trustees, of whom there are currently six, form the managing committee of the charitable company, with some matters delegated to a Finance & Administration Committee. The Trustees meet every eight to ten weeks and are responsible for the strategic direction and policy of the charitable company. Day-to-day operation of the charitable company is by the full-time Executive Director who is appointed by the Trustees. The Executive Director reports to the Trustees, facilitates their decision-making and, where appropriate, receives instructions from them.

None of the Trustees had any financial interest in the charitable company at any time during the year. Trustees and advisers may reclaim reasonable expenses incurred when on charitable company business.

Pay Policy for Staff

The Trustees consider that the Board of Trustees, who are also directors of the charitable company for the purposes of company law, together with the Executive Director, constitute the key management personnel of the charitable company. The Executive Director is charged by the Trustees with directing, running and operating the charitable company on a day-to-day basis.

The pay of the Executive Director and other staff is reviewed annually, and set in the light of the role undertaken, the nature and size of the company and its financial position.

RISK MANAGEMENT

The Trustees have a risk management strategy which comprises:

1. Regular review of the risks that the charitable company may face
2. The establishment of systems and procedures where appropriate to mitigate those risks identified; and
3. The implementation of procedures designed to minimise any potential impact on the Trust should any of the risks materialise.

Risks can be broadly categorised as financial and non-financial and their identification enables the organisation to better manage and reduce risk to people, property, and the organisation.

The churches in our care are in rural and semi-rural locations. Some are isolated and remote from habitation, adding to their attraction but making them vulnerable to theft and vandalism. Trustees have identified the particular risk posed by metal theft and, where appropriate, churches are protected using SmartWater technology. Churches are also well insured, but Trustees believe that the best deterrent is the regular presence of people (caretakers, volunteers and visitors) in and around the buildings. Historic Churches Scotland continues to promote and encourage visits to the churches in its care through a variety of means, and to be pro-active in seeking new ways to ensure that footfall is increased.

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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Oversight of Historic Churches Scotland's risk management strategy rests with the Finance & Administration Committee. It is then regularly reviewed by the full trustee board. The charitable company's ability to withstand the challenges of 2025-26 reflects the fact that proper action has been taken to ensure financial and operational resilience, not least around staffing risk. It is recognised that risk management needs to be kept under constant review given increasing calls on the organisation's resources.

However, no matter how effective the mitigation, ultimately the more challenging the financial landscape for the organisation, the less well we will be able to maintain our current estate at the desired level, and to meet new challenges. In this context, we note the increasing risk of rising insurance costs for our own estate thus reducing our ability to make wider investments. (We also note the wider deterrent effect of insurance costs, often far above those charged to former congregations, on community acquisition and the risks of inadvertent under coverage for those groups who do proceed).

FINANCIAL REVIEW

Fundraising Activities
A Partnership Fund award of £312,000 was made by Historic Environment Scotland in December 2024 for 2025-28.

£15,000 was awarded by the Church of Scotland General Trustees in October 2025 towards organisational costs.

In relation to individual churches, the Church of Scotland General Trustees provided financial assistance to enable the transfer of ownership of Croick Church and to meet the cost of surveys and reports, and to carry out urgent safety and weathertight repairs to the building.

We again welcomed a generous donation from the Friends of St Peter's Kirk, Eastside, South Ronaldsay, towards upkeep and repairs to the kirk.

As in previous years, donations given by visitors to our churches made a significant contribution to our income, together with donations made for the use of churches for events, weddings and funerals.

Results for the year
The results of the charitable company are set out in the Statement of Financial Activities. This shows income of £294,405 (2025: £153,415) and expenditure of £305,448 (2025: £156,963) resulting in net expenditure for the year of £11,043 (2025: expenditure of £3,548). This is reduced from funds brought forward of £123,277 to give total funds carried forward of £112,234 (2025: £123,277), made up of unrestricted funds of £49,579 (2025: £14,872) and restricted funds of £62,655 (2025: £108,405).

Principal Funding Sources
The charitable company's financial position is set out in the Statement of Financial Activities. Historic Churches Scotland's finances have been constrained by a reduction in revenue funding in recent years, but Trustees believe that the charitable company's assets are adequate to fulfil its obligations, particularly in the light of the new funding from Historic Environment Scotland described above.

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FINANCIAL REVIEW (continued)

Reserves Policy

The Trustees have established the level of reserves that they consider appropriate for the charitable company to hold. These reserves are needed to bridge any funding gap arising from the retrospective drawdown of grant; to cover any emergency work required to its churches; or to sustain the operation of the organisation in the event of a temporary shortfall in grant income. The Trustees consider that the ideal level of reserves would be £100,000. This represents one year's operating costs at current levels (£80,000) and a further £20,000 for emergency repairs.

The actual 'free' reserves at 31 January 2026, being those funds not invested in tangible fixed assets, were £49,579 (2025: £14,872). Increasing both the absolute level of reserves and the flexibility with which they can be used, so providing greater security for the organisation, continues to be prioritised by Trustees as part of its strategic change process.

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HISTORIC CHURCHES SCOTLAND

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 JANUARY 2026

TRUSTEES RESPONSIBILITIES STATEMENT

The Trustees (who are also the directors Historic Churches Scotland for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company 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 28 October 2026 and signed on its behalf by:

Chris Kenny

C C Kenny
Chairman

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INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF HISTORIC CHURCHES SCOTLAND

I report to the Trustees on my examination of the financial statements of the charitable company for the year ended 31 January 2026 which are set out on pages 14 to 27.

Respective responsibilities of Trustees and Examiner

The Trustees (who are also the Directors for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44(1) (c) of the Act and to state whether the particular matters have come to my attention.

Basis of Independent Examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations (as amended). An examination includes a review of the accounting records kept by the charitable company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent Examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:

    - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and

    - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

    have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Findlay Paul

Findlay Paul, CA Date: 28 October 2026
Independent Examiner
For and on behalf of MHA
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

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HISTORIC CHURCHES SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2026

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2026 £	Total Funds 2025 £
INCOME					
Grants, donations and legacy	2	97,538	45,684	143,222	151,654
Investment income	3	1,183	-	1,183	1,761
Total income		98,721	45,684	144,405	153,415
EXPENDITURE					
Charitable activities	4	43,427	112,021	155,448	156,963
Total expenditure		43,427	112,021	155,448	156,963
NET INCOME/(EXPENDITURE) BEFORE TRANSFERS FOR THE YEAR	6	55,294	(66,337)	(11,043)	(3,548)
TRANSFERS	13	(20,587)	20,587	-	-
NET MOVEMENT IN FUNDS		34,707	(45,750)	(11,043)	(3,548)
RECONCILIATION OF FUNDS					
Total funds brought forward	13	14,872	108,405	123,277	126,825
TOTAL FUNDS CARRIED FORWARD	13	49,579	62,655	112,234	123,277

The Statement of Financial Activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

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HISTORIC CHURCHES SCOTLAND

BALANCE SHEET
AT 31 JANUARY 2026

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2026 £	Total Funds 2025 £
FIXED ASSETS					
Heritage assets	9	-	-	-	-
CURRENT ASSETS					
Debtors	10	70,792	15,143	85,935	3,895
Cash at bank and in hand		(15,256)	198,689	183,433	126,837
		55,536	215,832	269,368	130,732
CREDITORS					
Amounts falling due within one year	11	(5,957)	(151,177)	(157,134)	(7,455)
NET CURRENT ASSETS		49,579	62,655	112,234	123,277
NET ASSETS		49,579	62,655	112,234	123,277
FUNDS					
Unrestricted funds	13			49,579	14,872
Restricted funds	13			62,655	108,405
TOTAL FUNDS				112,234	123,277

For the year ended 31 January 2026 the charitable company was entitled to the exemption from an annual audit permitted by Section 477 of the Companies Act 2006 relating to small companies.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The notes on pages 17 to 27 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 28 October 2026 and were signed on its behalf by:

Chris Kenny

C C Kenny
Chairman

Company Registration No: SC162884 (Scotland)

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HISTORIC CHURCHES SCOTLAND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2026

	Notes	2026 £	2025 £
Reconciliation of net (expenditure) to net cash flow from operating activities			
Net (expenditure)		(11,043)	(3,548)
Depreciation and impairment		37,384	33,983
Interest income		(1,183)	(1,761)
(Increase)/decrease in debtors		(82,040)	78,470
Increase/(decrease) in creditors		149,679	(11,586)
Net cash provided by operating activities		92,797	95,558
Statement of cash flows			
Cash flows from operating activities		92,797	95,558
Cash flows from investing activities			
Purchase of fixed assets		(37,384)	(33,983)
Interest income		1,183	1,761
Cash (used in) investing activities		(36,201)	(32,222)
Increase in cash and cash equivalents in the year	14	56,596	63,336
Cash and cash equivalents at the beginning of the year	14	126,837	63,501
Total cash and cash equivalents at the end of the year	14	183,433	126,837

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1. ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Basis of preparation
The financial statements have been prepared on a going concern basis under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to the financial statements. The financial statements are presented in sterling which is the functional currency of the charitable company and are rounded to the nearest £.

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities, Statement of Recommended Practice applicable to charities, preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and UK Generally Accepted Accounting Practice.

Historic Churches Scotland meets the definition of a public benefit entity under FRS 102.

Going concern
The Trustees consider that there are no material uncertainties regarding the charitable company's ability to continue as a going concern. In December 2024, the Trustees secured funding of £312,000 from Historic Environment Scotland for three years commencing 1 April 2025, which secures the charitable companies funding position for the next 24 months. Trustees will continue to undertake work on church buildings only where funding is available to do so. Trustees are satisfied these efforts are sufficient and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Income
Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from grants, whether 'capital' or 'revenue' in nature, is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest payable by the Bank.

In-kind support, including donated assets, goods, services and facilities, is only included within the Statement of Financial Activities where the benefit to the charitable company is reasonably quantifiable and measurable. The value placed on these resources is the estimated value of the service or facility received. General volunteer time is not recognised in accordance with the recommendations of the SORP.

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1. ACCOUNTING POLICIES (continued)

Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required 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 costs related to that category.

Expenditure on charitable activities includes the direct costs of maintenance and repairs incurred by the charitable company in delivering its charitable objective and the indirect costs necessary to support them. Support costs are allocated between governance costs and other support costs. Governance costs comprise more cash involving the public accountability of the charitable company and therefore include the cost of statutory audit. Other support costs relate to the administrative cost of running the charitable company and are allocated to charitable activities accordingly.

The charitable company is not registered for VAT and irrecoverable VAT is therefore included within the expenditure to which it relates.

Leasing commitments
Rentals paid under operating leases are charged to the Statement of Financial Activity on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits
The charitable company contributes towards an employee's defined contribution pension scheme. Contributions payable to the scheme are charged to the Statement of Financial Activities in the period to which they relate.

Taxation
The charitable company is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charitable company in either the current or prior years.

Heritage assets
The purpose of the charitable company is to acquire redundant churches of historic or architectural value and to maintain them as part of the Scottish heritage. The cost attributed to such assets is the initial purchase price, plus major restoration costs, professional fees and costs relating to the acquisition. Arising out of the implementation of FRS 102 and the Charities SORP FRS 102 an impairment review was completed in respect of the property portfolio in order to write down the carrying value to an appropriate fair value at 31 January 2016. Impairment is considered annually with charges being recognised in the Statement of Financial Activities as they arise.

The heritage assets are all outstanding churches which have been threatened with closure. The charitable company's aim is to conserve them intact as historic buildings. These churches are all over a hundred years old, some dating as far back as the fourteenth century. The current use of the churches range from Sunday services, weddings, baptisms and funerals to concerts, recitals, exhibitions and other events. Further restoration work is required on some of the churches before these services and events may take place.

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1. ACCOUNTING POLICIES (continued)

Heritage assets (continued)

Acquisition policy
Historically, the acquisition policy of Historic Churches Scotland can be defined as primarily opportunistic in that places of worship were acquired as and when they became redundant and came to our attention. While Trustees have aimed to move to a more strategic approach, both our resources and the scale and speed of disposal by the Church of Scotland mean that we are likely to continue with an opportunistic approach, in so far as acquisitions are possible at all. Though each individual place of worship is judged on its own merits, to ensure diversity, Trustees consider the following:

- Particular faiths/denominations
- Geographical spread
- Works by particular architects/craftsmen
- Buildings representing specific periods and types

Given the charitable company's objectives, it is not currently policy to dispose of any heritable assets.

Depreciation is currently charged in full in the financial year in which costs are incurred. Maintenance costs are expended in the year in which they are incurred.

Debtors
Debtors are recognised at settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand
Cash at bank and in hand includes cash and short term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions
Creditors and provisions are recognised when the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

Financial instruments
The charitable company only has financial assets and liabilities of a kind that qualify as basic instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting
Unrestricted funds may be expended in whatever way the Trustees determine best supports the objects of the charitable company.

The restricted funds of the charitable company represent funds held in relation to specific churches or projects. These include funds raised by Friends Groups or generated through the hire or use of a specific church.

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1. ACCOUNTING POLICIES (continued)

Legal status of the charitable company
The charitable company is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

Judgements in applying key sources of estimation uncertainty
In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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.

In preparing these financial statements, the trustees have made the following judgements:

- Determine whether leases entered into by the charitable company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

2. GRANTS AND DONATIONS

	2026 £	2025 £
Donations (including gift aid) and legacies	22,054	14,881
Grants	121,168	136,773
	143,222	151,654

Grants received, included in the above, are as follows:	2026 £	2025 £
Unrestricted		
Historic Environment Scotland	95,168	-
Church of Scotland	-	45,000
Restricted		
Friends of the Mansfield Traquair Centre (for Mortuary Chapel)	7,000	-
Architectural Heritage Fund (for Mortuary Chapel)	7,000	-
Cairngorm National Park (for St Margaret's Braemar)	12,000	-
Church of Scotland (for Croick)	-	91,773
	121,168	136,773

Income from grants and donations was £143,222 (2025: £151,654), of which £97,538 (2025: £49,916) was unrestricted and £45,684 (2025: £101,738) was restricted.

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3. INVESTMENT INCOME

	2026	2025
	£	£
Deposit account interest	1,183	1,761

All investment income arises from money held in interest bearing deposit accounts of which £1,183 (2025: £1,760) was unrestricted and £nil (2025: £1) was restricted.

4. CHARITABLE ACTIVITIES

	2026	2025
	£	£
Maintenance and associated costs		
St Peters, Sandwick	2,093	1,851
St Peters, Eastside	9,300	3,017
Cromarty East Church, Ross-shire	11,958	8,583
Tibbermore Church, Perthshire	2,342	2,453
Benholm Kirk, Kincardineshire	2,872	2,222
Pettinain Church, Lanarkshire	14,284	8,894
St Margaret's Church, Braemar	11,157	34,110
Kildrummy Kirk, Aberdeenshire	(3,001)	8,745
Sick Children's Hospital, Mortuary Chapel, Edinburgh	(401)	60
Croick, Strathcarron	41,920	23,033
Support costs – (note 5)	62,924	63,995
	155,448	156,963

Expenditure on charitable activities was £155,448 (2025: £156,963), of which £43,427 (2025: £50,468) was unrestricted and £112,021 (2025: £106,495) was restricted.

5. SUPPORT COSTS

	2026	2025
	£	£
Wages and salaries	47,641	47,403
Other support costs	8,116	8,602
Governance costs	7,167	7,990
	62,924	63,995
Governance costs comprise:		
Legal fees	(329)	240
Administration fees	1,342	1,466
Companies house fee	34	13
Auditors' remuneration	-	5,418
Examiners' remuneration	6,120	-
Website costs	-	853
	7,167	7,990

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6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging:

	2026 £	2025 £
Independent examination fees	6,120	5,418
Depreciation – Heritage assets	37,384	33,983

7. TRUSTEES' REMUNERATION AND BENEFITS

There was no Trustees' remuneration for the year ended 31 January 2026 nor for the year ended 31 January 2025. None of the Trustees had any financial interest in the charitable company at any time during the year.

Trustees' expenses
Three (2025: one) trustees were reimbursed for expenses of £737 (2025: £22) in the year.

8. STAFF COSTS AND REMUNERATION

	2026 £	2025 £
Wages and salaries	45,339	45,164
National insurance	-	-
Pension costs	2,302	2,239
	47,641	47,403

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

	2026	2025
Direct charitable	1	1

No employee therefore received emoluments in excess of £60,000 in either the current or prior year.

The key management personnel of the charitable company comprise the Board of Trustees and the Executive Director. The total employee benefits of the key management personnel of the charitable company were £47,641 (2025: £47,403).

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9. HERITAGE ASSETS

	Owned Churches £	Pre-acquisition Costs £	Total £
HISTORICAL COST			
At 1 February 2025	1,618,887	23,033	1,641,920
Additions for the year	-	37,384	37,384
At 31 January 2026	1,618,887	60,417	1,679,304
DEPRECIATION			
At 1 February 2025	1,618,887	23,033	1,641,920
Charge for year	-	37,384	37,384
At 31 January 2026	1,618,887	60,417	1,679,304
NET BOOK VALUE			
At 31 January 2026	-	-	-
At 31 January 2025	-	-	-
Additions pre 2020			1,496,605
2021			-
2022			4,842
2023			71,443
2024			35,047
2025			33,983
2026			37,384
			1,679,304

All heritage assets owned by the charitable company have been capitalised in accordance with the charitable company's accounting policy (refer to Note 1). Impairment reviews are completed to write down the carrying value to an appropriate fair value. The heritage assets are all outstanding churches which have been threatened with closure. The charitable company's aim is to conserve them intact as historic buildings. These churches are all over a hundred years old, some dating as far back as the fourteenth century. The current use of the churches range from Sunday services, weddings, baptisms and funerals to concerts, recitals, exhibitions and other events. Further restoration work is required on some of the churches before these services and events may take place.

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10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026	2025
	£	£
Prepayments and accrued income	85,935	3,895

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026	2025
	£	£
Grants repayable	150,000	-
Other taxes and social security costs	1,207	1,128
Other creditors and accruals	5,927	6,328
	157,134	7,456

12. SECURED DEBTS

Under the obligations set out in the funding agreement with Historic Environment Scotland, the Scottish Ministers hold a standard security over St. Peter's Sandwick and Cromarty East Church. The title deeds for St Peter's are held by the Scottish Executive on behalf of Historic Environment Scotland.

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13. MOVEMENT IN FUNDS

2025/26	At 1 Feb 2025 £	Income £	Expenditure £	Transfers between funds £	At 31 Jan 2026 £
Unrestricted					
General fund	14,872	98,721	(43,427)	(20,587)	49,579
Restricted					
Cromarty	20,675	2,103	(13,683)	-	9,095
Pettinain	-	-	(16,150)	16,150	-
Tibbermore	4,025	1,123	(3,914)	-	1,234
Benholm	-	269	(2,872)	2,603	-
Kildrummy	23,780	2,831	994	-	27,605
St Margaret's	(34,110)	12,000	(15,028)	-	(37,138)
St Peter's, Eastside	27,382	6,500	(11,306)	-	22,576
St Peter's, Sandwick	-	258	(2,092)	1,834	-
Bangour	1,001	-	-	-	1,001
Sick Children's Hospital	-	17,450	(3,036)	-	14,414
Croick Church	65,652	3,150	(44,934)	-	23,868
	108,405	45,684	(112,021)	20,587	62,655
Total Funds	123,277	144,405	(155,448)	-	112,234

The individual restricted funds comprise the individual churches under the care and stewardship of the charitable company except for the Bangour, Sick Children's Hospital and Croick Church, which relates to project work at those churches.

Transfers to the Pettinain, Benholm, and Sandwick funds represent contributions from general funds towards the shortfall on individual church funds in the year.

St Margaret's is operated in partnership with the St Margaret's Trust (SMT). SMT receive the donations given by visitors and income from events that they hold. In turn, SMT contribute to development and running costs. £Nil was received from SMT in the current year.

The St Margaret's fund is in deficit at the year end due to costs being incurred in advance of the receipt of funding for eligible expenditure incurred.

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13. MOVEMENT IN FUNDS (continued)

2024/25	At 1 Feb 2024 £	Income £	Expenditure £	Transfers between funds £	At 31 Jan 2025 £
Unrestricted					
General fund	18,067	51,676	(50,468)	(4,403)	14,872
Restricted					
Cromarty	28,415	2,681	(10,421)	-	20,675
Pettinain	9,513	-	(10,323)	810	-
Tibbermore	8,172	1,471	(5,618)	-	4,025
Benholm	-	269	(2,222)	1,953	-
Kildrummy	31,385	3,054	(10,659)	-	23,780
St Margaret's	-	-	(34,110)	-	(34,110)
St Peter's, Eastside	30,272	2,220	(5,110)	-	27,382
St Peter's, Sandwick	-	271	(1,851)	1,580	-
Bangour	1,001	-	-	-	1,001
Sick Children's Hospital	-	-	(60)	60	-
Croick Church	-	91,773	(26,121)	-	65,652
	108,758	101,739	(106,495)	4,403	108,405
	126,825	153,415	(156,963)	-	123,277

Transfers to Pettinain, Benholm, and Sandwick funds represent contributions from general funds towards the shortfall on individual church funds in the year.

14. ANALYSIS OF NET FUNDS

	1 Feb 2025 £	Cashflows £	31 Jan 2026 £
Cash at bank	126,837	56,596	183,433

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15. CONTINGENT LIABILITIES

Prior approval is required from the main funders of Cromarty East Church in the event that the charitable company subsequently disposes or partially disposes of its interest in the church. This event may also trigger a repayment of a proportion of the grant funding received.

16. RELATED PARTY TRANSACTIONS

The charitable company received donations of £1,460 (2025: £1,200) from two trustees (2025: one) in the year.