

## **REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE**

### **GENERAL ASSEMBLY 2013**

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The outline Order of Business in Appendix 1 details the arrangements for the 2013 General Assembly. The General Assembly will meet in the Salutation Hotel, Perth from Wednesday 29<sup>th</sup> to Friday 31<sup>st</sup> May. The annual meetings of the Women's Home and Overseas Committee and all Business Sessions and the Opening and Closing Services of the General Assembly will take place in the Salutation Hotel. The culmination of the General Assembly will be the Closing Service during which the Moderator will give his address. The Leaders' Forum will take place in Perth United Free Church on the afternoon of Wednesday May 29<sup>th</sup>.

#### **GENERAL ASSEMBLY 2014**

In accordance with the decision of the 2008 General Assembly that future meetings of the General Assembly be held in a central location, the committee recommends that the General Assembly 2014 be held in the Salutation Hotel, Perth from Wednesday June 4<sup>th</sup> until Friday June 6<sup>th</sup>.

#### **STEDFAST**

Mr Alastair Wright continues as Stedfast Secretary. He has a good working relationship with the Stedfast Editorial Team. The Stone Agency continues to design the magazine and the General Secretary provides valuable support and advice. The Team continues to commission and request material from within and beyond the church in its effort to provide a magazine that encourages, supports and advances the life and witness of the denomination. Congregations are encouraged to give their support.

The costs of design and production of Stedfast continue to rise. There has not been a serious drop in circulation despite the increase in price. It continues to be the view of the Committee that Stedfast may require a modest subsidy from the central funds of the Church in the near future.

#### **PRAYER UNION**

The committee appreciates the valuable contribution which the Prayer Union continues to make to the life of the church in providing an opportunity for focused prayer throughout the denomination. Mrs Wemyss Billows her committee are to be commended for the quality and content of the Prayer and Study Guide which is widely used throughout the church.

#### **PROTECTING VULNERABLE GROUPS**

The Committee is aware of the arrangements required for the introduction of the new PVG scheme. Over a 3 year period the intention is that all those currently working with vulnerable groups will be brought into this new Scheme. Within the United Free Church it is hoped that this will be done gradually, in the following order: -

1. Ministers/ Ministry Assistants/ Pastors
2. Those who have disclosures under the old scheme.
3. Those working with other vulnerable groups as required.

Arrangements for retrospective checking began at the end of October 2012 but there is a quota applied to all charities, based on previous applications, and our limit is 5 per month but 3 for the first 3 months.

Anyone who takes up a position which involves working with children and young people or other vulnerable groups will continue to require to have a Disclosure check carried out at that point. The Committee recommends that the lists of people registered under the PVG Scheme be routinely checked by those carrying out Quinquennial visitations. The Central registered Body in Scotland had recently conducted a compliance audit of our arrangements and is happy with our procedures.

Laura Mackenzie expressed a willingness to be involved in training on the new PVG scheme and child protection, and the committee wish to thank her for that.

Signatories to deal with applications and ID checks will be J Fulton, L Mackenzie, C Brown, and one person in the East and North presbyteries.

## **COORDINATING FORUM**

The Coordinating Forum continues to meet to share information on the work of presbyteries and the committees of the church. The present committee structure has been in place for a number of years and has encouraged committees to liaise and work together where appropriate. In response to the Deliverance from the Christian Education and Evangelism Committee which was agreed at the 2012 General Assembly, that "*The General Assembly invite the Conveners of the Ministry, Christian Education and Administration and Finance Committees to meet together with representatives of the three Presbyteries to consider formulating a "Strategy for Mission" and to report back to the General Assembly of 2013 on progress*", the Coordinating Forum arranged an overnight meeting at Carronvale House in January 2103. Detailed discussion took place. Members looked at Joshua 24 and the meanderings of the people of God due to their unfaithfulness. Later they also looked at Acts 2 and the New Testament principles for what it is to be a church. It was recognised that it would be helpful if the various committees and presbyteries took responsibility for following up on some of the points which had been discussed.

### **Presbyteries**

- Review how Quinquennial Visits are conducted and reported on; perhaps offer training on them. Ensure that a mission audit is part of what takes place. Also ensure that points raised in reports are followed through and acted upon. More frequent visits are possible where this is felt necessary/ desirable.
- Seek to be identify where there is the potential for work to develop both in existing congregations and in new areas.
- How to support and guide congregations where there is no future.

### **Administration & Finance**

- Consider whether more could be done to ensure Quinquennial Visits are effective.

### **Ministry Committee**

- Review the training we have in place and consider how best to equip new ministers for different forms of ministry. Look at what happens in other Churches here and abroad. Consider possibility of bi-vocational ministry or ministers serving part time in a congregation but linked with a mission situation.
- Develop the opportunities to stimulate ministers etc through In Service Conference.

### **Christian Education & Evangelism**

- Begin to explore opportunities to develop a new work in new areas (Church

Planting). The intention is that the Christian Education and Evangelism Committee will begin this discussion and then involve other committees, including Ministry, Administration & Finance and General Trustees, in taking this forward.

- Consider further the development of a Mission Strategy.

There was also discussion on the matter remitted to the Administration & Finance Committee by the General Assembly: *"The General Assembly invite the Administration and Finance Committee to re-evaluate the historic and present reasons for our being a separate denomination and to report back to the General Assembly of 2013."*

## CONGREGATIONAL RECORDS

Letters have been sent to congregations requesting details of the records which they hold. The Church Officer of the National Records of Scotland, Mrs Ruth Jones, has informed us that they would be interested in taking records for cataloguing and storing, including all the congregational records currently held in the Church Office.

## OUR CONTINUANCE

The Committee were invited by the assembly to "re-evaluate the historic and present reasons for our being a separate denomination and to report back to the General Assembly of 2013"

The reasons for our continuing as the United Free Church in 1929 were summarised by our forebears in the following way:-

**Autonomy:** Historically the United Free Church of Scotland has consistently been opposed to State Establishment of religion, believing it to be a hindrance to the welfare and witness of the Church of Jesus Christ. Even in situations where there is no actual interference with the Church's spiritual autonomy, the threat is implicit in the State-Church relationship.

**Equality:** The special recognition by the State of one denomination, places the Churches on an unequal footing and is not in the interests of the best Inter-Church relations.

**Voluntaryism:** Material support should come from the freewill offerings of the members. Where the State for specific purposes, regarded as promoting the welfare of the people, offers material or financial aid to all Churches, without distinction and without injustice to other institutions, or interference with the Church's freedom, acceptance of such aid would not be incompatible with the Church's position.

Added to this statement was of course the statement that appeared in Stedfast first of all on the front cover of every issue and subsequently on the inside.

"As a branch of the Church of Christ, one and indivisible, we stand for an Evangelical Gospel based on New Testament principles, acknowledging Jesus Christ as the supreme King and only Head of the Church. We believe that His Church should be supported solely by the freewill offerings of his people and that therefore State Aid or Civil Establishment of religion, being contrary to the spirit of Christ's teaching is fatal to full spiritual freedom and opposed to the consistent testimony of our Church. We believe further, in equal treatment for all branches of the Church of

Christ before the Law and we hold that preferential consideration or special privilege at the hands of the State is opposed to the fundamental principles of Religious Equality.”

The principles clearly held by the United Free Church can therefore be summarised by saying that as a Church we are Evangelical, Presbyterian and Voluntary.

It is of course quite obvious that as a Church we are not the only Evangelical Church in Scotland. We are not the only Presbyterian Church. We are also not the only Church holding to the Voluntary Principle.

However we are the only Church in Scotland that holds to all three.

The question raised asks that we consider the relevance of this position in Scotland today. We are by conviction a Church that holds to an Evangelical Gospel which we believe is always relevant in every age and every society as God’s plan and purpose for creation.

We are Presbyterian and by our ordination those who hold that Presbyterian Government is agreeable to the Word of God and the best form of organisation of the Church.

We hold that the Church should be a Voluntary Church not established or preferred over others by the State, nor subject to the interference of the State in our spiritual affairs. Over the last eighty years the argument for holding to a Voluntary Position would have appeared the least important part of our testimony as Church. In view of our increasingly secular and post Christian society the importance of our position becomes clearer with each year.

It is the view of the Committee that the principled stand of our forebears took is even more important as the society we serve changes in outlook and attitudes and ways they could never have imagined. As a Church we have a unique contribution to contribute to the “Church of Christ, one and indivisible” of which we are not the whole but a branch.

## **QUINQUENNIAL VISITATION**

During the year the following quinquennial visitations have been carried out:

**East:** Gorebridge, St Ninians

**West:** Ardeer, Ayr, Bargeddie; Glasgow: Cathcart, Drumchapel, Millerston; Whifflet

**North:** Balintore, Newport

## **MODERATORIAL VISITATION**

Thanks are expressed to the Moderator, Rev Ian F R Lloyd for his visits to congregations during the past year and for the encouragement he has brought. The Moderator has willingly represented the church at a number of meetings and events

**East:** Burntisland: Erskine, Edinburgh: Corstorphine, St Ninians, West Calder

**West:** Ardeer, Ayr, Bellshill: St Andrews, Canonbie United, Glasgow: Langside & Shawlands, Millerston, Shieldhall & Drumoyne, Kilmaurs: Maxwell and Kilmarnock, Milngavie, Uddingston: Park

**North:** Carnoustie, Cunningsburgh, Dounby, Lossiemouth, Newport, Sandwick, Tayport

Congregations are reminded that, any requests for visits by the Moderator should be made through the Church Office.

### **APPEAL COMMISSION**

The Committee recommends that the following members be elected to serve on the Appeal Commission for the coming year. Rev A M Ford (Chairman), Rev G J A Barclay (Vice Chairman), Rev M C Keane, Rev G G Brown, Rev A Ritchie, Mr W Cairns, Dr I Smith, Miss J Doran, Rev A D Scrimgeour, Rev C C Brown, Rev D Lyon, Mr A Scott, Miss L Mathieson, Rev G B Bruce, Rev I F R Lloyd, Miss J Ramsay, Mr G H McRobb, Mr I Shering,

### **PANEL ON DOCTRINE**

The Committee recommends that the following members be elected to serve on the Panel on Doctrine for the coming year: Revs: I.F.R Lloyd (Convener), D. Cartledge, Dr. J. O. Evans, J. O. Fulton, A.D. Scrimgeour, Mr. A. Scott, and the Principal Clerks.

## **FINANCE**

### **BASIS AND CONTENT OF THIS REPORT**

The Report and Financial Statements for the year ended 31 December 2012 are at the back of Assembly Reports. Commissioners may obtain detailed Assembly Fund Accounts from the General Secretary.

This Report highlights principal factors affecting movement in Assembly Funds in 2012; explains agreed 'Target' requirements for 2012 and 2013; importance of these to the level of the Target recommended for 2014; Assembly Committees' budget requirements for 2013; and a review of the financial position of the Denomination and the Congregations.

The General Trustees of the Denomination hold funds on behalf of some congregations, presbyteries and other bodies. Such funds are not available to the United Free Church of Scotland and, in accordance with recommended practice, have been excluded from the Balance Sheet amounts for Investments and Creditors (see Note 15 of the financial statements). The 'owners' of such funds are informed of amounts held on their behalf and asked to include them in their financial statements.

### **MOVEMENT IN FUNDS 2012**

Funds of Assembly Committees' owning property have two elements - 'revenue' represented by cash/investments, and 'Property'. The former is realisable; the latter, long term commitments. Property owned by the denomination is recorded at cost, including improvements, less depreciation except Newton Place (church office) recorded at market value (re-valued 5 yearly) then depreciated. The 'book cost' of Property does not reflect its current market value.

| <b>Total Funds</b> | <b>2012</b> | <b>2011</b> | <b>Increase (decrease)</b> |
|--------------------|-------------|-------------|----------------------------|
|--------------------|-------------|-------------|----------------------------|

|                               | £                       | £                       | £                     |
|-------------------------------|-------------------------|-------------------------|-----------------------|
| Revenue                       | 2,124,030               | 1,746,980               | 377,050               |
| Property                      | 1,665,195               | 1,692,427               | (27,232)              |
| <b>Funds at close of year</b> | <b><u>3,789,225</u></b> | <b><u>3,439,407</u></b> | <b><u>349,818</u></b> |

**Movement in Revenue Funds**

|   |                               |                       |  |
|---|-------------------------------|-----------------------|--|
| Incoming resources                                  | 989,576                       | 1,018,889             |  |
| Resources expended                                  | <u>1,052,624</u>              | <u>1,098,728</u>      |  |
|   | ( 63,048) **                  | ( 79,839)             |  |
| Income from Dissolutions                            | <u>324,250</u>                | <u>172,543</u>        |  |
| <b>Net Incoming resources</b>                       | <b>261.202</b>                | <b>92,704</b>         |  |
| Net gains on investments<br>(realised & unrealised) | 88,616                        | 12,736                |  |
| <b>Net Movement in Funds</b>                        | <b><u>349,818</u>&lt;&lt;</b> | <b><u>105,440</u></b> |  |

**Movement in Property Funds**

No changes in Property. Fall in value is depreciation.

In 2012, ordinary outgoings exceeded ordinary income from congregations, target, other activities and investments by £63,048\*\* (2011 £ 79,839). Thus increase in Funds comes from the dissolution of Congregations (2012 - Arbroath).

**TARGET**

**2012** 'Minimum' Target set for 2012 was £53 per member. With membership of 3,176 income expected was £168k. Income received was £179k, an average of £57 per member.

**2013** 'Minimum' set for 2013 is £55 per member. Membership at start of year is 2,995 and therefore minimum expected is £165k but is budgeted at £175k in the expectation Congregations will aim toward the level required to cover core denomination costs.

**2014** 'Minimum' for 2014, recommended for Assembly's approval, is £57 per member.

Yearly increases reflect the fall in membership and inflation on costs stressing the aim to ensure the cost of maintaining essential denominational services is assured. It is noted that the 'Target' to fully cover core costs is £65 per member.

**ASSEMBLY COMMITTEES' FUNDS 2012 & 2013**

Schedule on page **XX**, left hand columns, details movement in Committee's resources in 2012. Right hand columns detail budget income, costs and target allocations for 2013 for each Committee and their resources anticipated at the end of that year.

The policy adopted is to ensure those Committees with limited resources and fairly well defined income and costs have sufficient funds from Target to fulfil their agreed responsibilities and commitments. Ministry and General Purposes funds are more difficult to predict and outgoings are significant and thus they must maintain adequate reserves. Their allocation from Target however is usually less than their needs and the General Trustees provided a grant to Ministry in 2012 and will do so again in 2013 and to General Purposes.

It will be noted Youth and Christian Education and Evangelism Funds have deficits in 2012 as also anticipated in 2013. Resources are considered adequate at present but will be

kept under review. Overseas Fund has traditionally not received a share of Target and had significant resources. It is noted this fund is declining as the Committee continue to actively support overseas mission.

The General Trustees Funds have increased significantly due, regrettably, to the dissolution and closure of some congregations and the inflow of their remaining funds and proceeds of property disposals. The Trustees are concerned to support Congregations who find their finances insufficient to meet annual outgoings and/or significant costs to adequately maintain their property and mission. These needs **must** be addressed through Presbyteries and Assembly Committees' who can and do seek the assistance of the Trustees. A number of such requests have been met and others are being considered.

## **DENOMINATIONAL AND CONGREGATIONAL FINANCIAL RESOURCES**

The resources of the Denomination and the Congregations in funds and property are significant although often unevenly spread. The challenges faced spiritually and practically nevertheless can, and sometimes do, seem overwhelming and have resulted in a fall in membership, congregations and human resources. The initial challenge must be to be wise and good stewards of the resources God has given to advance His mission, ministry and Kingdom through the Gospel about Jesus Christ His Son and our Lord. We know from His Word that human resources alone cannot be the answer, only our unwavering faith, dependence, commitment and service to God, Father, Son and Holy Spirit. May that be the source of our wisdom and boldness as good Stewards!

## **CHARITY LEGISLATION AND 'OSCR' (Office of the Scottish Charity Regulator)**

There has been no significant change in Charity Legislation but OSCR are determined to ensure Charities adhere to charity accounting standards or risk their charity status. When changes are introduced, Church Office will inform Congregations.

The advice given is that Presbytery Finance Committee's and Church Office be informed of any case of 'non-compliant' Reports which are returned by OSCR so that corrections are made and help can be offered to avoid a similar situation arising in future.

## **GIFT AID AND INCOME TAX RECOVERY**

In recent months HMRC have advised and very recently rolled out the details of the Government's decision to assist Charities, with Churches specifically noted, by the introduction of the Gift Aid Small Donations Scheme (GASDS). Church Office have issued guidance on this and changes in the procedure to submit claims including GASDS. The benefits are limited but are significant particularly to smaller Churches and therefore worthy of being addressed and implemented from April 2013.

The procedures seem complex but the aim is simple - to recover 25% on Cash donations received in the tax year (with upper limits) which cannot and could not be normal Gift Aid Donations. The existence of an active Gift Aid Scheme is essential. Please contact Church Office, if required, for assistance

## **Congregational Treasurers**

We acknowledge the additional work and commitment which has been required from all treasurers in recent years to fulfil and the requirements of Charity Law and of OSCR and thank treasurers and responsible committees for their patience and perseverance. If

problems occur in meeting these requirements Treasurers are advised to contact Church Office.

**Audit of Church Accounts**

Alexander Sloan, Chartered Accountants, who are the Auditors appointed by General Assembly have carried out their audit. It is recommended that this firm be reappointed for the 2013 audit.