



Scottish Episcopal Church

34th Annual Report

The General Synod of the Scottish Episcopal Church

Annual Report and Accounts for the year ended 31 December 2016

Notes

Membership

The membership of each Board and Committee is listed on pages 3 - 6 and reflects the membership at 31 December 2016.

Financial information

The main audited financial statements are grouped together at the end of the Report. The individual committee and fund statements shown alongside committee reports also form part of these accounts.

Synod Papers

This Report does not include motions and resolutions for General Synod, nor budget figures. This information will be included in the separately published Agenda and Papers for General Synod.

General Synod of the Scottish Episcopal Church

Scottish Charity Number SC015962

Scottish Episcopal Church Nominees

Scottish Charity Number SC013463

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General Synod of The Scottish Episcopal Church

Reference and administrative information

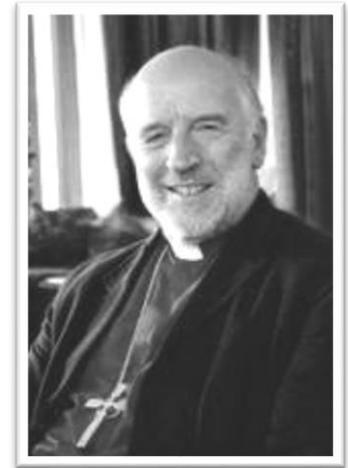
Charity name and address	General Synod of the Scottish Episcopal Church 21 Grosvenor Crescent Edinburgh EH12 5EE
Scottish Charity Number	SC015962
Charity Trustees	<i>Standing Committee</i> Mr Robert Gordon (Convener) Most Rev David Chillingworth Dr John Ferguson-Smith Mr James Gibson Rev Chris Mayo Rt Rev Kevin Pearson Rev Canon Dave Richards Rev Jane Ross Very Rev Alison Simpson Rt Rev Mark Strange
Principal Officers	Secretary General Mr John Stuart Treasurer Mr Malcolm Bett
Solicitors	Shepherd and Wedderburn LLP 1 Exchange Crescent, Conference Square Edinburgh EH3 8UL
Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Fund Managers	Baillie Gifford & Co Calton Square, 1 Greenside Row Edinburgh EH1 3AN
Bankers	Bank of Scotland plc Triodos Bank NV Scottish Widows Bank plc
Trustees for the Charity	<i>Trustees of the General Synod of the Scottish Episcopal Church</i> Lady Caroline Douglas-Home Mr Martin Haldane Rt Rev Edward Luscombe The Hon Lord McEwan Canon David Palmer Sheriff Alexander Wilkinson <i>Directors of Scottish Episcopal Church Nominees</i> Most Rev David Chillingworth Lady Caroline Douglas-Home Mr Gavin Gemmell Mr Martin Haldane Rt Rev Dr Idris Jones The Hon Lord McEwan Canon David Palmer Sheriff Alexander Wilkinson

The Trustees for the Charity have no involvement, in their capacity as Trustees for the Charity, in the management and control of the General Synod. Their role is to be nominees holding title to assets (principally heritable properties and investments) on behalf of the General Synod.

A Review of the Year 2016 by the Primus Most Rev David Chillingworth

We approach General Synod 2017 as a church which faces many challenges. But we are increasingly a church which seeks faithful ways forward, is learning what it means to pursue mission and contributes with confidence to the wider life of Scotland.

The Columba Declaration between the Church of England and the Church of Scotland was published unexpectedly at the end of 2015. We are always positive about ecumenical agreement. But there were aspects of this Declaration which caused deep concern. During 2016, through discussion in a number of fora, we have been able to renew our relationship of friendship and mutual regard with the Church of England. We have also entered into a significant dialogue with the Church of Scotland. 'Our Common Calling' will enable us to consider together our shared Christian witness in Scotland today.



The meeting of Anglican Primates in Canterbury in January 2016 was also highly significant. Provinces which have been attempting with integrity to address issues of human sexuality have come under pressure as the Communion attempts to sustain its unity. These challenges of relationship will not be resolved easily or quickly. Our presence and active involvement in the life of the Communion has seldom been more important.

Following the intensive discussions which took place at General Synod 2016, the major decision which we face at General Synod 2017 is the proposed canonical revision which would permit marriage between same sex couples. Whatever the outcome, we are deeply committed to sustaining our unity as a church and our place in the Anglican Communion.

I commend to you the work of the Scottish Episcopal Institute (SEI). A significant development in 2016 was our admission to the Common Awards Programme with a number of other churches. I recently visited Virginia Theological Seminary (VTS) just south of Washington. It is a major training institution of The Episcopal Church. My purpose was to contribute to the developing relationship between SEI and VTS – a relationship which will offer opportunity for travel and wider experience for our students. We are greatly encouraged by growth in the number of ordinands and their changing age profile. They will be a 'next generation' of leadership for our church.

Challenging times are also times of opportunity which call for thoughtful and 'joined up' leadership. The Provincial Standing Committee and the College of Bishops are working closely together to discern future directions for our church.

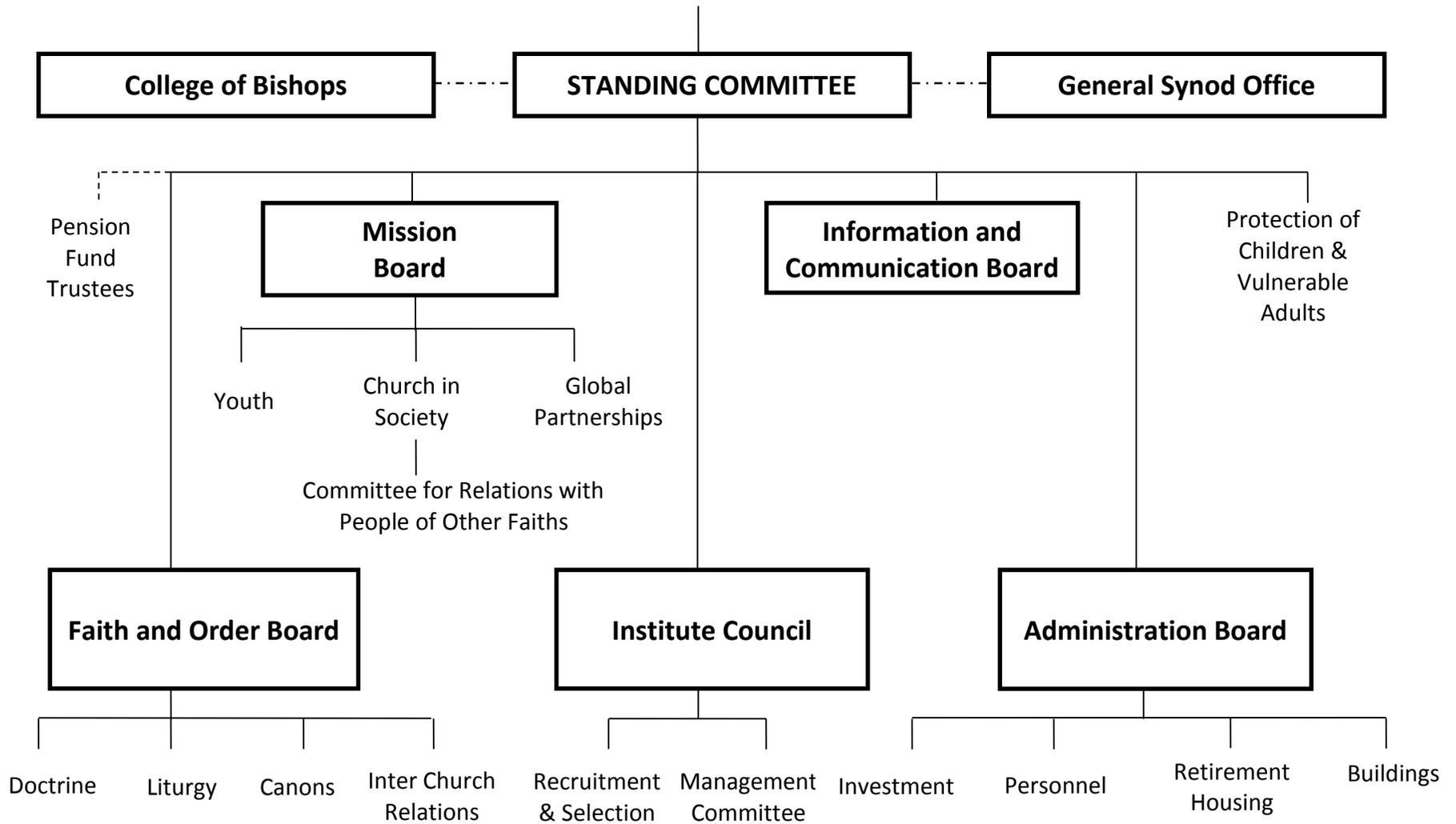
During 2016, Bishop Robert Gillies retired from his ministry as Bishop of Aberdeen and Orkney. We are thankful for his contribution in ministry both in diocese and province. We have all been saddened to learn of Bishop Gregor Duncan's recent illness and pray for his recovery.

As we approach the important meeting of our General Synod in 2017, I urge Synod members to prepare carefully, to reflect thoughtfully and to pray deeply about the work which we share.

**+David
Primus**

2 Provincial Boards and Committees

THE GENERAL SYNOD
(Bishops, Clergy & Laity)



Board and Committee Membership

Standing Committee

Mr R Gordon	Convener	2015 - 2020
Rt Rev the Bishop of Moray, Ross and Caithness	College of Bishops	
Most Rev the Primus	Convener, Faith and Order Board	
Rt Rev the Bishop of Glasgow and Galloway	Acting Convener, Faith and Order Board	
Rev H J Ross	Convener, Mission Board	2015 - 2020
Rev C Mayo	Convener, Information and Communication Board	2014 - 2019
Dr J Ferguson-Smith	Convener, Administration Board	2015 - 2020
Rt Rev the Bishop of Argyll and The Isles	Convener, Institute Council	2015 - 2020
Rev Canon D G Richards	General Synod Representative (clergy)	2015 - 2019
Very Rev A Simpson	General Synod Representative (clergy)	2015 - 2019
Mr J N Gibson	General Synod Representative (laity)	2014 - 2018

Committee for the Protection of Children and Vulnerable Adults

Mr C M Townsend	Convener	2016 - 2021
Mr C Gregory	Member	2014 - 2018
Rev D B H Herbert	Member	2010 - 2018
Miss V J Lobban	Member	2010 - 2018
Mr R Nellist	Member	2014 - 2018
Dr J Parkinson	Member	2014 - 2018

Faith and Order Board

Most Rev the Primus	Convener	
Rt Rev the Bishop of Glasgow and Galloway	Acting Convener	
Rt Rev the Bishop of Argyll and The Isles		
Rt Rev the Bishop of Brechin		
Rt Rev the Bishop of Edinburgh		
Rt Rev the Bishop of Moray, Ross and Caithness		
Rev P Romano	Convener, Committee on Canons	2013 - 2018
Rev Dr H A Harris	Convener, Doctrine Committee	2013 - 2018
Rev Canon J M McLuckie	Convener, ICRC	2016 - 2021
Dr J R Davies	Convener, Liturgy Committee	2015 - 2020
Dr N Mills	Aberdeen and Orkney	2013 - 2017
Very Rev Dr A E Nimmo	Aberdeen and Orkney	2009 - 2017
Vacancy	Argyll and The Isles	
Rev Canon S Mackenzie	Argyll and The Isles	2016 - 2020
Vacancy	Brechin	
Very Rev Dr F Bridger	Brechin	2015 - 2019
Canon H Hood	Edinburgh	2011 - 2019
Rev Canon M Round	Edinburgh	2016 - 2020
Mr R Horrell	Glasgow and Galloway	2009 - 2017
Rev Canon Dr S Robertson	Glasgow and Galloway	2013 - 2017
Mr C Phillips	Moray, Ross and Caithness	2011 - 2019
Rev Canon C J Piper	Moray, Ross and Caithness	2015 - 2019
Rev Canon D M Ind	St Andrews, Dunkeld and Dunblane	2010 - 2018
Mr B Grimley	St Andrews, Dunkeld and Dunblane	2016 - 2020
Rev Canon Dr A L Tomlinson	Pantonian Professor	

Committee on Canons

Rev P Romano	Convener	2013 - 2018
Rt Rev the Bishop of Moray, Ross and Caithness	College of Bishops	
Rev C L Blakey	Member	2012 - 2020
Very Rev Dr A E Nimmo	Member	2012 - 2020
Mr R Phillips	Member	2016 - 2020
Mr G Robertson	Member	2016 - 2020

Board and Committee Membership

Doctrine Committee

Rev Dr H A Harris	Convener	2013 - 2018
Rt Rev the Bishop of Brechin	College of Bishops	
Rev Dr M J Harris	Member	2011 - 2019
Prof E Priest	Member	2011 - 2019
Dr L Schumacher	Member	2015 - 2019
Rev Canon Dr N H Taylor	Member	2013 - 2017

Inter-Church Relations Committee

Rev Canon J M McLuckie	Convener	2016 - 2021
Rt Rev the Bishop of Moray, Ross and Caithness	College of Bishops	
Rev D J B Fostekew	Member	2009 - 2018
Canon H Hood	Member	2010 - 2018
Dr A Mason	Member	2013 - 2017
Rev Dr C Methuen	Member	2011 - 2019
Rev A Montgomerie	Member	2015 - 2019
Mr P Goldfinch	SEC ACTS Trustee - ex-officio	

Liturgy Committee

Dr J R Davies	Convener	2015 - 2020
Rt Rev the Bishop of Edinburgh	College of Bishops	
Rev R A Addis	Member	2016 - 2020
Mrs C Daye	Member	2011 - 2019
Rev Dr W D Kornahrens	Member	2011 - 2019
Rev Dr J E P Currall	Member	2015 - 2019
Dr A E Jasper	Member	2016 - 2020
Rev Prof D Jasper	Member	2015 - 2019
Rev Canon Dr N H Taylor	Member	2015 - 2019
Mr D W S Todd	Member	2016 - 2020

Mission Board

Rev H J Ross	Convener	2015 - 2020
Rt Rev the Bishop of Edinburgh	College of Bishops	
Rev Prof D Atkinson	Convener, Church in Society Committee	2014 - 2019
Mr D Kenvyn	Convener, Global Partnerships Committee	2016 - 2021
Rev T N Rongong	Convener, Youth Committee	
Rev A MacDonald	Aberdeen and Orkney	2016 - 2020
Ms C A Beel	Argyll and The Isles	2010 - 2018
Rev Canon F Lamont	Brechin	2015 - 2019
Rev D J B Fostekew	Edinburgh	2009 - 2017
Mrs L Darlow	Glasgow and Galloway	2015 - 2019
Rev S E Murray	Moray, Ross and Caithness	2016 - 2020
Rev T Brauer	St Andrews, Dunkeld and Dunblane	2015 - 2019

Church in Society Committee

Rev Prof D Atkinson	Convener	2014 - 2019
Rt Rev the Bishop of Edinburgh	College of Bishops	
Rev C L Blakey	Convener of CRPOF	2015 - 2020
Dr D Bruce	Member	2014 - 2018
Mrs A Glenesk	Member	2012 - 2020
Mrs S Horne	Member	2011 - 2019
Prof H J McKillop	Member	2014 - 2018
Very Rev N McNelly	Member	2014 - 2018
Rev D C Mumford	Member	2014 - 2018
Mr R B Murray	Member	2010 - 2018
Rev M Bunting	EMU Rep (URC)	

Committee for Relations with People of Other Faiths

Rev C L Blakey	Convener	2015 - 2020
Rev D C Gifford	Member	2015 - 2019
Mrs V M Stark	Member	2015 - 2019
Rev T A Anderson	EMU Rep (Methodist)	
Rev M Bunting	EMU Rep (URC)	
Rev J Conway	EIFA Vice Convener – co-opted	

Global Partnerships Committee

Mr D Kenvyn	Convener	2016 - 2021
Ms I Booth-Clibborn	Member	2015 - 2019
Mrs J Benvie	Member	2014 - 2018
Ms R Fraser	Member	2016 - 2020
Ms S Harris	Member	2015 - 2019
Rev Canon D McCosh	Member	2007 - 2019
Dr G H Moody	Member	2016 - 2020
Rev V A Nellist	Member	2016 - 2020

Youth Committee

Rev T N Rongong	Convener	
Rt Rev the Bishop of Moray, Ross and Caithness	College of Bishops	
Mrs H Cundill	Youth Officer, Aberdeen and Orkney	
Mrs S M Swift	Youth Officer, Argyll and The Isles	
Mr R St Clair	Youth Officer, Brechin	
Mrs C Benton-Evans	Youth Officer, Edinburgh	
Mr S Lidwell	Youth Officer, Glasgow and Galloway	
Miss L Forsyth	Youth Officer, Moray, Ross and Caithness	
Mr J Gardner	Youth Officer, St Andrews, Dunkeld and Dunblane	
Miss R Cromwell	Member - 12-18	
Miss R Fleming	Member - 12-18	
Miss R Grier	Member - 12-18	
Miss L Gourley	Member - 12-18	
Mr J Marlow	Member - 12-18	
Mr A Poon	Member - 12-18	
Miss M Philp	Member - 12-18	
Miss A Miller	Member - 12-18	
Mr A Wedge	Member - 18-25	
Mr C Farquhar	Member - 18-25	
T K Wolfe	Member - 18-25	
Miss A Byers	Member - 18-25	

Information and Communication Board

Rev C Mayo	Convener	2014 - 2019
Rt Rev the Bishop of Brechin	College of Bishops	
Miss M J McKinnell	Aberdeen and Orkney	2013 - 2017
Very Rev A C Swift	Argyll and The Isles	2013 - 2017
Mrs K Willey	Brechin	2012 - 2020
Rev P V P Blackledge	Edinburgh	2016 - 2020
Mrs S Cormack Brown	Glasgow and Galloway	2016 - 2020
Rev S E Murray	Moray, Ross and Caithness	2015 - 2019
Mr A R Thornton	St Andrews, Dunkeld and Dunblane	2012 - 2020
Ms C A Beel	Mission Board Representative	

Administration Board

Dr J Ferguson-Smith	Convener	2015 - 2020
Rt Rev the Bishop of Glasgow and Galloway	College of Bishops	
Mrs R Cadie	Convener, Buildings Committee	2015 - 2020
Mr A Tupper	Convener, Investment Committee	2015 - 2020
Mrs M P McKellar	Convener, Personnel Committee	2014 - 2019
Mr E Glen-Esk	Convener, Retirement Housing Committee	2012 - 2017
Miss M Allardyce	Aberdeen and Orkney	2013 - 2017
Mrs J Ainsley	Argyll and The Isles	2016 - 2020
Prof P F Sharp	Brechin	2016 - 2020
Mr I Kerry	Edinburgh	2012 - 2020
Mr G C Sage	Glasgow and Galloway	2015 - 2019
Mr D D Campbell	Moray, Ross and Caithness	2016 - 2020
Mr N H Cooke	St Andrews, Dunkeld and Dunblane	2011 - 2019
Mr C G Hely	General Synod	2013 - 2017
Mrs N Kennedy	General Synod	2014 - 2018

Board and Committee Membership

Buildings Committee

Mrs R Cadie	Convener	2015 - 2020
Prof R Fawcett	Member	2014 - 2018
Mr S Green	Member	2015 - 2019
Rev Canon A MacLean	Member	2015 - 2019
Mr R Nellist	Member	2014 - 2018
Very Rev Dr A E Nimmo	Member	2014 - 2018
Mrs E Proudfoot	Member	2010 - 2018

Investment Committee

Mr A Tupper	Convener	2015 - 2020
Mr R W Burgon	Member	2010 - 2018
Dr M D Green	Member	2015 - 2019
Mr J Reynolds	Member	2014 - 2018
Mr P Sweetnam	Member	2012 - 2020
Dr E Trevillion	Member	2013 - 2017
Mr C Watterson	Member	2016 - 2020

Personnel Committee

Mrs M P McKellar	Convener	2014 - 2019
Ms A Plumtree	Member	2011 - 2019
Mrs G Scott	Member	2015 - 2019
Mrs J Whiteside	Member	2016 - 2020
Rev P Romano	Committee on Canons Representative	2013 - 2018

Retirement Housing Committee

Mr E Glen-Esk	Convener	2012 - 2017
Rev W B Elliot	Member	2011 - 2019
Mr P Marsh	Member	2015 - 2019
Rev L A Mortis	Member	2012 - 2020
Mrs J M Robinson	Member	2012 - 2020
Mrs J Whiteside	Member	2016 - 2020

Institute Council

Rt Rev the Bishop of Argyll and The Isles	Convener	2015 - 2020
Rt Rev Dr R A Gillies	College of Bishops	
Mr N C J Cook	Member	2015 - 2019
Rev Canon A C Dyer	Member	2015 - 2019
Rev Canon Prof G P Foster	Member	2015 - 2019
Rev Prof D Jasper	Member	2015 - 2019
Mrs M A Kennedy	Member	2015 - 2019
Ms Z van Zwanenberg	Member	2015 - 2019
Rev Canon P R Watson	Member	2015 - 2019
Mr A Philip	Student Representative	2016 - 2017
Rev M McPherson	Ecumenical Member	2016 - 2020
Rev Canon Dr A L Tomlinson (in attendance)	Convener, Institute Management Committee (Board of Studies)	

Pension Fund Trustees

Mr R McIndoe	Chairman	2015 - 2020
Mr R W Burgon	Trustee	2012 - 2020
Rev Canon Dr J Cuthbert	Member Nominated Trustee	2015 - 2019
Dr M D Green	Trustee	2012 - 2020
Rev D C Mumford	Member Nominated Trustee	2015 - 2019
Mr R Gordon	Trustee	2015 - 2020

Standing Committee of the General Synod

Structure, governance and management

The Scottish Episcopal Church is a province of the Anglican Communion.

The General Synod of the Scottish Episcopal Church (SEC) is an unincorporated association. The affairs of the SEC are regulated by the Code of Canons which is binding upon the General Synod and the SEC's dioceses and congregations. Subsidiary provision is made in the Synod's Digest of Resolutions. The General Synod is a charity in its own right. (The dioceses and congregations of the SEC also enjoy charitable status in their own right and their financial transactions are not reflected in the accounts of the General Synod.)

The Standing Committee acts as the Executive Committee of the General Synod between meetings of the General Synod. The Committee comprises the Conveners of the General Synod's five boards, an independent Lay Convener, a further lay member of General Synod, two clerical members of General Synod and a representative of the College of Bishops. It implements General Synod's decisions, and co-ordinates the work of the five boards. The Committee normally meets five times a year. It receives regular financial reports at its meetings. It works closely with the College of Bishops in addressing strategic issues facing the SEC as a whole. The College comprises all of the Diocesan Bishops, each of whom has a responsibility to oversee and care for the Church. With the exception of the Primus and the representative of the College of Bishops, Standing Committee members are appointed by General Synod for a term of either four or five years. The Primus is ex-officio Convener of the Faith and Order Board and the College of Bishops' representative on the Standing Committee is appointed by the College.

The General Synod and its Boards and Committees are supported by the staff of the General Synod Office. Certain areas of activity are handled within the other Boards and Committees of the Synod, but within agreed budgetary parameters. Some of these work collaboratively from time to time with other denominations or charitable bodies, such as Christian Aid, on initiatives of joint concern.

Responsibility for overseeing the work of the General Synod Office, including responsibility for day to day administrative decisions, is delegated by the Standing Committee to the Secretary General, who reports directly to the Convener of the Standing Committee.

The members of Standing Committee are the Charity Trustees. A full list of Standing Committee members is at page i. A diagrammatic illustration of the General Synod's Boards and Committees is at page 2. A full list of Board and Committee members can be found at page 3.

Objectives and activities of Standing Committee

The Standing Committee in its role of Executive Committee of the General Synod acts to progress the General Synod's objective of securing the general advancement of the SEC's mission. In doing so it is also informed by the following specific objectives contained in the Digest of Resolutions adopted by the General Synod:

- the payment of clergy stipends
- the support of retired clergy, widows, widowers and orphans of clergy and the support of others as defined under the rules of the Scottish Episcopal Church Pension Fund
- the endowment of bishoprics and charges
- the building and maintenance of churches, church halls, Episcopal residences and parsonages

- the education and training of candidates for Holy Orders including responsibility for the Theological Institute
- the advancement of the Church's educational work among children, young people and adults and the promotion of training schemes to equip Church members to participate more effectively in the Church's ministry
- home mission work
- overseas mission work
- social responsibility work
- action for world development

Operationally all these objectives can be grouped into six broad charitable activities:

- mission development and support
- ministry support and training
- advancement of ecumenical and church relations
- promotion, publications and communication
- support for retired clergy
- provision of support and advice to dioceses and congregations of the SEC

Much of the work is undertaken by the five boards and their pendant committees. Further information regarding the activities of these groups can be found in the Conveners' reports included in pages 25 to 55. An account of the activities of the Standing Committee itself is contained in the remainder of this report.

Achievements and performance of Standing Committee

The Standing Committee met five times during 2016 and in addition had two joint meetings with the College of Bishops, one of which was an extended residential gathering. The Committee worked on the plans for the future set out in its report for the year ended 31 December 2015 but also addressed a number of additional matters, including:-

1. Strategic Planning

1.1 Strategic Aspirations

A significant element of the Standing Committee's work in 2016 – which will continue into 2017 and beyond – has been consideration of the future strategic direction of the SEC taking account of the emphases in the Whole Church Mission and Ministry Policy (approved by General Synod in 2011), external developments, and internal challenges and opportunities. These include continuing decline in overall numbers set against revitalised arrangements for formation in the Scottish Episcopal Institute (SEI), the increasing number of ordinands, and opportunities for innovation and growth as evidenced by developments in different settings in different parts of the province. The Standing Committee has welcomed the opportunity of two constructive and energising meetings with the College of Bishops which have helped identify areas for action to align resource allocation, governance, processes and missional effort with the aspirations and requirements of the Whole Church Mission and Ministry Policy and the reality of the challenges and opportunities the SEC faces now and in the foreseeable future. The main areas of future focus are set out later in this report.

1.2 Financial Strategy

Over recent years the key strategic financial objective has been to avoid deficits and achieve a balanced budget year by year. In practice for a variety of reasons the anticipated deficits in these years have mainly not emerged and significant surpluses have been built up. This has generally come about where expenditure in particular areas or on particular projects has been less than estimated because of lower uptakes of grants, lower numbers in training, longer lead times for filling posts and so on.

Looking to the future we are fortunate to have these recent surpluses. Taking account of the strategic aspirations set out in this report as well as the welcome hard evidence of increasing numbers of ordinands in training already and coming forward, a key financial priority is to provide appropriate support for this 'new blood' as they train for and enter the ministry.

Work is continuing on the appropriate levels of support for curacies. We acknowledge that given the numbers in training and the need to equip candidates for different forms of ministry curacies will need to be offered in locations which have not traditionally been training charges. Additionally, in developing new forms of outreach ministry and in seeking to take up opportunities for innovation and growth we will need to consider whether the current ministry support block grants will be sufficient to underpin the new opportunities which a steady supply of new clergy will allow us to undertake.

2. Mission and Ministry

The Standing Committee continued to oversee and encourage developments in relation to mission and ministry.

In last year's report, I described the steps taken to equip the Church's mission and ministry through the establishment of the new SEI which undertakes the training and formation of those entering authorised ministry in the SEC. Significant resources continue to be applied in this area. A particular achievement in 2016 has been the entry of SEI into the Common Awards training structure operated for the Church of England by the University of Durham. Discussions have also continued during the year regarding the development of a stream of context-based training for the ministry of the SEC possibly in collaboration with St Mellitus College in London. Early in 2017, it became clear that St Mellitus would be unable to enter into a formal partnership at the current time because of other demands and the Standing Committee is therefore supporting SEI in developing its own programme of context-based training.

Following General Synod's agreement to abolishing the former restriction on provincial curate grants to a maximum of 50% of employment costs, and whilst longer term policy remains to be fully worked out, the Committee has agreed an increased level of grant to create one specific new curacy, which would otherwise have not been possible. This move will not create a precedent but is intended to help inform the development of future policy. As noted above, the Committee is enthused by the prospect of relatively large numbers of ordinands emerging from SEI from 2018 onwards contributing to the realisation of the SEC's strategic mission and ministry objectives. The Committee is also aware of the challenge of ensuring the availability and affordability of stipendiary curacies of appropriate quality and in adequate numbers to allow these ordinands to complete their Initial Ministerial Education.

2016 has also been the first year of operation of the new 'block grant' arrangement for Mission and Ministry Support Grants. The new system allows dioceses much greater flexibility and discretion on the allocation of resources thus enhancing their ability to develop their mission within the framework of the Whole Church Mission and Ministry Policy. In early 2017 dioceses are reporting on the use of funds in the first year of the new system. This is intended to provide appropriate accountability not only between dioceses and province but also among dioceses. It will also inform future thinking and decisions by the Committee on the effectiveness of the block grant arrangement

in helping secure missional objectives and on the priority to be accorded to this form of support among competing demands on provincial resources.

3. General Synod Meeting

Standing Committee arranged General Synod 2016 – again at St Paul’s and St George’s Church, Edinburgh. For the first time, there was a live video stream from the meeting, an extension of the audio stream which has been available in recent years. In planning the agenda for Synod, the Committee sought to give time and opportunity to celebrate positive developments across the province to encourage synod members and provide food for thought about opportunities for action that might exist locally. The Committee welcomed the Mission Board’s session on *Inspiring Mission* which showcased examples of missional initiatives in different parts of the province, the presentation on the work of SEI which included reflections of a group of ordinands and the presentations by members of the Youth Committee on the final morning of Synod. The Church in Society Committee also contributed an informative and challenging session on caring for refugees.

In accordance with Synod’s instruction in 2015 to the Faith and Order Board that a first reading of the Canon on marriage be brought forward in 2016, a significant part of the agenda for 2016 was given over to debate about the removal of the doctrinal definition of marriage from the Canon (which currently defines marriage as being between a man and a woman). The first reading achieved the necessary majorities in all three houses of Synod and will return for a second reading in 2017. The Committee was pleased at the tone of the debate and the respectful attitude in which it was conducted. Recognising that the issue is a contentious one, the Committee was encouraged that the Faith and Order Board, as the body responsible for presenting the Canon to Synod, had taken care to consider the issues from the different perspectives and had sought to ensure that the revised Canon respected the consciences of those on all sides of the debate, in the hope that, notwithstanding differences of opinion, the unity of the Church could be maintained. As usual, the Committee has taken account of the analysis of the structured feedback from members of General Synod 2016 and in response to comments about insufficient time having been allowed for discussion of the marriage canon will provide a longer session for the second reading at General Synod 2017.

The Committee arranged for the Synod to hear reports from the Primus of his attendance at the meeting of Anglican Primates in Canterbury in January 2016 and from Alistair Dinnie who represented the Church at the meeting of the Anglican Consultative Council in Lusaka in April. The Synod specifically noted the terms of the Communiqué issued by the Primates in January 2016 and expressed support for their commitment to ‘walk together’.

Following the Lusaka meeting of the Anglican Consultative Council, Standing Committee received the various resolutions which had been passed there and invited the relevant provincial boards and committees to give them detailed consideration and take action as appropriate.

4. Pensions, Stipends and Salaries

As mentioned in last year’s report, the General Synod had a staging date for pensions auto-enrolment of July 2016 and provincial staff were duly auto-enrolled at that point. During the year, the Committee processed a number of applications for early retirement and, as part of its annual duties, also provided the Pension Trustees with detailed information to enable the latter to assess the strength of the employer covenant, to which the Pensions Regulator attaches increasing importance.

The Committee approved an increase in Pensionable Stipend of 1.2%. The Committee also sets the pay and remuneration of all staff employed in the General Synod Office following salary scales it has adopted. Specific recommendations on remuneration, including the remuneration of key management personnel, are made annually to the Committee by the Secretary General. He absents

himself from the parts of the meetings where the Committee discusses and agrees any recommendations regarding pay and remuneration. (Details of key management personnel can be found at note 3 to the accounts.) The Committee approved an increase in salaries of 1.5%. The reason for the difference in uplifts for stipend and salary is that the increases are determined in February and September respectively, in part by reference to the level of the Retail Prices Index, and the Index stood at different levels at those points.

5. Standing Committee Membership and Appointments

There were no changes to the membership of the Committee during the year but Committee members were concerned to hear immediately following the year end of the illness of Bishop Gregor Duncan, who has acted as convener of the Faith and Order Board for the last few years and makes a valuable contribution to meetings of Standing Committee. The Committee looks forward to his making a full and speedy recovery.

The Committee made a number of appointments to other bodies. These comprised the Rev Marjory McPherson, of the Church of Scotland, to be an ecumenical member of the Scottish Episcopal Institute Council, Alan McLean QC to be the Procurator of the Church under Canon 54 and John Stirling, solicitor, to membership of the Preliminary Proceedings Committee.

Following the retirement at the end of October 2016 of the Bishop of Aberdeen and Orkney, the canonical election process for a new bishop has been initiated and the Committee appointed John Conway, Fay Lamont and Anne Jones to the Preparatory Committee established under Canon 4 from the pool of diocesan representatives on the provincial panel for episcopal elections.

Although not relevant in the current year, as part of its commitment to good governance the Committee recognises the need for a formal induction programme for new members, and any new members appointed during the year meet with the Convener to consider training for their role. Similarly, new members are briefed by the Secretary General and Treasurer of the General Synod. Training on other aspects of the role of Standing Committee members is covered on an issue-specific basis as matters arise for consideration by the Committee. All members of Standing Committee receive copies of the *Guidance and Good Practice for Charity Trustees* issued by the Office of the Scottish Charity Regulator at the time of their appointment.

6. Other Matters

Towards the end of the year, the Administration Board reported to the Committee on the review of the clergy remuneration package which had been carried out by the Board. More information about this is contained in the report of the Board on page 49.

The Committee has arranged for the appointment of an external HR resource, through an organisation known as the HR Dept. It has been working with Bishops to provide specific HR advice where needed as well as supporting and advising the provincial Personnel Committee as the latter continues to update and develop policies more generally for application within the SEC.

The Committee has been kept informed of ongoing discussions with HM Revenue and Customs regarding the availability of the Employment Allowance. The Allowance is administered through the PAYE scheme and, in effect, provides discount on Employer's National Insurance Contributions. In the current tax year (2016 – 2017) the maximum has been increased from £2,000 to £3,000. HMRC has so far taken the view that the structure of SEC is such that the 'connected charities' provisions apply and that the SEC should therefore only be entitled to one allowance rather than it being generally available to dioceses and charges. We continue (with legal advice) to challenge HMRC's views.

During the year, a programme of external re-decoration of Forbes House was completed, as part of the planned maintenance of the building.

General Synod Office Staff Changes

Elspeth Davey, who had served the Province as Church Relations Officer for over 15 years retired at the end of 2016. On behalf of the Committee and the many within SEC who have worked with Elspeth over the years I take this opportunity to record our thanks for her significant contribution to the life of the Church in many fields. Miriam Weibye was appointed as her successor in December. During the year Clare McCrory, Afternoon Receptionist, and Victoria Stock, Communications Administrator, moved on from the General Synod Office. I would like to thank them also for their contribution to the work of the GSO. Ann Rae joined the staff to succeed Clare.

Financial Review

(The audited accounts can be found at page 71)

Result for the year

The total revenue surplus for the year was £226,000 some £187,600 greater than the total budgeted surplus of £38,400. There was a surplus of £150,200 on the General Fund rather than the budgeted surplus of £5,350. The General Fund provides a clearer indication of the recurring costs of the General Synod and gives the most accurate indication of the underlying financial position. The General Fund account is at page 19. In addition to the General Fund the General Synod has a number of Restricted and Designated Funds which are all reflected in the total surplus of £226,000. The better than anticipated outcome in the General Fund is a result in part of greater than anticipated income and, more significantly, less than budgeted expenditure. There were a number of areas where expenditure was less than budgeted. It took longer than anticipated to establish the procedures for administering the new Building Grants Fund and therefore some £64,000 of the £120,000 annual budget was not used. There are a number of new areas of work where the evolving budgetary provision has proved to be greater than required in the light of experience, resulting in underspends against budget for the year and in revisions to future budgets to more accurately reflect anticipated patterns of expenditure. For example, there was an underspend of some £31,000 arising from the work of the Scottish Episcopal Institute and the methods of working of the new mission networks operated under the auspices of the Mission Board cost almost £13,000 less than budgeted. The Information and Communication Board did not require all of the funds allocated to it, contributing some £17,800 to the total underspend against budget. The Board has reflected on its role and methods of working and is seeking to reshape its budgets to more accurately reflect its needs.

Standing Committee's objective is to achieve a balanced budget over time. In recent years, we have moved from projecting deficits to building up significant surpluses for the reasons outlined above. The Committee has considered carefully whether this is appropriate and has concluded that it is prudent to hold and deploy these resources to contribute substantially to the training of those preparing for authorised ministry through the SEI, including the provision of appropriate curacies and the introduction of context-based training pathways. The scale of resources required to support the development of the future leaders of our church is significant and the Standing Committee is committed to taking the long view and using our best endeavours to ensure that adequate funding is built up and available when needed.

In addition to the revenue surplus a capital surplus of £69,200 was generated due to the profit arising on the sale of two retirement properties. Such surpluses are effectively reinvested in new properties purchased when required. The increase in the market value of investments amounted to £4.7m of which £3.5m relates to General Fund investments.

Principal funding sources

The work of the General Synod is heavily dependent on funding from two sources: investment income and Quota received from dioceses, accounting for approximately 60% and 30% of income respectively. Investment income is primarily derived from the General Synod's holdings in the SEC Unit Trust Pool. Each of the seven dioceses of the Scottish Episcopal Church is asked to contribute to the costs of the General Synod by the payment of Quota. An element of what each diocese pays is funded by similar Quota contributions requested from congregations in the diocese. There is no recent history of non-payment of Quota requested from dioceses. The Quota requested and received from each diocese is detailed at Table B on page 18.

Investment policy and performance

The General Synod's investments are held in the SEC Unit Trust Pool, an investment vehicle established to bring together the disparate investments of the General Synod, dioceses and individual congregations of the Scottish Episcopal Church. Oversight of the SEC Unit Trust Pool is delegated to the Investment Committee. The Committee's report (page 52) provides more information regarding investment performance.

The investment objective of the SEC Unit Trust Pool is to earn a return on the assets, over the long term, sufficient at least to maintain the real value of the distribution to the unit holders. Following the substantial reduction in investment income in 2009 there has been modest growth in distribution levels. A small increase from the 2015 level of 50.5p to 51p per unit was possible during the year. This however only represents a 1% increase at a time when inflation rates were rising and generally in excess of 1% and therefore there has been some slight reduction in the real value of the distribution during the year.

(The SEC Unit Trust Pool accounts are at page 88).

Ethical investment

Approximately 35% of the SEC's Unit Trust Pool's portfolio is managed in accordance with the ethical investment policy agreed by General Synod in 2013 (see page 92). The remaining 65% of the SEC Unit Trust Pool's portfolio is invested in pooled funds to which the application of direct ethical investment policies is not practically possible. During the year, the Investment Committee and Church in Society Committee have engaged in discussion in relation to the SEC Unit Trust Pool's continued investment in fossil fuels given concerns regarding such investments and the number of charities and other organisations that are now actively disinvesting from the fossil fuel sector. General Synod in June 2016 invited the Committees to bring a joint report on the issue and that is expected to be available for Synod 2017.

Social investment

The General Synod has a number of investments which have not been made with a view to achieving any particular rate of return but to further its charitable aims and objectives. In accordance with FRS 102 many of these are recognised as social investments within the General Synod's accounts whilst others continue to be categorised as heritable properties. The Committee has not adopted a formal social investments policy but it endorses the use of General Synod's resources to further its objectives in this way.

Through its Retirement Housing Fund the General Synod has an interest in 43 properties located throughout Scotland which have been purchased not to produce a commercial return but to provide retirement housing to eligible members of the SEC Pension Fund. Although the direct purchase of a property or share in a property is not considered to be a social investment the provision of loans to individuals to assist in such purchases are. There are currently four such loans all classed as social investments. (This type of loan is no longer provided.) Standing Committee recognises the need to ensure that adequate housing provision is made for retired clergy and their spouses / partners and additional investment in retirement housing will, therefore, be made when required.

The loans provided to dioceses and charges to assist in the purchase, repair and development of church properties are also classed as social investments. Also categorised as being a social investment is the

investment of £5,000 made in the Churches' Mutual Credit Union (CMCU) in 2015. The Braeburn residential home previously operated by the General Synod is now leased to the operator of the home for a peppercorn rent. The building continues to be owned by the General Synod and is classed as a social investment.

Reserves policy

The Standing Committee has considered the level of reserves held by the General Synod and concluded that it would not be appropriate to accumulate reserves in the General Fund in excess of those necessary to generate income sufficient to meet budgeted annual expenditure – currently approximately £1.9m.

The bulk of the General Synod's reserves are invested in income generating investments (via the SEC Unit Trust Pool) or restricted-use heritable property used in the furtherance of its objectives (ie retirement housing). The General Fund reserves, which are those unrestricted funds at the disposal of the Standing Committee to fund any aspect of the General Synod's work, stood at £31.5m at 31 December 2016 and are represented by investments and liquid funds which generate an annual income of approximately £1m. The Standing Committee is therefore of the view that the reserves held are reasonable and are consistent with its reserves policy.

The Standing Committee notes the General Synod's commitment to continue to provide retirement housing and the effect that this is forecast to have on reserves in the medium to longer term. It recognises that, whilst it is difficult to predict with any certainty the extent to which reserves will need to be used to purchase retirement housing, and the timing of this requirement, General Synod's annual income is likely to be reduced as its reserves are used in this way.

Risk management

The Standing Committee regularly reviews the Risk Register and considers the major risks facing the General Synod and the systems and procedures in place to mitigate those risks. A fraud policy, fraud response plan, anti-bribery policy, a Register of Interests and Register of Gifts and Other Benefits are all in place, along with a Code of Conduct for those serving on provincial boards and committees. Copies of all of these are routinely provided to those joining a board or committee as a new member.

The Standing Committee considers that the principal governance and management risks lie in addressing strategic forward planning. The organisational structure of the General Synod and its boards and committees is complex and the fact that a large number of provincial boards and committees are active across a wide variety of areas can mean that clear leadership and decision making can be hampered by the diffuse nature of that structure. Such a structure is also dependent on identifying appropriate volunteer members with the necessary skills and availability to serve. Currently, the major strategic direction is articulated within the Whole Church Mission and Ministry Policy which places a clear emphasis on mission in the dioceses with the bishops acting as leaders of that mission. Steps have been taken by the adoption of the new Mission and Ministry Support Grant system to give weight to that policy by giving dioceses greater discretion in the spending of provincial grant resources. As reported last year, there has been a recognition within the Standing Committee and the College of Bishops of the need to address longer term institutional issues and progress on this is reported above (page 8). Again, as mentioned last year, the availability of accurate data to assess the numerical health of the Church is an important contributor to consideration of these institutional issues and work on statistical matters has been undertaken during the year by a sub-group on behalf of the Mission Board. It is expected that a new statistical return will be piloted in a number of congregations across the province in the early part of 2017 as a means of improving the quantity and quality of statistical information collected.

The Standing Committee considers that the principal financial risk facing the General Synod is a significant reduction in the return earned from its investments. The risk is mitigated by investing in the SEC Unit Trust Pool which is managed by professional fund managers. The investment objectives, strategy and performance are regularly reviewed by the General Synod's Investment Committee which is comprised of individuals with relevant investment industry knowledge and expertise. The Investment Committee meets

with the fund managers at least twice a year. (The Investment Committee's report can be found on page 52.)

The Standing Committee considers the principal operational risk lies in the possible loss of senior staff on whom the day to day operation of the Synod structure is very largely dependent. The risk is mitigated in part by appropriate contractual notice periods. Depending on circumstances it might be necessary to hire external professional expertise or temporary staff. Senior staff turnover has historically been low. The Committee has also requested certain senior staff members to undertake regular health checks.

Future Plans

The General Synod's plans for the future continue to reflect the continued changing and challenging environment in which it and the Scottish Episcopal Church as a whole continue to operate. In particular, the Standing Committee plans to progress the work of the General Synod in the following specific areas:-

1. Strategic Planning

The Committee intends to continue to address longer term strategic planning. As mentioned above, joint meetings of the Committee and the College of Bishops have helped to identify areas for future action. The main areas of focus are likely to centre on:

- a range of work streams in support of initiatives to foster intentional discipleship and to stimulate increased levels of giving to enable mission building on current practice and innovations;
- work to encourage and support the development of new patterns of ministry to meet changing circumstances and to address emerging needs and opportunities;
- planning and action to provide appropriate curacies and early incumbencies for the growing number of ordinands emerging from SEI and covering the workforce planning issues arising from the expected clergy retirement bulge over the next decade;
- a thorough examination of the governance and associated structures at provincial and diocesan level to ensure that they are fit to deliver the aspirations of the Church. This would seek to achieve a division of roles and responsibilities between such provincial and diocesan bodies as are necessary that is apt for contemporary needs and makes best use of available resources of money and people.

Progress will be monitored by the Standing Committee and College of Bishops and they will continue to meet together on a regular basis. Continued monitoring will include a particular emphasis on the financing of the work flows arising from the matters identified above.

2. General Synod

The Committee will continue its work to ensure that that General Synod operates as an effective governing body for the Church and to maximise the potential of that gathering. It hopes that Synod can increasingly be a forum where encouragement and inspiration can be taken from the many positive activities and developments across the Province.

The Committee is aware that in 2017 the Synod is scheduled to continue to grapple with the sensitive issue of the Church's understanding of marriage and will do its utmost to ensure that debate and decision making are carried out in a way which seeks to maintain the unity of the Church.

Reference and Administrative Details

Information setting out reference and administrative details appears on page i.

Funds held as custodian trustee on behalf of others

The SEC Unit Trust Pool of the General Synod is a pooled investment fund managed by the General Synod on behalf of the unit holders. Approximately two thirds of the units are held by the Synod on its own behalf with the balance being held by it, through custodians, on behalf of other Church investors such as dioceses and congregations. Fuller information is provided in the accounts for the SEC Unit Trust Pool on page 88.

Thanks

The work of the General Synod is totally dependent on the time, energy and goodwill of the many conveners and members of the Synod's Boards and Committee whose names are listed on pages 3 to 6 and of the provincial staff. On behalf of the Standing Committee I am pleased to have the opportunity to express our grateful and heartfelt thanks for their diligent commitment to work selflessly to further the mission of the SEC.

Robert Gordon
Convener

27 April 2017

General Synod Financial Overview

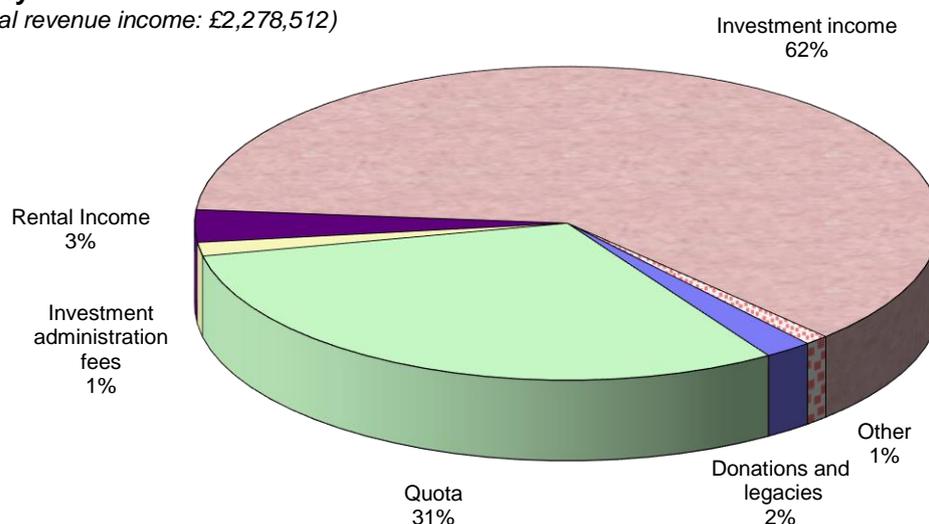
Most of the activities of the General Synod are funded from allocations from the General Fund. The Fund's income was £20,425 in excess of budget. Standing Committee's expenditure was some £17,000 in excess of budget. All the Boards however worked within their budgets. Expenditure in some areas was considerably less than budgeted and this has resulted in a surplus of £150,200 – some £144,800 better than the budgeted surplus of £5,400. (See General Fund financial statement on page 19.)

Some of the General Synod's activities are funded from sources other than the General Fund. A number of these other funds produced surpluses in the year contributing to a total revenue surplus of £226,000. (The Revenue Account on page 74 summarises the results of all the funds.)

The Statement of Financial Activities (page 75) provides information regarding income and expenditure. A summary of revenue income and expenditure is provided below:

Analysis of income

(Total revenue income: £2,278,512)



Analysis of expenditure

(Total revenue expenditure: £2,052,460)

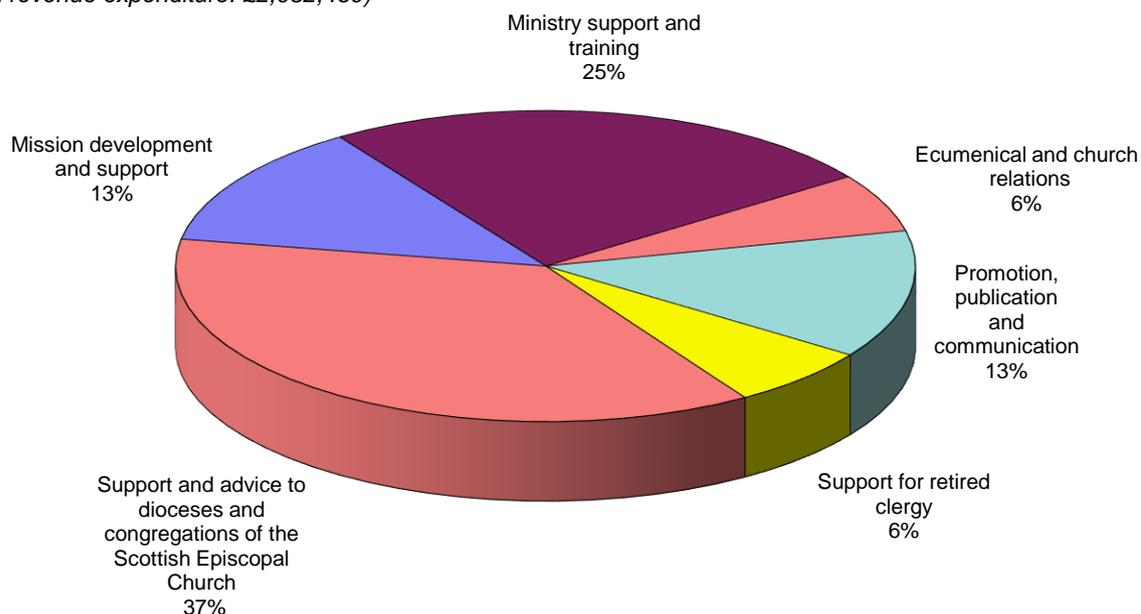


Table A: Legacies and Donations Received

Legacies	Recipient Fund	£
Mrs Agnes H Stuart	General Fund	2,500
	Sub total	<u>2,500</u>
Donations	Recipient Fund	£
Allchurches Trust	General Fund	17,980
Callendar Trust	General Fund	2,500
Individual donor	General Fund	2,500
DB Flanagan Trust	General Fund	575
Church donations	SEI Training Fund	2,980
Benson-Wilson Charitable Trust	SEI Training Fund	1,000
Individual donors	SEI Training Fund	989
Individual donors	Community Fund	2,457
Church donations	Community Fund	1,866
WA Cargill Trust	Retirement Supplementary Fund	2,000
Individual donors	Retirement Supplementary Fund	715
Individual donor	St James Fund	3,750
WA Cargill Trust	Clergy Widows and Orphans (Cargill Trust)	3,000
St Mary's Tolbooth Trust	Church in Society Committee	951
St Mary's Tolbooth Trust	Mission Board	951
Individual donor	Alastair Haggart Bursary Fund	125
	Sub total	<u>44,339</u>
Total		<u>46,839</u>

Table B: Quota

Diocese	2014 Requested and Received £	2015 Requested and Received £	2016 Requested and Received £	2017 Requested and Received £
Aberdeen and Orkney	71,879	74,239	77,235	80,848
Argyll and The Isles	24,772	24,769	25,093	24,910
Brechin	41,046	42,073	43,475	46,291
Edinburgh	249,765	260,787	269,378	277,461
Glasgow and Galloway	148,436	152,753	158,175	161,192
Moray, Ross and Caithness	45,723	45,127	45,992	47,227
St Andrews, Dunkeld and Dunblane	77,216	78,854	79,612	82,000
Total	658,837	678,602	698,960	719,929

General Fund

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
	INCOME			
	<i>Investment Income</i>			
1,020,325	UTP income	1,036,977	1,047,242	10,265
8,209	Interest	6,000	5,596	(404)
<u>21,243</u>	Investment property income	<u>21,243</u>	<u>21,243</u>	-
<u>1,049,777</u>		<u>1,064,220</u>	<u>1,074,081</u>	<u>9,861</u>
	<i>Administration fees</i>			
3,563	UTP / investment administration	2,000	4,537	2,537
27,775	Pension Fund administration	27,850	27,850	-
<u>18,395</u>	Restricted and other funds	<u>18,395</u>	<u>18,395</u>	-
<u>49,733</u>		<u>48,245</u>	<u>50,782</u>	<u>2,537</u>
678,602	Quota	698,960	698,960	-
11,333	Inspires - subscriptions and advertising	14,000	13,622	(378)
20,652	Donations and legacies	18,000	26,055	8,055
380	Other	-	350	350
<u>1,810,477</u>	<i>Total Income</i>	<u>1,843,425</u>	<u>1,863,850</u>	<u>20,425</u>
	ALLOCATIONS			
790,842	Standing Committee	831,410	848,657	(17,247)
446,614	Administration Board	132,330	65,276	67,054
327,040	Institute Council	438,735	407,662	31,073
59,503	Mission Board	379,600	354,185	25,415
20,626	Faith and Order Board	16,800	16,500	300
<u>25,628</u>	Information and Communication Board	<u>39,200</u>	<u>21,408</u>	<u>17,792</u>
<u>1,670,253</u>	<i>Total allocations</i>	<u>1,838,075</u>	<u>1,713,688</u>	<u>124,387</u>
	BALANCES			
140,224	Surplus/(deficit) for year	5,350	150,162	144,812
-	Transfer to capital (investment in UTP)	(500,000)	(500,000)	-
(5,000)	Transfer to Miscellaneous Funds (investment in CMCU)	-	-	-
1,090,480	Balance brought forward	1,225,704	1,225,704	-
<u>1,225,704</u>	<i>Balance carried forward</i>	<u>731,054</u>	<u>875,866</u>	<u>144,812</u>

Actual 2015 £	CAPITAL ACCOUNT	Actual 2016 £
	INCOME	
<u>-</u>	<i>Total Income</i>	<u>-</u>
	EXPENDITURE	
<u>-</u>	<i>Total expenditure</i>	<u>-</u>
	BALANCES	
-	Surplus/(deficit) for year	-
-	Transfer from revenue	500,000
25,356,593	Balance brought forward	26,569,349
1,212,756	Unrealised gain on revaluation as at 31 December 2016	3,534,125
<u>26,569,349</u>	<i>Balance carried forward</i>	<u>30,603,474</u>

General Synod Office and Provincial and Other Expenditure

Actual 2015 £			Revised Budget 2016 £	Actual 2016 £	Variance fav/(adv) £
INCOME					
790,842	Allocation from General Fund		831,410	848,657	17,247
<u>790,842</u>			<u>831,410</u>	<u>848,657</u>	<u>17,247</u>
EXPENDITURE					
Costs of General Synod Office					
506,326	Employees	Salaries. NIC, Pension Contributions	501,800	507,042	(5,242)
3,452		Staff travel and subsistence	4,250	2,331	1,919
1,111		Staff training	1,910	575	1,335
1,025		Recruitment costs	3,500	3,412	88
<u>511,914</u>	<i>Sub-total</i>		<u>511,460</u>	<u>513,360</u>	<u>(1,900)</u>
26,163	Premises	Building repairs and maintenance	30,000	29,535	465
2,309		Rates	2,400	2,399	1
16,557		Light, heat and cleaning	20,000	25,030	(5,030)
7,235		Insurance	7,300	7,504	(204)
<u>52,264</u>	<i>Sub-total</i>		<u>59,700</u>	<u>64,468</u>	<u>(4,768)</u>
10,476	Administration	Telephone and postage	12,000	10,433	1,567
4,433		Printing and stationery	5,000	4,162	838
11,532		Photocopier	12,500	11,399	1,101
18,761		Computing	16,400	20,759	(4,359)
6,429		Payroll Bureau processing costs	6,100	6,700	(600)
6,011		Miscellaneous	4,000	5,980	(1,980)
4,922		Office equipment and furniture	1,000	6,636	(5,636)
<u>62,564</u>	<i>Sub-total</i>		<u>57,000</u>	<u>66,069</u>	<u>(9,069)</u>
<u>626,742</u>	<i>Total Costs of General Synod Office</i>		<u>628,160</u>	<u>643,897</u>	<u>(15,737)</u>
Provincial Costs					
14,857	Primus		14,330	15,305	(975)
8,020	College of Bishops		6,500	9,751	(3,251)
10,000	Election of Bishop		10,000	10,000	-
24,886	General Synod	Annual meeting	28,000	24,933	3,067
927		Annual report	1,200	932	268
3,100		Synod papers	3,200	3,008	192
1,117	Office for Protection of Children and Vulnerable Adults		2,000	1,740	260
262	Code of Canons		1,000	-	1,000
320	New Clergy Induction Day		350	1,146	(796)
4,244	Clergy Legal Expenses Insurance		4,350	2,836	1,514
2,984	Trustee Liability Insurance		3,000	2,519	481
12,180	Professional fees	Audit	12,750	13,632	(882)
25,342		Legal and advisory	60,000	56,187	3,813
125	Immigration Sponsors	Licence	-	536	(536)
2,709	Subscriptions	Scottish Churches Committee etc	2,000	2,730	(730)
<u>111,073</u>	<i>Total Provincial Costs</i>		<u>148,680</u>	<u>145,255</u>	<u>3,425</u>

General Synod Office and Provincial and Other Expenditure

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/(adv) £
	Committee Meeting Expenses			
1,670	Standing Committee	2,000	7,161	(5,161)
23	Organisation Review Committee	-	-	-
227	Committee for Protection of Children & Vulnerable Adults	400	191	209
<u>1,920</u>	<i>Total Committee Meeting Expenses</i>	<u>2,400</u>	<u>7,352</u>	<u>(4,952)</u>
	Subscriptions to church bodies			
3,127	World Council of Churches	3,300	3,283	17
5,000	Churches Together in Britain and Ireland	5,000	5,000	-
12,500	Action of Churches Together in Scotland	12,500	12,500	-
29,480	Anglican Consultative Council	30,370	30,370	-
<u>50,107</u>	<i>Total Subscriptions to church bodies</i>	<u>51,170</u>	<u>51,153</u>	<u>17</u>
	Grants			
1,000	Primus discretionary	1,000	1,000	-
<u>1,000</u>	<i>Total Grants</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<u>790,842</u>	<i>Total Expenditure</i>	<u>831,410</u>	<u>848,657</u>	<u>(17,247)</u>
	BALANCES			
	Revenue			
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Committee for the Protection of Children and Vulnerable Adults

The Provincial Committee is responsible for promoting and encouraging a safe and protective environment for vulnerable people pursuing or undertaking activities within the Scottish Episcopal Church (SEC). The Committee oversees the work of the Office which deals with the Church's responsibilities for safeguarding the vulnerable, including compliance with legislation and the suitability of clergy, employees and volunteers to undertake regulated work with vulnerable people. As Convener, I am very grateful to my Committee colleagues who have supported the work of the Provincial Officers in seeking the safety of everyone within the SEC.

During the year, the Committee finalised the SEC's compliance with the provisions of the Protection of Vulnerable Groups (Scotland) Act 2007 (PVG) with the intention that all clergy and volunteers within the Church were members of the PVG Scheme and that newly appointed clergy and volunteers completed the necessary documentation. The Provincial Officers also responded to a Scottish Government consultation on the PVG regulations. The Committee continued to consider how the Church ensures that its procedures and processes contribute to the aspirations of the Anglican Consultative Council's Safe Church Charter and it considered the recommendations from reviews by the Roman Catholic Church and the Methodist Church to assess how the SEC compared. This work produced several work streams that are being progressed on behalf of the Committee.

The Committee has been developing an information protocol for the survivors of historic abuse that will eventually be available on the SEC Website, and a training package as a basic introduction to safeguarding in the SEC. Training continues to be offered on relevant safeguarding topics but the Committee remains concerned at the numbers who have not yet attended training. There is also concern at the number of churches that do not return the information to the Diocesan Protection Officers (DPOs) for inclusion in the Safeguarding Report to Diocesan Synods. The Provincial Officers are working with DPOs to address this.

During the year, the Office of the Scottish Charities Regulator (OSCR) issued advice to Scottish Charities in respect of notifiable events and a guidance note was prepared for DPOs to ensure that relevant safeguarding incidents will be appropriately notified to OSCR.

I am grateful to the Provincial Officers, Donald Urquhart and Daphne Audsley and Peter Cozens, their administrative assistant, for their professionalism and commitment. Their help and support has been invaluable to the Committee throughout the year. I would also thank members of the Committee for their support, wisdom and guidance during the year.

I conclude this year's Report by reminding everyone that the Provincial Committee is responsible for providing guidance to the rest of the Church on the safety of its members and compliance with all the requirements of current legislation. The way in which the Church focuses on safeguarding, not just children and the vulnerable but everyone in the Church and in wider society, is the mission of the Church and reflects God's love for all.

Christopher Townsend
Convener

Faith and Order Board

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
	INCOME			
20,626	Allocation from General Fund	16,800	16,500	(300)
<u>20,626</u>	<i>Total Income</i>	<u>16,800</u>	<u>16,500</u>	<u>(300)</u>
	EXPENDITURE			
4,312	Board expenses	5,500	5,006	494
3,479	Work of Liturgy Committee	2,500	5,899	(3,399)
233	Work of Committee on Canons	800	386	414
321	Work of Doctrine Committee	800	277	523
10,031	Inter-Church Relations Committee	5,000	3,116	1,884
2,050	Europe Group	2,200	1,816	384
200	Diaconate Working Party	-	-	-
<u>20,626</u>	<i>Total Expenditure</i>	<u>16,800</u>	<u>16,500</u>	<u>300</u>
	BALANCES			
	Revenue			
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Actual 2015 £	PUBLICATIONS	Actual 2016 £
1,299	Income	1,507
<u>(1,432)</u>	Expenditure	<u>(909)</u>
(133)	Surplus/(deficit) for year	598
957	Balance brought forward	824
<u>824</u>	<i>Balance carried forward</i>	<u>1,422</u>

Faith and Order Board

In 2016 the Faith and Order Board met three times, including one residential meeting, to oversee important areas of our Church's life and work. Throughout the year, the meetings of the Board were chaired by the Bishop of Glasgow and Galloway, who has served as Acting Convener for the last few years. Unfortunately, shortly after the year end, Bishop Gregor suffered a stroke and I have therefore resumed the convenership for the time being. The Board is grateful to Bishop Gregor for his leadership of it and continues to hold him in its prayers, as he recovers.

Much of Faith and Order Board's time in 2016 was spent discussing issues concerning same-sex marriage. At its March meeting the Board was privileged to receive John Gibaud, the Director of Unity Faith and Order at the Anglican Communion Office, and heard from him of developments across the Communion on the subject of human sexuality. The College of Bishops consulted the Board on an initial draft of proposed Pastoral Guidelines for Clergy. The Liturgy Committee presented guidance on the use of the Marriage Liturgy 2007 in the solemnisation of same-sex marriage. In addition to the Board agreeing the form of changes to be proposed to General Synod 2016 on Canon 31 (*Of the Solemnisation of Holy Matrimony*), it considered canonical issues around structure and maintenance of buildings and lay representation at General Synod.

Other liturgical matters included recommending that the College of Bishops give approval for experimental use to two liturgies – Christmas and Epiphany Eucharistic Prayers and Pastoral Offices for Clergy and Lay Readers.

The Board discussed the Grosvenor Essay proposals from the Doctrine Committee, and approved the theme of creation/climate change.

The Faith and Order Board commended the joint work of the Inter-Church Relations Committee and the Doctrine Committee to consider the 2015 Buffalo Statement *In the Image and Likeness of God: A Hope-filled Anthropology* and the Inter-Anglican Standing Commission on Unity, Faith and Order (IASCUFO) paper on *Receiving One Another's Ordained Ministries*.

Other Inter-Church Relations matters included discussing the reaction to the joint report of the Church of Scotland and Church of England *Growth in Communion, Partnership in Mission* (including the *Columba Declaration*) and the joint work with the Church of Scotland through the *Our Common Calling* working group, which aims to facilitate and encourage grass roots missions and the discussion of theological issues. The Scottish Episcopal, Methodist, and United Reformed Church partnership (EMU) has been under review and the Faith and Order Board discussed and approved its response to that review. In more international regards, the Board discussed a proposal to renew the Scottish Episcopal Church's membership of the Council of European Churches in light of the Brexit vote.

These issues represent only a fraction of the work of the Faith and Order Board, which was completed well within its budget.

I wish to thank all the members of the Board for giving serious consideration to all that comes before them and equally to thank the conveners and members of the pendant committees, whose reports are set out on the pages which follow. I wish to thank especially our Secretary, Elspeth Davey, for her dedicated and unstinting support over the past several years, and wish her all the best for her retirement, which took effect at the very end of 2016.

**+David
Convener**

Committee on Canons

The Committee on Canons met on an ad hoc basis to deal with requests for changes to our Code of Canons. Where appropriate, the Committee used modern methods of communication to transact business without the necessity of meetings in Edinburgh.

The Committee presented to General Synod of 2016 the following items of business:

- Canon 52, section 5: Of the General Synod
- Canon 57, section 6: Of Notices Provided by this Code of Canons, and of the Interpretation of the Code
- Canon 60, section 5: Of Vestries
- Canon 63, sections 1,3 and 4: Of the Office of Lay Representative
- Canon 22, sections 2 & 3: Of Divine Worship and Administration of the Sacraments and other Rites and Ceremonies of the Church
- Canon 31, all sections and Appendix: Of the Solemnisation of Holy Matrimony

The Committee worked within budget.

I thank all the members of the Committee for their dedication and expertise. An especial thanks must go to Elspeth Davey, our Secretary, for her own brand of dedication far and above the call of duty.

The Committee also welcomed Robert Phillips and Graham Robertson who joined the Committee during the year.

Paul Romano
Convener

Liturgy Committee

Objectives and activities

Our principal objective has been to work on new rites for Lent, Holy Week, and Easter. To this end we held a productive residential meeting at the College of the Holy Spirit, Millport, in October. We plan to be able to submit draft rites to the Faith and Order Board during 2017 with a view to approval for experimental use by Lent 2018.

Feedback has been collected for the 1929 Eucharistic Prayer modernised and adapted for use within the Scottish Liturgy 1982, and we plan for a final version to be submitted to General Synod this year.

At the request of the Faith and Order Board, the Committee has drawn up guidelines on the use of the Marriage Liturgy 2017 for the solemnisation of marriage between persons of the same sex

The Committee has offered revised guidance for consideration by the Faith and Order Board on permitted changes to the 1982 Liturgy, with reference to gender-neutral language.

New members of the committee this year are Alison Jasper (Senior Lecturer in Religious Studies, University of Stirling), and Rosie Addis (Assistant Curate, Church of the Good Shepherd, Murrayfield; Church of Scotland Deaf Development Worker). A special record of thanks is due to our Secretary, Elspeth Davey, who retired this year. Her administrative expertise, valuable store of knowledge, efficiency and cheerful commitment over many years has been a wonderful gift to us. We welcome our new secretary, Miriam Weibye.

Achievements and performance

Pastoral Offices for Deacons, Priests and Lay Readers/Recognised Lay Ministers have been approved by the College of Bishops for an experimental period until General Synod 2018. Hard copies have been posted to clergy and lay readers.

The College of Bishops approved new Eucharistic prayers for Christmas and Epiphany for experimental use until General Synod 2019.

Financial review and plans for the future

The Liturgy Committee budget for 2016 covered attendance at national liturgical consultations, the cost of regular day meetings, an overnight residential meeting, and membership for the Committee members of the Alcuin Club.

In addition to working on new rites for Lent, Holy Week and Easter, we plan a publication to give historical background and commentary on the new material.

John Davies
Convener

Inter-Church Relations Committee

Local Ecumenism

The most significant piece of work initiated by the committee this year has been the beginning of a new bilateral conversation with the Church of Scotland. The delegations from each church have been decided and the working group has had its first meeting to begin a process which is ambitious and innovative. The conversation aims for a new approach to ecumenism which is primarily focused on the mission of our churches to serve the people of Scotland and to proclaim the Kingdom of God in local communities. The working group will visit communities where this kind of collaboration is already well advanced in order to learn how to encourage new initiatives elsewhere. At the same time, the group will address outstanding areas of theological and ecclesiological divergence. It is our aim to produce an interim report by 2019.

We continue to explore the development of our partnership with the EMU churches (Scottish Episcopal, Methodist and United Reformed Churches) and are pleased to see the progress of our joint work on theological education which has resulted in the appointment of an *animateur* to facilitate the ongoing work of ecumenical formation and shared learning across all of Scotland's churches.

The Inter-Church Relations Committee (ICRC) will take part in a meeting in Rome in May 2017 organised by the Focolare movement. We see this as a most significant opportunity to advance our relations with the Roman Catholic Church locally.

International Ecumenism

We continue to take our full part in the work of our existing European partnerships – Reuilly with the French Protestant Churches and Porvoo with the Nordic and Baltic Lutheran churches, as well taking responsibility for the 'Celtic' churches representative on the Meissen Commission (Church of England and German Protestant Churches).

The ICRC and the Doctrine Committee have also continued a pattern of joint working on areas of mutual concern, including a joint response to two significant documents in the last year, namely *Receiving One Another's Ordained Ministries* – a report on sharing ordained ministries produced by the Inter-Anglican Standing Commission on Unity, Faith and Order, and *In the Image and Likeness of God* – a report on theological anthropology by the International Commission for Anglican-Orthodox Theological Dialogue (The Buffalo Statement). It is our aim to continue this collaborative approach in the future.

The Committee's work was conducted within budget.

The Committee is grateful for the work of all its members and extends particular thanks to Elspeth Davey for all her hard work and support over her years serving as Church Relations Officer.

John McLuckie
Convener

Doctrine Committee

At General Synod 2016, the Doctrine Committee launched Grosvenor Essay 12 on *Prayer and Spirituality*. We addressed this topic on the grounds that it is always good to focus on prayer, and there is a lot of confusion about Spirituality. The Essay looks at the Scottish and Anglican heritage of our prayers, the social outworking of prayer, the liturgical and Eucharistic shape of prayer, and we ask whether it makes sense to ask God for things. We are very grateful for input from a number of resident experts: Bishop Gordon Mursell, David Mumford, Ian Paton, David Jasper, John McLuckie. Sr Ajahn Candisiri provides Buddhist insights on mindfulness, as we look both at Christian meditative practice, and on the spread of mindfulness meditation, and the interest in spirituality in many secular settings. As is standard, the Essay provides a series of questions for individual or group reflection.

The Doctrine Committee agreed to re-issuing Grosvenor Essay 3, *The Interfaith Encounter*, with an updated Preface by the Committee for Relations with People of Other Faiths.

With the Inter Church Relations Committee, the Doctrine Committee considered a joint response to the Anglican Consultative Council on two documents – *Receiving One Another's Ordained Ministries* from the Inter-Anglican Standing Commission on Unity, Faith and Order, and *In the Image and Likeness of God: A Hope-Filled Anthropology* (The Buffalo Statement) agreed by the International Commission for Anglican-Orthodox Theological Dialogue.

Lydia Schumacher resigned from Doctrine Committee at the end of 2016 to move to a new post in London in 2017. The Doctrine Committee is grateful for her contributions, including material for a forthcoming Grosvenor Essay on Compassion. The Committee was grateful for the guidance and support of Elspeth Davey and the General Synod Staff.

The Committee's work was conducted within budget.

Harriet Harris
Convener

Mission Board

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
	INCOME			
59,503	Allocation from General Fund	379,600	354,185	(25,415)
-	Investment income	10,400	10,443	43
-	Legacies and donations	1,000	951	(49)
<u>59,503</u>	<i>Total Net Income</i>	<u>391,000</u>	<u>365,579</u>	<u>(25,421)</u>
	EXPENDITURE			
1,791	Board expenses	3,001	2,749	252
-	Mission and Ministry Support Grants	303,809	303,809	-
-	Provincial Youth Week	20,000	13,553	6,447
	Networks			
-	Children	1,000	20	980
-	Lay Learning	2,400	661	1,739
-	Mission Planning	1,120	217	903
-	Rural	1,150	-	1,150
-	Spirituality	500	30	470
-	Stewardship	1,000	-	1,000
-	Youth	2,000	405	1,595
-	Networks Initiative Fund	5,000	-	5,000
97	WCMMP implementation	-	-	-
<u>1,888</u>	<i>Sub-total</i>	<u>340,980</u>	<u>321,444</u>	<u>19,536</u>
	<i>Allocation to Committee funds</i>			
-	Global Partnerships Committee	-	-	-
23,876	Home Mission Committee	-	-	-
33,739	Church in Society Committee	50,020	44,135	5,885
<u>57,615</u>	<i>Total allocated to committees</i>	<u>50,020</u>	<u>44,135</u>	<u>5,885</u>
<u>59,503</u>	<i>Total Expenditure</i>	<u>391,000</u>	<u>365,579</u>	<u>25,421</u>
	BALANCES			
	Revenue			
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Mission Board

The Mission Board is responsible for the strategic oversight of the Church's mission in Scotland and overseas including engagement in Scottish life and society. It oversees a number of inter-diocesan networks across a range of areas such as spirituality, mission planning, lay learning and discipleship, rural matters and children's work. The Board aims to facilitate mission in all its forms across the Province with the Bishops as leaders of mission in each diocese.

The Board has met regularly in 2016 and one of these meetings have included the Network Coordinators. The Board continues to work closely with its networks, the Scottish Episcopal Institute (SEI), the Standing Committee (SC), and the Board's pendant committees (Global Partnerships, Church in Society and Youth). More details of the work of the SEI and the committees are available in their own reports but work has been done on gender-based violence, credit unions, refugees and, in partnership with the Investment Committee, fossil fuel divestment.

In full consultation with the SEI and SC, the Mission Board has been exploring Pioneer Ministry, Fresh Expressions and Intentional Discipleship as vital to missional activity by the Scottish Episcopal Church (SEC) as a whole. Having gained approval from the College of Bishops to move towards more formal links with Fresh Expressions Scotland, the Board is working to identify what this could look like and how to progress this further. Exciting missional activities are bubbling up all over the Province and the Board aims to encourage the whole church by sharing these good news stories (and examples of good practice). The Board was tasked with considering how membership statistics are gathered in the SEC and with devising a form which more accurately reflected church attendance and activity and this work has been ongoing. A paper pilot is being run which, after evaluation, may be implemented as an on-line tool for monitoring church growth and identifying trends. The Board is grateful to both the Church of Scotland and the Church of England for their offers of help with this project.

The role of the networks continues to evolve. General Synod 2016 included an 'Inspiring Mission' slot which showcased three very different examples of mission from across the Province with the aim of these stories giving encouragement across the SEC. This material was followed by an opportunity for discussion and Synod members were invited to indicate how they thought the Board could help them in their own church mission. Lunchtime sessions on Café Church and the work of CMS (Church Mission Society) were offered. Procedures have been put in place for the monitoring of the types of activity which were granted funding by dioceses from the new Mission and Ministry Support Grants. The Board gave its full support to the Scottish Churches' Census carried out in May.

None of this work happens without considerable input from members of the Board, committees, networks, and General Synod Office staff to whom I express my thanks.

Jane Ross
Convener

Youth Committee

The Provincial Youth Committee (PYC) meets to share information and good practice about youth work, publicise upcoming events, and oversee the running of the Glen youth camp and associated events.

The Committee has places for representatives from each diocese: two aged 12-18, one aged 18-25, plus the diocesan youth officer. At present each diocese has some representation, but there are still opportunities for new members to join.

Outside of the Glen week, the PYC met twice in 2016, most of its business being conducted through Facebook and email, and meeting up at the increased number of diocesan youth events throughout the province.

The annual Scottish Episcopal Church (SEC) youth camp at Glenalmond was an excellent event and well attended, with representatives from all seven dioceses. The theme was 'Out of this world – living the Christian life' and blended questions of faith with all sorts of fun and madcap activities. The camp buzzed with energy and life; and welcomed back both returning delegates and a whole set of first timers. The excellent food was popular as ever, as were the range of games, activities, sports, worship, evening events and time together with friends. It is the peer support, non-judgemental welcome and friendship across age groups that continues to be so valuable and deeply felt by so many who attend, both delegates and leaders.

2016 saw a resurgence of events planned around the Dioceses and these continue into 2017. To bring them together, young people round the province were issued with cards on which they could collect signatures of event organisers – prizes for those who completed their #PiskyBingo cards. Even more exciting was the prospect of 'bagging a Bishop' as these had been seen around the new diocesan events!

This year two of our members represented the SEC at the Church of Scotland National Youth Assembly.

Enormous thanks go to Angela Daye who stepped down as Administrator after numerous years of hard work and commitment in that post. Angela has been part of the youth weeks from when they began, being part of the Committee who planned the first youth week at Strathallan. This year is the 20th year of camps and an incredible milestone to reach. An event has been planned for 1 April 2017 to mark and celebrate all that has been achieved for our young people in the SEC throughout these years.

The PYC remained well in budget in 2016.

Tembu Rongong Convener

Committee for Relations with People of Other Faiths

Committee for Relations with People of Other Faiths (CRPOF) exists to resource and develop the engagement of Scottish Episcopalians with people of other faiths and to help the Scottish Episcopal Church deepen its mission in the context of the diversity of faith communities in Scotland. CRPOF encourages its members, and the wider church, to engage with local and national interfaith bodies, knowing from experience that such engagement both enriches our own faith understanding, and helps build the relationships of trust and mutual support.

2016 was another year that has seen savage hatred and violence in the world, which has found expression even in Scotland with further spikes in anti-Semitic and Islamophobic hate crime. The formation and cultivation of relationships that enable understanding and dialogue is as much an urgent task as ever.

Membership continues to include representatives from the Methodist, and United Reformed Churches as part of the EMU Partnership. We are keen to expand the membership of the Committee.

Members of CRPOF remained actively involved in their local Inter-faith associations in Glasgow, Edinburgh and Dundee, and participated in the planning and delivery of a number of events during Scottish Interfaith Week in November. This is co-ordinated by Interfaith Scotland (see <http://www.interfaithscotland.org/>) and local associations. Members of CRPOF have been invited by other faith communities to attend and speak at gatherings and consultations throughout the year. In 2016 a particular focus has been on the examination of hate crime. In September the convener was invited by the Shia Muslim Community to preside at a conference in Glasgow Trades Hall examining the covenant between the Prophet Mohammed and the Christians. Interfaith Glasgow is working with Glasgow City Council to develop an inter-faith emergency plan to resource local resilience planners in times of emergency.

During 2016 CRPOF met on three occasions. In October we joined members of the Churches Together in Britain and Ireland Churches' Forum for Inter-Religious Relations 24 hour residential in Leeds which enabled study of draft World Council of Churches reports on current inter-religious relations between Christians and Muslims, Jews and Hindus. In December we continued our annual practice of meeting with the Scottish Catholic Bishops' Committee for Inter-Religious Dialogue and representatives from the Church of Scotland and other Churches. A joint project is planned to offer guidelines to dioceses and congregations to promote engagement with people of other faiths. This project will replace a previous idea of re-launching the interfaith Grosvenor Essay with a new preface. A meeting with the Primus is planned to examine how the Scottish Episcopal Church promotes interfaith engagement in Scotland and to identify good practice in the planning of interfaith events.

In November the Convener met with the Provincial Standing Committee to explore the possibility of arranging a reciprocal exchange of speakers between the General Synod and another Scottish faith community.

The Committee's work was conducted within budget.

Cedric Blakey
Convener

Church in Society Committee

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
INCOME				
33,739	Allocation from General Fund	50,020	44,135	(5,885)
939	Donations	-	951	951
<u>34,678</u>	<i>Total Net Income</i>	<u>50,020</u>	<u>45,086</u>	<u>(4,934)</u>
EXPENDITURE				
32,670	Grants	46,020	41,950	4,070
333	CRPOF	1,500	937	563
1,675	Meeting costs / participating in consultations / conferences	2,500	2,199	301
<u>34,678</u>		<u>50,020</u>	<u>45,086</u>	<u>4,934</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Church in Society Committee

The work of the Committee has continued to focus on the theme of 'to prevent and alleviate poverty' but to extend this into areas linked to environmental care and our response to those fleeing the consequences of war. This remains a broad agenda but if the Scottish Episcopal Church (SEC) is to have a distinctive and effective voice it must both focus on some specific aspects and work with other churches and organisations with related interests. We are only able to approach this aspiration as a result of the dedicated work of the members of the committee, of partner organisations such as Scottish Churches Housing Action and Faith in Older people in relation to our work on pastoral issues, Stop Climate Chaos, Eco-Congregation and the Scottish Churches Parliamentary Office on wider issues, and the General Synod Office Church Relations Officer Elspeth Davey. Elspeth retired at the end of the year and we thank her for all she achieved for us over many years. We were pleased to welcome Miriam Weibye as our new Church Relations Officer. At the beginning of the year Joan Lyon joined us as a co-opted member to represent us on Scottish Faith Action for Refugees (SFAR), the Scottish co-ordinating body for work on refugees, to increase our level of activity in this key area. This was a subject which we brought to General Synod in 2016 and where our Motion supported us working with and through SFAR. We continue to work with CRPOF (Committee for Relations with People of Other Faiths) and we thank its Convener Cedric Blakey for all he contributes to the Committee.

At General Synod 2016 we discussed our current work in response to the increasing impact of Global Climate Change. Our policy in relation to the extraction and use of fossil fuels has continued to dominate our work. We have engaged with the SEC Investment Committee about both the more general issues of ethical investment and the specific investment issues in respect of companies working in the area of fossil fuels. The Committees have met with representatives of The Church Investment Group (CIG) and the Church of England to discuss their approach to this subject; the SEC is now a member of CIG. As a result recommendations are being prepared. We have continued to work with The Church of Scotland, RSPB, Eco-Congregation Scotland, and Earthbound Ventures on ways of strengthening our consideration and care of God's Creation. This seems likely to lead to a plan where churches are helped to use local RSPB reserves as part of worship related to environmental care.

In addition to the above we have continued to work to liaise with other churches on areas as diverse as our response to Brexit, the potential loss of the European Convention on Human Rights and on whether Scotland should move from an Opt in to an Opt out system in relation to organ transplantation. Work on the subject of Gene Editing has recently begun, something which recent decisions by the Human Fertilisation and Embryo Authority make more likely to become a reality in the foreseeable future.

David Atkinson
Convener

Global Partnerships Committee

Actual 2015 £			Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
INCOME					
97,461	Investment income	Unit Trust Pool	97,461	98,426	965
22		Deposit account	-	19	19
6,497		Noel Phillips Trust	6,497	6,562	65
4,120	Grants awarded in prior years no longer required		-	-	-
<u>108,100</u>	<i>Total Income</i>		<u>103,958</u>	<u>105,007</u>	<u>1,049</u>
EXPENDITURE					
54,801	Grants	Education	45,000	47,338	(2,338)
11,865		Africa	15,000	12,353	2,647
25,287		Asia (inc Middle East)	15,000	6,054	8,946
-		Small grants	5,000	768	4,232
10,138		Companion Relationships	10,000	3,228	6,772
6,960		Agency Support	8,000	100	7,900
12,843		Anglican Comm Network Support	12,000	11,311	689
6,000		South America	5,000	2,243	2,757
600	MiDGies (formerly Justice, Peace and Creation Network)		500	-	500
3,136	Committee expenses	Travel / meetings	3,000	2,156	844
-		Publicity / correspondence	1,000	379	621
<u>131,630</u>	<i>Total Expenditure</i>		<u>119,500</u>	<u>85,930</u>	<u>33,570</u>
BALANCES					
Revenue					
(23,530)	Surplus/(deficit) for year		(15,542)	19,077	34,619
102,473	Balance brought forward		78,943	78,943	-
<u>78,943</u>	<i>Balance carried forward</i>		<u>63,401</u>	<u>98,020</u>	<u>34,619</u>

Actual 2015 £	CAPITAL ACCOUNT	Actual 2016 £
2,518,738	Balance brought forward	2,637,718
118,980	Unrealised gain on revaluation as at 31 December 2016	340,669
<u>2,637,718</u>	<i>Balance carried forward</i>	<u>2,978,387</u>

Global Partnerships Committee

The Global Partnership Committee promotes, on behalf of the Scottish Episcopal Church, mission, companion partnerships and development projects overseas, in partnership with Churches of the Anglican Communion and ecumenical agencies. To facilitate this the Committee has responsibility for the oversight of funds generated from investments designated for overseas mission and ministry. Members of the Committee have particular areas of responsibility within the overall remit – namely Africa, Asia, the Middle East and the Pacific, South America, Anglican Networks, Companion Partnerships, Education, Sustainable Development Goals, Publicity and Small Grants.

In 2016 the Committee supported partnerships in many different countries and strengthened links with churches and organisations. Our work this past year has included giving grants for mission and development to dioceses in Uganda for economic development projects for women and to both India and the Democratic Republic of the Congo for training in eye surgery skills. The Committee supports a number of projects in South Sudan, in the areas of health initiatives, educational and agricultural development, but the situation in South Sudan has resulted in some of the projects being delayed. The Committee agreed to support the post of an Advocacy Research Worker for the Ecumenical Accompaniment Programme in Palestine and Israel (EAPPI) for three years. We were involved in the arrangements for the visit by Bishop George Bagamahunda of Kigezi Diocese in Uganda due in 2017.

Education development is a major part of the Committee's work, and we supported self-sustainable development training in Myanmar and theological training in the USA for a Ghanaian priest.

Gender Justice remained one of the highest priorities of the Global Partnerships Committee, and it supported Scottish Episcopal Church attendance at UNCSW60 (United Nations Commission on the Status of Women) in 2016 and UNCSW61 in 2017. Rachael Fraser was our representative on both occasions, and made a presentation at the 2016 General Synod. The Committee funded the attendance of a representative from Brazil at a colloquium on violence against women and girls in Kerala, India. We continued to work with Christian Aid and the Anglican Church of Brazil on producing a Bible Study resource on gender-based violence – *Loving One Another* which was launched during the 16 Days of Activism Against Gender Based Violence in November.

We continued to work with Christian Aid (Scotland), the Scotland-Malawi Partnerships, Side by Side and other similar organisations to advance our aims and objectives as a Committee of the Scottish Episcopal Church. To this end, some of the Committee's funds were invested in Oikocredit, a leading and worldwide social impact investor. As a member of the Scottish Churches China Group we have supported the provision of palliative care and rehabilitation care in Shengjing.

The Committee's work was carried out significantly under budget, due to the relatively small number of appropriate applications received.

We would like to thank Elspeth Davey for her work, and wish her a wonderful retirement. The Committee was grateful for the guidance and support of Val Nellist, the previous Convener.

David Kenvyn
Convener

Community Fund

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
	INCOME			
3,026	Donations	5,000	4,323	(677)
<u>3,026</u>	<i>Total Net Income</i>	<u>5,000</u>	<u>4,323</u>	<u>(677)</u>
	EXPENDITURE			
3,876	Grants	5,000	3,647	1,353
<u>3,876</u>	<i>Total Expenditure</i>	<u>5,000</u>	<u>3,647</u>	<u>1,353</u>
	BALANCES			
	Revenue			
(850)	Surplus(deficit) for year	-	676	676
3,934	Balance brought forward		3,084	-
<u>3,084</u>	<i>Balance carried forward</i>	<u>-</u>	<u>3,760</u>	<u>676</u>

Community Fund

The Community Fund has continued to make a significant difference to the lives of many people in need in our society. By giving small and immediate grants to those who cannot find help from any other source the Fund has been of considerable help to a number of individuals and families. We know that the grants are appreciated by the letters of thanks we receive from both the recipients and the agencies through which the grants are channelled.

Perhaps surprisingly, there was a slight drop in the number of applications received – 30 in 2016 compared with 31 the previous year. It is pleasing to report that income to the Fund was slightly up on the 2015 figure. In 2016 donations (including Gift Aid) representing income of £4,323 (£3,026 in 2015) were received and the 30 grants represented expenditure of £3,647. That meant there was a surplus on the Fund for the year which is already helping to meet demand for grants in 2017.

The grants we have been able to make in 2016 have facilitated the purchase of food, cots/beds and bedding, children's wardrobes/drawers, clothing, cookers, fridge freezers and washing machines when other sources of funding could not be found. These grants were made on the recommendation of clergy or organisations such as One Parent Families Scotland, Children 1st, Circle Scotland, Fife Gingerbread, Waverley Care, housing associations and social work departments in Scotland and are promptly processed so that help can be provided as quickly as possible.

The effectiveness of the Community Fund would not be possible without the very generous donations received both from congregations and individuals. As always, I would like to thank all those congregations and individuals who have contributed to the Fund over the past year and can assure them that their donations have greatly helped people who are in genuine need. The number of contributors to the Fund remains relatively low and congregations and Church members who have not previously made donations to the Fund might like to consider doing so. The Fund continues to serve a very worthwhile role and to deserve the support of the Church and its members.

John Stuart
Secretary General

Miscellaneous Fund

Actual 2015 £		Actual 2016 £
	INCOME	
-	Legacies	-
-	<i>Total Net Income</i>	-
	EXPENDITURE	
2,500	Grants	-
2,500	<i>Total Expenditure</i>	-
	BALANCES	
	Revenue	
(2,500)	Surplus/(deficit) for year	-
20,050	Balance brought forward	17,550
17,550	<i>Balance carried forward</i>	17,550
	CAPITAL ACCOUNT	
458,720	Balance brought forward	470,232
11,512	Unrealised gain on revaluation as at 31 December 2016	32,965
470,232	<i>Balance carried forward</i>	503,197
	TOTAL FUNDS as at 31 December:	
17,550	Revenue	17,550
470,232	Capital	503,197
487,782		520,747
	Being for:	
485,940	Restricted purposes	518,905
1,842	Designated purposes	1,842
487,782		520,747

Scottish Episcopal Institute Council

Actual 2015 £		Revised Budget 2016 £	Actual to 2016 £	Variance to date fav/ (adv) £
INCOME				
327,040	Allocation from General Fund	438,735	407,662	(31,073)
4,115	Allocation from Training Fund	12,410	20,761	8,351
2,880	Investment income	2,880	2,908	28
1,000	Donations	-	-	-
4,400	Fees	4,400	4,400	-
<u>339,435</u>	Total Income	<u>458,425</u>	<u>435,731</u>	<u>(22,694)</u>
EXPENDITURE				
Board				
1,799	Meeting costs	3,250	1,999	1,251
<u>1,799</u>	Total Board	<u>3,250</u>	<u>1,999</u>	<u>1,251</u>
Scottish Episcopal Institute				
Staff Costs				
128,932	Salaries, pensions etc	129,700	129,777	(77)
854	Travel expenses	2,000	1,704	296
2,874	Staff training / development	1,000	3,490	(2,490)
<u>132,660</u>	Total staff costs	<u>132,700</u>	<u>134,971</u>	<u>(2,271)</u>
Training costs				
12,837	Residential weekends	29,000	17,782	11,218
-	Field Education (placement) costs	1,500	-	1,500
8,041	Associate Tutors	10,800	16,350	(5,550)
911	Course materials / moodle costs	1,000	913	87
10,875	Common Awards (YSJ)	16,050	7,330	8,720
<u>32,664</u>	Total training costs	<u>58,350</u>	<u>42,375</u>	<u>15,975</u>
Other costs				
2,139	Library	3,000	1,973	1,027
1,211	Admin / publicity	700	3,016	(2,316)
<u>3,350</u>	Total other costs	<u>3,700</u>	<u>4,989</u>	<u>(1,289)</u>
<u>168,674</u>	Total SEI costs	<u>194,750</u>	<u>182,335</u>	<u>12,415</u>
Full Time ordinands				
-	University fees	-	910	(910)
4,115	Maintenance grants	16,600	20,761	(4,161)
<u>4,115</u>	Total full time ordinands	<u>16,600</u>	<u>21,671</u>	<u>(5,071)</u>
Curate funding				
-	Curate grants	141,000	130,640	10,360
<u>-</u>	Total curate funding	<u>141,000</u>	<u>130,640</u>	<u>10,360</u>
Recruitment and Selection				
23,620	PDO stipend / salary	27,150	27,072	78
1,657	PDO expenses (travel etc)	2,000	1,242	758
2,476	Provincial panels etc	4,000	1,725	2,275
709	Training	1,000	829	171
35	Materials etc	500	43	457
<u>28,497</u>	Total Recruitment and Selection	<u>34,650</u>	<u>30,911</u>	<u>3,739</u>
Dispersed TISEC				
136,350	Grants to Dioceses	68,175	68,175	-
<u>136,350</u>	Total Dispersed TISEC	<u>68,175</u>	<u>68,175</u>	<u>-</u>
<u>339,435</u>	Total Expenditure	<u>458,425</u>	<u>435,731</u>	<u>22,694</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	Balance carried forward	<u>-</u>	<u>-</u>	<u>-</u>

Scottish Episcopal Institute Council

Where we have been

In terms of provincial structures the Scottish Episcopal Institute (SEI) Council is in its infancy. As the governing body of the SEI, it is responsible for the training of those entering Ordained and Lay Reader ministry. The SEI has a very intentional emphasis on formation for ministry, aiming to ensure that each candidate has sufficient maturity in Christ to carry out ministerial functions as a public representative of the Scottish Episcopal Church (SEC). One of the key elements in the formation of these future ministers is the ability to collaborate with the diverse group of Christian disciples who form any congregation. The Council seeks to model such collaborative working, and the considerable success of the SEI in its first two years is due to that mode of working. By recognising and using the gifts and expertise of individual members of the Council, a well-functioning governing body has been created which is sensitive to the needs of staff, students and the SEC.

This was recognised in February 2016 when a team from Durham University visited the SEI to validate the academic and formational training programme under the Common Awards (CA) suite of higher education awards. This new provision, the fruit of a partnership between the Archbishops' Council and Durham University, is bringing greater coherence to the training and education offered in theological colleges and courses across the UK and traditions. The validation team enthusiastically endorsed the programme and commended the Institute staff for individual pieces of work and expertise within the programme.

Where we are

This is the first year in which the CA programme has been rolled out. There are currently two students who will finish the course validated by York St John, but in future all candidates will be under the CA umbrella. This year there are 24 students, 17 having joined the SEI in autumn 2016. This includes three students who are studying full-time at Edinburgh University. All students attend the Residential Weekends throughout the year and the Principal's intentional building of community at those weekends is very much a part of the formational element of the training programme.

Sharing expertise and wisdom with the wider church was the thinking behind the inaugural Public Lecture given by Professor Higton of Durham University at New College in October, and the publication of an SEI Journal is another such initiative. Other work has included the publication of IME 4-6 Handbooks and ministerial descriptors, all validated by the College of Bishops. Thus formation, training and learning are recognised as lifelong ministerial components.

Where we are going

This year has seen significant discussions with St Mellitus College about context-based training, which seem likely to culminate in a conclusion that SEI should deliver such training itself. This will result in a new member of staff. The SEI exists to form and train the future leadership of SEC congregations. There are now more people in the vocational discernment process than have been for some years. If the SEI is to realise its potential, appropriate funding is needed. A Training Fund has been established and is currently being used to fund the three full-time students. The Fund has benefited from the generosity of the Bishops 2015 Lent Appeals and the transfer of accumulated reserves from two other funds administered by the General Synod. Council is grateful to the small number of regular donors to the Fund and for the ordination offerings received through the year. Further funding is however required and Council is accordingly planning a fundraising initiative. The SEI is very aware of its responsibility to train and form the leadership of our congregations, that they may be enabled in their mission and discipleship to encourage their communities to experience the living God.

**+Kevin
Convener**

Recruitment and Selection Statistics

Recruitment and selection figures from the Provincial Director of Ordinands (who reports to the College of Bishops) are included below for information. The figures do not include people transferring from other denominations.

Total Number of Candidates Processed

Year	Total number	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2013-14	13	0	3	1	0	6	3
2014-15	9	0	0	1	1	6	1
2015-16	20	2	1	5	0	7	5

Candidates Recommended by Provincial Panel to go to Bishops' Advisory Panel or Training

Year	Total number	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2013-14	8	0	2	1	0	4	1
2014-15	7	0	0	1	1	4	1
2015-16	16	2	1	5	0	5	3

Candidates Recommended for Training by Bishops' Advisory Panel

Year	Total number	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2013-14	6	0	2	1	0	1	2
2014-15	4	0	0	1	1	1	1
2015-16	8	1	1	4	0	1	1

Miscellaneous Funds

Actual 2015 £		Actual 2016 £
	INCOME	
2,471	Investment income	2,514
45,920	Donations	8,844
<u>48,391</u>	<i>Total Net Income</i>	<u>11,358</u>
	EXPENDITURE	
4,250	Grants	2,578
4,115	Transfer to Institute Council	20,761
<u>8,365</u>	<i>Total Expenditure</i>	<u>23,339</u>
	BALANCES	
	Revenue	
40,026	Surplus/(deficit) for year	(11,981)
(582)	Transfer (to)/from capital	(598)
-	Transferred from Administration Board Miscellaneous Funds	99,076
<u>29,691</u>	Balance brought forward	<u>69,135</u>
<u>69,135</u>	<i>Balance carried forward</i>	<u>155,632</u>
	CAPITAL ACCOUNT	
725,654	Balance brought forward	760,330
582	Transfer from revenue	598
34,094	Unrealised gain on revaluation as at 31 December 2016	97,709
<u>760,330</u>	<i>Balance carried forward</i>	<u>858,637</u>
	TOTAL FUNDS as at 31 December:	
69,135	Revenue	155,632
760,330	Capital	858,637
<u>829,465</u>		<u>1,014,269</u>
	Being for:	
710,627	Restricted purposes	880,083
118,838	Designated purposes	134,186
<u>829,465</u>		<u>1,014,269</u>

Information and Communication Board

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
INCOME				
25,628	Allocation from General Fund	39,200	21,408	(17,792)
<u>25,628</u>	<i>Total Income</i>	<u>39,200</u>	<u>21,408</u>	<u>(17,792)</u>
EXPENDITURE				
1,142	Board expenses	2,915	2,679	236
7,652	Website Development	12,000	3,082	8,918
497	anglican.org domain	785	475	310
-	Exhibitions / promotion / publicity	4,000	-	4,000
16,085	<i>inspires</i> publication / distribution costs	18,000	15,172	2,828
252	Miscellaneous projects	1,500	-	1,500
<u>25,628</u>	<i>Total Expenditure</i>	<u>39,200</u>	<u>21,408</u>	<u>17,792</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Actual 2015 £	PUBLICATIONS	Actual 2016 £
6,373	Income	4,940
<u>(6,918)</u>	Expenditure	<u>(6,269)</u>
(545)	Surplus/(deficit) for year	(1,329)
10,773	Balance brought forward	10,228
<u>10,228</u>	<i>Balance carried forward</i>	<u>8,899</u>

Information and Communication Board

The main focus of the Information and Communication Board has been to prioritise and review the Church's key communication tools and start the process for the introduction of a Communications Policy and Strategy.

Following a relaunch of *inspires* magazine in 2015 the Board indicated that it would carry out a two year review of the magazine. Four editions of the magazine have been produced each year (Spring, Summer, Autumn, Winter) and the editorial group has tried to ensure that a wide range of topics and interests have been covered. The review will be based on a variety of factors including cost and human resources and will be completed at the first meeting of the Board in 2017.

Various aspects of the Scottish Episcopal Church (SEC) website were revised throughout the year, including the Find a Church facility, which has been updated to ensure all our churches are listed. The postings of Daily Prayer on the website three times a day each day (Morning, Evening and Night Prayer) continue to be well received and greatly appreciated.

The need to develop the Church's digital communications has become increasingly apparent and to this end the Board has been considering developments and additions to the existing website. These will be introduced in 2017.

The media profile of the SEC has continued to be strengthened through a range of comments, reflections and responses from some of our bishops, with regular articles appearing in national and regional press; together with an increased number of opportunities and requests to contribute to national and local radio news and feature programmes.

The resignation of the Communications Administrator, Victoria Stock, at the end of 2016 presented an opportunity to review the communications staffing at the GSO to reflect the Board's priority to focus on digital communications and the effective use of social media.

My thanks go to all members of the Board and especially to the *inspires* magazine editorial team and the online communications sub-groups; their support and enthusiasm is greatly appreciated. My thanks also go to our Director of Communications, Lorna Finley, for all the support, guidance and advice she offers to the Board and to the wider church.

Chris Mayo
Convener

Administration Board

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
INCOME				
446,614	Allocation from General Fund	132,330	65,276	(67,054)
<u>446,614</u>	<i>Total Income</i>	<u>132,330</u>	<u>65,276</u>	<u>(67,054)</u>
EXPENDITURE				
<i>Meeting Costs</i>				
958	Board	1,010	1,160	(150)
734	Finance Committee	1,050	334	716
94	Investment Committee	100	85	15
303	Retirement Housing Committee	850	237	613
178	Buildings Committee	500	254	246
331	Personnel Committee	490	339	151
<u>2,598</u>	<i>Sub-total</i>	<u>4,000</u>	<u>2,409</u>	<u>1,591</u>
<i>Grants</i>				
-	Child Allowance	5,000	7,000	(2,000)
-	Resettlement grants	3,330	-	3,330
-	<i>Sub-total</i>	<u>8,330</u>	<u>7,000</u>	<u>1,330</u>
<i>Allocation to other funds</i>				
409,194	Grants for Ministry Fund	-	-	-
34,822	Building Grants Fund	120,000	55,867	64,133
<u>444,016</u>	<i>Sub-total</i>	<u>120,000</u>	<u>55,867</u>	<u>64,133</u>
<u>446,614</u>	<i>Total Expenditure</i>	<u>132,330</u>	<u>65,276</u>	<u>67,054</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
-	<i>Balance carried forward</i>	-	-	-

Administration Board

It has been a year of change and transition for the Administration Board and its pendant committees. General Synod accepted the Board's recommendation that the Finance Committee be dissolved and that new procedures be established to administer building grants following the Committee's dissolution. Thanks are expressed to all those who have served on the Finance Committee over the years. The Retirement Welfare Committee was renamed the Retirement Housing Committee recognising the Committee's focus on the provision of assistance to retired clergy in meeting their housing needs.

The transition to the new Building Grants Fund and the establishment of the Building Grants Group took longer than anticipated and it was not therefore possible for the Group to consider any applications during the year. The new procedures are however now in place and the Group is looking forward to considering both grant and loan applications. The Board remains keen to ensure that support is provided to congregations as they seek to maintain and develop their buildings and will therefore monitor the use of the Fund and encourage the Buildings Committee in developing training materials and other resources.

The Board has played its part in the change in the method of providing financial support to dioceses and congregations by appointing two members to the new Mission and Ministry Support Grant Review Panel which will report to the Mission Board on the use of the new 'block grants' provided to dioceses. The Board welcomes this opportunity to participate in the accountability process that it considers to be an essential part of the new funding arrangements.

Much of the Board's Autumn meeting was spent considering the report and recommendations of the Clergy Remuneration Review Group. Based on the results of questionnaires issued to both clergy and vestries and consideration of the stipend and remuneration policies of other denominations the Review Group made seventeen specific recommendations, all of which were accepted by the Board. Many of the recommendations endorsed current practices and policies. In particular the policy adopted in 2000 of setting Scottish Episcopal Church Standard Stipend at the same level as the National Stipend Benchmark of the Church of England was endorsed. Following the Review Group's recommendation the Board and Personnel Committee will review the current policies relating to the payment of resettlement grants and child allowance. The Board accepted the recommendation that a further review be undertaken in ten years' time unless circumstances make it desirable that such a review should take place at an earlier date. I would like to thank the Review Group for its work and all the clergy and vestries who took the time to complete the questionnaires.

In 2011 a new legal form was introduced for Scottish charities which provided greater protection for Charity Trustees than the traditional model used by most charities including the SEC's congregations. At the time the Board obtained legal advice and concluded there was no compelling reason for congregations to adopt the new Scottish Charitable Incorporated Organisation (SCIO) format. The Board returned to the issue in 2016 and, having considered updated advice reflecting experience of SCIOs since their introduction, reaffirmed its view that there was no need to suggest a change in the legal structures of SEC congregations. The Board is of the view that, given the nature of the risks faced by most congregations, appropriate risk management procedures should afford adequate protection to vestry members. Consideration will therefore be given to producing updated advice on risk management issues for use within the SEC.

I am indebted to John Stuart, Malcolm Bett and the General Synod Office staff for their support.

John Ferguson-Smith
Convener

Building Grants Fund

Actual 2015		Revised Budget 2016	Actual 2016	Variance fav/ (adv)
£		£	£	£
INCOME				
34,822	Allocation from General Fund	120,000	55,867	(64,133)
360	Unclaimed earmarking from previous year	-	-	-
<u>35,182</u>	<i>Total Income</i>	<u>120,000</u>	<u>55,867</u>	<u>(64,133)</u>
EXPENDITURE				
24,788	Grants - Issued		34,125	
10,394	- Earmarked		21,742	
<u>35,182</u>	<i>Total Expenditure</i>	<u>120,000</u>	<u>55,867</u>	<u>64,133</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Building Loans Fund

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
	INCOME			
6,625	Interest on loans	3,000	6,689	3,689
<u>6,625</u>	<i>Total Income</i>	<u>3,000</u>	<u>6,689</u>	<u>3,689</u>
	BALANCES			
	Revenue (liquid funds for advancement of loans)			
6,625	Surplus/(deficit) for year	3,000	6,689	3,689
(49,409)	Transfer (to)/from capital	(109,678)	139,192	248,870
169,462	Balance brought forward	126,678	126,678	-
<u>126,678</u>	<i>Balance carried forward</i>	<u>20,000</u>	<u>272,559</u>	<u>252,559</u>

Actual 2015 £	CAPITAL ACCOUNT	Actual 2016 £
216,499	Balance brought forward	265,908
	<i>Transfers to revenue</i>	
(50,591)	Loans repaid	(139,192)
	<i>Transfers from revenue</i>	
100,000	Loans paid / earmarked	-
49,409	Net transfer from / (to) revenue	(139,192)
<u>265,908</u>	<i>Balance carried forward</i>	<u>126,716</u>

Investment Committee

The Committee is responsible for overseeing the investment of the Unit Trust Pool (UTP).

Financial Markets

Stock market conditions were strong for sterling investors in 2016 with the UK's FTSE 100 producing a total return of +19.1% (2015: -1.3%). Performance of the UTP has been positive with a unit value of £15.43 as at 31 December 2016 (2015: £13.67), with both equity and bond investments contributing. The 2016 distributions represent a yield of 3.3% of the year end value.

The UTP is managed on a total return basis and income does not fully fund the distribution. The Committee increased the 2016 distribution to 51p (2015: 50.5p). The capital element of the distribution was 17.7p per unit (2015: 17.6p). The Committee is aware of the importance of the income stream for holders, but continues to act conservatively so as to avoid volatility and to protect the capital base of the fund.

Performance

The total return performance of the Fund to 31 December 2016 is shown in the table below

Period	Fund	Benchmark
Five years (p.a.)	14.2%	12.9%
Three years (p.a.)	12.4%	12.0%
One year (p.a.)	17.6%	22.7%

The market value of the Fund at 31 December 2016 was £62.8m.

The accounts of the UTP appear on page 88.

Ethical Policy

The UTP is managed by Baillie Gifford in accordance with the Statement of Investment Objectives. Baillie Gifford has a dedicated Corporate Governance team that works with the fund managers to assess Environmental, Social and Governance (ESG) concerns both before and after investment in a company. Baillie Gifford engages with the companies it invests in on topics including specific areas such as the impact of increasing carbon legislation on fossil fuel companies and director remuneration in the banking sector, and more generally in the areas of capital management, board composition, remuneration, environmental impact and reputational risk. Baillie Gifford are members of the UK Corporate Governance Forum, the International Corporate Governance Network, UK Sustainable Investment and Finance Association and the Asian Corporate Governance Association. In addition, Baillie Gifford complies with the UK Stewardship Code and are also signatories to the United Nations Principles for Responsible Investments.

During the year the Investment Committee continued to work closely with the Church in Society Committee to align the Church's ethical objectives with its investment policy. Connected with this, the Investment Committee represents the Church on the Church Investors Group which in turn represents institutional investors from many mainstream Church denominations and church related charities. The aims of the Group include encouraging the formulation of investment policies based on Christian ethical principles and to encourage responsible business practices through engagement with company managements. The Investment Committee believes that the Church Investors Group provides an effective voice for engaging in issues of common concern to Christian investors.

Jonathan Gibbs and Robert Burgon retired from the Committee. Campbell Watterson and Andrew Hunter both joined.

Adrian Tupper
Convener

Buildings Committee

The Buildings Committee receives appeals from charges against decisions made by Diocesan Buildings Committees on applications under Canon 35, considers responses to government and other consultations on buildings matters and where appropriate, provides advice and guidance to Diocesan Buildings Committees on buildings and property matters.

No appeals against decisions made under Canon 35 by Diocesan Buildings Committees were received, and consistent with its policy of meeting only when there is substantive business to discuss the Committee met twice in 2016.

The Committee welcomes the launch of the new Provincial Buildings Grant and Loan schemes, and the first applications will be considered in Spring 2017. A new grants assessment group has been set up and includes representation from the Buildings Committee. Applications need to be endorsed by the diocese and the importance of good practice has been stressed both for repair projects and also alteration and developments. Flexibility in the scale of grants will allow for responsive support to strong and sustainable projects throughout Scotland. Guidance on other grant funding sources is being updated for the interest of churches requiring extensive funding.

The Committee has tasked itself with producing a Gazetteer to record historic buildings with significant features. We are in the first stages of compiling a comprehensive list of the buildings owned throughout the Province and recording unique and valuable architectural features and hope the resulting document will be a useful resource at diocesan and provincial level when considering the best way to care for the wealth of architectural heritage.

The Committee is committed to promoting the benefits of good care and maintenance of the churches, halls and rectories. It has worked on updated guidelines to be published in 2017 for quinquennial condition surveys and is looking for opportunities to promote regular maintenance. Information and educational material is being prepared as a package for local dissemination and distribution through the dioceses. A digital version of the Church Inventory form will in due course become available online and its use will be encouraged as a standard method of recording the current situation.

Consideration of an update to the scope of Canon 35 with a view including church grounds and graveyards is underway with the Faith and Order Board.

Rebecca Cadie
Convener

Personnel Committee

The Personnel Committee is responsible for considering general personnel policy issues affecting clergy as a whole within the Scottish Episcopal Church and in particular terms and conditions of clergy service. The Committee met four times in 2016.

On behalf of the Personnel Committee I was asked to take part in the Clergy Remuneration Working Group and the Committee have worked on revised guidelines for claiming expenses.

We have continued work on updating all the Personnel policies and procedures for the clergy and are finalising the online Clergy Handbook.

The main priorities for 2017 are to continue with the development and revision of personnel policies.

Elaine Cameron and Drew Sheridan resigned from the Committee this year and we thank them for their contribution. We were pleased to welcome Jan Whiteside onto the Committee. The General Synod Office appointed Ian Pilbeam to provide advice on HR matters. Ian attends our meetings and is excellent support. I thank all the members of the Committee and Bishop Nigel for their commitment. Thanks are also due to John Stuart for all his hard work and support.

Maureen McKellar
Convener

Retirement Housing Committee

The main remit of the Retirement Housing Committee, formerly known as the Retirement Welfare Committee, is to provide assistance from the Housing Fund for retired clergy, their spouses or civil partners who are unable to fully fund adequate accommodation from their own resources.

In order to qualify for assistance, clergy must be members of the Scottish Episcopal Church Pension Fund and have completed 10 years full time stipendiary service in the Scottish Episcopal Church.

The objective is to ensure as far as possible that clergy will be provided with suitable housing, some capital and an income in their retirement. Assistance is for life and is means tested.

There are two options depending on circumstances:

1. Standard Rented Property

A property is acquired at or below the current Standard Property Price. This price is the average cost of a property in Scotland. The price used at present is £170,000 and this is kept under review and adjusted accordingly.

The pensioner is allocated the property and pays an affordable rent well below current market rates.

2. Shared Ownership

This is where the applicant can make a contribution towards the purchase of the property. Under Shared Ownership there are a further two options.

Standard Shared Ownership is for purchases up to Standard Property Price and where the applicant is able to contribute up to 25% of the total purchase price.

Enhanced Shared Ownership involves a higher contribution but the total purchase price may be up to 50% above the prevailing Standard Property Price.

The Committee oversees the acquisition and disposal of properties, arranges repairs and undertakes regular visits to properties. The Housing Fund has an interest in 43 properties throughout Scotland. The Committee undertook repairs and renovations costing in the region of £30,000 during the year and authorised further repairs to be undertaken during 2017 costing £25,000.

In the past year two properties have been sold and one acquired. A further property was marketed during 2016 and sold in early 2017.

The Committee also has responsibility for the Supplementary Fund. Small grants are available to assist with unexpected expenditure. In addition a Christmas Gift is made to pensioners. In 2016 this amounted to a payment of £90 to all pensioners.

During the year Jean Davis retired and Jan Whiteside and Douglas Campbell joined the Committee.

My term of office as Convener will cease at Synod and Lorna Mortis will succeed to that position. I would like to thank all past and present members of the Committee and particularly Daphne Audsley and Malcolm Bett for all help and assistance over this period. I wish the Committee and Lorna all the best for the years ahead as they continue to administer the Housing Fund for the benefit of our pensioners and retired clergy.

Elliott Glen-Esk
Convener

Retirement Housing Committee Supplementary Fund

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/ (adv) £
INCOME				
36,594	Investment income	36,594	36,957	363
40	Interest	50	36	(14)
2,000	Cargill Trust - Widows and Orphans	2,000	2,000	-
353	Donation	-	715	715
<u>38,987</u>	<i>Total Income</i>	<u>38,644</u>	<u>39,708</u>	<u>1,064</u>
EXPENDITURE				
200	Grants - Clergy	4,000	210	3,790
2,275	- Widows and Orphans	4,000	500	3,500
29,070	- Christmas payment	28,000	29,700	(1,700)
1,220	- Yearbooks (retired clergy)	1,200	1,217	(17)
847	Pension Fund (CRBF) top up	1,500	-	1,500
137	Miscellaneous	120	138	(18)
6,145	GSO Administration charge	6,145	6,145	-
<u>39,894</u>	<i>Total Expenditure</i>	<u>44,965</u>	<u>37,910</u>	<u>7,055</u>
BALANCES				
Revenue				
(907)	Surplus/(deficit) for year	(6,321)	1,798	8,119
30,134	Balance brought forward	29,227	29,227	-
<u>29,227</u>	<i>Balance carried forward</i>	<u>22,906</u>	<u>31,025</u>	<u>8,119</u>
CAPITAL ACCOUNT				
954,028	Balance brought forward		998,702	
44,674	Unrealised gain on revaluation as at 31 December 2016		127,913	
<u>998,702</u>	<i>Balance carried forward</i>		<u>1,126,615</u>	

Retirement Housing Committee Housing Fund

Actual 2015 £		Revised Budget 2016 £	Actual 2016 £	Variance fav/(adv) £
	INCOME			
3,311	Interest	3,000	2,864	(136)
23,193	Investment income	23,193	23,422	229
77,843	Rents	78,000	76,418	(1,582)
<u>104,347</u>	<i>Total Net Income</i>	<u>104,193</u>	<u>102,704</u>	<u>(1,489)</u>
	EXPENDITURE			
6,039	Insurance	6,100	6,674	(574)
13,722	Repairs	35,000	29,431	5,569
7,528	Gas appliance and electrical testing	8,000	8,011	(11)
-	Property surveys / legal fees	2,500	-	2,500
11,750	GSO Administration Charge	11,750	11,750	-
<u>39,039</u>	<i>Total Expenditure</i>	<u>63,350</u>	<u>55,866</u>	<u>7,484</u>
	BALANCES			
	Revenue			
65,308	Surplus/(deficit) for year	40,843	46,838	5,995
(62,264)	Transfers (to)/from capital	(51,603)	(48,431)	3,172
7,716	Balance brought forward	10,760	10,760	-
<u>10,760</u>	<i>Balance carried forward</i>	<u>-</u>	<u>9,167</u>	<u>9,167</u>
	CAPITAL ACCOUNT		Actual 2016 £	
	Additions to capital			
33,079	Profit on sale of property		69,225	
-	Debtor pending completion of sale of property		67,293	
144,077	Purchase of property		167,094	
-	Capital repairs		1,610	
51,052	Net funds placed on deposit account		-	
<u>228,208</u>			<u>305,222</u>	
	Disposals of capital			
132,865	Sales of property (book value)		96,208	
-	Net funds from deposit account		91,358	
<u>132,865</u>			<u>187,566</u>	
95,343	<i>Net additions of capital</i>		117,656	
4,197,359	Balance brought forward		4,321,015	
28,313	Unrealised gain on revaluation as at 31 December 2016		81,069	
<u>4,321,015</u>	<i>Balance carried forward</i>		<u>4,519,740</u>	

Miscellaneous Funds

Actual 2015 (restated)		Actual 2016
£		£
	INCOME	
133,757	Investment income	135,078
3,000	Legacies and donations	3,000
26,000	Other income	26,000
<u>162,757</u>	<i>Total Net Income</i>	<u>164,078</u>
	EXPENDITURE	
778	Building repairs	18,081
128,071	Grants	127,731
30,571	Other expenditure	4,242
500	GSO Administration charge	500
<u>159,920</u>	<i>Total Expenditure</i>	<u>150,554</u>
	BALANCES	
	Revenue	
2,837	Surplus/(deficit) for year	13,524
-	Transfer to SEI Miscellaneous Funds	(99,076)
382,641	Balance brought forward	385,478
<u>385,478</u>	<i>Balance carried forward</i>	<u>299,926</u>
	CAPITAL ACCOUNT	
	INCOME	
<u>-</u>	<i>Total Income</i>	<u>-</u>
	EXPENDITURE	
<u>-</u>	<i>Total expenditure</i>	<u>-</u>
	BALANCES	
-	Surplus/(deficit) for year	-
5,000	Transfer from General Fund revenue account (investment in CMCU)	-
3,866,594	Balance brought forward	4,053,817
182,223	Unrealised gain on revaluation as at 31 December 2016	519,289
<u>4,053,817</u>	<i>Balance carried forward</i>	<u>4,573,106</u>
	TOTAL FUNDS as at 31 December:	
376,888	Revenue	299,926
<u>4,031,544</u>	Capital	<u>4,573,106</u>
<u>4,408,432</u>		<u>4,873,032</u>
	Being for:	
1,156,946	Restricted purposes	1,227,545
<u>3,251,486</u>	Designated purposes	<u>3,645,487</u>
<u>4,408,432</u>		<u>4,873,032</u>

The 2015 figures have been restated to include the Free and Open Church Fund which was previously accounted for separately but is now aggregated with other miscellaneous funds.

Pension Fund

The Trustees' statutory objective is to ensure that the pension scheme has sufficient and appropriate assets to meet the cost of paying benefits as they fall due. This objective had been met at the last actuarial valuation of the Pension Fund which was carried out as at 31 December 2014 and concluded towards the end of 2015. The funding level of 103% meant that the Fund had a modest surplus and that the recovery plan target agreed after the 2008 valuation had been reached six years ahead of expectation. These factors contributed to the Church and Trustees approving a modest reduction in the contribution rate to 32.2% of stipend or salary from 1 January 2016.

This broadly positive result was achieved through a combination of deficit recovery contributions from both General Synod funds and congregations, and strong investment returns.

The principal activity of the Trustees during 2016 was reviewing the investment arrangements to ensure that they remain appropriate to meet the funding objective. In broad terms, the investment strategy comprises two elements:

- a 60% allocation to bonds to provide a fixed income stream to pay pensions; and
- a 40% allocation to shares and similar assets to provide capital growth towards future funding requirements.

Having considered the advice of the Pension Fund's investment consultants and actuaries, the Trustees agreed to amend the balance to 30% growth assets and 70% income producing assets and to adopt a Liability Driven Investment approach which matches these assets more closely to the profile of current and future pensions payments. Both of these measures should reduce the risk that the funding objective is not met in future. The changes will be implemented in early 2017 by the Fund's investment manager, Schroder, who were also reviewed in the course of the year.

Other activity of the Trustees included technical review of the actuarial factors used in benefit calculations, and consideration of administrative items and member communications

Key financial figures for the year were as follows:

	£
Net Assets as at 31 December 2015	46,388,927
+ Contributions Received	1,540,567
- Benefits and other Payments	(2,201,830)
+ Investment Income	591
+ Change in Market Value of Investments	6,769,256
Net Assets as at 31 December 2016	52,497,511

In spite of some market volatility based largely on political uncertainty, investment returns from almost all assets were strong for 2016. Expectations are that future growth may be more limited

Membership figures at the start and end of the year were as follows:

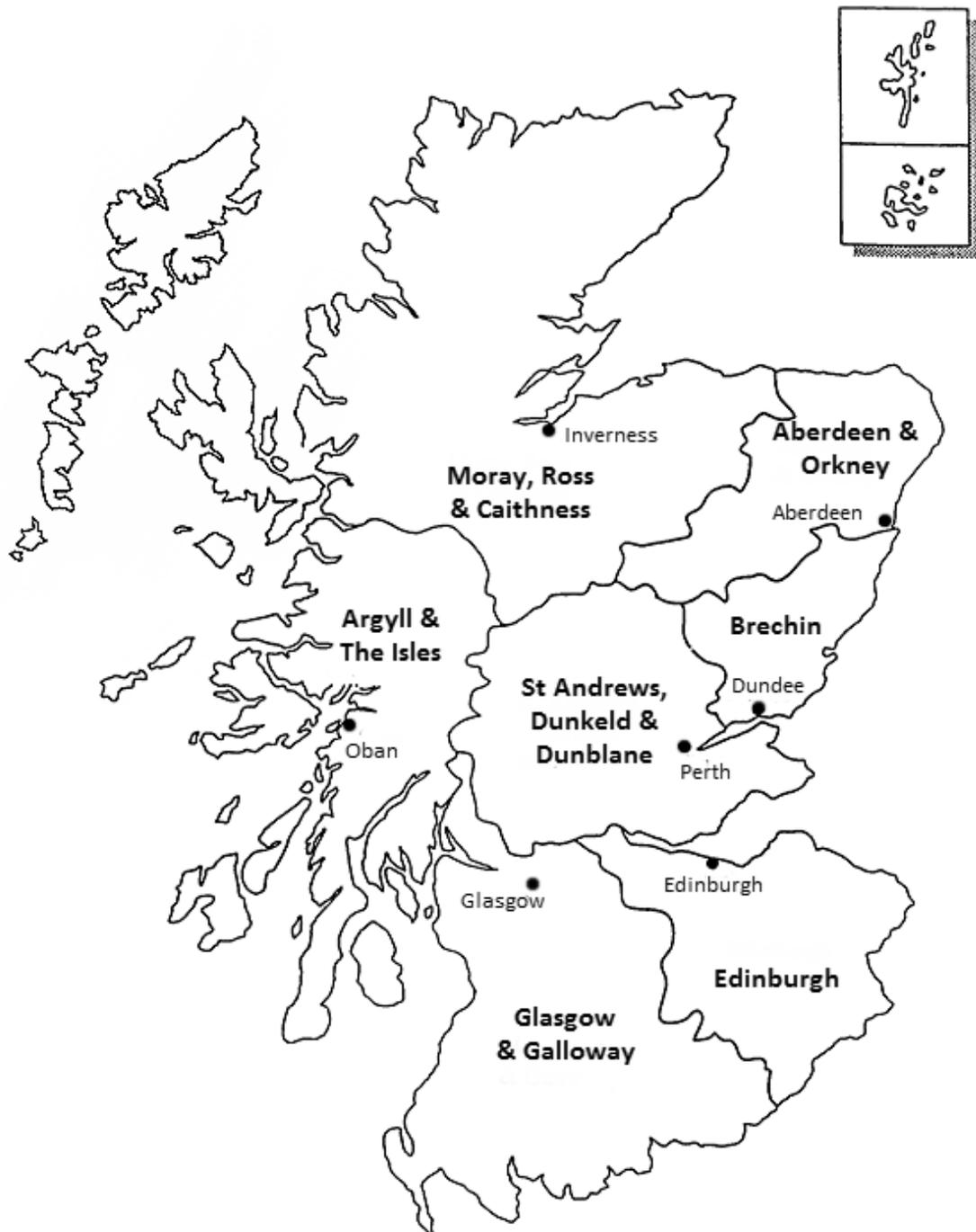
Membership	31 Dec 2015	31 Dec 2016
Serving members		
- Clergy	144	149
- Staff	32	33
Pensioners		
- Clergy	227	232
- Staff	39	40
Widowed Spouses	69	71
Members with deferred pension rights	131	128
Total	642	653

Robert Burgon retired as a trustee with effect from 31 December 2016. There were no other changes.

The next actuarial valuation of the Pension Fund will be carried out as at 31 December 2017.

Richard McIndoe
Chairman

The Seven Dioceses of the Scottish Episcopal Church



Diocesan Statistics

Diocesan Summary

	ROLL		
	Membership	Communicant Numbers	Total Attendance
ABERDEEN	4,136	2,887	1,347
ARGYLL	996	694	475
BRECHIN	2,249	1,480	725
EDINBURGH	10,397	7,463	4,571
GLASGOW	6,322	4,724	2,559
MORAY	3,200	2,203	923
ST ANDREWS	4,356	3,387	1,911
TOTALS 2016	31,656	22,838	12,511
TOTALS 2015	32,141	23,401	12,956

Membership Number of persons of all ages belonging to the congregation

Communicant Numbers Number of persons on the Communicants' Roll

Total attendance Total attendance on Sunday next before Advent

United Diocese of Aberdeen and Orkney

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	243	225	101
Aberdeen:			
St Clement's	45	24	19
St Devenick's Bielside	189	141	89
St James'	50	42	22
St John's	96	45	38
St Machar's Bucksburn	62	34	8
St Margaret's	373	230	59
St Mary's	76	76	35
St Mary's Cove Bay	40	13	12
St Ninian's	62	51	39
Aboyne	106	88	34
Alford	40	38	23
Auchindoir	31	24	14
Ballater	68	60	41
Banchory	232	171	60
Banff	55	20	9
Braemar	20	17	7
Buckie	156	44	17
Burravoe	29	10	9
CAF4E Bridge of Don	40	32	20
Cruden Bay	73	63	36
Cuminestown	15	22	17
Ellon	193	187	45
Fraserburgh	110	64	29
Insch	36	16	25
Inverurie	144	116	47
Kemnay	26	36	11
Kincardine O'Neil	98	68	13
Kirkwall	69	53	18
Lerwick	300	130	38
Longside	43	24	7
New Pitsligo	45	40	12
Old Deer	49	19	7
Oldmeldrum	48	48	12
Peterhead	139	88	38
Portsoy	<i>Closed 2016</i>		
Strichen	69	31	9
Stromness	21	16	12
Turriff	50	44	13
Westhill	521	391	280
Whiterashes	22	13	11
Woodhead All Saints	7	5	4
Student Chaplaincy	38	22	-
SOLI Unst	7	6	7
TOTALS 2016	4,136	2,887	1,347
TOTALS 2015	4,113	2,889	1,332

United Diocese of Argyll and The Isles

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Oban Cathedral	268	138	32
Ardbrecknish	19	12	13
Ardchattan	<i>With Oban Cathedral</i>		
Arran	9	9	8
Ballachulish	10	10	25
Campbeltown	36	22	12
Dunoon	103	70	29
Duror	14	13	27
Fort William	70	56	43
Glencoe	47	45	20
Gruline	24	24	11
Harris	13	16	10
Inverary	<i>With Lochgilphead</i>		
Iona	4	4	10
Islay	9	8	7
Kilmartin	<i>With Lochgilphead</i>		
Kinlochleven	24	8	25
Kinlochmoidart	25	25	10
Lochgilphead	47	34	35
Millport	42	21	28
North Uist:			
Holy Cross Chapel	6	6	3
St Brendan the Navigator	6	5	6
Onich	4	4	30
Portnacrois	1	1	-
Portree	95	71	31
Rothesay	34	29	20
Stornoway	75	52	32
Strontian	11	11	8
TOTALS 2016	996	694	475
TOTALS 2015	995	710	490

Diocese of Brechin

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	220	172	155
Arbroath	60	151	31
Auchmithie	8	6	6
Brechin	91	76	29
Broughty Ferry	136	88	44
Carnoustie	144	100	32
Catterline	<i>With Stonehaven</i>		
Drumlithie	12	6	12
Drumtochty	23	11	10
Dundee:			
St John's	<i>With St Martin's, Dundee</i>		
St Luke's	35	26	17
St Margaret's	95	35	20
St Martin's	74	27	18
St Mary Magdalene	415	159	87
St Ninian's	117	94	35
St Salvador's	64	59	60
Fasque	28	18	8
Glencarse	125	94	21
Inverbervie	18	13	15
Invergowrie	68	49	13
Laurencekirk	73	38	9
Monifieth	65	49	27
Montrose	185	100	23
Muchalls	56	33	21
Stonehaven	127	69	24
Tarfside	10	7	8
TOTALS 2016	2,249	1,480	725
TOTALS 2015	2,450	1,517	828

Diocese of Edinburgh

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	957	888	366
Balerno	726	485	682
Bathgate	66	60	36
Bo'ness	104	42	22
Coldstream	58	41	17
Dalkeith	115	50	30
Dalmahoy	263	125	36
Dunbar	151	69	35
Duns	105	76	18
Edinburgh:			
Christ Church	407	277	135
Emmanuel	40	39	22
Good Shepherd	164	110	48
Holy Cross	210	154	52
Old St Paul's	400	250	198
St Barnabas'	100	35	4
St Columba's	95	93	54
St Cuthbert's	209	197	84
St David's	47	42	29
St Fillan's	74	66	37
St James', Leith	140	125	85
St John's	538	538	247
St Margaret's	22	22	14
St Mark's	148	131	62
St Martin's	79	76	41
St Michael/All Saints	123	102	40
St Ninian's	152	124	85
St Paul/St George	1,091	265	620
St Peter's	251	229	97
St Philip/St James	101	77	49
St Salvador's	36	32	23
St Thomas'	250	150	172
St Vincent's	80	58	42
Eyemouth	35	30	12
Falkirk	175	106	36
Galashiels	86	79	60
Grangemouth	135	68	37
Gullane	67	53	26
Haddington	191	149	57
Hawick	159	66	23
Innerleithen	22	36	7
Jedburgh	154	117	50
Kelso	167	167	71
Lasswade	226	72	35
Linlithgow	116	90	56
Livingston	300	299	99
Melrose	251	237	113
Musselburgh	126	122	58
North Berwick	220	152	69
Peebles	139	183	77
Penicuik	121	96	59
Rosslyn	176	141	63
Selkirk	84	66	33
South Queensferry	80	60	33
West Linton	65	46	15
TOTALS 2016	10,397	7,463	4,571
TOTALS 2015	10,376	7,520	4,596

United Diocese of Glasgow and Galloway

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	481	318	242
Airdrie/Monklands	66	54	21
Alexandria	64	45	22
Annan	37	35	10
Ardrossan **	75	49	18
Ayr	269	160	57
Bearsden	222	165	115
Bridge of Weir	18	17	12
Cambuslang	23	23	12
Castle Douglas	164	130	63
Challoch	84	69	15
Cumbernauld	35	36	28
Dalbeattie	50	43	23
Dalry **	40	20	15
Dumbarton	176	132	45
Dumfries	653	453	136
East Kilbride	78	56	31
Eastriggs	78	40	17
Gatehouse-of-Fleet	80	63	24
Glasgow:			
All Saints	64	59	28
Drumchapel Mission	7	7	6
Good Shepherd	45	45	18
St Aidan's	144	77	75
St Bride's	99	81	39
East End Ministry *	110	80	37
St James' (Bishopriggs)	107	82	81
St Margaret's	186	133	78
St Matthew's	49	44	26
St Ninian's	113	111	40
St Oswald's	42	42	31
St Silas	231	144	215
Gourock	31	31	13
Greenock	154	140	50
Gretna	77	50	24
Hamilton	235	184	78
Helensburgh	198	190	103
Irvine**	41	27	19
Johnstone	75	55	19
Kilmacolm	59	58	37
Kilmarnock	114	75	44
Kirkcudbright	90	65	33
Lanark	108	97	41
Largs	131	98	55
Lenzie	50	35	26
Lockerbie	45	35	19
Maybole	67	31	19
Milngavie	55	55	32
Moffat	46	40	24
Motherwell	62	56	30
New Galloway	52	43	29
Paisley	103	103	37
Port Glasgow	130	76	56
Portpatrick	26	23	14
Prestwick	116	61	36
Renfrew	89	62	25
Stranraer	33	30	26
Troon	185	131	59
Uddingston	33	33	14
Wishaw	27	27	17
TOTALS 2016	6,322	4,724	2,559
TOTALS 2015	6,412	4,748	2,717

**Ayrshire Joint Team
(Ardrossan, Dalry, Irvine)

*East End Ministry includes
Baillieston St John's
Dennistoun St Kentigern's
Shettleston St Serf's

United Diocese of Moray, Ross and Caithness

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	402	200	134
Aberlour	50	31	15
Black Isle Charges:	196	183	71
Arpafeelie			
Cromarty			
Fortrose			
Culloden	16	14	19
Dingwall/Strathpeffer	170	88	23
Dufftown	8	6	2
East Sutherland Charges:	113	111	60
Brora			
Crask			
Dornoch			
Invershin			
Lairg			
Elgin/Lossiemouth/Burghead	611	188	97
Fochabers	86	74	26
Forres	162	146	51
Glenurquhart/Ft Augustus	38	32	9
Gordonstoun	-	60	41
Grantown	85	72	19
Isla Deveron Group:	155	125	58
Aberchirder			
Huntly			
Keith			
Invergordon	45	36	22
Inverness:			
St John's	154	129	33
St Michael's	116	98	15
North West Charges:	124	122	75
Achiltibuie			
Kinlochbervie			
Lochinver			
Tongue			
Ullapool			
Nairn	189	173	38
Rothiemurchus	120	60	19
South West Charges:	129	116	23
Kinlochewe			
Kishorn			
Lochalsh			
Poolewe			
Strathnairn	54	35	11
Tain	45	40	24
Thurso	83	36	24
Wick	49	28	14
TOTALS 2016	3,200	2,203	923
TOTALS 2015	3,221	2,520	894

United Diocese of St Andrews, Dunkeld and Dunblane

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	324	330	120
Aberdour	120	60	23
Aberfoyle	85	73	30
Alloa	81	53	30
Alyth	26	24	12
Auchterarder	93	89	28
Ballintuim	29	26	-
Blairgowrie	95	87	23
Bridge of Allan	146	111	85
Burntisland	65	50	23
Callander	38	31	12
Comrie	58	51	22
Coupar Angus	51	48	35
Crieff	76	65	32
Cupar	109	87	20
Dollar	138	110	45
Doune	85	77	30
Dunblane	165	114	53
Dunfermline	182	142	81
Dunkeld (Birnam)	72	59	24
Elie	34	24	15
Forfar	199	127	43
Glamis	35	35	18
Glenalmond	430	170	400
Glenrothes	36	32	19
Inverkeithing	94	94	66
Killin	6	2	3
Kilmaveonaig	32	29	9
Kinghorn	<i>With Kirkcaldy</i>		
Kinloch Rannoch	5	3	10
Kinross	186	119	41
Kirkcaldy	103	69	40
Kirriemuir	78	50	19
Ladybank	12	12	4
Leven	17	17	14
Lochearnhead	19	13	6
Lochgelly	27	25	13
Muthill	45	45	14
Newport	48	38	18
Perth, St John's	180	152	58
Pitlochry	72	50	24
Pittenweem	33	29	17
Rosyth	39	34	28
St Andrews:			
All Saints	122	117	85
St Andrew's	215	197	116
Stanley	9	9	2
Stirling	175	144	54
Strathhtay/Aberfeldy	33	33	15
Tayport	34	31	32
TOTALS 2016	4,356	3,387	1,911
TOTALS 2015	4,574	3,497	2,099

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**STATEMENT OF RESPONSIBILITIES OF THE
STANDING COMMITTEE OF THE GENERAL SYNOD
OF THE SCOTTISH EPISCOPAL CHURCH**

In relation to accounts on pages 74 to 86 and 88 to 90.

As the Charity Trustees of the General Synod of the Scottish Episcopal Church, the Standing Committee is responsible for preparing the Annual Report and the Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to Charities in Scotland requires the Standing Committee to prepare accounts for each financial year which give a true and fair view of the General Synod's financial activities during the year and of its financial position at the end of the year. In preparing the accounts the Committee should follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the General Synod will continue in operation.

The Committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the General Synod and enable it to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The applicable law also sets out the Committee's responsibility for the preparation and content of the Annual Report.

The Committee is responsible for safeguarding the assets of the General Synod and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Committee is responsible for the maintenance and integrity of the charity and financial information included on the General Synod's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Robert Gordon
Convener, Standing Committee
27 April 2017**

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016**

	Page No.	2016 General Fund Income £	2016 Other Income	2016 Total Income (note 5)	2016 Expenditure £	2016 Surplus/ (deficit) £	2015 Surplus/ (deficit) restated £
General Fund	19	1,863,850	-	1,863,850	1,713,688	150,162	140,224
Allocated to Boards / Standing Committee		(1,713,688)	-	(1,713,688)	(1,713,688)	-	-
<i>Sub-total</i>		<u>150,162</u>	<u>-</u>	<u>150,162</u>	<u>-</u>	<u>150,162</u>	<u>140,224</u>
Standing Committee	20						
<i>Sub-total</i>		<u>848,657</u>	<u>-</u>	<u>848,657</u>	<u>848,657</u>	<u>-</u>	<u>-</u>
Administration Board							
Board	48	65,276	-	65,276	65,276	-	-
Allocated to Building Grants Fund		(55,867)	-	(55,867)	(55,867)	-	-
Net (direct income and expenditure of Board)		<u>9,409</u>	<u>-</u>	<u>9,409</u>	<u>9,409</u>	<u>-</u>	<u>-</u>
Buildings funds							
Building Grants Fund	50	55,867	-	55,867	55,867	-	-
Building Loans Fund	51	-	6,689	6,689	-	6,689	6,625
Retirement Housing Committee							
Retirement Supplementary Fund	56	-	39,708	39,708	37,910	1,798	(907)
Retirement Housing Fund	57	-	102,704	102,704	55,866	46,838	65,308
Miscellaneous funds	58	-	164,078	164,078	150,554	13,524	2,837
<i>Sub-total for Board and its Committees</i>		<u>65,276</u>	<u>313,179</u>	<u>378,455</u>	<u>309,606</u>	<u>68,849</u>	<u>73,863</u>
Mission Board							
Board	30	354,185	11,394	365,579	365,579	-	-
Allocated to Committees		(44,135)	-	(44,135)	(44,135)	-	-
Net (direct income and expenditure of Board)		<u>310,050</u>	<u>11,394</u>	<u>321,444</u>	<u>321,444</u>	<u>-</u>	<u>-</u>
Global Partnerships Committee	36	-	105,007	105,007	85,930	19,077	(23,530)
Church in Society Committee	34	44,135	951	45,086	45,086	-	-
The Community Fund	38	-	4,323	4,323	3,647	676	(850)
Miscellaneous funds	40	-	-	-	-	-	(2,500)
<i>Sub-total for Board and its Committees</i>		<u>354,185</u>	<u>121,675</u>	<u>475,860</u>	<u>456,107</u>	<u>19,753</u>	<u>(26,880)</u>
Institute Council							
Board	42	407,662	28,069	435,731	435,731	-	-
Miscellaneous funds	45	-	11,358	11,358	23,339	(11,981)	40,026
<i>Sub-total</i>		<u>407,662</u>	<u>39,427</u>	<u>447,089</u>	<u>459,070</u>	<u>(11,981)</u>	<u>40,026</u>
Faith and Order Board							
Board	24	16,500	-	16,500	16,500	-	-
Publications	24	-	1,507	1,507	909	598	(133)
<i>Sub-total</i>		<u>16,500</u>	<u>1,507</u>	<u>18,007</u>	<u>17,409</u>	<u>598</u>	<u>(133)</u>
Information and Communication Board							
Board	46	21,408	-	21,408	21,408	-	-
Publications	46	-	4,940	4,940	6,269	(1,329)	(545)
<i>Sub-total</i>		<u>21,408</u>	<u>4,940</u>	<u>26,348</u>	<u>27,677</u>	<u>(1,329)</u>	<u>(545)</u>
TOTAL FOR YEAR		<u><u>1,863,850</u></u>	<u><u>480,728</u></u>	<u><u>2,344,578</u></u>	<u><u>2,118,526</u></u>	<u><u>226,052</u></u>	<u><u>226,555</u></u>

The 2015 figures have been restated to reflect the inclusion of the Free and Open Church Association fund within the Administration Board Miscellaneous Funds.

The notes on pages 78 to 86 form part of these accounts.

THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

	Revenue Accounts and Reserves			Capital Accounts and Reserves			Total 2016 £	Total 2015 £
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total		
	Funds £	Funds £	£	Funds £	Funds £	£		
Income from								
Donations and legacies								
Quota	698,960	-	698,960	-	-	-	698,960	678,602
Donations	23,555	20,784	44,339	-	-	-	44,339	77,829
Legacies	2,500	-	2,500	-	-	-	2,500	-
	<u>725,015</u>	<u>20,784</u>	<u>745,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>745,799</u>	<u>756,431</u>
Investments								
Investment income - UTP distributions	1,261,017	102,516	1,363,533	-	-	-	1,363,533	1,333,494
Investment income - interest	12,287	2,936	15,223	-	-	-	15,223	18,228
Rental income	21,243	-	21,243	-	-	-	21,243	21,243
	<u>1,294,547</u>	<u>105,452</u>	<u>1,399,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,399,999</u>	<u>1,372,965</u>
Charitable activities								
Publication sales	19,159	-	19,159	-	-	-	19,159	18,087
Other income	4,750	-	4,750	-	-	-	4,750	9,260
Pension Fund and investment administration fee	32,387	-	32,387	-	-	-	32,387	31,338
Rental income	-	76,418	76,418	-	-	-	76,418	77,843
	<u>56,296</u>	<u>76,418</u>	<u>132,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,714</u>	<u>136,528</u>
Other								
Gain on sale of property	-	-	-	-	69,225	69,225	69,225	33,079
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,225</u>	<u>69,225</u>	<u>69,225</u>	<u>33,079</u>
Total Income	<u>2,075,858</u>	<u>202,654</u>	<u>2,278,512</u>	<u>-</u>	<u>69,225</u>	<u>69,225</u>	<u>2,347,737</u>	<u>2,299,003</u>
Expenditure on charitable activities (note 6)								
Mission development and support	251,991	11,160	263,151	-	-	-	263,151	327,159
Ministry support and training	480,848	25,542	506,390	-	-	-	506,390	535,074
Ecumenical and church relations	124,634	-	124,634	-	-	-	124,634	126,571
Promotion, publication and communication	272,696	-	272,696	-	-	-	272,696	262,896
Support for retired clergy	53,553	76,981	130,534	-	-	-	130,534	111,669
Support and advice to dioceses and congregations within SEC	730,860	24,195	755,055	-	-	-	755,055	676,000
	<u>1,914,582</u>	<u>137,878</u>	<u>2,052,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,052,460</u>	<u>2,039,369</u>
Net income before transfers and gain on revaluation of investments	<u>161,276</u>	<u>64,776</u>	<u>226,052</u>	<u>-</u>	<u>69,225</u>	<u>69,225</u>	<u>295,277</u>	<u>259,634</u>
Gain on revaluation of investments (note 8)	-	-	-	4,279,258	454,481	4,733,739	4,733,739	1,632,552
Net income before transfers (note 2)	<u>161,276</u>	<u>64,776</u>	<u>226,052</u>	<u>4,279,258</u>	<u>523,706</u>	<u>4,802,964</u>	<u>5,029,016</u>	<u>1,892,186</u>
Transfers between funds	18,805	(18,805)	-	-	-	-	-	-
Transfers between revenue and capital	(360,808)	(49,029)	(409,837)	360,808	49,029	409,837	-	-
Net movement in funds	<u>(180,727)</u>	<u>(3,058)</u>	<u>(183,785)</u>	<u>4,640,066</u>	<u>572,735</u>	<u>5,212,801</u>	<u>5,029,016</u>	<u>1,892,186</u>
Fund balances at 1 January 2016	1,647,394	310,218	1,957,612	32,640,126	7,436,945	40,077,071	42,034,683	40,142,497
Fund balances at 31 December 2016	<u>1,466,667</u>	<u>307,160</u>	<u>1,773,827</u>	<u>37,280,192</u>	<u>8,009,680</u>	<u>45,289,872</u>	<u>47,063,699</u>	<u>42,034,683</u>

Detailed comparatives are at note 15.

All income is derived from continuing activities.

The notes on pages 76 to 86 form part of these accounts.

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
BALANCE SHEET AS AT 31 DECEMBER 2016**

	2016		2015	
	£	£	£	£
Fixed Assets (note 8)				
Heritable Properties at book value		3,185,800		3,113,304
Investments at market value (Book Cost: £8,286,252) (2015: £7,780,654)		41,408,596		36,174,259
Social Investments		<u>304,076</u>		<u>443,268</u>
		44,898,472		39,730,831
Current Assets				
Debtors (note 9)	792,410		698,344	
Bank and Cash	<u>1,471,970</u>		<u>1,663,833</u>	
	2,264,380		2,362,177	
Current Liabilities				
Creditors and Accruals (note 10)		<u>(99,153)</u>		<u>(58,325)</u>
Net Current Assets		2,165,227		2,303,852
TOTAL ASSETS LESS LIABILITIES		<u><u>47,063,699</u></u>		<u><u>42,034,683</u></u>
Capital and Reserves (note 11)				
Unrestricted Funds	Capital	37,280,192		32,640,126
	Revenue	<u>1,466,667</u>		<u>1,647,394</u>
		38,746,859		34,287,520
Restricted Funds	Capital	8,009,680		7,436,945
	Revenue	<u>307,160</u>		<u>310,218</u>
		8,316,840		7,747,163
TOTAL FUNDS (note 12)		<u><u>47,063,699</u></u>		<u><u>42,034,683</u></u>

Robert Gordon
Convener, Standing Committee
27 April 2017

The notes on pages 78 to 86 form part of these accounts.

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
STATEMENT OF CASH FLOWS THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	£	£
Cash flows from operating activities:		
Net cash (used in) operating activities (reconciliation below)	<u>(1,137,525)</u>	<u>(1,169,856)</u>
 Cash flows from investing activities:		
Dividends, interest and rent from investments	1,378,734	1,386,231
Proceeds from the sale of property	97,038	165,944
Purchase of property and equipment	(168,704)	(144,077)
Purchase of investments	(500,598)	(5,582)
Loans advanced (to dioceses / charges)	-	(100,000)
Loans repaid (by dioceses / charges)	139,192	50,591
 Net cash provided by investing activities	<u>945,662</u>	<u>1,353,107</u>
 Change in cash in year	(191,863)	183,251
Cash at 1 January 2016	1,663,833	1,480,582
Cash at 31 December 2016	<u><u>1,471,970</u></u>	<u><u>1,663,833</u></u>

Reconciliation of net income to net cash flow from operating activities

Cash flows from operating activities:		
Net income for the year (as per the Statement of Financial Activities)	5,029,016	1,892,186
 Adjustments for:		
(Gains) on investments	(4,733,739)	(1,632,552)
Dividends, interest and rent from investments	(1,399,999)	(1,372,965)
Profit on sale of property	(69,225)	(33,079)
(Increase) in debtors	(4,406)	(7,168)
Increase / (Decrease) in creditors	40,828	(16,278)
 Net cash (used in) operating activities	<u><u>(1,137,525)</u></u>	<u><u>(1,169,856)</u></u>

The notes on pages 78 to 86 form part of these accounts.

THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Basis of preparation of accounts

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with applicable accounting standards, Financial Reporting Standard 102 (FRS 102), the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) (FRS102) effective from 1 January 2015.

The General Synod of the Scottish Episcopal Church constitutes a public benefit body as defined by FRS 102.

Going Concern

The accounts have been prepared on a going concern basis. The Standing Committee has assessed the General Synod's ability to continue as a going concern and have a reasonable expectation that the General Synod has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the accounts. The most significant areas of uncertainty with regard to the value of assets held by the General Synod and its ability to continue to operate is the performance of the SEC Unit Trust Pool and the income it produces. (See the investment policy and performance and risk management sections of the Standing Committee's report for more information. The Investment Committee report can be found at page 52 and accounts of the SEC Unit Trust Pool at page 88.)

Fund accounting

Note 2 explains the general purposes of the funds administered by the General Synod. Core funding for the activities of the Boards and most of the Committees is allocated from the General Fund and the Revenue Account on page 74, which summarises the revenue accounts of each of the individual Boards and Committees, reflects this income allocation procedure.

In preparing the accounts the transactions and year end balances of each fund are categorised as Revenue or Capital. Capital Funds generally represent heritable property, investments, loans and funds on deposit while Revenue Funds are represented by other current assets and liabilities. Transfers between Revenue and Capital Funds reflect changes in the underlying mix of capital and current assets on a fund by fund basis.

Accruals

Accruals are made for major items outstanding at the Balance Sheet date to preserve consistency of charge from year to year.

Tangible fixed assets and depreciation

Heritable properties are shown at cost and expenditure on improvements is capitalised. The heritable properties have useful lives in excess of fifty years. No depreciation has been provided against the book value of heritable properties as, in the opinion of the Standing Committee, due to the long useful economic lives of the properties and their high residual values, any depreciation charge and resultant accumulated depreciation are immaterial. In the opinion of the Committee, no impairment of the carrying values has occurred during the year.

Expenditure on other tangible fixed assets, such as office furniture and equipment, is charged to revenue as incurred as the amounts involved rarely exceed £10,000 which is considered a reasonable limit below which expenditure would not be capitalised.

Should a major asset replacement project be undertaken this policy will be reviewed.

Fixed asset investments

Investments are shown at market value and unrealised gains and losses are taken to the appropriate Capital Account and are included in the Statement of Financial Activities.

Social investments

Social investments are shown at cost. In the opinion of the Standing Committee no impairment of the carrying values has occurred during the year.

Disposals of investments and heritable properties

Realised profits and losses on investments and heritable properties are recognised on the date of disposal and are credited directly to the appropriate Capital Account and are included in the Statement of Financial Activities.

Investment income

Investment income is accounted for on a due and receivable basis.

Quota income

Dioceses' contributions towards the funding of the work of the General Synod ('Quota') are recognised as receivable when it is clear that the funds will be remitted to the General Synod.

Donations, legacies and similar income

Donations, legacies and similar income are recognised as receivable when it is clear that the General Synod is entitled to the income, it is probable that it will be received and when its monetary value can be measured with sufficient reliability. Such income is generally credited to the Revenue Account. Donations and legacies which are, in the opinion of the Standing Committee, exceptionally large are however designated as capital and credited directly to the appropriate Capital Account. All donations and legacies are included in the Statement of Financial Activities.

Grant expenditure

Grants approved but not taken up at the year end are accrued in the accounts.

Governance Costs

Governance Costs relate to those costs necessary to provide the governance infrastructure which allows the General Synod to operate, to generate the information required for public accountability and to address strategic issues facing the Scottish Episcopal Church.

Apportionment of Support Costs (including Governance Costs)

Expenditure is shown in the Statement of Financial Activities categorised by charitable activity in accordance with the requirements of the Statement of Recommended Practice. Certain costs and grants awarded are capable of direct attribution to the categories; however other costs, in particular certain costs associated with the General Synod Office and governance costs, are attributable to more than one category. These costs have been apportioned to the specified categories based on an estimate of the time spent by staff on those activities. (See note 6)

Basic financial instruments

The General Synod has only basic financial assets and liabilities comprising investments, debtors, cash at bank and creditors. These assets and liabilities are initially recorded at cost and subsequently at market value in the case of investments and in respect of other assets and liabilities at the amounts expected to be received or paid.

2 Funds

Unrestricted funds are available for use at the General Synod's discretion; restricted funds are those given for specific purposes. The funds of the General Synod are grouped according to purpose and are administered by boards and the Standing Committee. The functions of each board and Standing Committee are:

Standing Committee	To co-ordinate the work of the boards and to oversee the work of the General Synod Office. The members of the Standing Committee are the Charity Trustees.
Administration Board	To oversee the general administration of the Church as a whole through its pendant committees.
Mission Board	To promote the Church both at home and abroad.
Institute Council	To oversee the areas of ministerial formation and training.
Faith and Order Board	To consider questions of Church government and organisation, doctrine and liturgy, and relationships with other churches.
Information and Communication Board	To oversee the external and internal communication tasks of the General Synod including the production of publications and provision of information.

There are approximately 60 restricted funds administered by the Administration Board, Mission Board and Institute Council depending on the purpose of each restricted fund.

Transfers of Revenue funds from restricted to designated funds represent the administration charges levied on a number of restricted funds for the use of General Synod Office staff and resources.

As explained in note 1 above, transfers between Revenue and Capital balances of the same fund represent changes in the underlying mix of capital and current assets.

Any transfers other than those of a recurring nature are explained in note 11.

3 Employee costs and remuneration of key management personnel

	2016	2015
	£	£
Salaries	445,086	436,212
Pension contributions	141,688	151,392
Social security costs	43,448	41,794
Travel and subsistence	4,035	4,306
Training	1,125	1,411
Relocation expenses	-	4,219
	<u>635,382</u>	<u>639,334</u>
Average number of employees	17	17
Average number of full time equivalent posts	13.7	13.6

Payments made in respect of staff seconded to the General Synod by their Charges are excluded from the figures noted above. The majority of staff costs are included in support costs and are apportioned to charitable activities. The costs in relation to the staff of the Scottish Episcopal Institute are however included in the direct costs associated with Ministry support and training. (See note 6.)

Key management personnel are considered to be the members of the Standing Committee and the Management Team comprising the Secretary General, the Treasurer, the Director of Communications, the Church Relations Officer, the Officer for the Protection of Children and Vulnerable Adults and the Principal of the Scottish Episcopal Institute. The members of the Standing Committee receive no remuneration and the total employment benefits including employer pension contributions of the Management Team were £339,887 (2015: £339,801).

One employee received emoluments, as defined for taxation purposes, exceeding £60,000 and which fell in the following banding:

	2016 Number	2015 Number
£60,001 - £70,000	1	1

The member of staff is also a member of the defined benefit Scottish Episcopal Church Pension Fund.

All employees are members of the Scottish Episcopal Church Pension Fund which is a non contributory defined benefit scheme with benefits based on final pensionable salary. Others employed by the Scottish Episcopal Church, clergy for the most part, are also members. The General Synod is unable to identify its share of the underlying assets and liabilities of the Fund on a consistent and reasonable basis and so accounts for its contributions as if the scheme was a defined contribution scheme. The contribution rate for the year under review was 32.2%. The rate is based on the Actuarial Valuation of the Fund as at 31 December 2014 which estimated the Fund's surplus to be £1.3m. There were no contributions outstanding at 31 December 2016 in relation to the General Synod's employees.

4 Expenses paid to board and committee members

Board and committee members are entitled to reimbursement of necessarily incurred travel and subsistence expenses in accordance with the rates determined by the Standing Committee. No remuneration is paid to committee members. Expenses totalling £1,309 were paid to eight members of the Standing Committee during the year, in relation to their membership of that Committee. (2015: Expenses of £1,332 paid to six members).

5 Total income

Total Income in the Revenue Account (page 74) does not include any capital receipts. Such receipts are credited directly to the Capital Accounts. Both Capital and Revenue receipts are reflected in the Statement of Financial Activities.

6 Expenditure on charitable activities and governance costs

Expenditure on charitable activities includes direct costs, grants awarded and support costs. Support costs, which relate primarily to costs associated with the General Synod Office and governance costs, are apportioned based on estimates of time spent by staff on the various activities.

Governance Costs relate to those costs necessary to provide the governance infrastructure which allows the General Synod to operate, to generate the information required for public accountability and to address strategic issues facing the Scottish Episcopal Church. Such costs include the costs of the annual meeting of General Synod and professional fees relating to audit and legal advice.

	Direct Costs	Grants awarded	Support Costs	2016 Total	2015 Total
	£	£	£	£	£
Charitable activities					
Mission development and support	20,178	128,724	114,249	263,151	327,159
Ministry support and training	221,625	223,832	60,933	506,390	535,074
Ecumenical and church relations	56,085	-	68,549	124,634	126,571
Promotion, publication and communication	28,965	-	243,731	272,696	262,896
Support for retired clergy	44,798	32,420	53,316	130,534	111,669
Provision of support and advice to Dioceses and Congregations	42,276	491,897	220,882	755,055	676,000
	413,927	876,873	761,660	2,052,460	2,039,369
2015	393,177	930,823	715,369	2,039,369	

	2016	2015
	£	£
Analysis of support costs		
Staff costs	488,665	486,771
Property and equipment costs	78,990	79,387
General administration costs	54,628	51,790
Board and committee expenses	11,966	8,495
Governance costs	127,411	88,926
	761,660	715,369

Included in Governance costs are audit fees (including VAT) of:

2016	£12,420
2015	£12,180

7 Grants

Grants are made to Dioceses, Charges and individuals within the Scottish Episcopal Church for a number of purposes. Grants are also made to other church bodies, non-church bodies and to individuals. The range and variety of grants and further information regarding the grants made is provided in the accounts of the various funds (pages 19 to 58). The grants awarded during the year can be analysed:

	UK	Overseas	2016 Total	2015 Total
	£	£	£	£
Scottish Episcopal Church bodies	692,760	-	692,760	736,103
Other church bodies	32,348	17,918	50,266	68,664
Non church bodies	10,808	8,173	18,981	21,017
Individuals	73,018	41,848	114,866	105,039
	808,934	67,939	876,873	930,823
2015	849,981	80,842	930,823	

Grants were awarded to 407 individuals (2015: 400).

Included in Creditors and Accruals are Grants totalling £47,742 approved but not paid out (2015: £21,194).

8 Fixed Assets

	Heritable Property £	Investments £	Social Investments £	Total £
At 31 December 2015	3,113,304	36,174,259	443,268	39,730,831
Additions during year	168,704	500,598	-	669,302
Disposals during year	(96,208)	-	-	(96,208)
Loans repaid in year	-	-	(139,192)	(139,192)
Net gain on revaluation at 31 December 2016	-	4,733,739	-	4,733,739
Balance at 31 December 2016	3,185,800	41,408,596	304,076	44,898,472

The majority of the General Synod's investments are held in the Scottish Episcopal Church Unit Trust Pool. The Unit Trust Pool was established by the Investment Committee of the General Synod to bring together the disparate investments of the various funds of the General Synod, the Dioceses and the individual congregations of the Church to enable these to be managed professionally. The Unit Trust Pool is therefore purely an investment vehicle of the Scottish Episcopal Church. 71.9% of investments in the Unit Trust Pool relate to UK investments. The unit value at 31 December 2016 was £15.4327. The unit value at 31 March 2017 was £16.6032 and so no impairment falls to be recognised.

The majority of the heritable properties are provided for charitable purposes (being the provision of housing for retired clergy). Heritable properties are shown at cost and expenditure on improvements is capitalised. In the opinion of the Standing Committee, no impairment of the carrying values of heritable properties has occurred during the year.

Social investments, as defined by the Charities SORP (FRS 102), include the Braeburn residential home in Edinburgh which is leased to the operator of the care home for a peppercorn rent, loans made to Dioceses and Charges, loans made to retired clergy to assist in the purchase of retirement housing and a nominal investment in the Churches' Mutual Credit Union.

9 Debtors

	2016 £	2015 £
Accrued Unit Trust Pool distribution	699,029	676,295
Sundry debtors including grant repayments	<u>93,381</u>	<u>22,049</u>
	<u>792,410</u>	<u>698,344</u>

10 Creditors

	2016 £	2015 £
Grants approved but not paid	47,742	21,194
Accruals and deferred income	<u>51,411</u>	<u>37,131</u>
	<u>99,153</u>	<u>58,325</u>

11 Reconciliation of movement in funds

	Balance at 31 Dec 15 £	Surplus for year prior to transfers £	Transfers between funds £	Unrealised gain on revaluation at 31 Dec 16 £	Balance at 31 Dec 16 £
Unrestricted Funds					
General Fund	27,795,053	131,767	18,395	3,534,125	31,479,340
Other funds	6,492,467	29,509	410	745,133	7,267,519
	<u>34,287,520</u>	<u>161,276</u>	<u>18,805</u>	<u>4,279,258</u>	<u>38,746,859</u>
Restricted Funds					
Housing Fund	4,331,775	127,813	(11,750)	81,069	4,528,907
Other funds	3,415,388	6,188	(7,055)	373,412	3,787,933
	<u>7,747,163</u>	<u>134,001</u>	<u>(18,805)</u>	<u>454,481</u>	<u>8,316,840</u>
Total Funds	<u>42,034,683</u>	<u>295,277</u>	<u>-</u>	<u>4,733,739</u>	<u>47,063,699</u>

The transfers between funds mostly relate to the administration charges levied on a number of restricted and designated funds for the use of General Synod Office staff and resources as described in Note 2.

12 Analysis of net assets between funds

Fund balances at 31 December 2016 are represented by:

	Unrestricted Funds	Restricted Funds			Total Funds
		Housing Fund	Other Funds	Total Restricted	
	£	£	£	£	£
Fixed Assets					
Heritable Property at cost	27,596	3,158,204	-	3,158,204	3,185,800
Investments at market value	37,433,216	708,762	3,266,618	3,975,380	41,408,596
Social Investments	31,716	61,775	210,585	272,360	304,076
Current Assets					
Debtors and Prepayments	668,843	90,513	33,054	123,567	792,410
Bank and Cash	678,216	512,807	280,947	793,754	1,471,970
Current Liabilities					
Creditors and Accruals	(92,728)	(3,154)	(3,271)	(6,425)	(99,153)
	<u>38,746,859</u>	<u>4,528,907</u>	<u>3,787,933</u>	<u>8,316,840</u>	<u>47,063,699</u>

The majority of Unrestricted Funds are Undesignated Funds. The total of Undesignated Funds, representing the General Fund, at 31 December 2016 was £31.5m (2015 £27.8m).

The majority of Restricted Funds relate to the Retirement Housing Fund administered by the Retirement Housing Committee (see the Committee's report on page 55 and the Fund's financial statement on page 57). The Fund provides assistance in the provision of retirement housing to eligible beneficiaries of the SEC Pension Fund (mostly retired clergy and their widowed spouses / partners). It has an interest in 44 properties located throughout Scotland. A number of the properties were specifically gifted to the General Synod for such use. The Fund has also benefitted from legacies and donations given to assist in the provision of housing to retired clergy.

Of the investments held by other Restricted Funds approximately £1.1m relates to the Retirement Supplementary Fund administered by the Retirement Housing Committee. (The Fund's financial statement is on page 56.) Annual investment income is used to provide a range of grants and an annual Christmas gift to beneficiaries of the SEC Pension Fund. The balance of the investments and other assets relate to a range of smaller funds most of which are included in the Miscellaneous Funds administered by the Administration Board, Mission Board and the Institute Council. (The financial statements on pages 40, 45 and 58 include these Restricted Funds with other Designated Funds administered by the Boards.)

13 Future commitments

A loan of £100,000 to a charge had been approved but not drawn down at the Balance Sheet date. The loan has not yet been drawn down.

14 Related party transactions

The nature of the General Synod requires that it has a great many financial transactions with Dioceses and congregations within the Scottish Episcopal Church. As all members of the Standing Committee are connected with their respective Diocese and local church congregation these bodies are related parties under Financial Reporting Standard 102 'Related Party Disclosures' and transactions with them are 'related party transactions'. The governance procedures of the General Synod require that members of all Boards and Committees declare their interest in any grant or loan application prior to its discussion by the Board or Committee.

FRS 102 requires disclosure of material related party transactions and year end balances with related parties. In the case of the General Synod these are for the most part separately disclosed in the statement of financial activities, the balance sheet or in the notes to the accounts and comprise: quota received from Dioceses, grants made and loan balances outstanding. Other transactions include sales of publications, the provision of training courses and conferences and the leasing of office space to the Diocese of Edinburgh.

15 Statement of Financial Activities previous year

	Revenue Accounts and Reserves			Capital Accounts and Reserves			Total 2015 £
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	
	Funds £	Funds £	£	Funds £	Funds £	£	
Income from							
Donations and legacies							
Quota	678,602	-	678,602	-	-	-	678,602
Donations	20,652	57,177	77,829	-	-	-	77,829
Legacies	-	-	-	-	-	-	-
	<u>699,254</u>	<u>57,177</u>	<u>756,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,431</u>
Investments							
Investment income - UTP distributions	1,232,010	101,484	1,333,494	-	-	-	1,333,494
Investment income - interest	14,834	3,394	18,228	-	-	-	18,228
Rental income	21,243	-	21,243	-	-	-	21,243
	<u>1,268,087</u>	<u>104,878</u>	<u>1,372,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,372,965</u>
Charitable activities							
Publication sales	18,087	-	18,087	-	-	-	18,087
Other income	9,260	-	9,260	-	-	-	9,260
Pension Fund and investment administration fee	31,338	-	31,338	-	-	-	31,338
Rental income	-	77,843	77,843	-	-	-	77,843
	<u>58,685</u>	<u>77,843</u>	<u>136,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,528</u>
Other							
Gain on sale of property	-	-	-	-	33,079	33,079	33,079
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,079</u>	<u>33,079</u>	<u>33,079</u>
Total Income	<u>2,026,026</u>	<u>239,898</u>	<u>2,265,924</u>	<u>-</u>	<u>33,079</u>	<u>33,079</u>	<u>2,299,003</u>
Expenditure on charitable activities							
Mission development and support	313,347	13,812	327,159	-	-	-	327,159
Ministry support and training	525,709	9,365	535,074	-	-	-	535,074
Ecumenical and church relations	126,571	-	126,571	-	-	-	126,571
Promotion, publication and communication	262,896	-	262,896	-	-	-	262,896
Support for retired clergy	50,379	61,290	111,669	-	-	-	111,669
Support and advice to dioceses and congregations within SEC	649,123	26,877	676,000	-	-	-	676,000
	<u>1,928,025</u>	<u>111,344</u>	<u>2,039,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,039,369</u>
Net income before transfers and gain on revaluation of investments	<u>98,001</u>	<u>128,554</u>	<u>226,555</u>	<u>-</u>	<u>33,079</u>	<u>33,079</u>	<u>259,634</u>
Gain on revaluation of investments	-	-	-	1,472,996	159,556	1,632,552	1,632,552
Net income before transfers	<u>98,001</u>	<u>128,554</u>	<u>226,555</u>	<u>1,472,996</u>	<u>192,635</u>	<u>1,665,631</u>	<u>1,892,186</u>
Transfers between funds	18,813	(18,813)	-	-	-	-	-
Transfers between revenue and capital	(54,409)	(62,846)	(117,255)	54,409	62,846	117,255	-
Net movement in funds	<u>62,405</u>	<u>46,895</u>	<u>109,300</u>	<u>1,527,405</u>	<u>255,481</u>	<u>1,782,886</u>	<u>1,892,186</u>
Fund balances at 1 January 2015	1,584,989	263,323	1,848,312	31,112,721	7,181,464	38,294,185	40,142,497
Fund balances at 31 December 2015	<u>1,647,394</u>	<u>310,218</u>	<u>1,957,612</u>	<u>32,640,126</u>	<u>7,436,945</u>	<u>40,077,071</u>	<u>42,034,683</u>

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH

We have audited the accounts of the General Synod of the Scottish Episcopal Church for the year ended 31 December 2016 which comprise the Summary Revenue Account, the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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), including FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the Standing Committee as Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Standing Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the General Synod and the Standing Committee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Standing Committee and auditor

As explained more fully in the Statement of Responsibilities of the Standing Committee set out on page 73, the Standing Committee is responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of accounts is provided on the website of the Financial Reporting Council (FRC) at www.frc.org.uk/auditscopeukprivate.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the General Synod's affairs as at 31 December 2016 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 (as amended).

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the accounts; or
- proper accounting records have not been kept; or
- the accounts 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.

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh EH3 6NL

28 April 2017

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL
STATEMENT OF TOTAL RETURN YEAR ENDED 31 DECEMBER 2016

	£	2016 £	£	2015 £
Income				
Capital gains/(losses) - net				
Realised		1,730,825		1,575,726
Unrealised		<u>6,138,994</u>		<u>1,523,868</u>
		7,869,819		3,099,594
Revenue	1,564,716		1,536,358	
Management expenses	<u>227,466</u>		<u>218,675</u>	
		<u>1,337,250</u>		<u>1,317,683</u>
Total return before distributions		9,207,069		4,417,277
Distributions (<i>51p per unit. 2015: 50.5p</i>)		<u>2,049,145</u>		<u>2,013,047</u>
Change in net assets attributable to unitholders from investment activities		<u>7,157,924</u>		<u>2,404,230</u>
 Statement of change in net assets attributable to unitholders				
Net assets attributable to unitholders as at 31 December 2015		54,639,375		50,989,799
Receipts from issue of new units		1,475,994		1,374,178
Realisation of units:				
Book value		(1,027,413)		(66,119)
Appreciation		<u>(517,248)</u>		<u>(62,713)</u>
		54,570,708		52,235,145
Change in net assets attributable to unitholders from investment activities		<u>7,157,924</u>		<u>2,404,230</u>
Net assets attributable to unitholders as at 31 December 2016		<u>61,728,632</u>		<u>54,639,375</u>
Number of units in issue		<u>3,999,861</u>		<u>3,997,770</u>
Unit value as at 31 December 2016		<u>£15.4327</u>		<u>£13.6675</u>

The notes on page 90 form part of these accounts.

**THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL
BALANCE SHEET AS AT 31 DECEMBER 2016**

	Notes	£	2016 £	£	2015 £
Capital Account					
Investments valued at closing prices	3		62,026,949		54,971,830
Current Assets					
Bank		764,748		765,092	
Investment income receivable		14,097		12,512	
Income tax recoverable		<u>37,820</u>		<u>32,371</u>	
		<u>816,665</u>		<u>809,975</u>	
Current Liabilities					
Sundry creditors		63,748		57,498	
Proposed distribution at 26p/unit (2015: 25.5p/unit)		1,039,964		1,019,432	
Funds awaiting investment		<u>11,270</u>		<u>65,500</u>	
		<u>1,114,982</u>		<u>1,142,430</u>	
Net Current (Liabilities)			(298,317)		(332,455)
Total Net Assets attributable to unitholders			<u>61,728,632</u>		<u>54,639,375</u>

Robert Gordon
Convener, Standing Committee
27 April 2017

The notes on page 90 form part of these accounts.

THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Status of the Unit Trust Pool

The Unit Trust Pool was established by the Investment Committee of the General Synod of the Scottish Episcopal Church to bring together the disparate investments of the various Funds of the General Synod, the dioceses and the individual congregations of the Church to enable these to be managed professionally. The Unit Trust Pool is therefore purely an investment vehicle of the Scottish Episcopal Church. The annual report of the Investment Committee appears on page 52. An Ethical Investment Policy has been adopted in respect of the Unit Trust Pool (see page 92).

Investment Managers

For the year ended 31 December 2016, the investment management of the Unit Trust Pool was delegated to Baillie Gifford & Co who are employed under a contract which could be terminated by the General Synod at any time or by Baillie Gifford & Co on giving three months' notice. The Investment Manager's fee for the year ended 31 December 2016 was £213,726 (2015 £202,980) including VAT, calculated quarterly on the value of the managed portfolio by applying a reducing percentage as the fund values exceed set bands.

2 Accounting policies

Basis of accounting

Although the Unit Trust Pool is a private investment vehicle and not an 'Authorised Fund', in preparing these accounts, the Standing Committee has followed the format recommendations in the Statement of Recommended Practice 'Financial Statements of Authorised Funds' (the SORP). Other matters dealt with by the SORP are not considered to be material to an understanding of the accounts of the Unit Trust Pool.

Accounting Convention

The accounts are prepared under the historical cost convention modified to include investments at market value.

Investment income and charges

Investment income and charges are dealt with as follows:

- (a) Dividends are included in the accounts when the stock is declared ex-dividend by the year end. Investment income is shown gross, inclusive of recoverable tax.
- (b) Deposit interest and bank charges are accrued where applicable.
- (c) All purchases and sales of fixed interest securities are recorded net of accrued interest which is taken to revenue.

3 Investments

The following individual holding exceeded 5% of the total value of the investment portfolio at the year end:

	£	
Baillie Gifford Long Term Global Growth Fund C Income	<u>19,540,704</u>	31.1%
Baillie Gifford Corporate Bond Fund C Income	<u>20,512,917</u>	32.7%

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL

We have audited the accounts of the Scottish Episcopal Church Unit Trust Pool for the year ended 31 December 2016 which comprise the Statement of Total Return, the Balance Sheet and related notes. 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).

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

Respective responsibilities of Standing Committee and auditor

As explained more fully in the Statement of Responsibilities of the Standing Committee set out on page 73, the Standing Committee is responsible for the preparation of accounts which give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of accounts is provided on the website of the Financial Reporting Council (FRC) at www.frc.org.uk/auditscopeukprivate.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of affairs of the Scottish Episcopal Church Unit Trust Pool as at 31 December 2016 and of its total return for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh EH3 6NL

28 April 2017

ETHICAL INVESTMENT POLICY

The Investment Committee recognises its responsibilities optimising investment returns for the SEC Unit Trust Pool whilst striving to meet reasonable ethical investment expectations.

The Investment Committee aims to invest in companies that will not only successfully develop their business financially in the interests of shareholders, but also

- (i) demonstrate responsible employment and good corporate governance practices;
- (ii) are conscientious regarding environmental performance and human rights; and
- (iii) act with sensitivity to the communities in which they operate.

The Investment Committee has also adopted strict 'negative' criteria as a significant element of the Ethical Investment Policy. No direct investment will be made in companies whose main business is in any of the following *restricted categories*:

- Armaments
- Gambling
- Tobacco
- Pornography

It is recognised that many companies will be involved, to some extent, in businesses in these *restricted categories*. Investment in such companies is deemed inappropriate where in excess of 15% of a company's turnover is derived from businesses in the *restricted categories*.

The Investment Committee will exercise its discretion regarding exclusion from direct investment any company where it has material concerns regarding the ethical acceptability of the company's business model or operational activities.

In achieving these aims the Committee is dependent on its Fund Managers, and in particular the Managers' active engagement with company management, both directly and via company AGMs, to influence the corporate governance and ethical practices in the companies in which the UTP invests.

Policy approved by General Synod 2013