



Scottish Episcopal Church

36th Annual Report

The General Synod of the Scottish Episcopal Church

Annual Report and Accounts for the year ended 31 December 2018

Notes

Membership

The membership of each Board and Committee is listed on pages 3 - 6 and reflects the membership at 31 December 2018.

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 Mark Strange Rt Rev Dr John Armes Dr John Ferguson-Smith Mr James Gibson Rev Chris Mayo (to 10 February 2019) Rt Rev Kevin Pearson Rev Canon Dave Richards Rev Canon Jane Ross Very Rev Alison Simpson
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> Rt Rev David Chillingworth Lady Caroline Douglas-Home Mr Gavin Gemmell Mr Martin Haldane The Hon Lord McEwan Canon David Palmer Most Rev Mark Strange (from 20 June 2018) 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 2018 by the Primus, Most Rev Mark Strange



Once again, I am delighted to present the annual report of the life of the Scottish Episcopal Church (SEC) and, once again, this has been a busy and varied year. We have experienced moments of great joy and times of sorrow, we have said farewell to some and welcome to others and through it all we still seek to be a family of faith.

In our welcomes, we have had Episcopal Elections and Consecrations in both Brechin and St Andrews, Dunkeld and Dunblane. We have welcomed Ian Paton and Andrew Swift to the College of Bishops and following the retirement of Gregor Duncan we are, as I write, working our way through the process of election in Glasgow and Galloway. We thank Bishop Gregor for the huge contribution he has made to the life of the SEC and beyond during his episcopate and wish him a long and happy retirement.

We are also experiencing and sharing hurt and sorrow as a couple of congregations feel they must leave our fellowship over changes to our life. I pray for those who are leaving and offer them our prayers and blessings.

I had the pleasure of hosting, at home in the Highlands, a meeting of *'Our Common Calling'*, the discussions between the Church of Scotland and ourselves; much important work is being undertaken in discovering ways of sharing the care of our communities. The Episcopal, Methodist, United Reformed (EMU) relationship also continues to provide opportunities for joint working and the building of relationships. I also spent a week with Bishops from the Anglican Communion, the Roman Catholic, Orthodox and Lutheran traditions in Sigtuna, Sweden.

The Archbishop of Canterbury has invited the Bishops of the SEC to join him and the other bishops of the Communion at Lambeth in 2020 and there will be opportunities for us all to be involved in hosting and preparing for the Conference. We also continue to receive invitations to develop closer links with many provinces in the Anglican Communion.

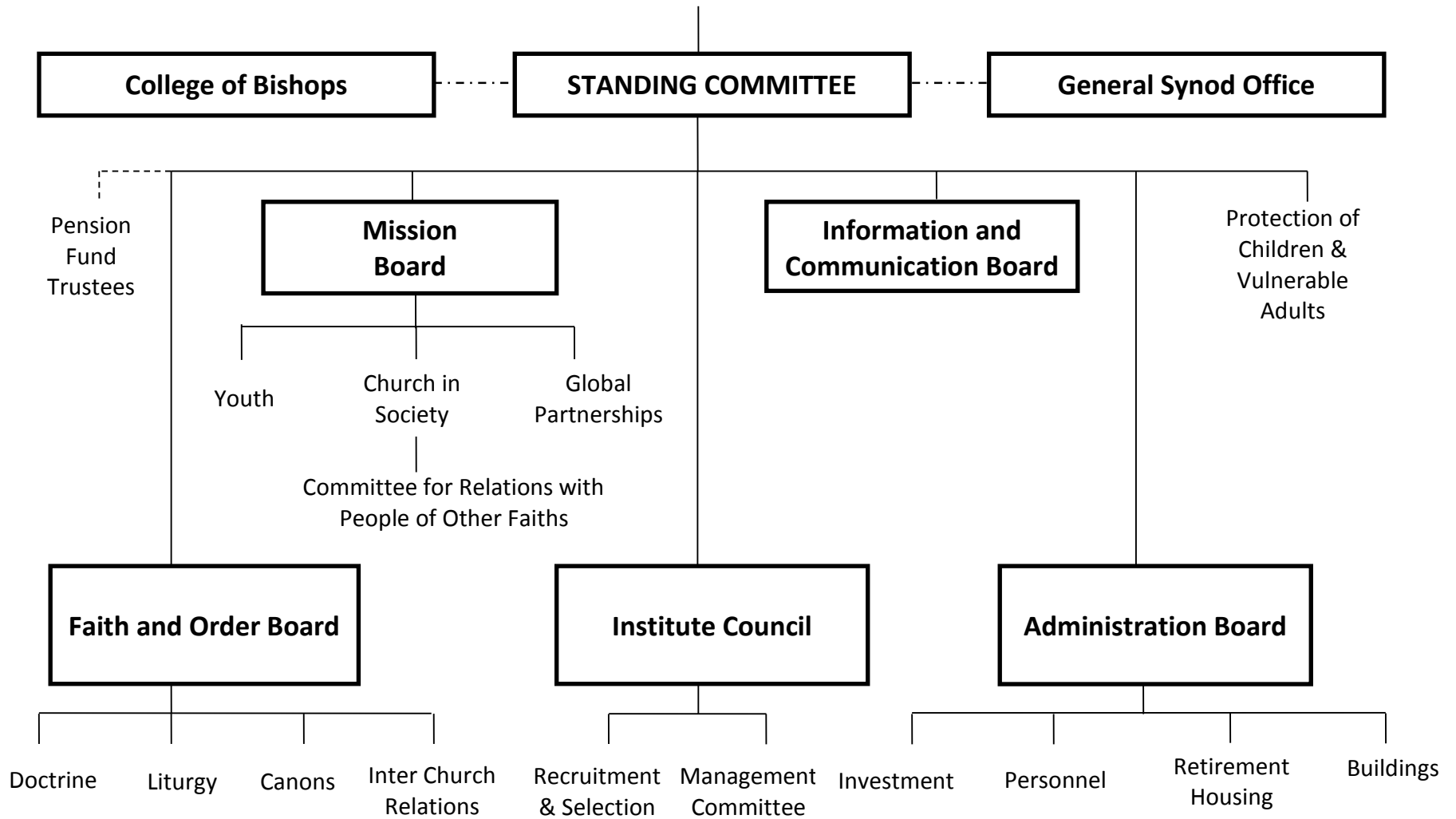
Developments continue in the Scottish Episcopal Institute and it is good to see mixed mode students joining the family of those in training. We are also witnessing a resurgence in those called and discerned for Diaconal Ministry. We should record our thanks to Alison Peden for all her work as our Provincial Director of Ordinands and bless her in her retirement from that role in the coming months.

So, we should all read the reports of our various provincial Boards and Committees, engage with the extensive work they carry out on our behalf and find time to thank those who convene and participate in those bodies and those who support their work. As a Church, we may have our differences from time to time, but we also have our Commission: to find ways of bringing the love and life of Jesus into the lives of those we are called to serve, this community of Scotland.

**+Mark
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 Edinburgh	College of Bishops	
Most Rev the Primus	Convener, Faith and Order Board	
Rev Canon 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 - 2022

Committee for the Protection of Children and Vulnerable Adults

Mr C M Townsend	Convener	2016 - 2021
Mr R Baker	Member	2018 - 2022
Rev Canon Dr M F Chatterley	Member	2017 - 2021
Mr C V Gregory	Member	2014 - 2022
Mr D Hughes	Member	2018 - 2022
Mr R Nellist	Member	2014 - 2022
Dr J Parkinson	Member	2014 - 2022

Faith and Order Board

Most Rev the Primus	Convener	
Rt Rev the Bishop of Aberdeen and Orkney		
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 Glasgow and Galloway	Vacancy	
Rt Rev the Bishop of St Andrews, Dunkeld and Dunblane		
Mr G Robertson	Convener, Committee on Canons	2018 - 2022
Rev Canon Prof D Jasper	Convener, Doctrine Committee	2017 - 2022
Rev Canon J M McLuckie	Convener, ICRC	2016 - 2021
Dr J R Davies	Convener, Liturgy Committee	2015 - 2020
Dr N Mills	Aberdeen and Orkney	2015 - 2019
Rev Prof D Atkinson	Aberdeen and Orkney	2018 - 2022
Vacancy	Argyll and The Isles	2017 - 2021
Rev Canon S Mackenzie	Argyll and The Isles	2016 - 2020
Dr J Jacobs	Brechin	2018 - 2022
Very Rev Dr F Bridger	Brechin	2015 - 2019
Canon H Hood	Edinburgh	2011 - 2019
Rev Canon M Round	Edinburgh	2016 - 2020
Mr K Boak	Glasgow and Galloway	2017 - 2021
Rev Canon Dr S Robertson	Glasgow and Galloway	2013 - 2021
Mr G Swain	Moray, Ross and Caithness	2018 - 2022
Rev Canon C J Piper	Moray, Ross and Caithness	2015 - 2019
Rev G Taylor	St Andrews, Dunkeld and Dunblane	2018 - 2022
Mr B Grimley	St Andrews, Dunkeld and Dunblane	2016 - 2020
Rev Canon Dr A L Tomlinson	Pantonian Professor	

Committee on Canons

Mr G Robertson	Convener	2018 - 2023
Vacancy	College of Bishops	
Mr R Phillips	Member	2016 - 2020

Board and Committee Membership

Doctrine Committee

Rev Canon Prof D Jasper	Convener	2017 - 2022
Rt Rev the Bishop of Aberdeen and Orkney	College of Bishops	
Rev Dr M J Fuller	Member	2017 - 2021
Rt Rev Dr R A Gillies	Member	2017 - 2021
Rev D Hall	Member	2018 - 2022
Rev Prof T A Hart	Member	2017 - 2021
Prof E Priest	Member	2011 - 2019
Rev Canon Dr S Robertson	Member	2017 - 2021
Dr E Stoddart	member	2018 - 2022
Rev Canon Dr N H Taylor	Member	2013 - 2021
Rev Dr J A Wright	Member	2017 - 2021

Inter-Church Relations Committee

Rev Canon J M McLuckie	Convener	2016 - 2021
Rt Rev the Bishop of Edinburgh	College of Bishops	
Canon H Hood	Member	2010 - 2019
Dr A Mason	Member	2013 - 2021
Rev Canon Prof C Methuen	Member	2011 - 2020
Rev Canon 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 St Andrews, Dunkeld and Dunblane	College of Bishops	
Rev R A Addis	Member	2016 - 2020
Mrs C Daye	Member	2011 - 2019
Rev Dr J E P Currall	Member	2015 - 2019
Dr A E Jasper	Member	2016 - 2020
Rev Canon Prof D Jasper	Member	2015 - 2019
Rev Canon Dr N H Taylor	Member	2015 - 2019
Mr D W S Todd	Member	2016 - 2020
Dr L van Ommen	Member	2018 - 2022

Mission Board

Rev Canon H J Ross	Convener	2015 - 2020
Rt Rev the Bishop of St Andrews, Dunkeld and Dunblane	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	
Vacancy	Argyll and The Isles	
Rev Canon F Lamont	Brechin	2015 - 2019
Rev A C Naish	Edinburgh	2017 - 2021
Mrs L Darlow	Glasgow and Galloway	2015 - 2019
Very Rev S E Murray	Moray, Ross and Caithness	2016 - 2020
Rev N A Brown	St Andrews, Dunkeld and Dunblane	2017 - 2021

Church in Society Committee

Rev Prof D Atkinson	Convener	2014 - 2019
Rev Canon C L Blakey	Convener of CRPOF	2015 - 2020
Dr E Cameron	Member	2018 - 2022
Mrs A Clarke	Member	2017 - 2021
Rev E Garman	Member	2018 - 2022
Prof J H McKillop	Member	2014 - 2019
Rev D C Mumford	Member	2014 - 2022
Mr R B Murray	Member	2010 - 2019
Rev Dr K Suckling	Member	2018 - 2022
Mr J Collings	EMU Rep (URC)	
Rev J B Lyon	Scottish Faiths Action for Refugees	

Committee for Relations with People of Other Faiths

Rev Canon C L Blakey	Convener	2015 - 2020
Rev D C Gifford	Member	2015 - 2019
Dr S J Innes	Member	2017 - 2021
Rev T A Anderson	EMU Rep (Methodist)	
Vacancy	EMU Rep (URC)	
Very Rev J Conway	Edinburgh Interfaith Association Vice Convener – co-opted	

Global Partnerships Committee

Mr D Kenvyn	Convener	2016 - 2021
Ms I Booth-Clibborn	Member	2015 - 2019
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

Miss R Cromwell	Chair	
Rev T N Rongong	Convener	
Most Rev the Primus	College of Bishops	
Miss R Northover	Secretary	
Vacancy	Youth Officer, Aberdeen and Orkney	
Vacancy	Youth Officer, Argyll and The Isles	
Mr R St Clair	Youth Officer, Brechin	
Mrs C Benton-Evans	Youth Officer, Edinburgh	
Miss A Byers	Youth Officer, Glasgow and Galloway	
Mr J Gardner	Youth Officer, St Andrews, Dunkeld and Dunblane	
Mr A Buxel	Member - 12-18	
Miss M Shanks	Member - 12-18	
Miss O Smith	Member - 12-18	
Miss E Tofield	Member - 12-18	

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	2015 - 2019
Vacancy	Argyll and The Isles	
Mrs K Willey	Brechin	2012 - 2020
Rev P V P Blackledge	Edinburgh	2016 - 2020
Dr D Simmons	Glasgow and Galloway	2018 - 2022
Very Rev S E Murray	Moray, Ross and Caithness	2015 - 2019
Mr A R Thornton	St Andrews, Dunkeld and Dunblane	2012 - 2020
Mr D R Crosley	Administration Board Representative	

Administration Board

Dr J Ferguson-Smith	Convener	2015 - 2020
Rt Rev the Bishop of Brechin	College of Bishops	
Mrs R Cadie	Convener, Buildings Committee	2015 - 2020
Mr A Tupper	Convener, Investment Committee	2015 - 2020
Mrs J Whiteside	Convener, Personnel Committee	2018 - 2023
Rev L A Mortis	Convener, Retirement Housing Committee	2017 - 2022
Mr D R Crosley	Aberdeen and Orkney	2017 - 2021
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
Rev A Fairclough	General Synod	2018 - 2022
Rev C N Fraser	General Synod	2018 - 2022
Rev D C Gifford	General Synod	2018 - 2022

Board and Committee Membership

Buildings Committee

Mrs R Cadie	Convener	2015 - 2020
Prof R Fawcett	Member	2014 - 2018
Mr N Gaunt	Member	2018 - 2022
Rev Canon A MacLean	Member	2015 - 2019
Mr R Nellist	Member	2014 - 2018

Investment Committee

Mr A Tupper	Convener	2015 - 2020
Dr M D Green	Member	2015 - 2019
Mr A Hunter	Member	2016 - 2020
Mr P Sweetnam	Member	2012 - 2020
Dr E Trevillion	Member	2013 - 2021
Vacancy	Member	

Personnel Committee

Mrs J Whiteside	Convener	2018 - 2023
Rev A Fairclough	Member	2018 - 2022
Ms A Plumtree	Member	2011 - 2019
Mrs G Scott	Member	2015 - 2019
Rev S L K Shaw	Member	2017 - 2021
Mr G Robertson	Committee on Canons Representative	2018 - 2022

Retirement Housing Committee

Rev L A Mortis	Convener	2017 - 2022
Mr D D Campbell	Member	2017 - 2021
Rev W B Elliot	Member	2011 - 2019
Mr P Marsh	Member	2015 - 2019
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 the Bishop of Aberdeen and Orkney	College of Bishops	
Rev Canon Prof G P Foster	Member	2015 - 2019
Rev E Garman	Member	2018 - 2022
Rev Canon Prof D Jasper	Member	2015 - 2019
Mrs M A Kennedy	Member	2015 - 2019
Rev D Paton-Williams	Member	2018 - 2022
Mrs P Thomson	Member	2017 - 2021
Rev P R Watson	Member	2015 - 2019
Ms H Oxley	Student Representative	2018 - 2019
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
Rev Canon Dr J Cuthbert	Member Nominated Trustee	2015 - 2019
Mr R Gordon	Trustee	2015 - 2020
Dr M D Green	Trustee	2012 - 2020
Mr A Hunter	Trustee	2017 - 2021
Rev D C Mumford	Member Nominated Trustee	2015 - 2019

Standing Committee of the General Synod

Structure, governance and management

The Scottish Episcopal Church (SEC) 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 also 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 58. 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 2018 and had one joint meeting with the College of Bishops. The Committee worked on the plans for the future set out in its report for the year ended 31 December 2017 but also addressed a number of additional matters, including:-

1. Strategic Planning

1.1 Strategic Aspirations

The Standing Committee continued during the year to address longer term strategic planning issues. The context for this continues to be decline in overall numbers set against the revitalised arrangements for formation in the Scottish Episcopal Institute (SEI), and opportunities for innovation and growth as evidenced by developments in different settings in different parts of the province. Standing Committee took action in various areas and, following the filling of a number of episcopal vacancies, resumed previous discussion with the College of Bishops regarding longer term strategic matters. Specific points of progress included:

- practical support in developing the Church's mission and ministry, reported on in more detail below.
- encouragement to the Mission Board in fostering intentional discipleship across the province. The Board's focus at General Synod 2018 was on intentional discipleship, presented in the context of some analysis of the results of the previous year's Scottish Churches Census, and their implications for the SEC, which underlined the urgency of the need for committed discipleship.
- encouragement to the Institute Council/SEI in the implementation and delivery of mixed-mode training. The commencement at SEI of two mixed mode students in 2018 based respectively in the Dioceses of Edinburgh and Moray, Ross and Caithness marks the visible outworking of the Institute's planning over several years to bring this to fruition. The Church is very grateful for a substantial donation to support this development in its early years.
- continued consideration of governance and associated structures at provincial and diocesan level to ensure that they are fit to deliver the aspirations of the Church. At provincial level, proposals were brought to, and approved at, General Synod 2018 to broaden the net of expertise available to the Administration Board by removing the requirement that those appointed to the Board by the Synod themselves had to be members of the General Synod. Standing Committee also worked with the Information and Communication Board as the latter developed its proposals for its own dissolution as part of plans to enable a more responsive means of handling communications within the province. A first reading of proposed canonical change in that regard was accepted by General Synod and has now passed to dioceses before returning for a second reading at General Synod 2019.
- A joint meeting of both the Standing Committee and the College of Bishops took place in December 2018, after most of the outstanding episcopal vacancies had been filled. The meeting covered a significant range of issues including the support of mission and ministry,

the effectiveness of provincial structures and meetings as well as practical matters such as the suitability of the building which houses the General Synod Office (Forbes House). In relation to the latter, on the basis of a scoping exercise undertaken for the Standing Committee by external professionals, it seems unlikely that a move to purpose-built office accommodation in central Edinburgh is within the financial reach of the province at the current time, given other priorities, but other options, including the extent to which the use of the current building could be improved, will be considered during 2019.

- The Committee has been kept informed over developments regarding a couple of congregations considering their continuing place within the SEC in the light of the Synod's decision in 2017 about the Church's marriage canon. While such developments are largely ones handled by Bishops and at Diocesan level, the Committee has considered questions relating to wider provincial issues such as the possible effect on payment of quota.

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. For a variety of reasons setting a balanced budget has regularly led to the generation of significant surpluses. This has generally come about, despite careful scrutiny at the budget setting stage, because actual 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. A surplus has again been generated in 2018, further augmenting the General Synod's financial resources. In agreeing budgets for future years, Standing Committee is minded to allow a prudent level of over commitment in the expectation that underspends will continue to occur and in order to achieve a balanced budget and avoid building up further surpluses.

Standing Committee is keen to use the financial resources available to it to further the Church's strategic aspirations. We are encouraged by the number of ordinands in training and the emergence of the new Mixed Mode pathway and recognise that appropriate financial support will be required to ensure the provision of both training and curacies. We are excited by the prospect of a fund for new missional initiatives which would provide a measure of provincial support for the establishment of new ministries. We acknowledge too the financial implications of the possible departure of congregations from the SEC and recognise the need to provide some transitional financial assistance to mitigate the impact on dioceses – both those losing congregations and others affected by changes in block grant and quota calculations. There are therefore likely to be many demands on the reserves generated in recent years.

2. Mission and Ministry

The Standing Committee continued to oversee and encourage developments in relation to mission and ministry. As mentioned above, the year saw the concrete implementation of plans for the development of a stream of mixed mode training for the ministry of the SEC. Richard Tiplady joined the SEI staff early in February 2018 as Director of Mixed Mode Training and has brought a wealth of knowledge and skills in this area. His role also includes an element of support for wider mission in the province and under the auspices of the Mission Board has brought together relevant postholders from the dioceses in a new Local Mission Resourcing Group with a particular focus on local mission initiatives.

In previous reports, we have commented on the prospect of relatively large numbers of ordinands emerging in the coming years contributing to the realisation of the SEC's strategic mission and ministry objectives. The experience of the last year has shown a slight reduction in the numbers which had previously been expected and a consequent alleviation of immediate financial pressure in that regard, but the Committee continues to be well aware of the challenge of ensuring the availability and affordability of stipendiary curacies of appropriate quality and in adequate numbers. These challenges include both the financial and practical needs associated with finding appropriate

locations in which to place the curates, and similar issues arise in connection with the funding and placement of ordinands in the new Mixed Mode Pathway.

In 2018, Standing Committee received the annual report produced for the Mission Board on the operation of the 'block grant' scheme for Mission and Ministry Support Grants. The underlying intention of the scheme, introduced in 2016, was to allow dioceses much greater flexibility and discretion on the allocation of resources thus enhancing their ability to develop their mission. Standing Committee is aware that in 2019, a review of the scheme will be undertaken and looks forward to participating fully in that to assess the most effective way of the province supporting mission and ministry within the dioceses. This will help inform future thinking in helping secure missional objectives and on the priority to be accorded to this form of support among competing demands on provincial resources.

A particular focus of General Synod 2018, in response to a request from the Standing Committee, was the Church in Society Committee's session on child poverty, during which the Synod received inspiring presentations about practical initiatives being taken to help alleviate the blight of such poverty at local level. Standing Committee has heeded calls both from within Synod and subsequently by the Church in Society Committee that a fund be created to provide grants to support congregational projects designed to make a difference locally. Standing Committee has therefore agreed a budget allocation £50,000 for the Church in Society Committee to take this forward.

3. General Synod Meeting

Standing Committee arranged General Synod 2018 – once again at St Paul's and St George's Church, Edinburgh. The detail of matters discussed at that meeting is reported on in the minutes of the meeting and in a number of the Convener reports contained in this Annual Report.

One matter which received particular attention at Synod in 2018 was the setting of the level of provincial quota for 2019. The Standing Committee had, in line with recent practice, proposed a motion to increase provincial quota by 3%. However, concern was expressed by a number of members that congregations were experiencing financial strain and an amendment was passed to freeze provincial quota for 2019 at the 2018 level. Various questions were asked regarding the nature of provincial quota and the Standing Committee subsequently responded to Synod members with detailed information about how the system of quota collection operates. Standing Committee will take account of the views expressed in Synod as it considers proposals regarding provincial quota to be put to General Synod 2019.

A particular innovation at Synod 2018 was the inclusion within the Synod meeting of the SEI annual Valedictory Service. Previously, the sending out of those completing the first three years of their initial ministerial education had taken place as part of the SEI annual summer school. However, in the light of revised arrangements, and responsive to student needs, there is no longer a summer school. Incorporating the Valedictory Service within the General Synod meeting provides the opportunity for the wider Church give its support to SEI and its students and also for the students themselves to participate within the workings of the wider SEC. It is intended that this pattern be followed in future years.

4. Pensions, Stipends and Salaries

A triennial valuation of the SEC Pension Fund was carried out as at 31 December 2017 and the Standing Committee was pleased that the results of the valuation were better than had been anticipated at an earlier stage. The preliminary results of the valuation showed a surplus in relation to past liabilities of £3.7 million and whilst the future contribution rate was assessed at 35.9% of stipend/salary, Standing Committee and the Pension Fund Trustees were able to agree, given the surplus on the Fund, that Synod should be invited to continue the current contribution rate of 32.2% for the time being. This proposal was accepted by the Synod.

During the year, the Committee processed a number of applications for early retirement and, as part of its annual duties, also provided the Pension Fund 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 increases in Pensionable Stipend for the year from 1 July 2018 and Pensionable Salary from 1 November 2018, in accordance with previously agreed policy.

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 2%.

5. Standing Committee Membership and Appointments

There were no changes to the membership of the Committee during the year. However, it made appointments to various other bodies. These comprised Richard Baker and Duncan Hughes to be members of the Committee for the Protection of Children and Vulnerable Adults and Denise McFarlane to be the 'selector' member of the Medical Review Panel established under Canon 64. The Committee nominated Elaine Garman and David Paton-Williams to General Synod as new members of the Institute Council, and they were duly elected. It also appointed Frances Burberry to the Preliminary Proceedings Committee in relation to a case under Canon 54.

The Committee appointed Jenny Wright to be a second SEC representative on the Anglican Consultative Council. During the year, we had been contacted by the Anglican Communion Office to indicate that the meeting of the Anglican Consultative Council (ACC) due to take place in Hong Kong in April/May 2019 would be invited to make certain constitutional alterations, including an increase in the membership representation on ACC from smaller provinces (such as the SEC) from one member to two members. Jenny Wright will, therefore, join the SEC's existing representative, Alistair Dinnie.

Appointments were made to the various Preparatory Committees established as part of the process for filling episcopal vacancies in the bishoprics of Brechin, St Andrews, Dunkeld and Dunblane, and Glasgow and Galloway. In the processes in both Brechin and St Andrews, Dunkeld and Dunblane, second mandates for election were issued after the first processes had not produced a shortlist. Rosemary Bungard, John Conway and Robin Lingard were appointed to the Brechin committee; John Cuthbert, Peter Kemp and Anne Jones were appointed for St Andrews, Dunkeld and Dunblane; and Vittoria Hancock, Robin Lingard and Godfrey Robson were appointed for Glasgow and Galloway. All of these names were drawn from the pool of diocesan representatives comprising the provincial panel for episcopal elections established under Canon 4. Conscious that the last two or three years have been a period of a significant number of episcopal vacancies, the Committee supported the idea of the provincial Communications Department being involved in livestreaming or videoing the various consecration services so that they could be available to a wider audience. A small financial grant was made available to the Diocese of Aberdeen and Orkney to assist with that.

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 of the Committee appointed at any point 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. At the time of their appointment, all members of Standing

Committee are directed to the *Guidance and Good Practice for Charity Trustees* available from the Office of the Scottish Charity Regulator.

6. Other Matters

The Committee had a substantial session at one of its meetings during the year with the convener of the Committee for the Protection of Children and Vulnerable Adults and the provincial officer for safeguarding. Standing Committee gave its support to the proposal for a province-wide safeguarding audit which was also endorsed by the College of Bishops. An audit questionnaire was circulated to congregations in the latter half of the year and follow-up focus groups in various dioceses were organised towards the end of the year. The Standing Committee looks forward in 2019 to seeing the full report on the audit and to considering recommendations arising from it. The Committee is also aware that the Canonical Review Group established by the Faith and Order Board is undertaking detailed scrutiny of a small number of canons, including the canon on safeguarding, and that exercise is likely to result in a number of proposed changes which will come to General Synod for discussion in due course.

The Committee was kept up to date with developments in relation to the new General Data Protection Regulation which came into force in May 2018. A number of policies were developed and adopted for the operations of the General Synod Office and guidance for congregations was also prepared and issued. The Code of Conduct for members serving on provincial board and committees was updated in the light of the new regulations and issued to such members. A quinquennial inspection was undertaken on Forbes House during the year and identified a number of matters, some of which have been actioned already and others will be dealt with as part of an ongoing maintenance plan.

General Synod Office Staff Changes

A number of staff changes took place at the General Synod office during the year. As was anticipated in last year's report, Emma Struthers joined the provincial staff team in January 2018, providing support to the Treasurer and assisting in the operation of the GSO database and the processing of PVG scheme applications. February saw the arrival of Richard Tiplady as the Director of Mixed Mode Training at SEI. Morning receptionist, Jan Tonner, resigned and was replaced by Sharon Smith. Denise Brunton retired after many years' service as administrator at Coates Hall, TISEC and latterly SEI, and was succeeded by Linda Harrison.

We recorded in last year's report that Carol Duncan, senior cashier, had had to step down from her post in December 2017. To the great sadness of her colleagues in the office, and more widely within the Church, Carol died during 2018 after a lengthy period of illness.

Kirsti Scott took up the role of Finance Officer and the part-time role of Digital Communications Coordinator, held by Aidan strange, was made permanent during the year. At the year end, steps were in hand towards the recruitment of a part-time Provincial Youth Committee Enabler. Budget has also been approved for the recruitment of a fulltime Provincial Director of Ordinands in future. Interviews took place in the early Spring 2019 and Claire Benton-Evans and Ian Barcroft were appointed to the Provincial Youth Committee Enabler and Provincial Director of Ordinands posts respectively.

We record our thanks for the service of all staff members including those who have retired or moved on.

Financial Review

(The audited accounts can be found at page 71)

Result for the year

The total revenue surplus for the year was £143,400 some £96,000 greater than the total budgeted surplus of £47,400. There was a surplus of £123,200 on the General Fund rather than the budgeted surplus of £49,900. 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 1. 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 £143,400. General Fund income was some £37,000 greater than budgeted. The majority of the additional income is a consequence of income earned on the Fund's investments being almost £31,000 in excess of budget following the increase in rate of distribution from the SEC Unit Trust Pool agreed by the Investment Committee. Total expenditure was £36,000 less than budgeted. Significant unbudgeted legal and advisory costs were a major factor in Standing Committee overspending against its budget by about £26,000. All the boards however limited their expenditure to budget with some significantly underspending against budget. The funding required by the Scottish Episcopal Institute Council was some £37,000 less than budgeted due to a number of factors including a smaller number of students than that budgeted, a reduction in the number of Associate Tutors required and final year curates having the opportunity to move to their first post training positions early in the year resulting in reduced expenditure on curate grants. Some of the budget assumptions made in relation to the new Mixed Mode pathway have also proved in excess of what was required, at least in the initial year of operation. The Information and Communication Board was able to undertake its work without fully utilising its budget resulting in an underspend of £12,000.

As noted above, Standing Committee's objective continues to be that of achieving a balanced budget over time. The Committee acknowledges that the surpluses generated in recent years appear to be contrary to that objective. It however remains of the view that over time substantial resources are required to meet the strategic objectives of training those preparing for authorised ministry through the SEI (including the provision of appropriate (and appropriately funded) curacies and Mixed Mode training placements), funding new mission initiatives and supporting dioceses in meeting the financial challenges created by the departure of congregations. Standing Committee is committed to taking the long view and using its best endeavours to ensure that adequate funding is built up and available when needed while seeking to ensure that in setting annual budgets allowance is made for the possibility of underspending in particular areas with a view to achieving outturns that more closely align with budgets. In addition to the revenue surplus a capital surplus of £343,900 was generated due to the profit arising on the sale of one retirement property and the income arising on the repayment of a retirement housing loan. These surpluses are available for reinvestment in new properties to be purchased when required.

The market value of total investments fell by £1.1m of which £856,000 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 SEC 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 SEC. 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. For the second successive year it was possible to increase the annual distribution by 1.5p. The distribution of 54p represents an increase of 2.9% and is therefore broadly in line with rates of inflation. The real value of the distribution has therefore been maintained.

(The SEC Unit Trust Pool accounts are at page 89).

Ethical investment

Approximately 30% of the SEC's Unit Trust Pool's portfolio is managed subject to the ethical screening policy incorporated in the ethical investment policy agreed by General Synod in 2013 and modified by further changes in relation to fossil fuels agreed in 2017 (see page 94). The remaining 70% of the SEC Unit Trust Pool's portfolio is invested in pooled funds to which the application of direct ethical screening policies is not practically possible.

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 42 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 three 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 £35.9m at 31 December 2018 and are represented by investments and liquid funds which generate an annual income of approximately £1.1m. 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. As referred to elsewhere in this report, steps have already been undertaken to bring some simplification to appointments to the Administration Board and the proposal to dissolve the Information and Communication Board will return to Synod 2019 for a second reading. Questions as to whether boards and committees can improve the manner in which meetings are conducted are currently under consideration. As reported above, 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].

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 (UTP) 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. As detailed in its report (page 52) the Investment Committee implemented changes to the UTP portfolio during the year with a view to reducing volatility and maintaining a sustainable distribution policy. It is anticipated that further changes in investment strategy will be proposed to Synod in 2019. The Investment Committee meets with the fund managers at least twice a year.

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 SEC 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 is committed to continue to work closely with the College of Bishops to plan strategically for the future development of the SEC guided by our missional priorities and building on the progress achieved in recent years. It is hoped that, now that the College is approaching full strength once again after an extended period of episcopal vacancies, it will be possible to meet more regularly with the College.

In particular we will focus on:

- supporting the work of SEI by working with the College of Bishops in planning and action to provide appropriate curacies and early incumbencies for the growing number of ordinands emerging from SEI;
- encouraging sustained workforce planning to address the expected clergy retirement bulge over the next decade and to identify openings for new incumbents;
- work to encourage and support the development of new patterns of ministry to meet changing circumstances and to address emerging needs and opportunities;
- a range of work streams – mainly driven by the Mission Board – in support of initiatives to provide appropriate provincial support to dioceses and charges to foster discipleship and to stimulate increased levels of giving to enable mission;
- completing the current examinations of governance, staffing and associated structures at provincial level (including links between province and dioceses) to ensure that they are fit for contemporary needs taking account of the size, geographical distribution and missional aspirations of the Church.

Progress will be monitored by the Standing Committee and College of Bishops. We will continue to meet together on a regular basis. The monitoring will include a particular emphasis on the people and financial resource implications of the changes and initiatives.

2. General Synod

Every year, the Committee receives a report compiled from the responses submitted by General Synod members to the annual Synod feedback questionnaire. Consideration of that report enables the committee to reflect on the Synod meeting and formulate proposals for change for the following year. 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. In 2019, dependent upon the overall quantity of business to be considered by the Synod, the Committee intends to frame the agenda in such a way that some of the more technical or legal aspects of business be handled on the first day, allowing greater opportunity on the second day of Synod to engage in debate of topics in more of a ‘conference’ style. The Committee has already had the benefit of a discussion with the convener of the Church in Society Committee about the content of the latter committee’s session at Synod in 2019.

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 89.

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 Committees (whose names are listed on pages 3 to 6). The work is also hugely advanced by the commitment and diligence of the provincial staff all of whom work selflessly and energetically to further our church’s objectives and to support dioceses and charges across a range of issues. On behalf of the Standing Committee it is once again my privilege to express our gratitude for all that has been done in the course of another busy year to help the SEC pursue our mission.

Robert Gordon
Convener

11 April 2019

General Synod Financial Overview

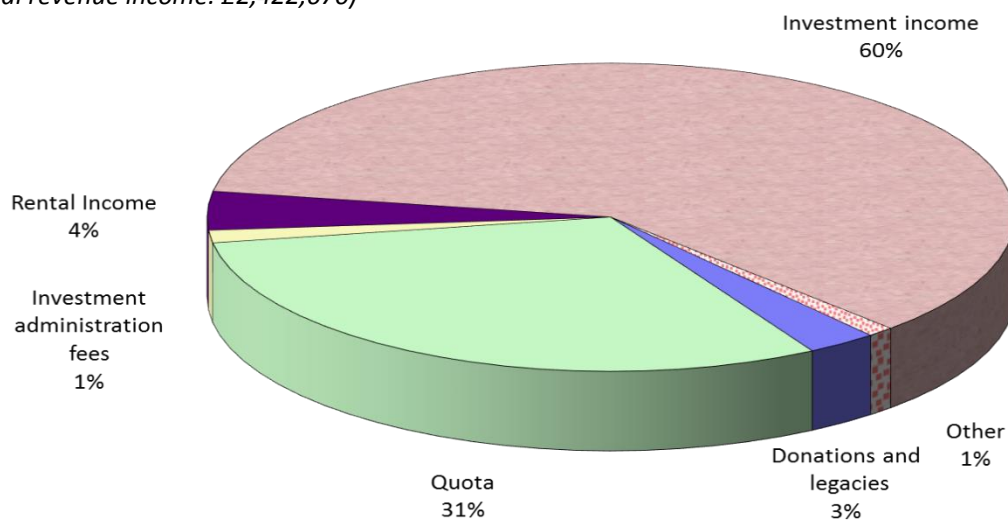
Most of the activities of the General Synod are funded from allocations from the General Fund. The Fund's income was £37,340 in excess of budget. Standing Committee's expenditure was some £26,000 in excess of budget. All the boards however worked within their budgets, more than offsetting the Standing Committee overspend. Total expenditure was some £36,000 less than budget. The General Fund surplus of £123,200 is some £73,300 better than the budgeted surplus of £49,900. (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 almost £143,300. (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: £2,422,670)



Analysis of expenditure

(Total revenue expenditure: £2,279,310)

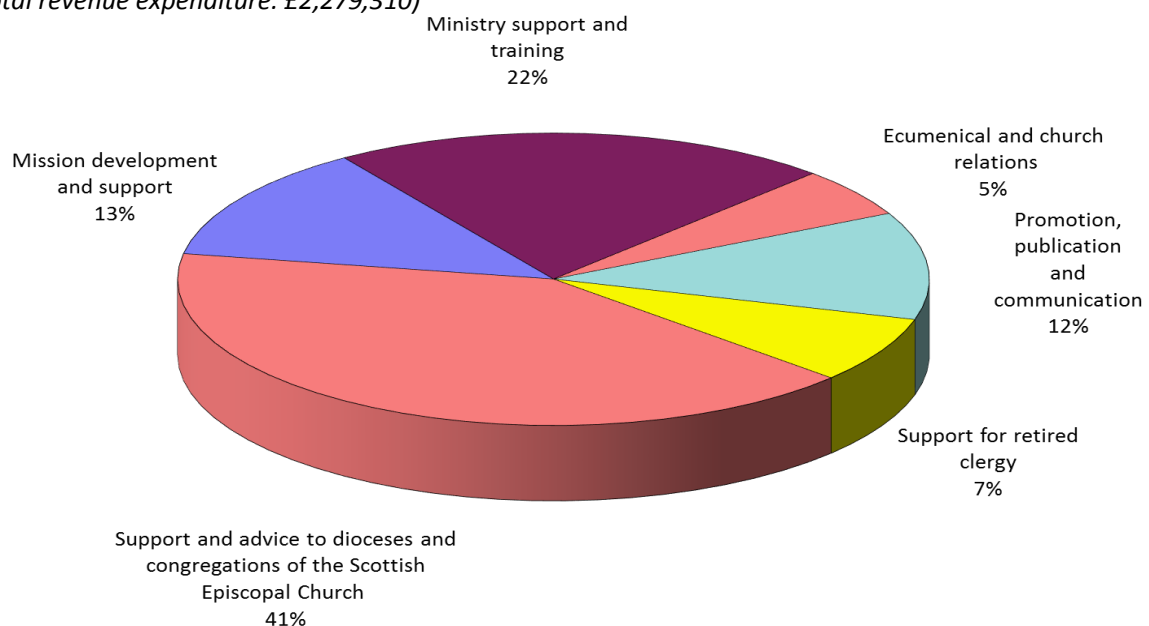


Table A: Legacies and Donations Received

Legacies	Recipient Fund	£
Mrs CM Smith	Retirement Housing Fund	1,000
	Sub total	<u>1,000</u>
Donations	Recipient Fund	£
Allchurches Trust	General Fund	17,980
Callendar Trust	General Fund	2,500
DB Flanagan Trust	General Fund	696
Church donations	SEI Training Fund	12,542
Individual donors	SEI Training Fund	2,766
Individual donor	Mixed Mode Training Fund	16,665
Individual donor	St James Fund	4,500
Individual donors	McQueen Fund	490
Individual donor	Alastair Haggart Bursary Fund	125
Individual donors	Community Fund	1,603
Church donations	Community Fund	30
WA Cargill Trust	Clergy Widows and Orphans (Cargill Trust)	3,000
WA Cargill Trust	Retirement Supplementary Fund	2,000
Paton Trust	Retirement Supplementary Fund	1,369
Individual donors	Retirement Supplementary Fund	513
	Sub total	<u>66,779</u>
Total		<u>67,779</u>

Table B: Quota

Diocese	2016 Requested and Received £	2017 Requested and Received £	2018 Requested and Received £	2019 Requested £
Aberdeen and Orkney	77,235	80,848	83,941	84,312
Argyll and The Isles	25,093	24,910	25,360	25,360
Brechin	43,475	46,291	48,422	49,905
Edinburgh	269,378	277,461	286,155	287,861
Glasgow and Galloway	158,175	161,192	164,100	160,466
Moray, Ross and Caithness	45,992	47,227	48,273	47,977
St Andrews, Dunkeld and Dunblane	79,612	82,000	85,276	85,646
Total	698,960	719,929	741,527	741,527

General Fund

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
	INCOME			
	<i>Investment Income</i>			
1,079,845	UTP income	1,079,845	1,110,700	30,855
2,420	Interest	5,000	6,921	1,921
21,243	Net investment property income	21,243	21,243	-
<u>1,103,508</u>		<u>1,106,088</u>	<u>1,138,864</u>	<u>32,776</u>
	<i>Administration fees</i>			
5,835	UTP / investment administration	2,000	3,038	1,038
28,185	Pension Fund administration	29,030	29,030	-
18,395	Restricted and other funds	18,395	18,395	-
<u>52,415</u>		<u>49,425</u>	<u>50,463</u>	<u>1,038</u>
719,929	Quota	741,527	741,527	-
21,695	Donations and legacies	18,000	21,176	3,176
550	Other		350	350
<u>1,898,097</u>	<i>Total Income</i>	<u>1,915,040</u>	<u>1,952,380</u>	<u>37,340</u>
	ALLOCATIONS			
881,734	Standing Committee	852,480	878,625	(26,145)
195,957	Administration Board	205,130	202,237	2,893
340,047	Institute Council	390,765	353,533	37,232
366,958	Mission Board	373,930	366,967	6,963
15,059	Faith and Order Board	21,450	18,455	2,995
21,168	Information and Communication Board	21,400	9,334	12,066
<u>1,820,923</u>	<i>Total allocations</i>	<u>1,865,155</u>	<u>1,829,151</u>	<u>36,004</u>
	BALANCES			
77,174	Surplus/(deficit) for year	49,885	123,229	73,344
875,866	Balance brought forward	953,040	953,040	-
<u>953,040</u>	<i>Balance carried forward</i>	<u>1,002,925</u>	<u>1,076,269</u>	<u>73,344</u>
	CAPITAL ACCOUNT		Actual 2018 £	
	INCOME			
-	<i>Total Income</i>		-	
	EXPENDITURE			
-	<i>Total expenditure</i>		-	
	BALANCES			
-	Surplus/(deficit) for year		-	
30,603,474	Balance brought forward		35,723,569	
5,120,095	Unrealised gain / (loss) on revaluation as at 31 December 2018		(855,720)	
<u>35,723,569</u>	<i>Balance carried forward</i>		<u>34,867,849</u>	

General Synod Office and Provincial and Other Expenditure

Actual 2017 £			Revised Budget 2018 £	Actual 2018 £	Variance fav/(adv) £
INCOME					
881,734	Allocation from General Fund		852,480	878,625	26,145
<u>881,734</u>			<u>852,480</u>	<u>878,625</u>	<u>26,145</u>
EXPENDITURE					
Costs of General Synod Office					
500,261	Employees	Salaries, NIC, Pension Contributions	526,320	518,762	7,558
4,347		Staff travel and subsistence	4,250	1,777	2,473
842		Staff training	1,910	-	1,910
6,971		Recruitment costs	3,500	6,586	(3,086)
<u>512,421</u>	<i>Sub-total</i>		<u>535,980</u>	<u>527,125</u>	<u>8,855</u>
21,645	Premises	Building repairs and maintenance	30,000	22,514	7,486
1,932		Rates	2,400	4,469	(2,069)
18,542		Light, heat and cleaning	20,000	20,975	(975)
8,837		Insurance	9,000	9,293	(293)
<u>50,956</u>	<i>Sub-total</i>		<u>61,400</u>	<u>57,251</u>	<u>4,149</u>
11,573	Administration	Telephone and postage	11,000	13,216	(2,216)
3,052		Printing and stationery	4,000	2,918	1,082
12,122		Photocopier	12,000	12,582	(582)
18,584		Computing	18,000	19,074	(1,074)
7,019		Payroll Bureau processing costs	6,800	7,409	(609)
6,124		Miscellaneous	4,000	6,233	(2,233)
618		Office equipment and furniture	1,000	1,184	(184)
<u>59,092</u>	<i>Sub-total</i>		<u>56,800</u>	<u>62,616</u>	<u>(5,816)</u>
<u>622,469</u>	<i>Total Costs of General Synod Office</i>		<u>654,180</u>	<u>646,992</u>	<u>7,188</u>
Provincial Costs					
16,801	Primus		15,680	26,226	(10,546)
13,764	College of Bishops		6,500	10,268	(3,768)
10,000	Election of Bishop		10,000	10,000	-
32,540	General Synod	Annual meeting	33,000	31,837	1,163
875		Annual report	1,000	812	188
3,950		Synod papers	3,200	3,240	(40)
1,591	Office for Protection of Children and Vulnerable Adults		2,000	1,952	48
1,672	New Clergy Welcome Day		350	330	20
2,698	Clergy Legal Expenses Insurance		2,750	162	2,588
1,895	Trustee Liability Insurance		2,000	1,894	106
12,900	Professional fees	Audit	13,550	13,350	200
101,422		Legal and advisory	46,350	69,074	(22,724)
2,761	Subscriptions	Scottish Churches Committee etc	2,800	2,737	63
<u>202,869</u>	<i>Total Provincial Costs</i>		<u>139,180</u>	<u>171,882</u>	<u>(32,702)</u>

General Synod Office and Provincial and Other Expenditure

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/(adv) £
	Committee Meeting Expenses			
2,805	Standing Committee	2,000	3,704	(1,704)
93	Committee for Protection of Children & Vulnerable Adults	400	55	345
<u>2,898</u>	<i>Total Committee Meeting Expenses</i>	<u>2,400</u>	<u>3,759</u>	<u>(1,359)</u>
	Subscriptions to church bodies			
3,718	World Council of Churches	3,300	3,631	(331)
-	Conference of European Churches	2,700	1,361	1,339
5,000	Churches Together in Britain and Ireland	5,000	5,000	-
12,500	Action of Churches Together in Scotland	12,500	12,500	-
31,280	Anglican Consultative Council	32,220	32,500	(280)
<u>52,498</u>	<i>Total Subscriptions to church bodies</i>	<u>55,720</u>	<u>54,992</u>	<u>728</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>881,734</u>	<i>Total Expenditure</i>	<u>852,480</u>	<u>878,625</u>	<u>(26,145)</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 for the Protection of Children and Vulnerable Adults is responsible for promoting and encouraging the safeguarding of vulnerable people pursuing or undertaking activities within the Church. The Committee oversees the work of the Provincial Office which deals with the Church's responsibilities for safeguarding, including compliance with legislation and determining the suitability of clergy, employees and volunteers to undertake regulated work.

As reported last year, following a serious safeguarding complaint in 2016, the Committee identified the need for a major review of Canon 65 (of the Provincial Committee for the Protection of Children and Vulnerable Adults) to ensure that the Provincial Officers have the appropriate authority to ensure that everyone in the Church is safe, particularly where there is an overlap with clergy discipline. A Working Group was established to consider the review of both Canon 54 (Clergy Discipline) and Canon 65 and the Committee have contributed to this review. The Provincial Officer and I were able to express our concerns and hopes for this review when we were invited to speak to the Standing Committee in April. Changes to the Canon are likely to take some time to complete.

The Committee and Provincial Officers continued to work on a web-based accessible training package as a basic introduction to safeguarding in the Scottish Episcopal Church (SEC). For various reasons it was not possible to finalise this training in 2018. Other training continued to be offered on relevant safeguarding topics and the Committee continued to explore the content and most effective method of delivering safeguarding training to all those who have contact with vulnerable people within the Church.

As was written last year, the Committee and Provincial Officers planned to conduct a safeguarding audit with regard to the quality of safeguarding practice in the SEC. This has recently been completed and its conclusions and recommendations for action will be brought to Synod.

I am grateful, as always, to the Provincial Officers, Donald Urquhart and Daphne Audsley, and Emma Struthers 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 some of whom completed their terms of service in 2018, and two new members who were appointed for their support, wisdom and guidance during the year.

As I conclude, once again may I remind 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 emphasis that we, as a Church, place on safeguarding, not just our children and the vulnerable but everyone in the Church and in wider society, is the mission of the Church, and must reflect God's love for all.

Christopher Townsend
Convener

Faith and Order Board

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
	INCOME			
15,059	Allocation from General Fund	21,450	18,455	(2,995)
<u>15,059</u>	<i>Total Income</i>	<u>21,450</u>	<u>18,455</u>	<u>(2,995)</u>
	EXPENDITURE			
3,391	Board expenses	5,500	6,990	(1,490)
3,206	Work of Liturgy Committee	5,650	2,989	2,661
190	Work of Committee on Canons	800	203	597
615	Work of Doctrine Committee	800	1,162	(362)
6,343	Inter-Church Relations Committee	5,000	4,291	709
1,314	Europe Group	3,700	2,820	880
<u>15,059</u>	<i>Total Expenditure</i>	<u>21,450</u>	<u>18,455</u>	<u>2,995</u>
	BALANCES			
	Revenue			
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Actual 2017 £	PUBLICATIONS	Actual 2018 £
859	Income	928
<u>(2,749)</u>	Expenditure	-
(1,890)	Surplus/(deficit) for year	928
1,422	Balance brought forward	(468)
<u>(468)</u>	<i>Balance carried forward</i>	<u>460</u>

Faith and Order Board

In 2018 the Faith and Order Board met two times, with one residential meeting, to oversee important areas of our Church's life and work.

During the year, the Board discussed canonical changes to Canon 35, 41 and 52, and noted the work of the Canonical Review Group on Clergy HR procedures. The Board also established a review group for Canon 4, (of the Election of Bishops to Vacant Sees) which will begin meeting in 2019. It also invited the new Bishop of St Andrews, Dunkeld and Dunblane to form a group to consider the future of congregational rolls in the wake of the new General Data Protection Regulation.

The Board noted the work of the Liturgy Committee and welcomes the addition of the rite '*Baptism outside Public Worship*', due to form part of the '*Pastoral Offices*', currently out for experimental use. The joint work of the Liturgy Committee and the Doctrine Committee on Catechism was noted, and the Board welcomed the plans to create a modern resource on the tenets of faith in the Scottish Episcopal Church (SEC).

Other Doctrine Committee matters included discussion on the theology of ministry, which had grown from initial discussion on episcopacy in 2017, to looking at the nature of ministry and ecclesiology more broadly across the whole SEC. The Board also discussed the status of Doctrine Committee work, both in terms of large pieces of work, such as the forthcoming book on Truth, and for focused statements such as the response to the Gender Recognition Act consultation.

The Board also submitted a short response late in the year to the Scottish Government's consultation on the future of civil partnerships. The Board was unable to come to a unanimous view on whether civil partnerships ought to continue to be available in Scotland, notwithstanding the availability of marriage for same sex couples. The Board's response reflected that diversity of view.

The Inter-Church Relations Committee introduced discussion on the changes to *Action of Churches Together in Scotland* following a review in 2017. The anticipated move to a less structural way of working was welcomed. The Board noted the new energy of the Episcopal, Methodist, United Reformed partnership and the ongoing work of the Church of Scotland/SEC group '*Our Common Calling*'. In 2018, SEC membership of the Conference of European Churches was approved unanimously, and this represented some of the increased focus on working with our European partners, such as the Porvoo Communion, Reuilly, Meissen and the Old Catholic Church.

The Diaconate Working Group (DWG), an ad-hoc group reporting to the Faith and Order Board, was increasingly active in 2018 in light of the number of distinctive deacons currently training in the Scottish Episcopal Institute. The DWG discussed ways of providing focused training and support for distinctive deacons, and participated in global conversations surrounding direct ordination and ecumenical diakonia.

These issues represent only a fraction of the work of the Faith and Order Board. Meeting costs for the year were slightly overspent, as a scarcity of venues for the residential meeting necessitated a more expensive location.

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 am also grateful to all the General Synod Office staff for their support throughout the year.

**+Mark
Convener**

Committee on Canons

The Committee continues to deal with requests for changes to the Code of Canons. It attempts to achieve this as much as possible by employing modern methods of communication.

The Committee presented to General Synod 2018 the following items of business:

- Canon 35, sections 1 and 3: Of the Structure, Furniture, and Monuments of Churches, and the Due care thereof.
- Canon 52, section 23: Of the General Synod.

The Committee worked within budget.

I wish to thank the Committee members for their contribution to the sometimes difficult and complex work of the Committee. I would wish to record my thanks to Cedric Blakey, Emsley Nimmo and Amanda Wright, who all retired during the year. Special thanks should go to Paul Romano, who retired as Convener in June. He has been an exemplar of what a Convener should be and has set a high standard for his successor. I am very grateful for the continued support given by our Secretary, Miriam Weibye.

Graham Robertson

Convener

Liturgy Committee

The Liturgy Committee has finalised a form for '*Baptism Outside Public Worship*', to be used as part of the '*Pastoral Offices*' provision. The rite is intended for use in cases of sickness, particularly where death is approaching, when it may be necessary for Baptism to be administered privately, in the home or in a hospital.

Related to '*Baptism Outside Public Worship*' is another new rite, '*Welcome into the Congregation of one Baptised outside Public Worship*'. While '*Baptism outside Public Worship*' provides everything necessary for the valid administration of the sacrament of Baptism, it is nonetheless important that, if the baptised person subsequently gain the health and strength needed to attend public worship, the congregation should acknowledge and welcome that person. Until now the only authorised form for such an occasion was the Scottish Book of Common Prayer's rite, '*The Public Receiving of Such as have been Privately Baptized*'.

Work has been done on laminated cards to aid participation by those involved in the celebration of the '*Pastoral Offices*'. These will be available soon.

'*Daily Prayer*' was reprinted with corrections. An electronic version of '*Evening Prayer*' from the '*Scottish Book of Common Prayer*', with updated State Prayers, has been made available on the provincial website.

In response to a request which came via the Faith and Order Board, the Committee has been considering how best to provide a liturgical response to life-changing traumas.

Work on '*Blessing of Married Persons*' has been completed and will go forward to the Faith and Order Board. The only currently authorised rite is '*A Form of Benediction of Married Persons*' in the *Scottish Book of Common Prayer 1929*.

Consideration of how to formulate material for a new catechism continues in collaboration with the Doctrine Committee.

A potentially major piece of work is the revision of the '*Scottish Liturgy 1982*'. It will be necessary in due course to have a form of the Scottish Liturgy that incorporates the permitted changes in respect of gender-neutral language as well as the new seasonal Eucharistic Prayers. We are currently at the stage of discussing principles for revision, and a special issue of the '*Scottish Episcopal Institute Journal*' is being planned in order to make these discussions transparent.

The Liturgy Committee hosted the biennial meeting of the Anglican Four Nations Liturgy Group. A two-day event that was held at the College of the Holy Spirit, Millport. Representatives of the Church of England Liturgical Commission, the Church in Wales Standing Liturgical Advisory Commission, and the Church of Ireland Liturgical Advisory Committee gathered to discuss and share their work.

The Committee's work was conducted considerably under budget, due to the '*Rites for Lent, Holy Week and Easter*', currently out for experimental use, being produced electronically rather than printed. I thank all the members of the Committee for their work and I am very grateful for all the support given by our Secretary, Miriam Weibye.

John Davies
Convener

Inter-Church Relations Committee

Local Ecumenism

This has been a busy year for the local focus of our ecumenical work. We have made significant progress in our conversation – ‘*Our Common Calling*’ – with the Church of Scotland. Our work has included an examination of outstanding theological issues, especially relating to the nature of ordained ministry, and more practical concerns about how we might more effectively share in pastoral and missional aspects of the Church’s life in Scotland.

As reported last year, our national ecumenical body, *Action of Churches Together in Scotland*, has undergone a significant review and is moving towards a different way of working with a new name: *The Scottish Christian Forum*. The new forum will seek to engage a wider range of churches in Scotland and will operate on a more flexible and less institutional basis than its predecessor. We are very grateful for the hard work of the transition group in achieving significant change in a short period of time.

Our commitment to our Methodist and United Reformed Church friends through the EMU partnership has also received a welcome renewal of its energy and focus. We are engaged in work to identify places where resources may be shared more creatively in communities where we work together. We continue to await the outcome of the Church of England – Methodist process, ‘*Growth in Communion, Partnership in Mission*’. If its provisions are accepted, there will be an opportunity to explore how we might extend the sharing of ministry with Methodist friends in Scotland that already happens in a number of locations.

Finally, we are in conversation with the Roman Catholic Church in Scotland to initiate a conversation about the latest document of the Anglican-Roman Catholic International Commission, ‘*Walking Together on the Way*’. This explores how we each express the local, regional and international dimensions of the Church.

International Matters

The Inter-Church Relations Committee continues to participate fully in the ongoing work of the Porvoo Communion (Nordic and Baltic Lutherans), the Reuilly Agreement (French Reformed and Lutheran), as an observer, in the Meissen Agreement (German Lutheran and Reformed). Markus Dunzköfer now represents the Scottish Episcopal Church as well as the Church in Wales and Church of Ireland on the Meissen Commission.

Our participation in last year’s Assembly of the Conference of European Churches offered a welcome opportunity to reengage with its work in the realms of human rights and social justice, as well as the continuing journey we all share towards greater unity.

The work of the Inter-Church Relations Committee was conducted within budget, and I thank all committee members for their efforts over the year. Particular thanks to Miriam Weibye, our Secretary, for all her support.

John McLuckie
Convener

Doctrine Committee

Much of our time this year has been spent preparing the essays for a volume to be published by SCM Press provisionally entitled *'Truth and the Church in a Secular Age'*, edited by David Jasper and Jenny Wright. Additional essays have been contributed by members of the Scottish Episcopal Church (SEC) who are not serving on the Committee. This book is intended as a contribution to Christian discussion on the matter of truth and post-truth, drawing on the perspectives of philosophy, theology, science, pastoral theology, liturgy and spirituality. Each essay concludes with a number of questions for discussion, and the essays do not represent one position. We thank Jochen Schmidt of Paderborn University, Germany, for providing a concluding afterword.

The Committee has also co-operated with the Liturgy Committee in preparing short commentaries on the proposed Lent, Holy Week and Easter liturgies.

Also with the Liturgy Committee, we have been discussing the possibility of working on a new form of Catechism for the SEC, discussing what this might consist of and how it would be available.

Members of the Committee have contributed to the issue of the *'Scottish Episcopal Institute online Journal on Episcopal Authority'*. The Committee has now started work on developing these contributions into a more comprehensive work on the theology of ministry which we hope to be published as a *Grosvenor Essay* in 2019.

The Committee is asked from time to time to respond to the College of Bishops of the Faith and Order Board on matters that are sent for comment to the Church from the Scottish Parliament. Following the recent discussion of proposed changes in the law relating to gender recognition, the Committee has also reflected on the question of whether Civil Partnerships in Scotland should be extended to heterosexual couples, and we await details of proposed legislation on surrogacy for further discussion.

The Doctrine Committee represents a broad spectrum of theological opinion in the SEC, and it should be emphasised that the Doctrine Committee acts in an advisory capacity to the Faith and Order Board and in no way speaks for the SEC in theological matters.

The Committee met four times in 2018, including one residential meeting. One, extra-long, meeting was scheduled in order to complete the bulk of the discussion on the SCM *'Truth'* book, and this resulted in the Committee being slightly overspent against budget. All costs for the SCM book itself are born by SCM Press.

The Convener wishes to thank all its members for their thoughtful contributions and hard work. Two new members have joined us in 2018 – Diana Hall, Rector of St Anne's, Dunbar, and Eric Stoddart, Lecturer in the School of Divinity in the University of St Andrew's. The Conveners of the Liturgy and Inter-Church Relations Committees (John Davies and John McLuckie) regularly attend meetings of the Doctrine Committee. The Convener also wishes to thank Oliver O'Donovan for attending the meeting concerned with the theology of ministry, and our Secretary, Miriam Weibye, for all her support throughout the year.

David Jasper
Convener

Mission Board

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
INCOME				
366,958	Allocation from General Fund	373,930	366,967	(6,963)
10,759	Investment income	10,750	11,075	325
937	Legacies and donations	1,000	-	(1,000)
<u>378,654</u>	<i>Total Net Income</i>	<u>385,680</u>	<u>378,042</u>	<u>(7,638)</u>
EXPENDITURE				
2,725	Board expenses	3,000	2,433	567
304,657	Mission and Ministry Support Grants	308,845	308,841	4
18,082	Provincial Youth Week	18,000	15,259	2,741
Networks				
625	Children	500	595	(95)
-	Lay Learning	200	-	200
14	Mission Planning	560	510	50
143	Rural	575	393	182
40	Spirituality	250	472	(222)
-	Stewardship	500	-	500
3,680	Youth	4,000	3,817	183
<u>329,966</u>	<i>Sub-total</i>	<u>336,430</u>	<u>332,320</u>	<u>4,110</u>
<i>Allocation to Committee funds</i>				
-	Global Partnerships Committee	-	-	-
<u>48,688</u>	Church in Society Committee	<u>49,250</u>	<u>45,722</u>	<u>3,528</u>
<u>48,688</u>	<i>Total allocated to committees</i>	<u>49,250</u>	<u>45,722</u>	<u>3,528</u>
<u>378,654</u>	<i>Total Expenditure</i>	<u>385,680</u>	<u>378,042</u>	<u>7,638</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. 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 works closely with its pendant committees (Global Partnerships, Church in Society and Youth) and the Scottish Episcopal Institute (SEI) and the Standing Committee. The Board has met regularly in 2018.

The Board's oversight of the Mission and Ministry Support Grants (MMSG) has been exercised by reviewing the submissions from dioceses detailing the usage of MMSGs and sharing information with the dioceses to assist in their planning. The triennial review of MMSGs is underway having decided on remit and methodology.

The Board consulted with dioceses on the effectiveness of the *Whole Church Mission and Ministry Policy*. Using the responses with information from table discussions at General Synod 2017, a summary of the role of Mission Board with recommendations for future action was produced. At General Synod 2018 this paper was endorsed. Therefore the Provincial Networks have been stood down and the Local Mission Resourcing Group (LMRG) has been created from those directly involved in mission in dioceses. As well as sharing across the province examples of good practice and good news stories, this group is tasked with organising a Provincial Mission Strategies Conference to help dioceses instigate or develop the best strategy for their diocese/context. The LMRG is involved in the triennial review of the MMSGs and has been invited to develop thinking on the possible setting up of a provincial fund to resource bids for imaginative missional projects. A stock of missional resources to consult is being built up in the SEI library. A write up of the table discussions on discipleship at General Synod 2018 has been circulated to dioceses and some missional SEI modules are now being offered widely for continuing ministerial development.

Other activities through the year have included:

- Review of responses to questions related to discipleship at General Synod 2018 leading to appropriate action points.
- The ongoing revision of the statistical return forms.
- Developing relations with Church Army and links with Fresh Expressions Scotland.
- Encouraging the College of Bishops to endorse a suitable document on Church Planting.
- Seeking a part time Provincial Youth Committee Enabler.

The Board continues to focus on developing the best ways to inspire and resource mission across the Province as we seek to grow churches and grow in discipleship together. None of this work happens without considerable input from members of the Board, Committees, 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 in the province, and oversees the running of the Glen Youth Camp and other provincial youth events. The Committee has places for representatives from each diocese: two aged 12-18, one aged 18-25, plus the Diocesan Youth Officer. The Chair and Secretary of the PYC are youth representatives.

The PYC met four times in 2018, meeting in Perth, Edinburgh, Rothiemurchus and Edinburgh, as part of planned youth events. Much of PYC business is conducted through Facebook and email, but face to face gatherings are more effective.

The annual Scottish Episcopal Church (SEC) youth camp at Glenalmond was a wonderful and inspiring event in July. Young people came from all over Scotland. Back home many might be the only young people in their church but here they were part of a much larger group of young Christians in a supportive, safe environment where talking about faith is normal, and lifelong friends are made. The theme was '*24/7.365 Yesterday, Today and Forever*'. In the housegroup sessions, delegates explored how God was with them throughout their entire lives, and in everything that they did. The presence of God was clearly felt in the creative, inspiring and heart-felt worship that delegates put together and led. Being the SEC, we also have blue book Eucharist every morning and the day begins and ends with the offices taken from the green, shorter, Daily Prayer book.

A group of 6 young people represented the SEC at the '*Celebrating Young People in Scotland*' event at the Scottish Parliament. '*Wee Sleepouts*' in Edinburgh and Inverness Cathedrals in November and December gathered cross-diocesan support and raised considerable sums for Social Bite.

This year as well as the Glen Youth Camp there were four other provincial youth events: the '*#Pisky Pancake Party*' in Perth, '*Go Bananas*' in Dunoon, '*Polar Opposites*' in the Highlands, and '*The Sleepover by the Sea*' in Edinburgh. Delegates were busy gaining signatures for their #PiskyBingo cards and '*Bagging a Bishop*' when they could. These youth events are each hosted by a diocese, but with the leadership team drawn from the provincial pool.

In December, there was a successful Glen Family Christmas Party for those aged 18+, in particular looking to reach those just gone to university who would not be coming back to Glen this year. Thank you to St Ninian's, Edinburgh for hosting us.

The PYC remained in budget in 2018.

Tembu Rongong
Convener

Committee for Relations with People of Other Faiths

The 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 (SEC) deepen its mission in the context of the diversity of faith communities in Scotland.

CRPOF is the only remaining pendant committee of a pendant committee (Church in Society, under the Mission Board). With the Primus' keen support, discussions have been underway in 2018 to bring the SEC's committee for inter religious relations into the mainstream of the Church's constitutional life. This would be possible by it becoming a committee directly pendant to one of the Boards whilst retaining close co-operation with Church in Society.

Events in 2018 illustrate how critical this modest change is. The rise of incidents of hate crime in Europe, the UK and Scotland, in particular antisemitism, has been addressed by committee members last year. Steve Innes and Margie Tolstoy were lecturers at the August 2018 residential conference organised by the Scottish Catholic Bishops' Interfaith Committee, which concerned the philosophy of Emmanuel Levinas *'In the Name of the Other'*. Steve, who is a scholar in residence with the UK Council of Christian and Jews (CCJ), also led a well-attended conversation in Glasgow in October concerning antisemitism. The Convener was invited to take part in a day conference on hate speech organised by one of Scotland's Muslim associations in March. The Primus, along with the Church of Scotland Moderator and Roman Catholic Archbishop of Glasgow, made a visit to Scotland's senior Rabbi Moshe Rubin, at Giffnock Synagogue in November following the tragic shootings at the Tree of Life Synagogue, Pittsburgh. This was organised by the Convener along with ecumenical colleagues with whom CRPOF works closely.

The CRPOF Convener was invited by the Scottish Episcopal Institute (SEI) Principal to coordinate an introduction to interfaith relations for the SEI in January 2018. Anthony Allison introduced the history and implications of Christian/Muslim relations in 16th Century Spain. Steve Innes offered a history of post Second Temple Judaism along with a potted history of Christian/Jewish relations. Other committee members formed a panel to address questions that emerged.

CRPOF met for a substantial discussion with the Primus in June and the Convener accompanied him at the First Minister's annual meeting with Scottish Faith Leaders at the Scottish Parliament in November.

The CRPOF membership includes EMU Partnership representatives, and it also welcomes the Church of Scotland Interfaith Officer at its meetings. It continues to work closely with the Roman Catholic Bishops' interfaith committee. Much work goes on to network with Interfaith Scotland and local interfaith organisations throughout Scotland, as well as with leaders and members of the rich diversity of faith communities. It looks forward to becoming increasingly available and an effective resource to dioceses, congregations and individuals across the SEC.

The Committee's work was conducted within budget. I thank all the members of the Committee for their work and I am very grateful for the support given by our Secretary Miriam Weibye.

Cedric Blakey
Convener

Church in Society Committee

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
INCOME				
48,688	Allocation from General Fund	49,250	45,722	(3,528)
937	Donations	1,000	-	(1,000)
<u>49,625</u>	<i>Total Net Income</i>	<u>50,250</u>	<u>45,722</u>	<u>(4,528)</u>
EXPENDITURE				
45,970	Grants	44,250	42,020	2,230
1,082	CRPOF	1,500	455	1,045
2,573	Meeting costs / participating in consultations / conferences	4,500	3,247	1,253
<u>49,625</u>		<u>50,250</u>	<u>45,722</u>	<u>4,528</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 Committee has continued to work on the objectives it identified last year i.e. 1) to explore the Church and society interface, 2) to assess the impact of secular issues on our Church and 3) to develop appropriate strategic partnerships. We are only able to approach a remit of this breadth as a result of the dedicated work of the members of the Committee. During the year Nicky McNelly retired from the Committee and Jim McKillop moved to being a corresponding member. We were pleased to welcome Elaine Cameron, Elaine Garman and Keith Suckling as new members. Our work is also made possible as a result of links with other Churches and partner organisations. The continuing support of the General Synod Office (GSO) staff, in particular our Secretary Miriam Weibye, is critical to all we achieve.

In addition to working on specific topics we grant funding to a wide range of organisations which vary in size and scope from national bodies such as the Scottish Churches Parliamentary Office, to small projects based in an individual church and with aims such as helping mothers return to work after a career break or the provision of a meeting place for separated families. Following discussions at General Synod 2018 it is intended that in 2019 we will set up a new grant giving programme in relation to child poverty. The expectation is that this will provide small grants to allow SEC churches to initiate local projects to help families in poverty. Joan Lyon continues to represent us on Scottish Faith Action for Refugees, the Scottish co-ordinating body, while Richard Murray has a similar role in respect of work with Royal Society for the Protection of Birds and other partners on the Faith Action for Nature project. We continue to work with the Committee for Relations with People of Other Faiths and thank Cedric Blakey for all he contributes.

An ecumenical working group considering the ethical and theological issues raised by recent developments in genome editing has continued to meet with the aim of producing a definitive document for the churches this year. Discussions, which had begun with a focus on ethics, have now widened to examine the question *'What does it mean to be human?'*, and to explore both where such developments sit within our approach of Scripture, Tradition and Reason and how this impacts on the relationship between Church and civil society.

Over many years we have been concerned about the increasing impact of Global Climate Change. We worked with the Investment Committee to develop an approach as to how the Church ought to reflect its concern for the environment in our investment policy. The suggestion from the Investment Committee that the Church should consider moving all of its investments into pooled funds has raised new questions as to how the Church ought to reflect its concerns through the whole of its activities.

In September 2018 the Committee ran a well-attended conference on Pilgrimage. This explored the tradition of Pilgrimage in our Church as well as the ways in which pilgrimage was now being used to address environmental issues and diverse concerns such as mental health and refugees.

In addition to the above the Committee have continued to work and to liaise with other Churches on child poverty, Brexit, the European Convention on Human Rights and organ transplantation.

The Committee's work was conducted within budget.

David Atkinson
Convener

Global Partnerships Committee

Actual 2017 £			Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
INCOME					
101,321	Investment income	Unit Trust Pool	101,321	104,216	2,895
12		Deposit account	-	31	31
6,755		Noel Phillipps Trust	6,755	6,948	193
21,000	Grants awarded in prior years no longer required		-	5,000	5,000
<u>129,088</u>	<i>Total Income</i>		<u>108,076</u>	<u>116,195</u>	<u>8,119</u>
EXPENDITURE					
32,641	Grants	Education	45,000	20,468	24,532
8,390		Africa	15,000	41,724	(26,724)
6,551		Asia (inc Middle East)	15,000	10,241	4,759
144		Small grants	5,000	2,583	2,417
-		Companion Relationships	10,000	10,650	(650)
5,100		Agency Support	8,000	8,520	(520)
10,649		Anglican Comm Network Support	12,000	8,165	3,835
132		South America	5,000	2,020	2,980
-	MiDGies (formerly Justice, Peace and Creation Network)		500	-	500
374	Committee expenses	Travel / meetings	3,000	305	2,695
632		Publicity / correspondence	1,000	(265)	1,265
-		Miscellaneous	-	73	(73)
<u>64,613</u>	<i>Total Expenditure</i>		<u>119,500</u>	<u>104,484</u>	<u>15,016</u>
BALANCES					
Revenue					
64,475	Surplus/(deficit) for year		(11,424)	11,711	23,135
98,020	Balance brought forward		162,495	162,495	-
<u>162,495</u>	<i>Balance carried forward</i>		<u>151,071</u>	<u>174,206</u>	<u>23,135</u>

Actual 2017 £	CAPITAL ACCOUNT	Actual 2018 £
2,978,387	Balance brought forward	3,471,578
493,191	Unrealised gain / (loss) on revaluation as at 31 December 2018	(82,427)
<u>3,471,578</u>	<i>Balance carried forward</i>	<u>3,389,151</u>

Global Partnerships Committee

The Global Partnership Committee (GPC) has the responsibility for making grants to partner organisations within the Anglican Communion, and for liaison with the other Anglican Communion Provinces. The Committee has approximately £110,000 a year available to spend on grants for work overseas, primarily in other Anglican Provinces. This money is from legacies and cannot be spent on any other purpose. Although it is not a great deal of money, it enables us to make considerable differences to the lives of ordinary people worldwide through carefully targeted spending.

In 2018, the GPC has continued to work closely with the *Side by Side* Campaign and *Thursdays in Black* to make sure that gender justice issues remain at the centre of our work. We have again funded a delegate from the Scottish Episcopal Church to the United Nations Conference on the Status of Women. It has also made a grant for three years to Charities Education International, a Glasgow-based charity, for their work in supporting women through education in Kakina in north-west Bangladesh.

In Scotland, we played a significant role in the celebrations of the centenary of the birth of Nelson Mandela. We funded the production of *'The Island'* by the Market Theatre in Johannesburg to the Just Festival in Edinburgh. The application for visas were sent to the Home Office in plenty of time, but were not received until the day of their first event. There was not a performance of the play but instead a panel discussion. The new panel was assembled in 15 hours to replace the director and actors. The event was not cancelled. A letter of protest was sent by the Secretary General to the Home Secretary.

The GPC has been pro-active in making fellow members of the Anglican Communion aware of our grants to support projects. This has been done by contacting dioceses named in the Anglican Cycle of Prayer, where appropriate, and projects listed in the International Anglican Family Network. This has led to a number of applications being submitted to the GPC for grants to assist in work supporting the Sustainable Development Goals.

One of the most significant of these applications came from Wi'am, a Christian charity in Bethlehem, asking for money to support a Christmas party for Palestinian children in the City of David, the City of the Nativity. The Committee could not think of a more appropriate way in which to spend the money in our care, remembering that *'even as much as you have done it unto one of these my little ones, you have done it unto me'*.

Finally, I'm grateful to all the General Synod Office staff for their support throughout the year, and in particular I would like to thank Miriam Weibye for her work in keeping the GPC on track.

David Kenvyn
Convener

Community Fund

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
	INCOME			
4,732	Donations	5,000	1,633	(3,367)
<u>4,732</u>	<i>Total Net Income</i>	<u>5,000</u>	<u>1,633</u>	<u>(3,367)</u>
	EXPENDITURE			
4,545	Grants	5,000	4,511	489
<u>4,545</u>	<i>Total Expenditure</i>	<u>5,000</u>	<u>4,511</u>	<u>489</u>
	BALANCES			
	Revenue			
187	Surplus(deficit) for year	-	(2,878)	(2,878)
3,761	Balance brought forward	3,948	3,948	-
<u>3,948</u>	<i>Balance carried forward</i>	<u>3,948</u>	<u>1,070</u>	<u>(2,878)</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.

The grants we were able to make in 2018 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 are made on the recommendation of clergy or organisations such as One Parent Families Scotland, Children 1st, Circle Scotland, housing associations and social work departments in Scotland and are promptly processed so that help can be provided as quickly as possible.

Perhaps unsurprisingly, there was a rise again in the number of applications received – 43 in 2018 compared with 35 the previous year. The 2017 income figure for the Fund had been unusually high owing to former subscribers to *inspires* magazine having kindly donated the outstanding balance of their subscriptions to the Fund when *inspires* ceased publication. This augmented the 2017 income figure by an additional £2,879, with the remaining donations accounting for £1,853. In 2018 donations (including Gift Aid) representing income of only £1,633 were received and the 43 grants represented expenditure of £4,511. Payment of such a large number of grants was possible only by using the balance on the Fund brought forward from 2017.

As will be apparent from the figures, the number of applicants has been significant and unless donations increase it will not be possible to meet the demand.

The effectiveness of the Community Fund relies entirely on 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. However, to sustain the work of the Fund, I would encourage those congregations and Church members who have not previously made donations to the Fund 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 Funds

Actual 2017 £		Actual 2018 £
	INCOME	
-	Legacies	-
<u>-</u>	<i>Total Net Income</i>	<u>-</u>
	EXPENDITURE	
-	Grants	-
<u>-</u>	<i>Total Expenditure</i>	<u>-</u>
	BALANCES	
	Revenue	
-	Surplus/(deficit) for year	-
<u>17,550</u>	Balance brought forward	<u>17,550</u>
<u>17,550</u>	<i>Balance carried forward</i>	<u>17,550</u>
	CAPITAL ACCOUNT	
503,197	Balance brought forward	550,918
<u>47,721</u>	Unrealised gain / (loss) on revaluation as at 31 December 2018	<u>(7,976)</u>
<u>550,918</u>	<i>Balance carried forward</i>	<u>542,942</u>
	TOTAL FUNDS as at 31 December:	
17,550	Revenue	17,550
<u>550,918</u>	Capital	<u>542,942</u>
<u>568,468</u>		<u>560,492</u>
	Being for:	
566,626	Restricted purposes	558,650
<u>1,842</u>	Designated purposes	<u>1,842</u>
<u>568,468</u>		<u>560,492</u>

Scottish Episcopal Institute Council

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
INCOME				
340,047	Allocation from General Fund	390,765	353,533	(37,232)
42,022	Allocation from Training Fund	46,900	42,570	(4,330)
-	Allocation from Mixed Mode Training Fund	16,670	16,670	-
2,994	Investment income	2,995	3,079	84
6,275	Fees	5,760	8,160	2,400
<u>391,338</u>	Total Income	<u>463,090</u>	<u>424,012</u>	<u>(39,078)</u>
EXPENDITURE				
Board				
2,162	Meeting costs	2,500	2,701	(201)
307	Management Committee	-	323	(323)
<u>2,162</u>	Total Board	<u>2,500</u>	<u>3,024</u>	<u>(524)</u>
Scottish Episcopal Institute				
Staff Costs				
135,885	Salaries, pensions etc	140,640	142,793	(2,153)
3,229	Recruitment costs	-	960	(960)
1,848	Travel expenses	2,000	1,049	951
1,908	Staff training / development	3,500	2,991	509
<u>142,870</u>	Total staff costs	<u>146,140</u>	<u>147,793</u>	<u>(1,653)</u>
Training costs				
36,356	Residential weekends	41,100	37,133	3,967
3,770	Field Education (placement) costs	3,000	4,599	(1,599)
12,195	Associate Tutors	14,560	7,345	7,215
28	Course materials	250	-	250
8,250	Common Awards	7,030	7,590	(560)
<u>60,599</u>	Total training costs	<u>65,940</u>	<u>56,667</u>	<u>9,273</u>
Mixed Mode ordination training costs				
-	Director of MM Training salary, pension	42,850	42,934	(84)
-	Director of MM Training travel, expenses	3,900	5,218	(1,318)
-	Associate Tutors	5,000	-	5,000
-	Maintenance grants	6,360	4,325	2,035
-	SMC Residential weekends	600	-	600
-	Total Mixed Mode ordination training costs	<u>58,710</u>	<u>52,477</u>	<u>6,233</u>
Other costs				
424	Library	2,500	1,024	1,476
1,797	Admin / publicity	700	1,623	(923)
<u>2,221</u>	Total other costs	<u>3,200</u>	<u>2,647</u>	<u>553</u>
<u>205,690</u>	Total SEI costs	<u>273,990</u>	<u>259,584</u>	<u>14,406</u>
Full Time ordinands				
42,022	Maintenance grants	46,900	42,570	4,330
<u>42,022</u>	Total full time ordinands	<u>46,900</u>	<u>42,570</u>	<u>4,330</u>
Curate funding				
109,888	Curate grants	107,300	94,337	12,963
<u>109,888</u>	Total curate funding	<u>107,300</u>	<u>94,337</u>	<u>12,963</u>
Recruitment and Selection				
27,270	PDO stipend / salary	25,900	21,081	4,819
1,408	PDO expenses (travel etc)	2,000	1,732	268
1,882	Provincial panels etc	3,000	829	2,171
1,016	Training	1,000	439	561
-	Materials etc	500	416	84
<u>31,576</u>	Total Recruitment and Selection	<u>32,400</u>	<u>24,497</u>	<u>7,903</u>
<u>391,338</u>	Total Expenditure	<u>463,090</u>	<u>424,012</u>	<u>39,078</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
-	Balance carried forward	-	-	-

Scottish Episcopal Institute Council

Wisdom is the Unique Blend of Vision and Common Sense.

Vision is our experience of the living God which motivates our life and work. The Vision of the Scottish Episcopal Institute (SEI) Council is to form spiritually, theologically and practically the future leadership of the Scottish Episcopal Church (SEC). The primary focus of that formative education is, has been, will be, those seeking ordination and Lay Reader Ministry. The Vision is that formation and education are a part of all ministry and leadership at every level for everyone in every congregation as we seek to build the Kingdom of God in our communities. The Vision is to give our communities, in the ministry they share, an experience of the living God.

Common Sense has dictated that over the past five years we have concentrated on the IME 1-3 curriculum and its delivery. Common Awards, validated by Durham University, means that students of the SEI work towards qualifications recognised throughout the Anglican Communion. It also means that they are engaged in the process of lifelong learning on which they build throughout their ministry and share that experience through their leadership.

Realising the Vision - Vision realised during 2018:

- Richard Tiplady took up his post as Director of Mixed Mode Training. The development of the programme for students training in the context of a specific congregation began in September.
- The vision of the SEI offering the wider Church opportunities to engage in mission and current missional thinking is being realised through '*Evangelism in Practice*', a module offered by the Director of Mixed Mode Training to any who are interested. This is an example of SEI as the encourager of mission and the generic trainer within the SEC.
- A Masters Degree as a part of SEI's programme of studies is being negotiated with Common Awards. The vision of academic excellence is being realised.
- Every year entry for students to SEI has been decided upon in view of the growing capacity of the teaching team.
- The vision of formation, the integration of spiritual, theological, practical learning is being informed by the principles of Mixed Mode Training. All students, including theology graduates, will now undertake a three-year formational programme centered around extensive field education experience.

Common Sense - in how the Council conducts its business, to make real the Vision, has developed significantly in 2018.

- We have adopted the practice of using post lunch sessions at meetings to explore specific topics such as millennials, post moderns, ancients and how they learn; Lay Readership; and the relationship of students and Council.
- The role of the student representative on the Council is evolving. At the suggestion of the rep, a short piece on the strategic direction of the Council's business is now produced and appears in the SEI newsletter.
- The Council is working with the College of Bishops and the Provincial Director of Ordinands to review selection and recruitment procedures.

The Vision of the SEI Council is based in psalmist's words: *The fear of the Lord is the beginning of Wisdom.*

**+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.

Recruitment and Selection of Lay Readers is processed through the Diocesan Wardens of Lay Readers rather than the Provincial Director of Ordinands.

Total Number of Candidates Processed

Year	Total nos. processed	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2015-16	20	2	1	5	0	7	5
2016-17	11	1	2	2	1	5	0
2017-18	12	4	1	2	1	1	3

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

Year	Total nos.	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2015-16	16	2	1	5	0	5	3
2016-17	8	1	2	2	0	3	0
2017-18	7	3	0	1	1	1	1

Candidates Recommended for Training by Bishops' Advisory Panel

Year	Total nos.	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2015-16	8/10	1	1	4	0	1	1
2016-17	6/7	1	1	2	0	2	0
2017-18	4/5	2	0	1	1	0	0

Lay Readership Statistics

Year	Total number entering training	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2015-16	0	0	0	0	0	0	0
2016-17	1	0	0	0	0	1	0
2017-18	0	0	0	0	0	0	0

Miscellaneous Funds

Actual 2017 £		Actual 2018 £
	INCOME	
2,601	Investment income	2,709
16,694	Donations	37,088
7,936	Other income	8,566
<u>27,231</u>	<i>Total Net Income</i>	<u>48,363</u>
	EXPENDITURE	
5,262	Grants	3,730
42,022	Transfer to Institute Council	59,240
<u>47,284</u>	<i>Total Expenditure</i>	<u>62,970</u>
	BALANCES	
	Revenue	
(20,053)	Surplus/(deficit) for year	(14,607)
(624)	Transfer (to)/from capital	(659)
155,632	Balance brought forward	134,955
<u>134,955</u>	<i>Balance carried forward</i>	<u>119,689</u>
	CAPITAL ACCOUNT	
858,637	Balance brought forward	1,000,796
624	Transfer from revenue	659
141,535	Unrealised gain / (loss) on revaluation as at 31 December 2018	(23,764)
<u>1,000,796</u>	<i>Balance carried forward</i>	<u>977,691</u>
	TOTAL FUNDS as at 31 December:	
134,955	Revenue	119,689
1,000,796	Capital	977,691
<u>1,135,751</u>		<u>1,097,380</u>
	Being for:	
979,345	Restricted purposes	944,687
156,406	Designated purposes	152,693
<u>1,135,751</u>		<u>1,097,380</u>

Information and Communication Board

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
INCOME				
21,168	Allocation from General Fund	21,400	9,334	(12,066)
<u>21,168</u>	<i>Total Income</i>	<u>21,400</u>	<u>9,334</u>	<u>(12,066)</u>
EXPENDITURE				
1,405	Board expenses	3,067	1,596	1,471
11,277	Online communications	12,000	6,212	5,788
529	anglican.org domain	833	611	222
350	Training, Promotion and Publicity	5,500	915	4,585
7,607	<i>inspires</i> publication / distribution costs	-	-	-
<u>21,168</u>	<i>Total Expenditure</i>	<u>21,400</u>	<u>9,334</u>	<u>12,066</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Actual 2017 £	PUBLICATIONS	Actual 2018 £
7,513	Income	6,352
<u>(4,639)</u>	Expenditure	<u>(3,520)</u>
2,874	Surplus/(deficit) for year	2,832
8,899	Balance brought forward	11,773
<u>11,773</u>	<i>Balance carried forward</i>	<u>14,605</u>

Information and Communication Board

This year the Information and Communication Board (I&C) sought to continue in the carrying out of the communications strategy agreed by the General Synod of 2018, and furthering the implications of the proposal voted through in the first reading, of dissolving the Board. The Board sought to respond to the comments at Synod and through other consultation, in terms of proposing a possible way forward for communications structure once the Board is dissolved, and how accountability and strategy might be better enabled. The results of this consultation and deliberation is found in the Response document which will go to each Diocesan Synod when the dissolution of the Board is discussed there.

Ongoing maintenance and upgrading of the website have been continuing throughout the year, working on the design and content, seeking to provide both a useful resource to congregations but also an intelligible and easily navigable introduction to the Scottish Episcopal Church to those who are new to us; The Daily Prayer Offices each day continues to be one of the most popular areas of the website.

All of the ongoing work of I&C is done by the paid staff, the Director of Communications and the Digital Communications Co-ordinator. Their work involves publicising what we do through traditional and digital means, furthering good communications practices through consultation and training with the dioceses and diocesan representatives/Bishops, and responding concisely and timeously to external requests for responses and contributions to news items and issues.

The year was a busy one for the press aspects of Information and Communications, handled by the Director of Communications. This year we have seen a large increase in the profile of the Primus, with many of our Bishops having an increasingly prominent voice in the public debate through contact with the local and national press. Social media engagement is significantly increased through the use of Twitter and Facebook etc, and through the articles posted on Pisky.Scot.

Whilst there is some anxiety about how the work of Information and Communications will be furthered without a Board, it is reassuring that whatever the future of the Board, this excellent work will continue.

My thanks go to members of the Board for their wise and sincere efforts.

Philip Blackledge
Vice-Convener and Acting Convener

Administration Board

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
INCOME				
195,957	Allocation from General Fund	205,130	202,237	(2,893)
<u>195,957</u>	<i>Total Income</i>	<u>205,130</u>	<u>202,237</u>	<u>(2,893)</u>
EXPENDITURE				
<i>Meeting Costs</i>				
881	Board	1,000	974	26
99	Building Grants Group	500	122	378
161	Investment Committee	100	373	(273)
263	Retirement Housing Committee	400	406	(6)
188	Buildings Committee	400	131	269
228	Personnel Committee	400	986	(586)
<u>1,820</u>	<i>Sub-total</i>	<u>2,800</u>	<u>2,992</u>	<u>(192)</u>
<i>Grants</i>				
8,625	Child Allowance	9,000	6,800	2,200
1,200	Resettlement grants	3,330	3,855	(525)
<u>9,825</u>	<i>Sub-total</i>	<u>12,330</u>	<u>10,655</u>	<u>1,675</u>
<i>Allocation to other funds</i>				
<u>184,312</u>	Building Grants Fund	<u>190,000</u>	<u>188,590</u>	<u>1,410</u>
<u>184,312</u>	<i>Sub-total</i>	<u>190,000</u>	<u>188,590</u>	<u>1,410</u>
<u>195,957</u>	<i>Total Expenditure</i>	<u>205,130</u>	<u>202,237</u>	<u>2,893</u>
BALANCES				
Revenue				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Administration Board

The Administration Board has a wide ranging remit with much of its detailed work being undertaken by its four pendant committees and the Building Grants Group. The willingness of the conveners to take on what can, at times, be a difficult task of steering the committees through challenging issues and workloads is greatly appreciated. I'd like to thank Maureen McKellar for her contribution to the work of the Personnel Committee over the last few years. Thanks too to Jan Whiteside for her willingness to take on the convenership of the Committee during the year.

During the year the Board discussed and endorsed various personnel policies and guidelines developed by the Personnel Committee for ratification by General Synod. Initial discussion at General Synod however highlighted a number of concerns regarding both the detail of the proposed policies and guidelines and the lack of consultation with clergy in their development. They were therefore withdrawn for reconsideration. The Board acknowledges that a more consultative approach should have been used when drafting the policies and notes that the Personnel Committee has now engaged in such an exercise.

The Board received reports from the Investment Committee regarding changes to the investment strategy for the Scottish Episcopal Church Unit Trust Pool (UTP). It welcomed the desire to reduce the risk of volatility in UTP investment income noting the importance of such income in funding various aspects of the Scottish Episcopal Church's (SEC) work. The Board however acknowledged that the further proposed increased diversification would have implications for aspects of the SEC's *Ethical Investment Policy* and endorsed the Investment Committee's suggestion that any further changes to the investment strategy be subject to General Synod approval. The Committee's suggestion that it invite comment on the proposed changes from throughout the SEC with a view to informing General Synod discussions of the issues was also welcomed by the Board.

Following the reintroduction of larger building grants in 2017 there was a number of applications received for large projects being undertaken throughout the SEC. The Building Grants Group awarded grants totalling £195,000 for a variety of projects including the building of a new rectory and the replacement of a roof on a 1980's built church. Twelve congregations and dioceses received grants ranging from £1,128 to £60,000. Many of the applications received continue to relate to refurbishment of rectories during periods of vacancy. Such was the demand for grants that it was not possible to meet all applications in full and the Group was forced to cancel its third scheduled meeting in the year having fully disbursed its available funds at its second meeting. Given the increased demand for grant assistance the Board endorsed the Group's request for an increase in its annual budget. The Board is pleased to note that Standing Committee agreed to increase the budget to £250,000 for 2019. Whilst the increased funding is welcome the total funding available will always be modest compared with the total cost of maintaining and developing the Church's buildings. The Board encourages all congregations considering large building projects to investigate a range of possible funding sources in addition to the Building Grants Fund. There continues to be little demand for loans with only one new loan awarded in the year.

The Board continued to consider the issue of risk management for congregations and is working towards the preparation of an information note and pro forma Risk Register to be provided to dioceses during for sharing with vestries.

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 2017		Revised Budget 2018	Actual 2018	Variance fav/ (adv)
£		£	£	£
	INCOME			
184,312	Allocation from General Fund	190,000	188,590	(1,410)
-	Earmarked grants surrendered	-	6,788	6,788
<u>184,312</u>	<i>Total Income</i>	<u>190,000</u>	<u>195,378</u>	<u>5,378</u>
	EXPENDITURE			
114,317	Grants - Issued		82,850	
69,995	- Earmarked		112,528	
<u>184,312</u>	<i>Total Expenditure</i>	<u>190,000</u>	<u>195,378</u>	<u>(5,378)</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 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
	INCOME			
934	Interest on loans	1,000	510	(490)
<u>934</u>	<i>Total Income</i>	<u>1,000</u>	<u>510</u>	<u>(490)</u>
	BALANCES			
	Revenue (liquid funds for advancement of loans)			
934	Surplus/(deficit) for year	1,000	510	(490)
8,040	Transfer (to)/from capital	(262,533)	7,581	270,114
272,559	Balance brought forward	281,533	281,533	-
<u>281,533</u>	<i>Balance carried forward</i>	<u>20,000</u>	<u>289,624</u>	<u>269,624</u>

Actual 2017 £	CAPITAL ACCOUNT	Actual 2018 £
126,716	Balance brought forward	118,676
	<i>Transfers to revenue</i>	
(30,540)	Loans repaid	(12,231)
	<i>Transfers from revenue</i>	
<u>22,500</u>	Loans paid / earmarked	<u>4,650</u>
(8,040)	Net transfer from / (to) revenue	(7,581)
<u>118,676</u>	<i>Balance carried forward</i>	<u>111,095</u>

Investment Committee

Remit

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

Financial Markets and performance

Stock market conditions were not so good for sterling investors in 2018 with the UK's FTSE 100 producing a total return of -8.7% (2017: +11.9%). Performance of the UTP has been positive in total return terms. The total return over one year to end December 2018 was +0.6% after fees. The period included a restructuring from corporate bonds into a Multi-Asset Income Fund. This latter fund has no benchmark but the other two parts of the portfolio – Global Income and Growth and Long Term Global Growth both outperformed their benchmarks. The unit value as at 31 December 2018 was £17.56 (2017: £17.99). The 2018 distributions represent a yield of 3.0% 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 2018 distribution to 54p (2017: 52.5p). The capital element of the distribution was 24.2p per unit (2017: 18.6p). 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.

The market value of the Fund at 31 December 2018 was £72.7m (2017: £74.4m).

The accounts of the UTP appear on page 89

UTP Restructuring

The Investment Committee restructured the UTP in September 2018, liquidating its investment in bonds and replacing this with an investment into Baillie Gifford's Multi Asset Income Fund, with minor adjustments elsewhere. The Committee believes this structure offers more diversification and consequently less risk to capital, in line with its aim of maintaining a sustainable distribution policy.

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.

The Investment Committee represents the Church on the Church Investors Group (CIG) 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 CIG provides an effective voice for engaging in issues of common concern to Christian investors.

Committee Membership

The Committee membership was unchanged in 2018 although Campbell Watterson has now resigned and will be replaced by Gordon Arthur from 2019.

Adrian Tupper
Convener

Buildings Committee

The Committee continues with the normal twice yearly meetings and has discussed a number of matters of general interest for church building care and given advice and guidance to Diocesan Buildings Committees, including the development and issue of a digital inventory form. It is also in the course of considering revision to the guidance available on quinquennial inspections. As reported in previous years, the effectiveness of the local diocesan application of Canon 35 is apparent in the fact there have been no appeals brought to the Buildings Committee for a number of years.

The Committee completed the proposed updates for the provision of the scope of Canon 35, to incorporate church grounds, and this had a successful first reading at General Synod. The second reading will be heard at the 2019 Synod. It was encouraging to hear support from various dioceses where it was agreed that clarity on external works issues would be helpful.

In parallel with our consideration of the Canon 35, we are aware that Historic Environment Scotland are also reviewing the guidance on Ecclesiastical Exemption from formal planning process for interior alterations and they acknowledge the effective measures of control achieved with the use of the Canon 35 process.

Changes in the Heritage Lottery Fund (HLF), which can give substantial grants, have been of concern during 2018 but the launch of the new grant schemes in early 2019 confirms that HLF will continue to be a major source of funding for churches provided that projects have a community engagement element and opportunities for outreach through the use of church buildings and local activities. The mission and outreach of churches seeking building fabric grants is also an important factor when seeking support from the Provincial Buildings Grant and Loan schemes, which are now being well subscribed to.

The changes in legislation relating to telecom masts have been an issue the Committee has looked at this year, as in the past there has been good potential revenue to be gained in hosting a mast. However, the new generation of G4 and G5 networks require smaller and more numerous masts and the value of a site rental has dramatically reduced, and contracts demand unreasonable terms for access and operation. The conclusions drawn are that churches should not allow access for new survey requests and should seek advice at the earliest approach.

Members of the Committee continue with the production of a gazetteer to record historic buildings with significant architectural features. This is to be a long term study that will take time to reach publication. We are currently seeking good photographic records and hope that church and diocesan contributions will support this work.

During the course of the year, Emsley Nimmo stepped down from the Committee and is warmly thanked for his contribution. It is hoped that one of the other Diocesan Deans may be able to join the Committee. We were also pleased to welcome Neil Gaunt as a new member.

Rebecca Cadie
Convener

Personnel Committee

The Personnel Committee is concerned with the well-being and support of the clergy of the Scottish Episcopal Church (SEC). This includes seeking to ensure that all appropriate personnel-related legislation is easily accessible and, where necessary, translate that legislation into notes of guidance.

2018 has been a time of change and challenge for the Committee in the light of General Synod's response to proposals from the Committee and the subsequent resignation of the Convener, Maureen McKellar. Paul Romano's term of office as the representative of the Committee on Canons came to an end and the Committee is grateful to both of them for their time and commitment over a number of years. In August, I was appointed Convener.

The Committee is delighted to welcome the Bishop of Brechin as its link Bishop and as Convener I am indebted to him for his ongoing support. The Committee also welcomed to its ranks Graham Robertson as the new representative of the Committee on Canons and Amanda Fairclough and is very grateful for their willingness to give their time and expertise.

The Committee had intended to present a range of new personnel policies to the General Synod in June 2018 but, following concerns expressed in initial debate, the various proposals were withdrawn. In response to that, we invited those members of Synod who had either made comments in the Synod debate or had indicated a wish to do so, to a consultation meeting. This was a meeting to listen to concerns raised and was very useful and positive. As a result of that meeting and comments made at General Synod 2018, much of the subsequent work of the Committee has been in the preparation of a clergy questionnaire. The purpose of this questionnaire is to seek to identify issues which the clergy feel impedes them in carrying out their ministry. The responses will be collated by the Church's external HR consultants in order to ensure confidentiality and lack of bias. The issues that are shown to be of most concern will inform the work of the Committee for the following years.

It is, of course, acknowledged that some of these issues will be outwith the remit of the Personnel Committee and require to be dealt with elsewhere.

The members of the Personnel Committee have been very supportive to me as the newly appointed Convener and I would wish to acknowledge that support. I am also grateful for the ongoing advice and support offered by Ian Pilbeam and Ciara McGovern of the HR Dept, our external consultants, and am indebted to John Stuart for his advice and patience.

Jan Whiteside
Convener

Retirement Housing Committee

The main remit of the Retirement Housing 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 (SEC) Pension Fund and have completed 10 years full time stipendiary service in the SEC.

The objective is to ensure, as far as possible, that clergy will be provided with suitable housing, while allowing them to retain 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 £180,000 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 42 properties throughout Scotland. The Committee undertook repairs and renovations costing in the region of £30,100 during the year. This was slightly in excess of budget but relates to ongoing masonry repair work to two properties which form a listed building that dates from the early 1800s and was gifted to the Fund in the 1960s. The work undertaken should ensure that the properties remain available for use for some time.

In the past year, two properties were sold and two properties purchased. Further sales and at least one purchase are expected in the coming year.

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 2018 this amounted to a payment of £90 to each pensioner.

There is currently one vacancy on the Committee.

I would like to thank Daphne Audsley and Malcolm Bett as well as members of the Committee for all their help and assistance in the past year. I look forward to continuing working with them in administering the Housing Fund for the benefit of our pensioners and retired clergy.

Lorna Mortis
Convener

Retirement Housing Committee

Supplementary Fund

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/ (adv) £
INCOME				
38,044	Investment income	38,044	39,131	1,087
23	Interest	50	58	8
2,000	Cargill Trust - Widows and Orphans	2,000	2,000	-
793	Legacies & Donations	-	1,882	1,882
<u>40,860</u>	<i>Total Income</i>	<u>40,094</u>	<u>43,071</u>	<u>2,977</u>
EXPENDITURE				
-	Grants - Clergy	4,000	100	3,900
2,200	- Widows and Orphans	4,000	-	4,000
31,050	- Christmas payment	27,000	30,780	(3,780)
1,201	- Yearbooks (retired clergy)	1,200	1,335	(135)
-	Pension Fund (CRBF) top up	1,500	1,833	(333)
142	Miscellaneous	120	149	(29)
6,145	GSO Administration charge	6,145	6,145	-
<u>40,738</u>	<i>Total Expenditure</i>	<u>43,965</u>	<u>40,342</u>	<u>3,623</u>
BALANCES				
Revenue				
122	Surplus/(deficit) for year	(3,871)	2,729	6,600
31,025	Balance brought forward	31,147	31,147	-
<u>31,147</u>	<i>Balance carried forward</i>	<u>27,276</u>	<u>33,876</u>	<u>6,600</u>
CAPITAL ACCOUNT				
1,126,615	Balance brought forward		1,311,797	
185,182	Unrealised gain / (loss) on revaluation as at 31 December 2018		(30,949)	
<u>1,311,797</u>	<i>Balance carried forward</i>		<u>1,280,848</u>	

Retirement Housing Committee Housing Fund

Actual 2017 £		Revised Budget 2018 £	Actual 2018 £	Variance fav/(adv) £
	INCOME			
2,366	Interest	2,000	4,090	2,090
24,111	Investment income	24,111	24,800	689
76,245	Rents	77,000	76,543	(457)
-	Legacies and donations	-	1,000	1,000
<u>102,722</u>	<i>Total Net Income</i>	<u>103,111</u>	<u>106,433</u>	<u>3,322</u>
	EXPENDITURE			
6,323	Insurance	6,475	6,533	(58)
89,480	Repairs	35,000	52,466	(17,466)
7,955	Gas appliance and electrical testing	8,240	7,694	546
-	Property surveys / legal fees	2,500	-	2,500
11,750	GSO Administration Charge	11,750	11,750	-
<u>115,508</u>	<i>Total Expenditure</i>	<u>63,965</u>	<u>78,443</u>	<u>(14,478)</u>
	BALANCES			
	Revenue			
(12,786)	Surplus/(deficit) for year	39,146	27,990	(11,156)
13,971	Transfers (to)/from capital	(49,498)	(31,431)	18,067
9,167	Balance brought forward	10,352	10,352	-
<u>10,352</u>	<i>Balance carried forward</i>	<u>-</u>	<u>6,911</u>	<u>6,911</u>
	CAPITAL ACCOUNT		Actual 2018 £	
	Additions to capital			
76,565	Profit on sale of property		303,802	
-	Other income		40,100	
-	Purchase of property		342,287	
42,378	Net funds placed on deposit account		-	
<u>118,943</u>			<u>686,189</u>	
	Disposals of capital			
56,349	Sales of property (book value)		44,575	
-	Repayment of loan		8,400	
-	Net funds from deposit account		257,881	
<u>56,349</u>			<u>310,856</u>	
62,594	<i>Net additions of capital</i>		375,333	
4,519,740	Balance brought forward		4,699,698	
117,364	Unrealised gain / (loss) on revaluation as at 31 December 2018		(19,615)	
<u>4,699,698</u>	<i>Balance carried forward</i>		<u>5,055,416</u>	

Miscellaneous Funds

Actual 2017 £		Actual 2018 £
	INCOME	
139,037	Investment income	142,999
3,000	Legacies and donations	3,000
26,000	Other income	26,000
<u>168,037</u>	<i>Total Net Income</i>	<u>171,999</u>
	EXPENDITURE	
-	Building repairs	14,995
129,366	Grants	157,022
7,936	Other expenditure	8,566
500	GSO Administration charge	500
<u>137,802</u>	<i>Total Expenditure</i>	<u>181,083</u>
	BALANCES	
	Revenue	
30,235	Surplus/(deficit) for year	(9,084)
299,926	Balance brought forward	330,161
<u>330,161</u>	<i>Balance carried forward</i>	<u>321,077</u>
	CAPITAL ACCOUNT	
	INCOME	
-	<i>Total Income</i>	-
	EXPENDITURE	
-	<i>Total expenditure</i>	-
	BALANCES	
-	Surplus/(deficit) for year	-
4,573,106	Balance brought forward	5,324,887
751,781	Unrealised gain / (loss) on revaluation as at 31 December 2018	(125,644)
<u>5,324,887</u>	<i>Balance carried forward</i>	<u>5,199,243</u>
	TOTAL FUNDS as at 31 December:	
330,161	Revenue	321,077
<u>5,324,887</u>	Capital	<u>5,199,243</u>
<u>5,655,048</u>		<u>5,520,320</u>
	Being for:	
1,419,826	Restricted purposes	1,376,939
<u>5,033,949</u>	Designated purposes	<u>4,143,381</u>
<u>5,655,048</u>		<u>5,520,320</u>

Pension Fund

Funding

The Trustees' statutory objective is to ensure that the Pension Fund has sufficient and appropriate assets to meet the cost of paying benefits as they fall due. This is assessed every 3 years in an actuarial valuation. The Trustees' priority during 2018 was completion of the valuation as at 31 December 2017. This was duly concluded with the following summary results.

	31 Dec 2014	31 Dec 2017
	(£m)	(£m)
Total assets	46.0	53.9
Total liabilities	44.7	50.2
Past service surplus	1.3	3.7
Funding level	103%	107%
Future service contribution rate	30.3%	35.9%
Agreed contribution rate	32.2%	32.2%

Both assets and liabilities had increased significantly since the 2014 valuation: assets as a result of strong investment returns throughout the period; liabilities as a result of reduced future return expectations. The assessed cost of future benefit accrual had also increased. However it was agreed in a joint motion from the Pension Fund Trustees and Standing Committee to General Synod 2018 that the surplus of £3.7m as at 31 December 2017 could be used to support the Church continuing with the existing contribution rate of 32.2%.

Investment Strategy

The Pension Fund investment strategy can be broadly summarised as follows.

<u>Portfolio</u>	<u>Allocation</u>	<u>Purpose</u>
Liability Matching	70%	To provide protection against changes in the value of the liabilities and generate income to pay current pensions.
Growth	30%	To provide growth to pay future pensions
	100%	

In light of the results of the actuarial valuation, the trustees reviewed the investment strategy. A change was agreed to improve inflation protection in the liability matching portfolio.

Investment Performance

After two years of steady growth in asset prices, 2018 proved more of a challenge for investors, particularly in the last three months of the year. October 2018 was the worst month for global equities since 2012, and markets fell again sharply in December. The UK market lost almost 10% over the year. Other markets fared better, but all suffered losses. Dominant investor concerns were future economic growth, trade conflicts, and political uncertainty.

In this context the Pension Fund's investments showed some resilience. The growth portfolio is invested in Schroder's Diversified Growth Fund. This lost value with a return of -5.4%, but this was better than the global equity market return of -8.9%.

The liability matching portfolio has two components: the Schroder Life Long Dated Corporate Bond Fund returned -2.5%; the UK government bond funds returned -0.1% in aggregate.

Total return for the year was -2.9%.

Financial

Key financial figures for the year were as follows.

	2017	2018
	(£)	(£)
Net Assets as at 1 January	52,497,511	54,924,227
+ Contributions Received	1,502,263	1,397,554
- Benefits and other Payments	2,352,916	2,290,710
+ Investment Income	507	1,416
+ Change in Market Value of Investments	3,276,862	(1,598,348)
Net Assets as at 31 December	54,924,227	52,434,139

Net fund assets decreased by £2,490,088 over the course of the year as a result of pensions payments and negative investment returns.

Other Activity

Trustee activity during the year was dominated by the actuarial valuation, but other activity included an extensive review of Additional Voluntary Contribution (AVC) arrangements, and routine matters such as consideration of the audit report, approval of the pension fund annual report, and reviews of the cash-flow position and member communications.

Membership

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

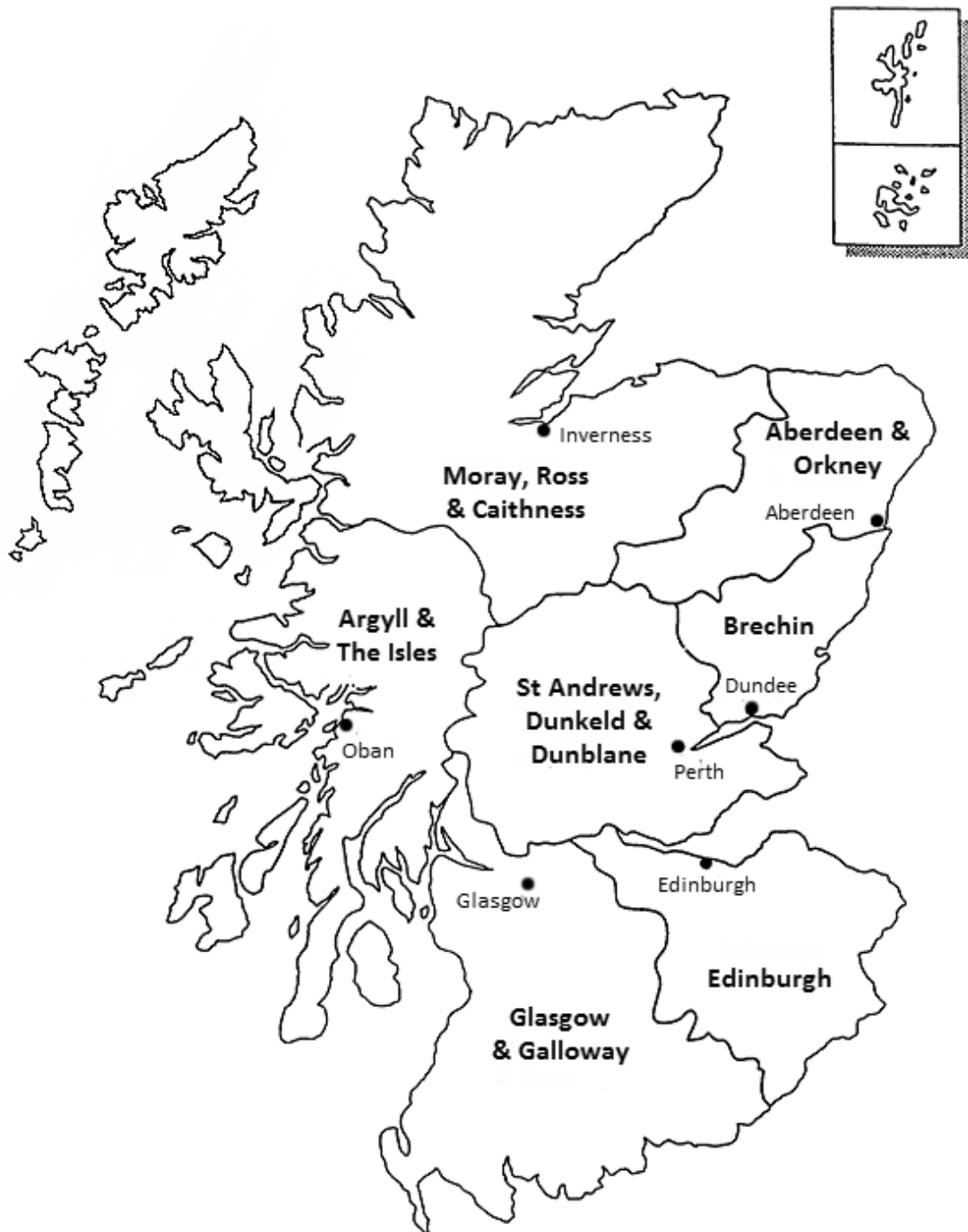
Membership	1 Jan	31 Dec
	2018	2018
Serving members		
- Clergy	143	141
- Staff	32	36
Pensioners		
- Clergy	235	231
- Staff	42	46
Widowed Spouses	75	80
Members with deferred pension rights	128	131
Total	655	665

Trustees

There were no changes during the year.

Richard McIndoe
Chairman

The Seven Dioceses of the Scottish Episcopal Church



Diocesan Statistics

Diocesan Summary

	ROLL		
	Membership	Communicant Numbers	Total Attendance
ABERDEEN	3,531	2,129	1,431
ARGYLL	908	626	438
BRECHIN	1,999	1,204	695
EDINBURGH	8,794	6,523	4,103
GLASGOW	6,263	4,278	2,680
MORAY	2,911	1,999	1,270
ST ANDREWS	4,241	3,224	1,813
TOTALS 2018	28,647	19,983	12,430
TOTALS 2017	30,909	22,073	12,511

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	215	195	256
Aberdeen:			
St Clement's	48	44	20
St Devenick's Bielside	155	121	77
St James'	35	30	19
St John's	105	32	35
St Machar's Bucksburn	64	13	9
St Margaret's	326	216	37
St Mary's	90	75	41
St Mary's Cove Bay	40	11	9
St Ninian's	45	37	15
Aboyne	80	64	33
Alford	50	46	19
Auchindoir	31	24	7
Ballater	68	62	29
Banchory	200	111	52
Banff	58	9	6
Braemar	20	9	9
Buckie	132	23	18
Burravoe	15	7	8
CAF4E Bridge of Don	35	12	-
Cruden Bay	72	32	39
Cuminestown	14	21	17
Ellon	157	117	65
Fraserburgh	58	32	21
Insch	31	27	12
Inverurie	133	104	59
Kemnay	30	25	8
Kincardine O'Neil	71	69	42
Kirkwall	48	28	16
Lerwick	305	40	72
Longside	43	28	9
New Pitsligo	38	19	7
Old Deer	41	16	8
Oldmeldrum	50	23	22
Peterhead	41	17	8
Strichen	66	19	12
Stromness	31	15	14
Turriff	47	46	16
Westhill	383	261	268
Whiterashes	16	15	-
Woodhead All Saints	8	6	6
Student Chaplaincy	35	20	-
SOLI Unst	1	8	11
TOTALS 2018	3,531	2,129	1,431
TOTALS 2017	4,061	2,779	1,232

United Diocese of Argyll and The Isles

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Oban Cathedral	254	141	48
Ardbrecknish	17	15	6
Arran	8	8	4
Ballachulish	5	5	23
Campbeltown	30	19	12
Dunoon	100	68	28
Duror	19	17	25
Fort William	63	51	31
Glencoe	14	14	15
Gruline	26	18	10
Harris	-	-	-
Inveraray	<i>With Lochgilphead</i>		
Iona	5	-	8
Islay	14	11	8
Kilmartin	<i>With Lochgilphead</i>		
Kinlochleven	19	17	21
Kinlochmoidart	20	20	8
Lochgilphead	83	46	38
Millport	38	19	14
North Uist:			
Holy Cross Chapel	6	5	2
St Brendan the Navigator	6	6	5
Onich	5	5	29
Portnacrois	3	3	17
Portree	62	52	29
Rothesay	29	21	20
Stornoway	82	65	37
Strontian	<i>With Kinlochmoidart</i>		
TOTALS 2018	908	626	438
TOTALS 2017	957	645	458

Diocese of Brechin

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	227	160	158
Arbroath	71	65	36
Auchmithie	9	7	6
Brechin	71	31	26
Broughty Ferry	92	80	32
Carnoustie	89	65	34
Catterline	<i>With Stonehaven</i>		
Drumlithie	11	6	-
Drumtochty	23	11	3
Dundee:			
Diocesan Centre/St John's	<i>With St Martin's, Dundee</i>		
St Luke's	56	48	23
St Margaret's	63	33	13
St Martin's	73	27	16
St Mary Magdalene	373	154	90
St Ninian's	115	74	37
St Salvador's	118	47	58
Fasque	27	18	3
Glencarse	84	67	18
Inverbervie	13	14	9
Invergowrie	70	30	11
Laurencekirk	72	38	11
Monifieth	75	54	26
Montrose	118	52	26
Muchalls	9	39	18
Stonehaven	129	75	33
Tarfside	11	9	8
TOTALS 2018	1,999	1,204	695
TOTALS 2017	2,214	1,310	747

Diocese of Edinburgh

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	705	696	247
Balerno	735	541	580
Bathgate	70	62	38
Bo'ness	86	73	48
Coldstream	38	24	22
Dalkeith	101	49	30
Dalmahoy	139	130	80
Dunbar	130	100	47
Duns	78	74	32
Edinburgh:			
Christ Church	403	273	151
Emmanuel	22	30	15
Good Shepherd	122	102	44
Holy Cross	144	87	33
Mustard Seed	78	58	59
Old St Paul's	400	306	165
St Barnabas'	66	39	8
St Columba's	96	84	48
St Cuthbert's	210	202	94
St David's	37	37	25
St Fillan's	64	55	40
St James', Leith	125	110	90
St John's	278	278	222
St Margaret's	28	28	18
St Mark's	164	122	49
St Martin's	39	39	32
St Michael/All Saints	132	110	53
St Ninian's	141	122	49
St Paul/St George	940	169	500
St Peter's	170	151	64
St Philip/St James	74	54	51
St Salvador's	26	23	14
St Thomas'	200	130	138
St Vincent's	109	76	41
Eyemouth	25	15	77
Falkirk	126	87	28
Galashiels	70	60	31
Grangemouth	91	61	29
Gullane	69	55	28
Haddington	164	90	55
Hawick	63	63	23
Innerleithen	31	29	15
Jedburgh	97	89	36
Kelso	161	139	66
Lasswade	229	73	25
Linlithgow	121	105	51
Livingston	300	278	93
Melrose	239	232	84
Musselburgh	75	58	48
North Berwick	140	119	59
Peebles	175	100	43
Penicuik	104	104	43
Rosslyn	178	159	41
Selkirk	72	67	33
South Queensferry	62	67	32
West Linton	52	39	36
TOTALS 2018	8,794	6,523	4,103
TOTALS 2017	9,828	7,226	4,183

United Diocese of Glasgow and Galloway

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	428	207	334
Airdrie/Monklands	75	45	31
Alexandria	53	36	11
Annan	33	30	10
Ardrossan **	70	47	28
Ayr	158	118	65
Bearsden	325	174	123
Bridge of Weir	18	18	8
Cambuslang	26	19	14
Castle Douglas	159	93	69
Challoch	95	68	25
Cumbernauld	30	30	12
Dalbeattie	54	45	22
Dalry **	22	19	9
Dumbarton	160	93	41
Dumfries	642	436	125
East Kilbride	71	46	25
Eastriggs	68	31	15
Gatehouse-of-Fleet	116	75	17
Glasgow:			
All Saints	51	45	27
Drumchapel Mission	7	7	9
Good Shepherd	24	20	13
St Aidan's	143	80	52
St Bride's	76	56	37
East End Ministry *	105	65	41
St James' (Bishopbriggs)	106	80	56
St Margaret's	182	144	86
St Matthew's	51	39	30
St Ninian's	95	90	63
St Oswald's	65	45	31
St Silas	305	146	197
Gourock	32	15	8
Greenock	137	71	56
Gretna	70	45	16
Hamilton	226	180	85
Helensburgh	189	180	119
Irvine**	32	27	15
Johnstone	75	50	21
Kilmacolm	54	53	26
Kilmarnock	123	76	39
Kirkcudbright	160	102	41
Lanark	134	101	57
Largs	131	95	38
Lenzie	55	45	26
Lockerbie	45	33	18
Maybole	37	33	12
Milngavie	57	54	32
Moffat	29	26	24
Motherwell	83	62	26
New Galloway	45	36	44
Paisley	101	80	36
Port Glasgow	121	104	123
Portpatrick	23	18	16
Prestwick	120	70	39
Renfrew	95	70	25
Stranraer	29	27	13
Troon	187	126	58
Uddingston	28	25	24
Wishaw	32	27	17
TOTALS 2018	6,263	4,278	2,680
TOTALS 2017	6,424	4,657	2,413

**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	425	258	123
Aberlour	33	32	28
Black Isle Charges:	230	216	80
Arpafeelie			
Cromarty			
Fortrose			
Brora	10	10	-
Culloden	22	13	3
Dingwall/Strathpeffer	160	75	35
Dufftown	3	2	2
East Sutherland Charges:	71	59	60
Ardgay			
Crask			
Dornoch			
Lairg			
Elgin/Lossiemouth/Burghead	231	178	76
Fochabers	62	41	16
Forres	168	120	66
Glenurquhart/Ft Augustus	30	30	17
Gordonstoun	268	25	365
Grantown	85	61	29
Isla Deveron Group:	88	51	33
Aberchirder			
Huntly			
Keith			
Invergordon	37	34	16
Inverness:			
St John's	148	129	22
St Michael's	118	98	17
Kinlochewe	23	23	18
Kishorn	27	27	7
Lochalsh	19	19	7
North West Charges:	134	119	85
Achiltibuie			
Kinlochbervie			
Lochinver			
Tongue			
Ullapool			
Nairn	190	115	45
Poolewe	31	25	7
Rothiemurchus	88	54	34
Strathnairn	44	40	19
Tain	68	54	20
Thurso	50	43	25
Wick	48	48	15
TOTALS 2018	2,911	1,999	1,270
TOTALS 2017	3,161	2,419	1,160

United Diocese of St Andrews, Dunkeld and Dunblane

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	309	303	95
Aberdour	61	50	20
Aberfoyle	82	70	20
Alloa	70	67	23
Alyth	26	22	10
Auchterarder	82	77	32
Ballintuim	43	37	-
Blairgowrie	75	55	24
Bridge of Allan	159	112	55
Burntisland	62	52	52
Callander	33	28	9
Comrie	30	26	17
Coupar Angus	80	47	17
Crieff	73	72	15
Cupar	76	76	46
Dollar	115	95	43
Doone	87	76	37
Dunblane	170	111	76
Dunfermline	185	132	84
Dunkeld (Birnam)	48	38	28
Elie	49	47	15
Forfar	185	116	38
Glamis	34	34	15
Glenalmond	430	170	319
Glenrothes	28	27	15
Inverkeithing	103	103	74
Killin	4	3	4
Kilmaveonaig	36	25	9
Kinghorn	<i>With Kirkcaldy</i>		
Kinloch Rannoch	5	2	10
Kinross	136	89	20
Kirkcaldy	80	67	45
Kirriemuir	65	43	24
Ladybank	10	10	8
Leven	19	17	8
Lochearnhead	16	11	8
Lochgelly	24	24	10
Muthill	34	24	8
Newport	32	22	16
Perth, St John's	160	130	75
Pitlochry	66	44	15
Pittenweem	48	39	21
Rosyth	35	34	56
St Andrews:			
All Saints	248	166	80
St Andrew's	244	214	133
Stanley	12	12	6
Stirling	174	128	54
Strathtay/Aberfeldy	42	38	17
Tayport	56	39	7
TOTALS 2018	4,241	3,224	1,813
TOTALS 2017	4,356	3,307	1,976

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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 89 to 91.

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
11 April 2019**

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018**

	Page No.	2018 General Fund Income £	2018 Other Income £	2018 Total Income (note 5) £	2018 Expenditure £	2018 Surplus/ (deficit) £	2017 Surplus/ (deficit) £
General Fund	19	1,952,380	-	1,952,380	1,829,151	123,229	77,174
Allocated to Boards / Standing Committee		(1,829,151)	-	(1,829,151)	(1,829,151)	-	-
<i>Sub-total</i>		<u>123,229</u>	<u>-</u>	<u>123,229</u>	<u>-</u>	<u>123,229</u>	<u>77,174</u>
Standing Committee	20						
<i>Sub-total</i>		<u>878,625</u>	<u>-</u>	<u>878,625</u>	<u>878,625</u>	<u>-</u>	<u>-</u>
Administration Board							
Board	48	202,237	-	202,237	202,237	-	-
Allocated to Building Grants Fund		(188,590)	-	(188,590)	(188,590)	-	-
Net (direct income and expenditure of Board)		<u>13,647</u>	<u>-</u>	<u>13,647</u>	<u>13,647</u>	<u>-</u>	<u>-</u>
Buildings funds							
Building Grants Fund	50	188,590	6,788	195,378	195,378	-	-
Building Loans Fund	51	-	510	510	-	510	934
Retirement Housing Committee							
Retirement Supplementary Fund	56	-	43,071	43,071	40,342	2,729	122
Retirement Housing Fund	57	-	106,433	106,433	78,443	27,990	(12,786)
Miscellaneous funds	58	-	171,999	171,999	181,083	(9,084)	30,235
<i>Sub-total for Board and its Committees</i>		<u>202,237</u>	<u>328,801</u>	<u>531,038</u>	<u>508,893</u>	<u>22,145</u>	<u>18,505</u>
Mission Board							
Board	30	366,967	11,075	378,042	378,042	-	-
Allocated to Committees		(45,722)	-	(45,722)	(45,722)	-	-
Net (direct income and expenditure of Board)		<u>321,245</u>	<u>11,075</u>	<u>332,320</u>	<u>332,320</u>	<u>-</u>	<u>-</u>
Global Partnerships Committee	36	-	116,195	116,195	104,484	11,711	64,475
Church in Society Committee	34	45,722	-	45,722	45,722	-	-
The Community Fund	38	-	1,633	1,633	4,511	(2,878)	187
Miscellaneous funds	40	-	-	-	-	-	-
<i>Sub-total for Board and its Committees</i>		<u>366,967</u>	<u>128,903</u>	<u>495,870</u>	<u>487,037</u>	<u>8,833</u>	<u>64,662</u>
Institute Council							
Board	42	353,532	70,479	424,011	424,011	-	-
Miscellaneous funds	45	-	48,363	48,363	62,970	(14,607)	(20,053)
<i>Sub-total</i>		<u>353,532</u>	<u>118,842</u>	<u>472,374</u>	<u>486,981</u>	<u>(14,607)</u>	<u>(20,053)</u>
Faith and Order Board							
Board	24	18,455	-	18,455	18,455	-	-
Publications	24	-	928	928	-	928	(1,890)
<i>Sub-total</i>		<u>18,455</u>	<u>928</u>	<u>19,383</u>	<u>18,455</u>	<u>928</u>	<u>(1,890)</u>
Information and Communication Board							
Board	46	9,312	-	9,334	9,334	-	-
Publications	46	-	6,352	6,352	3,520	2,832	2,874
<i>Sub-total</i>		<u>9,312</u>	<u>6,352</u>	<u>15,686</u>	<u>12,854</u>	<u>2,832</u>	<u>2,874</u>
TOTAL FOR YEAR		<u>1,952,357</u>	<u>583,826</u>	<u>2,536,205</u>	<u>2,392,845</u>	<u>143,360</u>	<u>141,272</u>

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 2018

	Revenue Accounts and Reserves			Capital Accounts and Reserves			Total 2018 £	Total 2017 £
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total		
	Funds £	Funds £	£	Funds £	Funds £	£		
Income from								
Donations and legacies								
Quota	741,527	-	741,527	-	-	-	741,527	719,929
Donations	21,176	45,603	66,779	-	-	-	66,779	50,288
Legacies	-	1,000	1,000	-	-	-	1,000	500
	<u>762,703</u>	<u>46,603</u>	<u>809,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>809,306</u>	<u>770,717</u>
Investments								
Investment income - UTP distributions	1,337,064	108,563	1,445,627	-	-	-	1,445,627	1,405,454
Investment income - interest	7,431	4,209	11,640	-	-	-	11,640	5,768
Rental income	21,243	-	21,243	-	-	-	21,243	21,243
	<u>1,365,738</u>	<u>112,772</u>	<u>1,478,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,478,510</u>	<u>1,432,465</u>
Charitable activities								
Publication sales	5,945	-	5,945	-	-	-	5,945	7,454
Other income	20,298	-	20,298	-	40,100	40,100	60,398	27,825
Pension Fund and investment administration fee	32,068	-	32,068	-	-	-	32,068	34,020
Rental income	-	76,543	76,543	-	-	-	76,543	76,245
	<u>58,311</u>	<u>76,543</u>	<u>134,854</u>	<u>-</u>	<u>40,100</u>	<u>40,100</u>	<u>174,954</u>	<u>145,544</u>
Other								
Gain on sale of property	-	-	-	-	303,802	303,802	303,802	76,565
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,802</u>	<u>303,802</u>	<u>303,802</u>	<u>76,565</u>
Total Income	<u>2,186,752</u>	<u>235,918</u>	<u>2,422,670</u>	<u>-</u>	<u>343,902</u>	<u>343,902</u>	<u>2,766,572</u>	<u>2,425,291</u>
Expenditure on charitable activities (note 6)								
Mission development and support	280,877	11,459	292,336	-	-	-	292,336	256,450
Ministry support and training	427,267	63,327	490,594	-	-	-	490,594	460,934
Ecumenical and church relations	123,903	-	123,903	-	-	-	123,903	121,947
Promotion, publication and communication	271,379	-	271,379	-	-	-	271,379	284,078
Support for retired clergy	50,619	115,900	166,519	-	-	-	166,519	192,844
Support and advice to dioceses and congregations within SEC	910,421	24,158	934,579	-	-	-	934,579	891,201
	<u>2,064,466</u>	<u>214,844</u>	<u>2,279,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,279,310</u>	<u>2,207,454</u>
Net income before transfers and gain on revaluation of investments	<u>122,286</u>	<u>21,074</u>	<u>143,360</u>	<u>-</u>	<u>343,902</u>	<u>343,902</u>	<u>487,262</u>	<u>217,837</u>
Gain / (Loss) on revaluation of investments (note 8)	-	-	-	(1,036,009)	(110,088)	(1,146,097)	(1,146,097)	6,856,869
Net income before transfers (note 2)	<u>122,286</u>	<u>21,074</u>	<u>143,360</u>	<u>(1,036,009)</u>	<u>233,814</u>	<u>(802,195)</u>	<u>(658,835)</u>	<u>7,074,706</u>
Transfers between funds	19,230	(19,230)	-	-	-	-	-	-
Transfers between revenue and capital	7,571	(32,090)	(24,519)	(7,571)	32,090	24,519	-	-
Net movement in funds	<u>149,087</u>	<u>(30,246)</u>	<u>118,841</u>	<u>(1,043,580)</u>	<u>265,904</u>	<u>(777,676)</u>	<u>(658,835)</u>	<u>7,074,706</u>
Fund balances at 1 January 2018	1,645,131	291,805	1,936,936	43,470,536	8,730,933	52,201,469	54,138,405	47,063,699
Fund balances at 31 December 2018	<u>1,794,218</u>	<u>261,559</u>	<u>2,055,777</u>	<u>42,426,956</u>	<u>8,996,837</u>	<u>51,423,793</u>	<u>53,479,570</u>	<u>54,138,405</u>

Detailed comparatives are at note 15.

All income is derived from continuing activities.

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

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
BALANCE SHEET AS AT 31 DECEMBER 2018**

	2018		2017	
	£	£	£	£
Fixed Assets (note 8)				
Heritable Properties at book value		3,427,163		3,129,451
Investments at market value (Book Cost: £8,287,536) (2017: £8,286,875)		47,120,653		48,266,089
Social Investments		380,055		296,036
		50,927,871		51,691,576
Current Assets				
Debtors (note 9)		817,406		764,565
Bank and Cash		1,929,905		1,819,824
		2,747,311		2,584,389
Current Liabilities				
Creditors and Accruals (note 10)		(195,612)		(137,560)
Net Current Assets		2,551,699		2,446,829
TOTAL ASSETS LESS LIABILITIES		53,479,570		54,138,405
Capital and Reserves (note 11)				
Unrestricted Funds	Capital	42,427,396		43,470,536
	Revenue	1,793,778		1,645,131
		44,221,174		45,115,667
Restricted Funds	Capital	8,996,837		8,730,933
	Revenue	261,559		291,805
		9,258,396		9,022,738
TOTAL FUNDS (note 12)		53,479,570		54,138,405

Robert Gordon
Convener, Standing Committee
11 April 2019

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

THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities:		
Net cash (used in) operating activities (reconciliation below)	<u>(1,240,799)</u>	<u>(1,253,364)</u>
 Cash flows from investing activities:		
Dividends, interest and rent from investments	1,437,870	1,392,493
Proceeds from the sale of property	348,377	201,309
Purchase of property and equipment	(342,287)	-
Purchase of investments	(661)	(624)
Loans advanced (to dioceses / charges)	(404,650)	(22,500)
Loans repaid (by dioceses / charges)	312,231	30,540
 Net cash provided by investing activities	<u>1,350,880</u>	<u>1,601,218</u>
 Change in cash in year	110,081	347,854
Cash at 1 January 2018	1,819,824	1,471,970
Cash at 31 December 2018	<u><u>1,929,905</u></u>	<u><u>1,819,824</u></u>

Reconciliation of net income to net cash flow from operating activities

Cash flows from operating activities:		
Net (expenditure) / income for the year (as per the Statement of Financial Activities)	(658,835)	7,074,706
 Adjustments for:		
Loss / (Gains) on investments	1,146,097	(6,856,869)
Dividends, interest and rent from investments	(1,478,510)	(1,432,465)
Profit on sale of property	(303,802)	(76,565)
Repayment of loan	8,400	-
(Increase) in debtors	(12,201)	(578)
Increase in creditors	58,052	38,407
 Net cash (used in) operating activities	<u><u>(1,240,799)</u></u>	<u><u>(1,253,364)</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 2018**

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 89.)

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

	2018	2017
	£	£
Salaries	498,282	456,329
Pension contributions	158,009	143,969
Social security costs	41,568	34,107
Travel and subsistence	6,426	6,195
Training	700	1,392
	<u>704,985</u>	<u>641,992</u>
Average number of employees	19	18
Average number of full time equivalent posts	15	14

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 and National Insurance contributions of the Management Team were £376,156 (2017: £367,021).

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

	2018 Number	2017 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 triennial Actuarial Valuation of the Fund as at 31 December 2014 which estimated the Fund's surplus to be £1.3m. The Actuarial Valuation as at 31 December 2017 estimated the Fund's surplus to be £3.7m and recommended no change in the contribution rate from 1 January 2019. There were no contributions outstanding at 31 December 2018 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 £1,971 were paid to eight members of the Standing Committee during the year, in relation to their membership of that Committee. (2017: Expenses of £1,464 paid to nine 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	2018 Total	2017 Total
	£	£	£	£	£
Charitable activities					
Mission development and support	29,421	150,902	112,013	292,336	256,450
Ministry support and training	279,969	144,962	65,663	490,594	460,934
Ecumenical and church relations	62,103	-	61,800	123,903	121,947
Promotion, publication and communication	12,589	-	258,790	271,379	284,078
Support for retired clergy	84,076	32,230	50,213	166,519	192,844
Provision of support and advice to Dioceses and Congregations	41,952	668,600	224,027	934,579	891,201
	510,110	996,694	772,506	2,279,310	2,207,454
2017	503,819	931,241	772,394	2,207,454	

	2018	2017
	£	£
Analysis of support costs		
Staff costs	513,351	489,222
Property and equipment costs	44,778	35,956
General administration costs	60,089	59,092
Board and committee expenses	13,598	8,397
Governance costs	140,690	179,727
	772,506	772,394

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

2018	£13,350
2017	£12,900

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	2018 Total	2017 Total
	£	£	£	£
Scottish Episcopal Church bodies	772,482	-	772,482	735,680
Other church bodies	23,307	22,224	45,531	47,126
Non church bodies	13,310	29,515	42,825	2,420
Individuals	115,518	20,338	135,856	146,015
	924,617	72,077	996,694	931,241
2017	885,758	45,483	931,241	

Grants were awarded to 441 individuals (2017: 428).

Included in Creditors and Accruals are Grants totalling £150,215 approved but not paid out (2017: £76,737).

8 Fixed Assets

	Heritable Property	Investments	Social Investments	Total
	£	£	£	£
At 31 December 2017	3,129,451	48,266,089	296,036	51,691,576
Additions during year	342,287	661	-	342,948
Disposals during year	(44,575)	-	-	(44,575)
Loans advanced in year	-	-	404,650	404,650
Loans repaid in year	-	-	(320,631)	(320,631)
Net gain on revaluation at 31 December 2018	-	(1,146,097)	-	6,856,869
Balance at 31 December 2018	3,427,163	47,120,653	380,055	50,927,871

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. 69.8% of investments in the Unit Trust Pool relate to UK investments. The unit value at 31 December 2018 was £17.9882. The unit value at 31 March 2019 was £19.3964 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

	2018	2017
	£	£
Accrued Unit Trust Pool distribution	779,706	739,368
Sundry debtors including grant repayments	<u>37,700</u>	<u>25,197</u>
	<u>817,406</u>	<u>764,565</u>

10 Creditors

	2018	2017
	£	£
Grants approved but not paid	150,215	76,737
Accruals and deferred income	<u>45,397</u>	<u>60,823</u>
	<u>195,612</u>	<u>137,560</u>

11 Reconciliation of movement in funds

	Balance at 31 Dec 17	Surplus for year prior to transfers	Transfers between funds	Unrealised loss on revaluation at 31 Dec 18	Balance at 31 Dec 18
	£	£	£	£	£
Unrestricted Funds					
General Fund	36,676,609	105,334	17,895	(855,720)	35,944,118
Other funds	8,439,058	16,952	1,335	(180,289)	8,277,056
	<u>45,115,667</u>	<u>122,286</u>	<u>19,230</u>	<u>(1,036,009)</u>	<u>44,221,174</u>
Restricted Funds					
Housing Fund	4,710,050	383,642	(11,750)	(19,615)	5,062,327
Other funds	4,312,688	(18,666)	(7,480)	(90,473)	4,196,069
	<u>9,022,738</u>	<u>364,976</u>	<u>(19,230)</u>	<u>(110,088)</u>	<u>9,258,396</u>
Total Funds	<u>54,138,405</u>	<u>487,262</u>	<u>-</u>	<u>(1,146,097)</u>	<u>53,479,570</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 2018 are represented by:

	Unrestricted Funds	Restricted Funds			Total Funds
		Housing Fund	Other Funds	Total Restricted	
	£	£	£	£	£
Fixed Assets					
Heritable Property at cost	27,596	3,399,567	-	3,399,567	3,427,163
Investments at market value	42,588,092	806,511	3,726,050	4,532,561	47,120,653
Social Investments	116,095	53,375	210,585	263,960	380,055
Current Assets					
Debtors and Prepayments	765,495	15,112	36,799	51,911	817,406
Bank and Cash	915,173	788,037	226,695	1,014,732	1,929,905
Current Liabilities					
Creditors and Accruals	(191,277)	(275)	(4,060)	(4,335)	(195,612)
	<u>44,221,174</u>	<u>5,062,327</u>	<u>4,196,069</u>	<u>9,258,396</u>	<u>53,479,570</u>

The majority of Unrestricted Funds are Undesignated Funds. The total of Undesignated Funds, representing the General Fund, at 31 December 2018 was £35.9m (2017 £36.7m).

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 42 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 £1.3m 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 Mission Board, the Institute Council and the Administration Board. (The financial statements on pages 40, 45 and 58 include these Restricted Funds with other Designated Funds administered by the Boards.)

13 Future commitments

There were no future commitments at 31 December 2018.

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.

Aidan Strange, the son of Most Rev Mark Strange, a Member of the Standing Committee, has been employed by the General Synod as a part time Digital Communications Co-ordinator since May 2017. He was employed following an open recruitment process and his salary is in line with normal salary rates.

15 Statement of Financial Activities previous year

	Revenue Accounts and Reserves			Capital Accounts and Reserves			Total 2017 £
	Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £	
Income from							
Donations and legacies							
Quota	719,929	-	719,929	-	-	-	719,929
Donations	21,195	29,093	50,288	-	-	-	50,288
Legacies	500	-	500	-	-	-	500
	<u>741,624</u>	<u>29,093</u>	<u>770,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>770,717</u>
Investments							
Investment income - UTP distributions	1,299,903	105,551	1,405,454	-	-	-	1,405,454
Investment income - interest	3,354	2,414	5,768	-	-	-	5,768
Rental income	21,243	-	21,243	-	-	-	21,243
	<u>1,324,500</u>	<u>107,965</u>	<u>1,432,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,432,465</u>
Charitable activities							
Publication sales	7,454	-	7,454	-	-	-	7,454
Other income	27,825	-	27,825	-	-	-	27,825
Pension Fund and investment administration fee	34,020	-	34,020	-	-	-	34,020
Rental income	-	76,245	76,245	-	-	-	76,245
	<u>69,299</u>	<u>76,245</u>	<u>145,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,544</u>
Other							
Gain on sale of property	-	-	-	-	76,565	76,565	76,565
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>76,565</u>
Total Income	<u>2,135,423</u>	<u>213,303</u>	<u>2,348,726</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>2,425,291</u>
Expenditure on charitable activities							
Mission development and support	244,713	11,737	256,450	-	-	-	256,450
Ministry support and training	412,911	48,023	460,934	-	-	-	460,934
Ecumenical and church relations	121,947	-	121,947	-	-	-	121,947
Promotion, publication and communication	284,078	-	284,078	-	-	-	284,078
Support for retired clergy	54,331	138,513	192,844	-	-	-	192,844
Support and advice to dioceses and congregations within SEC	866,282	24,919	891,201	-	-	-	891,201
	<u>1,984,262</u>	<u>223,192</u>	<u>2,207,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207,454</u>
Net income before transfers and gain on revaluation of investments	<u>151,161</u>	<u>(9,889)</u>	<u>141,272</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>217,837</u>
Gain on revaluation of investments	-	-	-	6,198,834	658,035	6,856,869	6,856,869
Net income before transfers	<u>151,161</u>	<u>(9,889)</u>	<u>141,272</u>	<u>6,198,834</u>	<u>734,600</u>	<u>6,933,434</u>	<u>7,074,706</u>
Transfers between funds	18,813	(18,813)	-	-	-	-	-
Transfers between revenue and capital	8,490	13,347	21,837	(8,490)	(13,347)	(21,837)	-
Net movement in funds	<u>178,464</u>	<u>(15,355)</u>	<u>163,109</u>	<u>6,190,344</u>	<u>721,253</u>	<u>6,911,597</u>	<u>7,074,706</u>
Fund balances at 1 January 2017	1,466,667	307,160	1,773,827	37,280,192	8,009,680	45,289,872	47,063,699
Fund balances at 31 December 2017	<u>1,645,131</u>	<u>291,805</u>	<u>1,936,936</u>	<u>43,470,536</u>	<u>8,730,933</u>	<u>52,201,469</u>	<u>54,138,405</u>

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

Opinion

We have audited the accounts of the General Synod of the Scottish Episcopal Church (the 'charity') for the year ended 31 December 2018 which comprise the Summary Revenue Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

[continued ...]

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

Matters on which we are required to report by exception

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

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

Responsibilities of Standing Committee

As explained more fully in the Statement of Responsibilities of the Standing Committee (as charity Trustees) set out on page 73, the Standing Committee is responsible for the preparation of accounts which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

12 April 2019

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 FOR THE YEAR ENDED 31 DECEMBER 2018

	£	2018 £	£	2017 £
Income				
Capital gains - net				
Realised		8,465,710		3,915,768
Unrealised		<u>(9,211,840)</u>		<u>7,119,994</u>
		(746,130)		11,035,762
Revenue	1,511,307		1,655,320	
Management expenses	<u>285,490</u>		<u>251,252</u>	
		<u>1,225,817</u>		<u>1,404,068</u>
Total return before distributions		479,687		12,439,830
Distributions (<i>54p per unit. 2017: 52.2p</i>)		<u>2,201,683</u>		<u>2,136,401</u>
Change in net assets attributable to unitholders from investment activities		<u>(1,721,996)</u>		<u>10,303,429</u>
 Statement of change in net assets attributable to unitholders				
Net assets attributable to unitholders as at 31 December 2017		73,308,037		61,728,632
Receipts from issue of new units		497,391		1,749,530
Realisation of units:				
Book value		(270,582)		(314,024)
Appreciation		<u>(342,761)</u>		<u>(159,530)</u>
		73,192,085		63,004,608
Change in net assets attributable to unitholders from investment activities		<u>(1,721,996)</u>		<u>10,303,429</u>
Net assets attributable to unitholders as at 31 December 2018		<u>71,470,089</u>		<u>73,308,037</u>
Number of units in issue		<u>4,069,799</u>		<u>4,075,332</u>
Unit value as at 31 December 2018		<u>£17.5611</u>		<u>£17.9882</u>

The notes on page 91 form part of these accounts.

**THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL
BALANCE SHEET AS AT 31 DECEMBER 2018**

	Notes	2018	2017
		£	£
Capital Account			
Investments valued at closing prices	3	72,313,958	73,326,018
Current Assets			
Bank		412,471	1,127,100
Investment income receivable		23,769	15,305
Income tax recoverable		<u>53,892</u>	<u>52,988</u>
		<u>490,132</u>	<u>1,195,393</u>
Current Liabilities			
Sundry creditors		153,509	69,157
Proposed distribution at 29p/unit (2017: 27.5p/unit)		1,180,242	1,120,717
Funds awaiting investment		<u>250</u>	<u>23,500</u>
		<u>1,334,001</u>	<u>1,213,374</u>
Net Current (Liabilities)		(843,869)	(17,981)
Total Net Assets attributable to unitholders		<u>71,470,089</u>	<u>73,308,037</u>

Robert Gordon
Convener, Standing Committee
11 April 2019

The notes on page 91 form part of these accounts.

THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 94).

Investment Managers

For the year ended 31 December 2018, 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 2018 was £261,311 (2017 £233,719) 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 holdings exceeded 5% of the total value of the investment portfolio at the year end:

	£	
Baillie Gifford Long Term Global Growth Fund C Income	<u>23,573,481</u>	32.4%
Baillie Gifford Multi Asset Income Fund C Income	<u>27,060,750</u>	37.2%

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

Opinion

We have audited the accounts of the Scottish Episcopal Church Unit Trust Pool for the year ended 31 December 2018 which comprise the Statement of Total Return, the Balance Sheet and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of affairs of the Scottish Episcopal Church Unit Trust Pool as at 31 December 2018 and of its Total Return for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Scottish Episcopal Church Unit Trust Pool in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use by Standing Committee of the Scottish Episcopal Church of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Standing Committee has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Unit Trust Pool's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The Standing Committee is responsible for the other information. The other information comprises the information included in the annual report of the Investment Committee, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

[continued ...]

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

Responsibilities of Standing Committee

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, and for such internal control as the Committee determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Committee is responsible for assessing the Unit Trust Pool's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Unit Trust Pool or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 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 unit holders, as a body, for our audit work, for this report, or for the opinions we have formed.

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

12 April 2019

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

General Synod 2017 agreed a number of resolutions in respect of Climate Change Action and Fossil Fuel Investments. A further restricted category of investment has therefore been added to those detailed above: no direct investment will be made in companies deriving over 10% of their revenues from the extraction of thermal coal or tar sands. The Ethical Investment Policy will be reviewed in the light of the resolutions passed by General Synod.