



FREE CHURCH *of* **SCOTLAND**

Trustees' Report and Financial Statements

Year Ended 31 December 2025

Scottish Charity Registration No: SC012925

Free Church of Scotland

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Report of the Trustees for the year ended 31 December 2025

Reference and Administrative information

Registered Name of Charity: Free Church of Scotland

Other names used: Edinburgh Theological Seminary

Charity Registration Number: SC012925

Address: 15 North Bank Street, The Mound, Edinburgh, EH1 2LS
Tel: 0131-226-5286 www.freechurch.org

Board of Trustees

The duties and responsibilities of Charity Trustees are vested in the members of the Board of Trustees:

Mr D C Forsyth, *Chairman*
Rev N M MacMillan, *Vice-Chairman*
Dr C L Crichton
Mr A R Crooks
Mr N M Graham
Rev R C Gray
Rev A M MacAulay
Mr D F G Macleod – appointed 19 May 2025
Rev M M M Martin
Mr C M McPhail – appointed 11 September 2025
Mr M F Robinson
Rev B T J Wilks
Mr H D Morrison – resigned 19 June 2025
Mr I G Macleod – resigned 19 May 2025

Chief Executive Officer: Mr A R Giffen

Bankers: Clydesdale Bank PLC (t/a Virgin Money), 83 George Street,
Edinburgh, EH2 3ES

Bank of Scotland, 300 Lawnmarket, Edinburgh, EH1 2PH

Solicitors: Blackadders LLP, 40 Torphichen Street, Edinburgh, EH3 8JB

Auditor: CT Audit Limited, 61 Dublin Street, Edinburgh, EH3 6NL

Investment Managers: RBC Brewin Dolphin, Sixth Floor, Atria One, 144 Morrison Street,
Edinburgh, EH3 8BR

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Report of the Trustees for the year ended 31 December 2025

The Trustees are pleased to present their annual report and financial statements of the charity for the year ended 31st December 2025. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Objectives and Activities

The objective of the Free Church of Scotland is to conform as closely as possible to the Biblical idea of a Christian Church.

The principal activity of the Church is the conduct of public worship and associated matters in the context of local congregations. Other activities in support of the Church's overall mission include:

- Establishing new congregations and assisting in the redevelopment of others ^(a)
- Supporting mission work in a number of countries ^(a)
- Running a programme of short-term residential holidays for young people ^(a)
- Running a degree awarding seminary for theological students ^(b)
- Providing information on the Church to members and others through various communication channels ^(d)
- Addressing questions of morality, religion and doctrine ^(a, d)
- Supporting a variety of social responsibility projects both within the Church and through external agencies ^(a, e)

For purposes of financial management and reporting the above activities are associated with the significant activity areas of: (a) Mission; (b) Seminary; (c) Recruitment & Training; and (d) Communications, Publications & Resources; (e) Disaster & Relief. A summary of expenditure by significant charitable activities is as follows:

Activity	2025 £	2024 £
Mission	4,639,530	4,341,305
Seminary	836,099	810,174
Recruitment and Training	154,387	186,346
Communications, Publications & Resources	127,206	115,969
Disaster & Relief	2,351	23,577
Other Charitable Activity	70,787	286,776
Mission - Exceptional	517,410	-
	6,347,770	5,764,147

The Trustees, in conjunction with other Boards and Committees, monitor activity in the above areas. Often the significant impact of the Church's activities is longer-term and by its nature the 'outcome' of mission work and spiritual development is difficult to accurately measure or observe but the Trustees do make use of a small number of numerical measures (e.g. participation rates in public worship, donations and congregational remittance levels, student numbers) to assist monitoring.

The Trustees believe that the activities of the Church contribute to its overall objective, and its charitable purpose, and are of benefit to wider society.

The Church makes grants to local congregations for church planting, church development, the training of ministers and other workers, and to help with property purchases. The Church also makes some grants to individuals and mission organisations that are generally known to the Trustees and the Church. The beneficiaries are involved in activities or ministries compatible with the Church's objectives.

The Trustees are grateful to many members of the Church who sacrificially give up their time in Christian service through volunteering, both within local congregations and in the Church more widely. In addition to

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Report of the Trustees for the year ended 31 December 2025

participating in boards and committees, volunteers contribute enormously to the running of the Church's youth camps, conferences and the work of the Seminary.

Achievements and Performance

The Free Church of Scotland denomination is made up of around 115 congregations and 12,000 people. The Church is served by over 800 volunteer Elders and Deacons in addition to the 100 or so Ministers and the staff employed centrally and by local congregations.

Despite the challenging economic situation, the majority of congregations managed to increase their central remittance levels. Remittances from congregations increased by 18% for 2025 (2024: increase of 6.4%). The income received helped support congregational ministry, the running of the Seminary and the various mission activities of the Free Church.

There were 352 students enrolled in the Seminary for courses in academic year 2025/26 (2024/25: 323). The annual fee income increased in line with the increase in students.

In addition to congregational ministry, the Church continued to support, through grants and other direct support, significant mission work both internationally and at home through the work of the Mission Board. The Church also supported international relief work through donations from the Disaster & Relief Fund.

Free Church Youth Camps organised 12 camps in July 2025. In total 336 campers attended, with 103 leaders and 29 cooks volunteering.

During 2025, the Trustees continued to work with other boards and committees to promote the various aspects of the work of the Church, support key activities and to raise finance through congregational remittances and other income. Cash flow through the year was assisted by the monthly targets provided to congregations through the remittance system.

The Trustees continue to work with various internal stakeholders to seek ways to generate additional income, to invest for growth, and to channel expenditure in line with strategic priorities.

As noted below, a number of boards and committees are appointed to manage the various central activities of the Church. These boards and committees are required to submit reports to the General Assembly outlining the work undertaken during the year. Copies of these reports are available from the Central Office on request.

Financial review

Results for the year

The financial statements for the year are set out in pages 11 to 39. The Statement of Financial Activities on page 11, shows a positive net movement in funds of £1,869,647 (2024: negative net movement in funds £1,138,077). This was predominantly due to two large legacies and a large donation received during the year.

Total income for the year was £7,787,514 (2024:£ 6,477,468). This includes the legacy income, donations and gain on the sale of property. The decrease in expenditure was due to elevated costs in the prior year from the buy-in of the pension scheme.

There was an actuarial gain of £14,000 on the defined benefit pension scheme during the year (2024: gain of £41,000). There was a gain in the value of investments of £443,273, compared with a gain of £419,494 in 2024. Various world events meant that there was continuing volatility in the investment markets during the year.

Before the effect of movements in the market value of investments and pension scheme payments, there was a net income of £1,412,869 (2024: £691,341) £249,307 of which was the gain on the sale of a property (2024: £439,739).

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Report of the Trustees for the year ended 31 December 2025

The net movement in funds in future years is likely to continue to be influenced by movements on the investment funds.

Principal sources of funding

The Church receives the bulk of its income from Free Church congregations and from donations by individuals. The Church also receives income from legacies, services, rental properties and investments.

Reserves

The Trustees have a reserves policy to maintain a minimum level of unrestricted funds, i.e. funds not restricted, committed or invested in fixed assets, amounting to a minimum of £1,200,000. The Trustees have decided that these reserves should be split between the General Fund (£1,000,000) and funds designated for International Mission (£200,000). The amount held for International Mission work is higher relative to spend incurred reflecting the level of overseas grant commitments which the Church has made as well as possible emergency costs. The Trustees believe that the reserves are sufficient to enable the ongoing work of the Church to be maintained. The current free reserves are £5,053,113, made up of General Fund (£4,853,113) and International Mission (£200,000)

At 31 December 2025, the General Fund amounted to £7,324,452 (2024: £5,870,027), the International Mission Fund was £200,000 (2024: £200,000), the Development Fund was £500,000 (2024: £106,006), and the designated Assets Fund was £4,610,769 (2024: £4,655,249). The Trustees regularly review cash requirements and funds with a view to determining if an element of the General Fund can be used to further the work of the Church through the designated Development Fund or other funds. Endowment Funds of £3,118,003 (2024: £2,947,399) and Restricted Income Funds of £1,584,263 (2024: £1,687,802) were also held. The total reserves, including the net book value of fixed assets and the balances on restricted funds, amounted to £17,342,830 (2024: £15,473,184).

Investment Policies & Portfolio Performance

Various Acts of the General Assembly govern the funds and endowments held by the Church in the pooled investment portfolio. The investments are managed on a discretionary basis by professional investment managers. The primary objectives of the investments are to achieve long-term capital growth to protect the capital value of the portfolio against inflation to ensure that future charitable objectives can be met and to generate a sustainable level of income to help cover operations costs, grants and beneficiaries. Ethical restrictions are placed on the investment managers in their choice of investments in order to limit involvement in weapons, tobacco, gambling and pornography. The investment managers report regularly on performance and on ESG considerations, and normally meet at least two times per year with the Church's Investment Committee.

The market value of the investment portfolio on 31 December 2025 was £6,793,571 (2024: £6,296,272). This represented an increase of 7.9% year on year. The investments generated income of £119,763 in the period (2024: £151,780). The Trustees are satisfied that the portfolio has been managed in accordance with the objectives set.

Funds Held on Behalf of Congregations

As the central Church body, funds totalling £4,526,800 (2024: £4,691,841) are held on behalf of Free Church congregations. These are held under a variety of conditions set out in Acts of Assembly or other legal measures and are invested in stocks and shares, loans to other congregations or held as cash balances. They are recorded and accounted for as distinct funds in the Church's accounts and are disclosed within Note 28.

Free Church Pension Scheme

The defined benefit Free Church Pension Scheme, which is closed to new members and to future accrual of benefits for existing members, had a £nil accounting surplus/deficit on 31 December 2025 (2024: £nil). During 2025, the Church paid £56,000 (2024: £549,153) into the Scheme to cover expenses including progressing the Buy-out with Just Retirement Limited. The Church has granted a standard security over the office buildings at the Mound in Edinburgh which will remain in place until the Buy-Out of the Scheme completes.

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Report of the Trustees for the year ended 31 December 2025

Future Plans

The vision of the Free Church is of A Healthy Gospel Church for Every Community in Scotland. The Board of Trustees is continuing to work with the other Boards and Committees to support Presbyteries, Congregations and individual members in their growth in spiritual health. The Free Church is actively engaged in the planting of new churches, the revitalisation of existing congregations, the training of ministers and church leaders, as well as ongoing programmes of local ministry, mission, and youth work, in Scotland and beyond. Some aspects of these future plans are contained within the annual reports to the General Assembly.

As the vision and strategy is developed in the coming year the Trustees remain committed to financial sustainability through a programme of expenditure that is in line with resources and anticipated income.

Principal Risks and Uncertainties

The Board of Trustees is responsible for assessing the risks to which the Church is exposed on an ongoing basis and for updating and maintaining the risk register. The Board seeks to identify and assess the material risks facing the Church and agree the measures aimed at mitigating these risks. During the year, the Board allocated time within its regular meetings to consider and re-evaluate the risk register. The Board has identified major risks and, as far as possible, actions and procedures have been established to mitigate these risks.

The principal risks and uncertainties identified fall into seven different categories and include:

- Compliance and Governance e.g. legislative breaches, reputational risks, safeguarding, data protection
- Oversight e.g. management and planning, internal processes, and communications.
- Charity Trustee e.g. availability and expertise of volunteer trustees, OSCR
- Financial Sustainability e.g. stewardship, fluctuation in income, financial mismanagement
- People e.g. key worker shortages, supporting and developing ministers and staff
- Operations e.g. day to day activities of the Church
- Strategy Development e.g. incoherent plans, missed opportunities, recruitment and vacancies.

Current plans and strategies to manage principal risks and uncertainties include: monitoring of applicable regulations and updating guidance materials for congregations; engagement with other denominations involved in policy matters; robust budgeting and cashflow; regular financial reporting; IT management company and backups of critical information; continuous professional development for ministers and training for staff; careful recruitment; use of professional advisers; monitoring of communications; sharing the vision and developing new initiatives. The Board will continue to review risks and mitigating strategies.

Structure, Governance and Management

Charitable Status and Governing Documents

The Free Church of Scotland is established by Constitution. The Church is a registered Scottish Charity (No. SC012925). An explanatory document explaining the origins of the Free Church of Scotland is available on request from the principal address on page 1 of this report. The paper gives in summary the historical background to the Church coming into being in 1843 and lists documents in which are embodied the constitution of the Church.

The Free Church of Scotland

The Free Church of Scotland currently has around 110 congregations in Scotland, as well as one in London, three in North America, and sister churches founded by mission work in India, Peru and South Africa. The Church also has a theological seminary in the heart of Edinburgh and supports mission work around the world.

Dating from 1843 but with its roots in the Reformation, the Church owes its distinctive title to its historical struggle to remain 'free' from state interference in its internal affairs. The Church has close and active relations with many other Reformed churches of Jesus Christ throughout the world and stands firmly in the tradition which accepts the Bible in its entirety as the Word of God and, therefore, derives its forms of teaching, worship,

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Report of the Trustees for the year ended 31 December 2025

ministry and government from it. The main emphasis of the Church's worship is the preaching of the gospel - the good news of a free and sovereign salvation through Jesus Christ alone.

The Church is Presbyterian in Church Government and is ruled by Presbyters (ministers and elders) meeting in Kirk Session (at congregational level), Presbytery and General Assembly. This means that from a doctrinal and disciplinary point of view, the Church is governed according to the broad structure outlined in the figure below with Presbyteries organised on a geographic basis. Within their own spheres, the various bodies have both regulative and disciplinary powers and are referred to as the Courts of the Church. Matters of difficulty and dispute are referable from the smaller to the larger bodies, with the General Assembly being the final Court of Review. The General Assembly is not considered to have absolutely binding authority but is expected to act legislatively as well as judicially in a manner consistent with the ecclesiastical laws and constitution of the Church.

Several boards and committees of the General Assembly manage the central activities of the Church. The Board of Trustees is entrusted with management of the central assets and investments of the Church, for monitoring financial performance, setting financial policy and ensuring legal compliance. Other committees take responsibility for issues such as ministers' working conditions, mission and youth work.

Responsibility for the day-to-day management of the Church's central administration is delegated to the Chief Executive Officer, who is supported by other senior members of staff including the Finance Manager. The Trustees review and set the remuneration of senior personnel.

At a local level, each Free Church congregation is governed and administered by elected office bearers (all volunteers) and its minister. The Kirk Session, being the minister and locally elected elders, has responsibility for spiritual oversight, while the Deacons' Court, composed of Kirk Session members plus elected deacons, oversees financial and property matters. Locally elected Property Trustees hold legal title to a congregation's assets which will typically include one church building and a manse. Accounts are prepared for each congregation and the Annual General Meeting of the entire congregation reviews them. Individual members of the Free Church are members of the local congregation rather than of the wider Free Church.

Congregations are financially autonomous units and although they are requested to remit a portion of income to central funds (to cover, at a minimum, the costs of having a minister), the local office bearers have ultimate discretion over the amount that is remitted. Similarly, these office bearers, and particularly the minister, have autonomy to decide on the activities engaged in at local level as long as these are consistent with their ordination vows.

The Board of Trustees does not have direct financial and operating control and does not exercise dominant influence over the local congregations and therefore the congregations' financial statements are not consolidated into the denomination's financial statements.

Appointment of Trustees

The Assembly Clerks' Office is responsible for seeking nominations for candidates to serve as members of the Board of Trustees. Appointments are made by the General Assembly which meets in May of each year.

Eligibility for service on the Board of Trustees is restricted to elected office bearers of Free Church congregations and therefore all appointees are fully aware of the aims and objectives of the Church. All Trustees are made aware of their duties and responsibilities as Charity Trustees under the Charities and Trustee Investment (Scotland) 2005 Act and are provided with guidance materials issued by OSCR.

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Report of the Trustees for the year ended 31 December 2025

Board of Trustees' Responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Church and of the net income and expenditure of the Church for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Church will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Church and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Constitution. They are also responsible for safeguarding the assets of the Church and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to the Auditor

To the knowledge and belief of each Trustee at the time the report is approved:

- so far as each Trustee is aware, there is no relevant information of which the Church's auditor is unaware, and
- each Trustee has taken all the steps that he ought to have taken as a Trustee in order to make himself aware of any relevant audit information, and to establish that the Church's auditor is aware of the information.

On behalf of the Trustees

Donald Forsyth

Donald Forsyth
Trustee

Dated: 04 May 2026

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Report of the Independent Auditor to the Trustees for the year ended 31 December 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FREE CHURCH OF SCOTLAND FOR THE YEAR ENDED 31 DECEMBER 2025

Opinion on accounts

We have audited the accounts of the Free Church of Scotland for the year ended 31 December 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 2025, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, 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.

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Report of the Independent Auditor to the Trustees for the year ended 31 December 2025

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 trustees

As explained more fully in the Board of Trustees' Responsibilities Statement set out on page 7, the trustees are 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 financial statements 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Charities and Trustee Investment (Scotland) Act 2005, and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

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Report of the Independent Auditor to the Trustees for the year ended 31 December 2025

Auditor's responsibilities for the audit of the accounts (continued)

We focused on laws and regulations that could give rise to a material misstatement in the charity's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of senior management and the Trustees;
- review of minutes of board meetings throughout the period, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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 charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the 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.

CT Audit

CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

05 May 2026

CT Audit Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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Statement of Financial Activities incorporating the Income and Expenditure Accounts for the year ended 31 December 2025

	Notes	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	Endowment Funds	2025	2024
		£	£	£		£	£
Income and endowments from:							
Congregational Remittances		1,763,554	3,666,380	-	-	5,429,934	4,601,294
Donations		496,859	60,739	21,791	-	579,389	141,679
Legacies	4	9,099	305,924	6,000	-	321,023	8,411
Charitable activities	5	464,841	285,603	-	-	750,444	668,848
Investments	6	362,318	77,401	17,698	-	457,417	617,497
Gain on disposal of fixed assets		249,307	-	-	-	249,307	439,739
Total		3,345,978	4,396,047	45,489	-	7,787,514	6,477,468
Expenditure on:							
Raising funds – investment management fees		26,876	-	-	-	26,876	21,980
Charitable activities	7	1,860,806	4,386,548	100,416	-	6,347,770	5,764,147
Pension Scheme	26	-	-	-	-	-	2,289,000
Total		1,887,682	4,386,548	100,416	-	6,374,646	8,075,127
Net gains on investments		139,499	78,243	22,132	203,399	443,273	419,494
Net income/(expenditure)		1,597,795	87,742	(32,795)	203,399	1,856,141	(1,178,165)
Transfers between funds	22, 23, 24	190,787	(190,787)	-	-	-	-
Actuarial gain/(loss) on defined benefit pension scheme		14,000	-	-	-	14,000	41,000
Other losses		-	(494)	-	-	(494)	(912)
Net movement in funds		1,802,582	(103,539)	(32,795)	203,399	1,869,647	(1,138,077)
Reconciliation of funds:							
Total funds brought forward		10,837,982	1,687,802	391,338	2,556,061	15,473,183	16,611,261
Total funds carried forward		12,640,564	1,584,263	358,543	2,759,460	17,342,830	15,473,184
	Note	22	23	24	24		

All results relate to continuing activities. The notes on pages 14 to 39 form part of these financial statements.

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Balance Sheet for the year ended 31 December 2025

	Notes	2025 £	2024 £
Fixed assets			
Tangible assets	12	4,610,769	4,655,249
Investments	13	6,793,571	6,296,272
<i>Total fixed assets</i>		11,404,340	10,951,521
Current assets			
Stocks		13,400	18,890
Debtors	14	1,090,010	473,797
Cash at bank and in hand	15	7,237,959	7,134,049
<i>Total current assets</i>		8,341,369	7,626,736
Debtors - amounts falling due in more than one year	16	2,670,032	2,349,763
Liabilities			
Creditors - amounts falling due within one year	17	1,133,959	1,216,341
<i>Net current assets</i>		7,207,410	6,410,395
<i>Total assets less current liabilities</i>		21,281,782	19,711,679
Creditors - Amounts falling due in more than one year	18	3,938,952	4,238,495
<i>Net Assets excluding pension scheme deficit</i>		17,342,830	15,473,184
Defined benefit pension scheme asset	26	-	-
Total net assets		17,342,830	15,473,184
The funds of the charity:			
Endowment funds	24	2,759,460	2,556,061
Expendable endowment fund	24	358,543	391,338
Restricted income funds	23	1,584,263	1,687,802
Unrestricted funds	22	12,640,564	10,837,983
Total charity funds		17,342,830	15,473,184

The financial statements were approved by the Trustees on 4 May 2026 and signed on their behalf by the undernoted:

Donald Forsyth

Donald Forsyth
Trustee
Charity Number SC012925

The notes on pages 14 to 39 form part of these financial statements.

Free Church of Scotland

Statement of Cash Flows for the year ended 31 December 2025

Cash flows from operating activities:	Note	2025	2024
		£	£
<i>Net cash used in operating activities</i>	29	(214,000)	(2,212,653)
Cash flows from investing activities:			
Dividends and interest from investments		457,417	617,497
Interest paid to congregations		(152,412)	(176,179)
Proceeds from sale of property, plant and equipment		-	466,615
Purchase of property, plant and equipment		(348)	(428,406)
(Increase)/decrease in value of congregational investments		14,253	(61,744)
<i>Net cash provided by investing activities</i>		<u>318,910</u>	<u>417,783</u>
Cash flows from financing activities:			
Finance costs relating to Pension Scheme		(1,000)	(58,000)
<i>Net cash used in financing activities</i>		<u>(1,000)</u>	<u>(58,000)</u>
Cash and cash equivalents at the beginning of the reporting period		7,134,049	8,986,919
Change in cash and cash equivalents in the reporting period		103,910	(1,852,870)
Cash and cash equivalents at the end of the reporting period	15	<u>7,237,959</u>	<u>7,134,049</u>

Analysis of changes in net debt

	As at 1 January 2025 £	Cash flow £	As at 31 December 2025 £
Cash in hand	7,134,049	103,910	7,237,959
	<u>7,134,049</u>	<u>103,910</u>	<u>7,237,959</u>

The notes on pages 14 to 39 form part of these financial statements.

Free Church of Scotland

Notes to the Financial Statements *for the year ended 31 December 2025*

1. Accounting policies

General Information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The objective of the Free Church is to conform as closely as possible to the Biblical idea of a Christian church.

The Free Church of Scotland is recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC012925. The Free Church of Scotland is established by Constitution. Details of the principal address can be found on page 6 of these financial statements.

Basis of Preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Free Church of Scotland meets the definition of a public benefit entity under FRS102.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the Church's financial statements unless otherwise stated.

Going concern

The Trustees are of the opinion that the Church can continue to meet its obligations as they fall due for the foreseeable future. The main income flow to the Church is from regular remittances from the congregations in the denomination and these are committed to supporting the Church in the long term. The general reserve is held at a level which would cover any short-term disruption to cash flows while any longer-term reduction in support would be accompanied by a reduction in our cost base, the largest element of which is congregational ministry. In addition, the Board of Trustees monitors income and expenditure including budgeting for several years ahead. As a consequence, the Trustees have prepared the financial statements on the going concern basis, as there are no material uncertainties about its ability to continue.

Recognition and allocation of income

Income is recognised when the Church has legal entitlement to the funds, the receipt is probable, and the amount can be measured reliably. Where practicable, income is related to the operating activities of the Church.

Where there are terms placed on income that limit the Church's discretion over how that income can be used, that income is shown as restricted income in the accounts.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

1. Accounting policies (continued)

Recognition and allocation of income(continued)

Legacies are treated in accordance with Act XII, 2007. Entitlement to legacy income exists when the Church has sufficient evidence that a gift has been left, the executor is satisfied that the gift will not be required to satisfy claims on the estate and any conditions are within the control of the charity or have been met. Where a legacy is subject to the interest of a life tenant, the legacy is not recognised until the death of the life tenant. Where legacies have been notified to the Church and the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. Legacy income is measured at fair value, generally the cash amount receivable, and is discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable.

Interest receivable is recognised using the effective interest rate applicable to the asset and dividend income is recognised when the right to receipt is established and is measured at fair value, generally the transaction value.

Gift aid is treated as part of the related gift unless the donor or terms of appeal have specified otherwise and is credited when receivable.

Recognition and allocation of expenditure

Expenditure is recognised when the Church has entered into a legal or constructive obligation and related where practicable to the operating activities of the Church. Where possible, expenditure is attributed directly to the function to which it relates.

Raising funds comprises those costs which are associated with the generation of income from sources other than from undertaking charitable activities and include investment management costs.

Charitable expenditure comprises those costs incurred by the Church in the delivery of its charitable activities and services.

Governance costs include those costs incurred in the governance of the Church's assets and are primarily associated with meeting the constitutional and statutory requirements of the Church. The allocation of governance costs is shown in Note 9.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. on the basis of costs directly attributable to the charitable activity. The allocation of support costs is shown in Note 8.

Foreign currency

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate on the Balance Sheet date. All exchange differences are recognised through the Statement of Financial Activities.

Post box accounts

The Church is sent gifts from various congregations and individuals to be passed on to other charities. These gifts are accounted for through a post box account and do not form part of the financial statements.

Funds

Restricted funds comprise income which has been received for the objects of the Church and specified for a restricted purpose within these objects by the donor.

Expendable Endowment funds comprise capital given for specific purposes but are convertible to income.

Permanent Endowment funds comprise capital that was given to provide an income stream to various funds of the Church. The capital on these funds may never be spent at any time.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

1. Accounting policies (continued)

Funds (continued)

Unrestricted funds comprise donations and other income received for the objects of the Church without further specified purpose and are available as general funds.

Designated funds represent unrestricted funds earmarked by the Trustees for particular purposes.

Tangible fixed assets

The Church capitalises assets with a value exceeding £1,000.

Motor vehicles and fixtures and equipment are stated at cost less accumulated depreciation and impairment losses.

Heritable property is stated at deemed cost at 1st January 2014.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Land & Buildings	Nil
Motor Vehicles	25% straight line
Fixtures and equipment	25% straight line

Buildings are held at deemed cost and are not depreciated as the residual value is considered by the Trustees to be no lower than their deemed cost.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial activities.

Heritage assets

The Church owns a number of heritage assets which have been donated or purchased since 1843, the most significant being a painting of the first General Assembly of the Church. Other items include Victorian furniture, busts and documents dating from the 16th and 17th century relating to Scottish church history. The Trustees consider these items to be heritage assets due to their unique historical qualities.

These heritage assets are not recognised in the Balance Sheet as cost information is not readily available and the Trustees believe the benefits of obtaining valuations for these items would not justify the cost and would not be sufficiently reliable to provide a meaningful indication of value.

Acquisitions and gifts of items of historical or other heritage value to the Church are not generally made. The majority of heritage assets have been held for over 100 years.

Conservation is of importance to the Church in preserving its history for current and future generations and the Church is committed to managing its heritage assets accordingly.

The management of the heritage assets of the Church are overseen by its Board of Trustees, the members of which are appointed by the General Assembly.

At present, the Board of Trustees does not consider it in the interests of the Church to dispose of heritage assets.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

1. Accounting policies (continued)

Share pool and investments

The Share Pool consists of investments attributable to those Funds and Endowments which use the accounting method (used by unit trusts) of sharing equitably investment market value and income. All money understood to be intended for long-term investment is held in the Share Pool except for a few small funds which have specific investments. Investments held are acquired in accordance with guidelines set by the Board of Trustees

Quoted investments are stated at fair value on the Balance Sheet date. Fair value is based on quoted market prices in an active market. Gains and losses arising on revaluation are recognised in the Statement of Financial Activities in the period in which they arise and are apportioned to funds dependent on the number of share pool units held within each fund.

Pensions

The Church operates one non-contributory defined benefit pension scheme (the Scheme) which requires contributions to be made to a separately administered fund. Contributions to the Scheme have been made in accordance with a Schedule of Contributions agreed between the Church and the Pension Trustee. As needed, provision is made for the accrued unfunded liability to provide pensions to members of the Scheme as they fall due. On 4th December 2024 the Scheme entered into a Buy-In transaction with Just Retirement Limited, with the Church contributing an additional one-off amount towards the total premium paid by the Scheme. This amount was charged to the Statement of Financial Activities. The Buy-In policy now covers the on-going costs of providing pensions to the existing and future pensioners who are members of the Scheme.

Since 1 January 1990 contributions to the Scheme have been charged to the Statement of Financial Activities so as to spread the cost of providing pensions to future pensioners over the members' working lives. With effect from 1 April 2022 a revised annual contribution to the scheme had been agreed. This has now been superseded by the purchase of the Buy-In policy.

As of 31 December 2007, the Pension Scheme was closed to new members and to future accrual of benefits for existing members. Ministers and other employees of the Church are now invited to participate in a Group Personal Pension Scheme (a defined contribution scheme currently operated by Standard Life) with the Church making contributions on behalf of members.

Since 1 February 2014 the Church has complied with legislation on pension auto-enrolment.

Taxation

No taxation is provided for given the charitable status of the Church.

VAT

The Church is registered for VAT and accounts for VAT on a partial exemption basis, accordingly irrecoverable VAT is included within the cost category to which it relates.

Stock

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective stock where appropriate. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

1. Accounting policies (continued)

Loans from the Board of Trustees

Concessionary loans are made to congregations at rates normally between 0% and 3% above the Bank of England base rate and are initially measured at the amount paid and subsequently adjusted to reflect repayments, accrued interest or any impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances held with banks and are measured at fair value. A range of deposit accounts are held with varying notice periods and interest rates reflecting expected cashflow requirements.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Congregational balances held on deposit and in the share-pool are funds held on behalf of various congregations, mainly arising from endowment funds or sale of property. Under the Model Trust Deed, the Church continues to have a right to direct how these funds are applied. Recommended accounting practice for charities holding funds as custodian is for the amounts to be excluded from the accounts. However, the basis for holding the funds and the nature of the Church's relationship with congregations is such that the Trustees consider it appropriate to show these amounts as investments and creditors in the balance sheet in order to provide a true and fair view.

Financial assets and financial liabilities

Financial instruments are recognised in the Balance Sheet when the Church becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments, except quoted securities, are measured at amortised cost using the effective interest rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

2. Critical judgements and estimates

In preparing the financial statements Trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Legacy income is measured at fair value, but where part of a legacy left to the Church includes property or shares to be sold, judgement is used to estimate the amount receivable.

The Free Church of Scotland pension scheme valuation is based on estimates which are reviewed each year in consultation with the Actuary who provides advice on the appropriate values to use.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

3. Comparative Statement of Financial Activities for the year ended 31 December 2024

	Unrestricted Funds	Restricted Funds	Expendable Endowment Fund	Endowment Funds	2024 £
Income and endowments from:	£	£	£	£	£
Congregational Remittances	1,398,829	3,202,465	-	-	4,601,294
Donations	55,743	84,578	1,358	-	141,679
Legacies	-	-	8,411	-	8,411
Charitable activities	399,413	269,435	-	-	668,848
Investments	520,950	89,874	6,673	-	617,497
Gain on disposal of fixed assets	439,739	-	-	-	439,739
Total	2,814,674	3,646,352	16,442	-	6,477,468
Expenditure on:					
Raising funds	21,980	-	-	-	21,980
Charitable activities	1,486,056	4,220,411	57,680	-	5,764,147
Pension Scheme	2,289,000	-	-	-	2,289,000
Total	3,797,036	4,220,411	57,680	-	8,075,127
Net gains on investments	126,229	75,536	21,366	196,363	419,494
Net income/(expenditure)	(856,133)	(498,523)	(19,872)	196,363	(1,178,165)
Transfers between funds	(263,054)	421,569	-	-	-
Actuarial loss on defined benefit pension scheme	41,000	-	-	-	41,000
Other losses	-	(912)	-	-	(912)
Net movement in funds	(1,078,187)	(77,866)	(19,872)	37,848	(1,138,077)

4. Legacies

During 2012, the Church was notified of the bequest of a property which at present is subject to a life rent. The property has been independently valued at £210,000. No recognition of this has been made in the accounts in accordance with the requirements of the Charities SORP.

5. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Expendable Endowment Fund	Endowment Funds	2025 £
Seminary fees	-	259,628	-	-	259,628
Camps income	160,835	-	-	-	160,835
Courses & conferences	15,318	3,105	-	-	18,423
Rent & service charges	216,586	11,918	-	-	228,504
Sales of goods & services	72,102	10,952	-	-	83,053
Total	464,841	285,603	-	-	750,444

	Unrestricted Funds	Restricted Funds	Expendable Endowment Fund	Endowment Funds	2024 £
Seminary fees	-	246,564	-	-	246,564
Camps income	147,958	-	-	-	147,958
Courses & conferences	13,218	3,726	-	-	16,944
Rent & service charges	178,378	11,794	-	-	190,172
Sales of goods & services	59,859	7,351	-	-	67,210
Total	399,413	269,435	-	-	668,848

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

6. Investment income

	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Endowment Funds £	2025 £
Interest on loans from Trustees	110,776	-	-	-	110,776
Dividend income	28,653	73,411	17,698	-	119,762
Bank interest	222,889	3,990	-	-	226,879
	362,318	77,401	17,698	-	457,417

	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Fund £	Endowment Funds £	2024 £
Interest on loans from Trustees	115,117	-	-	-	115,117
Dividend income	55,233	89,874	6,673	-	151,780
Bank interest	350,600	-	-	-	350,600
	520,950	89,874	6,673	-	617,497

7. Expenditure for charitable activities

2025 Activity	Staff costs £	Grant Funding £	Other direct costs £	Governance costs £	Support costs £	2025 Total £
Mission	3,208,068	282,587	421,218	153,693	573,964	4,639,530
Seminary	498,368	9,527	210,562	28,227	89,415	836,099
Recruitment & Training Communications,	66,980	45,110	21,286	5,240	15,771	154,387
Publications & Resources	64,447	-	33,920	3,865	24,974	127,206
Disaster & Relief	-	2,000	31	80	240	2,351
Other Charitable Activity	-	-	7,170	281	63,336	70,787
Mission - Exceptional*	-	517,410	-	-	-	517,410
	3,837,863	856,634	694,187	191,386	767,700	6,347,770
	(Note 10)	(Note 11)		(Note 9)	(Note 8)	

* additional grants were made to further the Mission, out of additional unrestricted income received in the year.

2024 Activity	Staff costs £	Grant Funding £	Other direct costs £	Governance costs £	Support costs £	2024 Total £
Mission	2,809,026	404,679	407,287	138,876	581,437	4,341,305
Seminary	499,974	7,025	200,719	27,143	75,313	810,174
Recruitment & Training Communications,	25,413	122,858	16,541	6,321	15,213	186,346
Publications & Resources	60,749	-	29,190	3,449	22,581	115,969
Disaster & Relief	-	20,749	103	800	1,925	23,577
Other Charitable Activity	-	7,099	200,734	7,971	70,972	286,776
	3,395,162	562,410	854,574	184,560	767,441	5,764,147
	(Note 10)	(Note 11)		(Note 9)	(Note 8)	

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

8. Support costs

Whenever possible, costs are allocated directly to particular activities. Support costs relate to overheads that are not directly attributable to a specific activity. A breakdown of the components of support costs together with the basis of apportionment to activities is shown in the tables below.

	Staff Costs	Other Costs	2025	Staff Costs	Other Costs	2024
	£	£	£	£	£	£
Central office	256,973	59,626	316,599	262,809	56,803	319,612
Free Church pension	70,000	-	70,000	230,000	5,388	235,388
Edinburgh building	364	122,504	122,868	-	101,829	101,829
General	37,183	221,050	258,233	22,010	88,602	110,612
	364,519	403,180	767,700	514,819	252,622	767,441

Support costs were allocated on the following basis:

Cost Heading	Basis of Allocation
Central office – salary costs	Analysis of staff roles, with general support activity allocated on the basis of activity expenditure
Central office – other costs	Activity expenditure
Free Church pension	Number of pensioners related to activities
Edinburgh building	Analysis of floor area
General	Activity expenditure

9. Governance costs

Governance costs were identified based on costs directly attributable to governance activities, as well as an apportionment of support costs as indicated in Note 8 above. The main elements of governance costs are shown in the table below. There were apportioned on the basis of expenditure on each activity.

	Salary costs	Other direct costs	2025	Salary costs	Other direct costs	2024
	£	£	£	£	£	£
Committee expenses	-	10,764	10,764	-	13,491	13,491
Assembly arrangements	16,792	18,288	35,080	14,188	19,105	33,293
Ecumenical relations	-	5,752	5,752	-	8,579	8,579
Audit fees	-	26,249	26,249	-	23,068	23,068
Legal fees - general	-	6,911	6,911	-	7,274	7,274
Staff time	106,630	-	106,630	98,855	-	98,855
	123,422	67,964	191,386	113,043	71,517	184,560

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

10. Employee costs

	2025	2024
	£	£
Gross salaries	3,454,631	3,150,031
Employer's national insurance	389,536	272,780
Defined contribution pension costs	350,919	329,978
Honoraria	23,535	18,225
Defined benefit administration and finance costs	70,000	230,000
Pension scheme settlements & curtailments	-	2,289,000
Group life assurance scheme	37,183	22,010
	4,325,804	6,312,024
Represented by:		
Charitable activities	3,837,863	3,395,162
Support Costs	364,519	514,819
Governance costs	123,422	113,043
Pension scheme settlements & curtailments	-	2,289,000
Total	4,325,804	6,312,024

During the year the Church has contributed £350,919 (2024: £329,978) into a defined contribution pension scheme. At the year end, pension contributions outstanding to the defined contribution scheme were £48,848 (2024 - £47,830).

The average number of employees during the year was 123 (2024: 125) on the payroll which includes ministers who are office-holders rather than employees of the Church.

The analysis of staff (headcount) employed was:

	2025	2024
Mission	92	98
Seminary	11	10
Recruitment & Training	-	-
Communications, Publications & Resources	3	3
Office Support Services	17	14
	123	125

The following number of employees earned total employee benefits (excluding employer pension costs) within the bands shown below:

	2025	2024
£60,000 - £69,999	1	1

The key management personnel of the church comprise the Chief Executive Officer, the Finance Manager, and the Trustees.

The total amount of remuneration and benefits received by Trustees and its key management personnel for their services to the charity (average number of 8 in year (2024: 8)), was £353,965 (2024: £366,209).

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

11. Grants and donations

	Grants to individuals	Grants to institutions	Total 2025	Grants to individuals	Grants to institutions	Total 2024
	£	£	£	£	£	£
Mission	36,651	245,936	282,587	987	403,692	404,679
Seminary	9,527	-	9,527	7,025	-	7,025
Recruitment & Training	11,519	33,591	45,110	24,267	98,591	122,858
Disaster & Relief	-	2,000	2,000	-	20,749	20,749
Other Charitable	-	-	-	7,099	-	7,099
Mission –	-	517,410	517,410	-	-	-
	57,697	798,937	856,634	39,378	523,032	562,410

Grants to institutions can be categorised into the following main recipients:

	2025	2024
	£	£
Grants to UK Mission Partners (12 recipients)	73,393	42,249
Grants to Overseas Mission Partners (11 recipients)	142,709	14,314
Grants to Free Church congregations (24 recipients)	582,835	466,469
	798,937	523,032

Grants include commitments to future years. The main grants in the year comprised of property grants, which are provided to eligible congregations to assist in purchasing buildings required for charitable activities, grants made to congregations to assist with the training of ministers, and grants to various charitable organizations in the UK and abroad to further the mission of the Church. In 2025, there was an increase in unrestricted income, and part of this was used to pay out grants to Overseas Mission Partners and Free Church congregations.

12. Tangible fixed assets

	Heritable property	Motor vehicles	Fixtures & equipment	Total
	£	£	£	£
<u>Cost or Deemed Cost</u>				
At 1 January 2025	4,634,469	8,000	366,009	5,008,479
Additions	-	-	348	348
Disposals	(29,622)	-	-	(29,622)
At 31 December 2025	4,604,847	8,000	366,357	4,979,205
<u>Depreciation</u>				
At 1 January 2025	-	(8,000)	(345,231)	(353,231)
Charge for year	-	-	(15,205)	(15,205)
Disposals	-	-	-	-
At 31 December 2025	-	(8,000)	(360,436)	(368,436)
<u>Net book value</u>				
Net book value at 31 December 2025	4,604,847	-	5,922	4,610,769
<u>Analysed as follows:</u>				
Cost	1,409,847	-	5,922	1,415,769
Deemed Cost	3,195,007	-	-	3,195,007
At 31 December 2025	4,604,847	-	5,922	4,610,769
At 31 December 2024	4,634,468	-	20,781	4,655,249

Properties held include: (a) Properties held as part of an agreement with the College Professors under Act XIX, 1978 and Act XX1 1988, included above at original cost; (b) Churches and manses held on behalf of congregations; (c) Two properties held in South Africa in connection with a theological college. A property in Peru which was used as a headmaster's house was sold in March 2025.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

The Church has granted a standard security to the Free Church of Scotland Pension Scheme over the buildings held at the Mound in Edinburgh which will remain in place until the Buy-Out of the Scheme completes.

13. Investments

	2025	2024
	£	£
Quoted investments (note 20)	6,745,778	6,180,700
Cash	47,793	115,572
	<u>6,793,571</u>	<u>6,296,272</u>

Quoted investments

	2025	2024
	£	£
Market value at 1 January	6,180,700	5,753,174
Acquisition of investments	2,020,140	892,709
Disposals of investments	(1,949,654)	(942,014)
(Decrease)/increase in value of investments	494,592	476,831
Market Value at 31 December	<u>6,745,778</u>	<u>6,180,700</u>
Historical cost as at 31 December	<u>5,608,794</u>	<u>5,307,653</u>

All investments are carried at their fair value. Investments in equities and fixed securities are all traded in quoted public markets. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). The significance of financial instruments to the ongoing financial stability of the Church is considered in the financial review and investment policy sections of the Trustees' Report.

The main risk to the Church from financial instruments lies in the combination of uncertain investment markets and yield volatility.

The Church's investments are mainly traded in markets with good liquidity and high trading volumes. The Church has no material investment holdings in markets subject to exchange controls or trading restrictions. The Church manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges.

14. Debtors: amounts falling due within one year

	2025	2024
	£	£
Trade debtors	298,292	112,746
Loans from Board of Trustees	362,551	177,431
Prepayments and Accrued Income	352,061	51,723
Other debtors	77,106	131,897
	<u>1,090,010</u>	<u>473,797</u>

15. Cash and cash equivalents

	2025	2024
	£	£
Balances held in current accounts	336,602	643,664
Balances held in deposit accounts	6,901,357	6,490,385
	<u>7,237,959</u>	<u>7,134,049</u>

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Notes to the Financial Statements for the year ended 31 December 2025

16. Debtors: amounts falling due in more than one year

	2025	2024
	£	£
Loans from Board of Trustees	2,645,892	2,341,891
Other debtors	24,140	7,872
	<u>2,670,032</u>	<u>2,349,763</u>

17. Creditors: falling due within one year

	2025	2024
	£	£
HMRC – tax and national insurance	86,035	69,194
Other creditors	67,934	215,395
Grant commitments (note 19)	55,000	196,692
Congregational balances held on deposit	658,013	533,346
Deferred income*	211,997	141,259
Accrued expenses	54,980	60,455
	<u>1,133,959</u>	<u>1,216,341</u>

*Deferred income relates to fees for conferences and seminary courses, subscriptions for magazines and other income received which relates to 2026.

18. Creditors: falling due in more than one year

	2025	2024
	£	£
Grant commitments	25,000	80,000
Congregational balances held in the share pool	815,207	828,897
Congregational investments held elsewhere	7,740	7,177
Congregational balances held on deposit	3,091,005	3,322,421
	<u>3,938,952</u>	<u>4,238,495</u>

The congregational balances are held on behalf of various congregations of the Free Church of Scotland.

19. Grant commitments included in creditors

	2025	2024
	£	£
Balance at 1 January	276,692	151,525
Commitments during year	80,000	276,692
Amounts released in relation to previous periods	(276,692)	(151,525)
Balance at 31 December	<u>80,000</u>	<u>276,692</u>

Grant commitments related to grants awarded relating to 2026 and beyond.

20. Financial assets and liabilities at fair value through net income

	2025	2024
	£	£
Financial assets at fair value	6,745,778	6,180,700

Financial assets at fair value comprises quoted investments.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

21. Trustees' expenses and remuneration and related party transactions

Trustees are not remunerated in their capacity as Trustees, however, as authorised by Acts of Assembly, 6 (2024: 6) of the trustees are on the payroll of the Church in their capacity as Ministers and none of the trustees (2024: 0) was engaged to assist with arrangements for the General Assembly. Rev Murdo Martin serves as Principal of Edinburgh Theological Seminary.

Remuneration paid amounted to:

	2025	2024
	£	£
Salaries	185,973	196,105
Employers' national insurance	20,305	19,064
Pension costs	<u>15,992</u>	<u>19,595</u>
	<u>222,270</u>	<u>234,764</u>

The salary and stipend payments made to individual Trustees were:

Trustee	Stipend/ salary £	Pension Costs £	2025 Total £	Stipend/ salary £	Pension Costs £	2024 Total £
C I MacLeod	-	-	-	27,580	2,758	30,338
M Martin	58,464	6,087	64,551	55,160	5,630	60,790
R C Gray	34,631	2,923	37,554	30,080	2,758	32,838
N MacMillan	12,630	1,051	13,681	28,125	2,892	31,017
A MacAulay	32,672	3,008	35,680	27,580	2,799	30,379
B Wilks	32,395	2,923	35,318	27,580	2,758	30,338
D MacLeod	15,181	-	15,181			
	<u>185,973</u>	<u>15,992</u>	<u>201,965</u>	<u>196,105</u>	<u>19,595</u>	<u>215,700</u>

Trustees are reimbursed expenses for attending meetings and duties directly related to their duties as a Trustee. In 2025, eleven Trustees were paid total expenses of £6,198 (2024: 11 Trustees - £4,082) for travel and subsistence in connection with their trustee duties. In addition, three of the Trustees were reimbursed £15,276 (2024: 5 Trustees - £16,803) for training, travel and subsistence in relation to their non-trustee activities in the Church. There was £768 outstanding at the year-end (2024 - £746). Included within Debtors is a loan of £15,000 made to M Martin (Trustee) for the purposes of acquiring a vehicle to aid with carrying out his role as employee of the Free Church of Scotland.

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Notes to the Financial Statements for the year ended 31 December 2025

22. Unrestricted Funds

	Balance at 1 Jan 2025 £	Income £	Expenditure £	Transfers £	Other recognised gains & losses £	Balance at 31 Dec 2025 £
General Fund	5,870,026	2,857,438	(1,269,670)	(272,841)	139,499	7,324,452
Designated Funds						
Assets fund	4,655,249	-	-	(44,480)	-	4,610,769
Youth work	1,700	17,128	(13,874)	(3,254)	-	1,700
Camps	5,001	211,273	(264,901)	52,270	-	3,643
Communications	-	30,137	(98,367)	68,230	-	-
Edinburgh building	-	59,076	(106,888)	47,812	-	-
Let property	-	157,510	(15,979)	(141,531)	-	-
International mission	200,000	-	-	-	-	200,000
Development	106,006	-	-	393,994	-	500,000
Other	-	13,351	(48,003)	34,652	-	-
	4,967,956	488,475	(548,012)	407,693	-	5,316,112
Unrestricted funds	10,837,982	3,345,913	(1,817,682)	134,852	139,499	12,640,564
Pension Scheme	-	65	(70,000)	55,935	14,000	-
Total unrestricted funds	10,837,982	3,345,978	(1,873,682)	190,787	153,499	12,640,564
	Balance at 1 Jan 2024 £	Income £	Expenditure £	Transfers £	Other recognised gains & losses £	Balance at 31 Dec 2024 £
General Fund	7,328,658	2,409,235	(776,456)	(3,217,639)	126,229	5,870,027
Designated Funds						
Assets fund	4,274,465	-	-	380,784	-	4,655,249
Youth work	1,700	14,445	(17,827)	3,382	-	1,700
Camps	5,341	183,682	(225,601)	41,579	-	5,001
Communications	-	20,564	(89,939)	69,375	-	-
Edinburgh building	-	42,992	(101,829)	58,837	-	-
Let property	-	135,386	(22,017)	(113,369)	-	-
International mission	200,000	-	-	-	-	200,000
Development	106,006	-	-	-	-	106,006
Other funds	-	5,868	(44,367)	38,499	-	-
	4,587,512	402,937	(501,580)	479,087	-	4,967,956
Unrestricted funds	11,916,170	2,812,172	(1,278,036)	(2,738,552)	126,229	10,837,983
Pensions surplus	-	2,502	(2,519,000)	2,475,498	41,000	-
Total unrestricted funds	11,916,170	2,814,674	(3,797,036)	(263,054)	167,229	10,837,983

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

22. Unrestricted Funds (continued)

Transfers are made to clear deficit balances on individual funds at year end and to ensure that unspent funds are retained for the purposes for which they have been designated or restricted.

Explanation of funds Designated funds

The assets fund was set up to hold the net book value of the fixed assets (property and equipment) and intangible fixed assets of the Church.

The pensions surplus / deficit fund holds the balance of the surplus / deficit and any movement in it.

The youth work fund provides funding support for the youth work of the Church. It encompasses the income and expenditure associated with production of Sunday School materials.

The camps fund incorporates the income and expenditure associated with the Church's programme of youth camps.

The communications fund incorporates the income and expenditure associated with *The Record* magazine and the Church's website and provides funding for the Church's Communication Officer.

The bookshop fund represents the trading activity and operating costs of the Church's Bookshop.

The Edinburgh building fund provides for the upkeep of the Mound and Assembly Hall buildings in Edinburgh.

The let property fund incorporates the income and expenditure associated with the Church's portfolio of flats in Edinburgh and some other centrally held properties.

The international mission fund has been established to hold the reserve which is required under the reserves policy of the Board of Trustees.

The development fund has been set up to provide time-limited funding for growth & development projects.

Other funds include inter alia funds for ecumenical relations, assembly arrangements and psalmody.

23. Restricted funds

	Balance at 1 Jan 2025 £	Income £	Expenditure £	Transfers £	Other recognised gains & losses £	Balance at 31 Dec 2025 £
Mission Funds	880,113	4,079,843	(3,633,592)	(649,639)	16,058	692,783
Training of the ministry	(26,263)	5,510	(133,377)	152,673	3,261	1,804
ETS	575,980	301,264	(615,821)	312,453	36,584	610,460
Disaster & relief	12,165	5,275	(2,031)	-	-	15,409
Sundry funds	245,807	4,155	(2,221)	(6,274)	22,340	263,807
Total restricted funds	1,687,802	4,396,047	(4,387,042)	(190,787)	78,243	1,584,263

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

23. Restricted funds (continued)

	Balance at 1 Jan 2024 £	Income £	Expenditure £	Transfers £	Other recognised gains & losses £	Balance at 31 Dec 2024 £
Mission Funds	932,640	3,229,021	(3,377,565)	81,426	14,591	880,113
Training of the Ministry	(26,208)	97,636	(164,813)	63,974	3,148	(26,263)
ETS	533,155	305,257	(650,037)	352,287	35,318	575,980
Disaster & Relief	22,734	10,283	(20,852)	-	-	12,165
Sundry Funds	303,347	4,155	(7,144)	(76,118)	21,567	245,807
Total restricted funds	1,765,668	3,646,352	(4,220,411)	421,569	74,624	1,687,802

Transfers are made to clear deficit balances on individual funds at year end and to ensure that unspent funds are retained for the purposes for which they have been designated or restricted.

Explanation of funds – Restricted Funds

Mission Funds - provides funding for congregational ministry and mission activity both at home and overseas.

Training of the Ministry Fund - provides funding for candidates training for the Free Church ministry.

ETS Fund - represents the income and expenditure associated with running Edinburgh Theological Seminary, together with funds from donations and legacies for seminary support.

Disaster & Relief Fund - provides assistance in response to natural disasters or where there is widespread human suffering.

Sundry Funds - are various small funds which have been set up by the church over many decades.

24. Endowment funds

	Balance at 1 Jan 2025 £	Income £	Expenditure £	Transfers £	Other recognised gains & losses £	Balance at 31 Dec 2025 £
Expendable						
College	391,338	45,489	(100,416)	-	22,132	358,543
Permanent						
College general	459,497	-	-	-	36,564	496,061
Sustentation	1,282,701	-	-	-	102,071	1,384,771
Home missions	41,858	-	-	-	3,331	45,189
Rural areas	112,941	-	-	-	8,987	121,929
Retired ministers and professors	-	-	-	-	-	-
Foreign missions	461,448	-	-	-	36,720	498,167
Jewish mission	29,787	-	-	-	2,370	32,157
Church extension	53,463	-	-	-	4,254	57,717
Church and manse building fund	30,187	-	-	-	2,402	32,589
Other funds	71,072	-	-	-	5,655	76,728
Training of ministry	13,107	-	-	-	1,043	14,149
	2,556,061	-	-	-	203,339	2,759,460

Transfers are made to clear deficit balances on individual funds at year end and to ensure that unspent funds are retained for the purposes for which they have been designated or restricted.

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Notes to the Financial Statements for the year ended 31 December 2025

24. Endowment funds (continued)

	Balance at 1 Jan 2024 £	Income £	Expenditure £	Transfers £	Other recognised gains & losses £	Balance at 31 Dec 2024 £
Expendable						
College	411,210	16,442	(57,680)	-	21,366	391,338
Permanent						
College general	424,196	-	-	-	35,301	459,497
Sustentation	1,184,161	-	-	-	98,540	1,282,701
Home missions	38,643	-	-	-	3,215	41,858
Rural areas	104,264	-	-	-	8,677	112,941
Retired ministers and professors	158,515	-	-	(158,515)	-	-
Foreign missions	426,000	-	-	-	35,448	461,448
Jewish mission	27,498	-	-	-	2,289	29,787
Church extension	49,356	-	-	-	4,107	53,463
Church and manse building fund	27,868	-	-	-	2,319	30,187
Other funds	65,612	-	-	-	5,460	71,072
Training of ministry	12,100	-	-	-	1,007	13,107
	2,518,213	-	-	(158,515)	196,363	2,556,061

The Retired ministers and professors endowment fund existed to help provide income to retired ministers and professors of the Free Church and so the income has previously been paid into the Free Church Pension Scheme as part of the regular contributions. To ensure that this continues the total value of this fund has been transferred to Just Retirement Limited as part of the Buy-In transaction.

Explanation of funds

Expendable endowment fund

The expendable endowment funds are funds given towards the Free Church College (now known as ETS). Generally, the income will be allocated to the college fund or may be capitalised to the endowment fund. In certain situations, as the need arises, the College Board may spend some of the capital of the endowment fund.

Permanent endowment fund

Most, if not all, of the permanent endowment funds follow the fund descriptions of unrestricted funds and restricted funds. The primary purpose of the funds that remain in permanent endowments is to provide an income stream to those unrestricted and restricted funds for the objects that have been set out. The main endowments and their purposes are:

Sustentation – used for general costs of ministry

College general – used to support the work of the ETS

Foreign mission – used to support foreign mission work

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

25. Funds held in share pool

A summary of the funds held in the share pool during the year together with the value at the beginning and end of the year is shown in the table below:

	At 1 st January 2025		Additions and Withdrawals		At 31 st December 2025	
	Units	Market Value	Units	Value	Units	Market Value
Unrestricted Funds		£		£		£
General Fund	283,278	1,654,226	17,167	71,625	300,445	1,865,350
Restricted Funds						
Jewish Mission	34,585	201,962	-	-	34,585	218,020
Training of the ministry	25,865	151,044	-	-	25,865	163,053
ETS	78,792	460,112	-	-	78,792	496,695
Sundry Funds	29,272	170,932	-	-	29,272	184,523
	168,514	984,050	-	-	168,514	1,062,291
Endowment funds						
College Endowment Fund	47,666	278,350	-	-	47,666	300,482
College	78,750	459,867	-	-	78,750	496,432
Sustentation	219,834	1,283,737	-	-	219,834	1,385,808
Home Missions	7,174	41,892	-	-	7,174	45,223
Rural Areas	19,356	113,032	-	-	19,356	122,019
Foreign Missions General	77,889	454,840	-	-	77,889	491,004
Jewish Mission	5,105	29,811	-	-	5,105	32,181
Church Extension	9,163	53,506	-	-	9,163	57,761
Church & Manse Bldg Fund	5,173	30,211	-	-	5,173	32,613
Perm Endow - Other	13,376	78,110	-	-	13,376	84,320
Training	2,245	13,112	-	-	2,245	14,155
	438,065	2,558,118	-	-	438,065	2,761,516
Congregational Investments	141,944	828,897	(17,167)	(71,625)	124,777	815,207
	1,079,467	6,303,641	-	-	1,079,366	6,804,847

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Notes to the Financial Statements for the year ended 31 December 2025

25. Funds held in share pool (continued)

	At 1 st January 2024		Additions and Withdrawals		At 31 st December 2024	
	Units	Market Value	Units	Value	Units	Market Value
Unrestricted Funds		£		£		£
General Fund	253,387	1,366,092	29,891	161,155	283,278	1,654,226
Restricted Funds						
Jewish Mission	34,585	186,458	-	-	34,585	201,962
Training of the ministry	25,865	139,450	-	-	25,865	151,044
ETS	78,792	424,793	-	-	78,792	460,112
Sundry Funds	29,272	157,812	-	-	29,272	170,932
	168,514	908,513	-	-	168,514	984,050
Endowment funds						
College Endowment Fund	47,666	256,984	-	-	47,666	278,350
College	78,750	424,568	-	-	78,750	459,867
Sustentation	219,834	1,185,19	-	-	219,834	1,283,737
Home Missions	7,174	38,676	-	-	7,174	41,892
Rural Areas	19,356	104,356	-	-	19,356	113,032
Retired Ministers & Profs	29,427	158,653	(29,427)	(158,653)	-	-
Foreign Missions General	77,889	419,926	-	-	77,889	454,840
Jewish Mission	5,105	27,523	-	-	5,105	29,811
Church Extension	9,163	49,399	-	-	9,163	53,506
Church & Manse Bldg Fund	5,173	27,891	-	-	5,173	30,211
Perm Endow – Other	13,376	72,114	-	-	13,376	78,110
Training	2,245	12,106	-	-	2,245	13,112
	467,492	2,520,40	(29,427)	(158,653)	438,065	2,558,118
Congregational Investments	142,408	767,771	(464)	(2,502)	141,944	828,897
	1,079,467	5,819,768	-	-	1,079,467	6,303,641

26. Free Church of Scotland pension scheme

The Free Church of Scotland (the Church) operates a defined benefit pension arrangement called the Free Church of Scotland Pension Scheme (the Scheme). The Scheme, which was closed to new members and to future accrual of benefits for existing members on 31 December 2007, provides benefits based on final salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for defined contribution schemes operated by the Church.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Church must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2021.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

26. Free Church of Scotland pension scheme(continued)

On 4 December 2024 the Scheme completed a Buy-In transaction with Just Retirement Limited covering all of the Scheme's pension obligations. The scheme is in the process of a buy-out which is expected to be completed by mid-2026. The actuary has reported a nil value in relation to the assets and liabilities of the scheme.

Explanation of amounts in the financial statements

Amounts recognised in the balance sheet at 31 December	Value at 31 December 2025	Value at 31 December 2024
	£	£
Fair value of assets	-	6,659,000
Present value of funded obligations	-	(6,643,000)
Surplus	-	16,000
Effect of asset ceiling	-	(16,000)
Net defined benefit asset at 31 December	-	-

Amount recognised in the statement of financial activities over the year	31 December 2025	31 December 2024
	£	£
Administration costs	71,000	288,000
Interest on liabilities	343,000	320,000
Interest on assets	(344,000)	(378,000)
Net administration costs	70,000	230,000
Settlement and curtailment cost	-	2,289,000
Total	70,000	2,519,000

Reconciliation of Assets and Defined Benefit Obligation

The change in the assets over the period was:

	31 December 2025	31 December 2024
	£	£
Fair value of assets at the beginning of the period	6,659,000	7,624,000
Interest on assets	344,000	378,000
Church contributions	56,000	2,478,000
Benefits paid	(469,000)	(566,000)
Administration costs	(71,000)	(288,000)
Change due to settlements and curtailments	(6,516,000)	(2,289,000)
Return on plan assets less interest	(3,000)	(678,000)
Fair value of assets at the end of the period	-	6,659,000

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

26. Free Church of Scotland pension scheme(continued)

The change in the defined benefit obligation over the period was:

	31 December 2025	31 December 2024
	£	£
Defined Benefit Obligation at the beginning of the	6,643,000	7,267,000
Interest costs	343,000	320,000
Benefits paid	(469,000)	(566,000)
Changes due to settlements and curtailments	(6,516,000)	-
Experience loss / (gain) on defined benefit obligation	(1,000)	195,000
Changes to demographic assumptions	-	(16,000)
Changes to financial assumptions	-	(557,000)
Defined benefit obligation at the end of the period	-	6,643,000

Assets

The major categories of assets as a percentage of total assets are as follows:

Asset Category	31 December 2025	31 December 2024
UK equities	-	-
Overseas equities	-	-
Property	-	-
Gilts	-	-
Bonds	-	-
Fixed Interest	-	-
Other	-	-
Cash	-	-
Just Retirement Ltd Buy-In policy	100%	100%
Total	100%	100%

The sole asset of the Scheme is now the Just Retirement Limited insurance policy. The previous assets have not included any investment in the Church or related properties.

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

26. Free Church of Scotland pension scheme(continued)

Actuarial assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

	31 December 2025	31 December 2024
Discount rate	N/A	5.35%
Inflation assumption (RPI)	N/A	3.50%
Inflation assumption (CPI)	N/A	2.95%
CPI pension increases capped at 5%	N/A	2.90%
Revaluation in deferment		
Post retirement mortality assumption	N/A	97% of S3PMA_H for males and 108% of S3PFA for females with CMI 2023 projections using a long-term improvement rate of 1.25% pa, an initial addition parameter of 0% pa and core 2023 weight parameters (0%, 0%, 15%, 15%)
Tax free cash	N/A	Members are assumed to commute 10% of pension at retirement

Under the adopted mortality tables, the future life expectancy at age 65 is as follows:

Life expectancy at age 65	31 December 2025	31 December 2024
Male currently aged 45	N/A	20.8
Male currently aged 65	N/A	19.5
Female currently aged 45	N/A	24.8
Female currently aged 65	N/A	23.4

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

27. Analysis of net assets by fund

Fund balances at 31st December 2025 are represented by:

	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total funds 2025
	£	£	£	£	£
Fixed assets					
Tangible fixed assets	4,610,769	-	-	-	4,610,769
Investments	2,671,337	1,062,292	300,482	2,759,460	6,793,571
Current assets					
Stock	13,400	-	-	-	13,400
Debtors – amounts falling due within a year	843,527	246,483	-	-	1,090,010
Bank & cash	6,575,016	604,882	58,061	-	7,237,959
Debtors					
Amounts falling due after one year	2,670,032	-	-	-	2,670,032
Creditors					
Amounts falling due within one year	(829,565)	(304,394)	-	-	(1,133,959)
Creditors					
Amounts falling due after one year	(3,913,952)	(25,000)	-	-	(3,938,952)
	12,640,564	1,584,263	358,543	2,759,460	17,342,830

Free Church of Scotland

Notes to the Financial Statements for the year ended 31 December 2025

27. Analysis of net assets by fund (continued)

Fund balances at 31st December 2024 are represented by:

	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total funds 2024
	£	£	£	£	£
Fixed assets					
Tangible fixed assets	4,655,249	-	-	-	4,655,249
Investments	2,475,754	984,050	278,350	2,558,118	6,296,272
Current assets					
Stock	18,890	-	-	-	18,890
Debtors	392,462	81,335	-	-	473,797
Bank & cash	5,874,109	1,149,009	112,988	(2,057)	7,134,049
Debtors					
Amounts falling due after one year	2,349,763	-	-	-	2,349,763
Creditors					
Amounts falling due within one year	(825,480)	(324,017)	-	-	(1,149,497)
Creditors					
Amounts falling due after one year	(4,158,495)	(25,000)	-	-	(4,238,495)
Pension scheme deficit	-	-	-	-	-
	10,837,983	1,687,802	391,338	2,556,061	15,473,184

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Notes to the Financial Statements for the year ended 31 December 2025

28. Funds held for congregations

The Church holds funds on behalf of congregations, both as cash and within the investment share pool. The reasons for holding the funds include:

- Permanent endowments on behalf of congregations under the division of assets of 1929.
- Funds arising from sale of property which must be lodged with the Church under the model trust deed under which most congregational properties are held.

The movements in funds held are detailed below:

Funds held as cash

	2025	2024
	£	£
Balance at 1 January	3,855,767	4,616,955
Additions	312,019	250,394
Withdrawals	(418,768)	(1,011,582)
Balance at 31 December	3,749,018	3,855,767

Funds held as share pool investments

	2025	2024
	£	£
Balance at 1 January	828,897	767,771
Transfers from/ (to) cash	(100,250)	(2,502)
Additional investment	28,625	-
Sale of investments	-	-
Revaluation of investments	57,935	63,628
Balance at 31 December	815,207	828,897

Funds held as other investments

	2025	2024
	£	£
Balance at 1 January	7,177	6,559
Revaluation of investments	563	618
Balance at 31 December	7,740	7,177

Total funds held

4,571,965	4,691,841
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Notes to the Financial Statements for the year ended 31 December 2025

29. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2025	2024
	£	£
<i>Net income/ (expenditure) for the reporting period</i>	1,856,141	(919,969)
Adjustments for:		
Depreciation charges	15,205	20,745
Current service costs – pension	71,000	288,000
Payments to pension scheme*	(56,000)	(191,502)
(Gains)/Losses on investments	(443,273)	(419,494)
Foreign exchange loss	(494)	(912)
Dividends and interest from investments	(457,417)	(617,497)
Interest paid to congregations	152,412	176,179
(Profit)/loss on the sale of fixed assets	(249,307)	(439,739)
Non-cash element of South America grant	210,650	-
(Increase)/Decrease in stocks	5,490	(10,201)
Decrease/(Increase) in debtors	(936,482)	646,012
(Decrease)/Increase in creditors	(381,925)	(486,079)
<i>Net cash used in operating activities</i>	(214,000)	(2,212,653)

*These are regular payments made to the Pension Scheme over the course of the year and exclude the purchase of the Buy-In policy on 4 December 2024. The cost of the Buy-In policy is included in the comparative Statement of Financial Activities and so already included in the comparative “Net expenditure for the reporting period” figure.