

**V.**  
**REPORT**  
**OF THE**  
**FINANCE & SUSTENTATION COMMITTEE**

**1. Introduction**

The Committee are charged by the General Assembly to oversee all the financial affairs of the denomination and to seek to exercise wise stewardship of the resources entrusted to us. Whilst much of the work that the Committee deals with involves material matters, it should be remembered that whatever the state of our finances we have nothing if we lack the Lord's presence and guidance. The Committee has sought to remember this through another year.

The Committee are only too aware of the various demands upon our people as individuals and families and also the specific circumstances that prevail in our different congregations. The Committee has sought to fulfil its duties in a fair and consistent way throughout the year looking, we trust, to our God upon whom we are utterly dependent.

**2. Income**

Total income for the year was £756,405, a decrease of £482,810 (39%) over the previous year. Much of this difference can be explained by the fall in Central Building Fund income to £71,989 – the figure for 2014 of £520,703 included mortgage deposits of £473,050. The total remitted by congregations, including Gift Aid tax reclaims, amounted to £620,107 – a drop of 4% over the figure of £648,919 for the previous year. Despite this we have reason for thankfulness to the Lord that there was still a surplus for the year of £18,893, compared to £84,556 in 2014. For the second year in succession there were no Legacies to Central Funds and the Committee would draw the attention of our people to the Wills Leaflet which is available in congregations.

Total Gift Aid tax reclaims amounted to £122,319; this is a decrease of £8,454 (6%) over the previous year but it should be noted that these reclaims still represent 20% of all congregational remittances. The importance of as many of our people contributing by Gift Aid cannot be overstated. The Committee and Financial Administrator are grateful to Congregational Treasurers for recording and submitting the necessary information in order to allow general Gift Aid, and Gift Aid Small Donations Scheme, reclaims to be made.

Total Central Building Fund remittances from congregations amounted to £71,989; this figure comprises Mortgage repayment income of £59,595 and net Central Building Fund remittances of £12,394. The latter figure compares to £11,166 in 2014 (+ 11%). Total Central Building Funds at the end of 2015 equalled £70,891 – compared to £58,095 for the previous year.

**3. Expenditure**

Total expenditure for the year was £738,012 – the reduction of £414,648 (36%) being mainly accounted for by Stewardship payments in the previous year. Payroll costs amounted to £560,155; an increase of £51,093 or 10% compared to the previous year. There is reason for thankfulness to the Lord for the provision of new ministries in the denomination but we must seek to ensure that the necessary finances are in place. Payroll costs represent 90% of congregational remittances and it is therefore vital that all congregations strive to remit, as a minimum, 75% of ordinary remittances in order to support the cost of the ministry. The other major expenditure was in payment of mortgage loans repayments totalling £59,595 for the four Stewardship-funded properties.

#### **4. Net Assets**

At the end of 2015 the total net assets and funds of the denomination amounted to £917,136, which is an increase of £18,393 (2%) over the previous year. This figure comprises cash funds of £516,000, net Fixed Assets of £612,000, Gift Aid due of £60,000, less Property Loans repayable to Stewardship of £364,000 and net current liabilities of £5,000. Restricted Funds amount to £98,115, compared to £88,189 in 2014.

#### **5. Central Building Fund**

The Committee are thankful to all individuals and congregations which have contributed to the Central Building Fund over the past year. Those congregations which secured property through Stewardship loans have maintained their payments. There were no new Building Application funding requests in 2015 but in the event of future applications being made it is essential that we are able to demonstrate our financial worthiness to Stewardship. The Committee therefore encourage all congregations to promote the Central Building Fund and to hold regular collections wherever possible.

Any congregation wishing to submit an application for funding of a property purchase must request a Building Fund Application form from the Clerk to the Committee. After completion by the local Deacons' Court the application must be brought before the local Presbytery for further comment and approval. Thereafter the application, including all necessary paperwork, will be considered timeously by the Finance & Sustentation Committee.

The Committee gave consideration to utilisation of the Designated Building Fund (commenced following the division of 2000 by way of a monthly transfer of £5,000 per month from Central Funds) and the Building Legacy Fund. It was agreed that congregations other than those currently receiving assistance from the Central Building Fund for new properties could be considered for assistance with property-related costs. This was communicated to Presbyteries and one application was received from the Harris (Leverburgh) congregation. The Committee agreed to award a grant payment of £10,000 towards repair work on the Northton Mission House, together with a matched funding loan of up to £10,000.

The Committee further agreed to remit £100,000 to Stewardship to reduce the capital amount owing for the four loans currently being serviced by them, i.e. £25,000 for each property. It should be stressed that the financial commitment to the denomination of the four congregations concerned remains unchanged; their repayments will still include the £25,000 but they will benefit from a reduction in the amount of interest to be paid over the remaining period of the term – a saving of approximately £7,000 per congregation. It should be noted however that the denomination will lose approximately £11,000 in deposit account interest as a result of the payment of £100,000. After consultation with the General Trustees – who have the sole responsibility for major investment decisions – the additional payment to Stewardship was agreed but it was accepted that this payment should be offset against General Funds.

#### **6. Budgetary Planning**

The Committee are grateful to those Clerks and Conveners of Standing and Special Committees who submitted their Draft Budgets for 2017 by the due date, and especially when these submissions were accompanied by explanatory comments.

The Committee, having approved all the Draft Budgets, noted the projected deficit of £91,685 and are proposing that the 2017 Draft Budget be noted and approved by the General Assembly. There will be opportunity at the General Assembly for Conveners of Standing and Special Committees to be questioned regarding specific details of their respective Committee Budget.

It should be noted that the above figure includes a proposed increase in Ministerial Stipend to £20,000 from 1st July 2016. Total annual payroll and related costs will therefore rise to approximately £24,000 per minister. The Unclassified Budget includes provision for payroll costs for the 20 ministers currently on the payroll, along with those eligible for a call.

### 7. General Treasurer's Department

The Committee are very appreciative of the work carried out by the General Treasurer, Mr Angus Macmillan, over the past year. He has continued to provide the Committee and wider denomination with helpful and detailed financial information on a regular basis.

It is therefore with great regret that the Committee have to report that he has decided to step down from his post with effect from 30th April 2016. The whole denomination owes a great debt to Mr Macmillan for carrying out his duties diligently since 2009 and we wish him God's richest blessing in the coming days.

The Committee appointed Mr Murray Mackay as General Treasurer-Designate with effect from 1st April 2016. We are grateful for the assistance and advice given by Mr Macmillan during the handover period. We commend Mr Mackay to the prayerful concern of the denomination as he commences his new rôle. The Committee will be seeking formal approval by the General Assembly of his appointment as General Treasurer.

The Committee have set an annual salary scale of £12,000 per annum for the General Treasurer with effect from 1st March 2016.

The Committee once again record their thanks to the Financial Administrator, Mrs Muriel Smith, for once again carrying out her duties efficiently over the past year.

The services of CIB Services, Stornoway, have been appreciated and the Committee are recommending to the General Assembly that they be appointed as Auditors again for the coming year.

### 8. Loans

The situation regarding the Stewardship loans, along with student and 5 church loans, is detailed as below.

<b>Loans due to be received</b>	<b>Balance at 31<sup>st</sup> December 2014</b>	<b>New Loans 2015</b>	<b>Repaid in 2015</b>	<b>Balance at 31<sup>st</sup> December 2015</b>
Aberdeen	7,029	0	(7,029)	0
Edinburgh	6,652	0	(1,717)	4,935
Knock & Point	14,590	0	(6,590)	8,000
North Uist	23,000	0	0	23,000
<b><u>CHURCH LOANS</u></b>	<b><u>£51,271</u></b>	<b><u>0</u></b>	<b><u>(£15,336)</u></b>	<b><u>£35,935</u></b>
<b>CAR LOANS</b>	<b>27,737</b>	<b>19,500</b>	<b>(18,181)</b>	<b>29,056</b>
<b>STUDENT LOANS** (Not repayable)</b>	<b>9,692</b>	<b>0</b>	<b>(9,692)***</b>	<b>0</b>
<b>STUDENT LOANS</b>	<b>33,325</b>	<b>0</b>	<b>(528)</b>	<b>32,797****</b>
<b><u>TOTAL LOANS</u></b>	<b><u>£122,025</u></b>	<b><u>£19,500</u></b>	<b><u>(£43,737)</u></b>	<b><u>£97,778</u></b>

\* All Student Loans awarded since September 2011 are repayable.

\*\* Not repayable

\*\*\* Non-repayable Student Loans of £9,692 awarded pre September 2011 to Rev. Alasdair Macleod were written-off as at the date of his induction in 2015.



General Assembly of 2015. This would ensure that the church adheres to all Financial Reporting Accounting Standards, Declarations and Engagement requirements of the Church Auditor, Trust Law, and OSCR.

### 10. Support of Mission Work

The denomination continues to support the work of the Gospel both within Scotland and in relation to its various missionary endeavours within the UK and abroad. Over the past year financial expenditure totalling £84,807 was given as follows:

Zambia £34,336; Sri Lanka £14,002; Northern Ireland £3,600; Home Missions Work £31,917 and the balance being in donations of £700 to CWI and Home & Foreign Missions Committee expenses.

The Committee have agreed to continue monthly payments of £300 to the Ballyclare & Doagh Congregation for a further year.

There is no direct funding of the work in Spain but the Committee are thankful that the Church has an involvement there.

### 11. Annual Analysis of Congregational Accounts

The Committee thank the General Treasurer for his analysis of Congregational Accounts and Statistical Schedules, which it is expected will be available at the General Assembly. The Committee trust that the information presented will help to give an indication of the situation throughout our denomination and encourage a prayerful concern for our various congregations.

### 12. Financial Services Compensation Scheme

Recent changes to the Financial Services Compensation Scheme mean that banks and other financial institutions will only guarantee deposits up to a maximum of £75,000 per “customer”. Those congregations with deposits in excess of this amount with a single financial institution are advised to consider dividing their assets amongst a number of different providers. The implications for the denomination will be considered by the Committee and General Treasurer in conjunction with their professional advisers.

### 13. Stipend

The ministerial stipend will be increased to £20,000 from 1st July 2016 with a *pro rata* increase in the salaries of other employees of the Church.

### 14. Changes in Ministerial Personnel during 2015

#### Ordinations & Inductions:

Rev. Alasdair J Macleod	To Knock & Point, Isle of Lewis	31 <sup>st</sup> January 2015
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#### Register & Rolls:

#### Probationers:

Rev. Murdo Maciver	Licensed by Free Southern Presbytery	22 <sup>nd</sup> June 2015
Rev. James Haram	Licensed by Free Southern Presbytery	14 <sup>th</sup> December 2015

#### Register of Minister without Charge — Eligible for a Call as at 1st March 2016

Rev. Iain Smith

#### Roll of Resigned Ministers

Rev. John J. Harding

Rev. Bert Pohl

**15. Congregations under Special Arrangements**

The Committee commend the congregations of Aberdeen, Ayr, Brora, Harris, Knock & Point, Lochalsh & Strath, North Uist & Grimsay and Poolewe & Aultbea to the prayerful concern of the Church. Each congregation has experienced particular challenges over the year but there are also encouragements to report. A summary of the Annual Reports received from these congregations is included in Appendix 1.

The Committee recommend that the congregation of Ayr be placed on the Equal Dividend Platform under Special Arrangements for a period of five years from the rising of the General Assembly, on the condition that they promise to remit a minimum of £13,000 per annum to Central Funds.

**(C) SUPPLY****16. Pulpit Supply**

The denomination owes a great debt of gratitude to retired ministers, divinity students, elders and others who assist with pulpit supply. The Committee trust that their labours, which are particularly appreciated by our vacant congregations, will be greatly blessed by the Lord.

**17. Supply Expenses and Preaching Fees**

The Committee are not proposing any change to the current mileage rate of 32p per mile. This, and other fees, will continue to be reviewed on a regular basis.

**18. Resident Lay Agent**

Mr Donald Robertson has completed another year of faithful service as Resident Lay Agent. He is worthy of the thanks of the Church for his tireless labours in the Assynt & Eddrachillis and Poolewe & Aultbea congregations.

**(D) CONCLUSION**

The Committee has had a heavy workload over the year and thanks are due to our Clerk, Mr Murdo Murray, for attending to all the related paperwork and preparation for our meetings in a courteous and efficient manner. It would be appreciated if those sending correspondence to the Committee would endeavour to ensure that it is in the hands of the Clerk not later than seven days before the Committee is due to meet, thereby ensuring that members of the Committee are able to give sufficient attention to the items of business before them.

The members of the Committee, and Advisers, are to be thanked for their diligence over the year and we seek the Lord's guidance in fulfilling the duties bestowed upon us.

ANDREW I NAYLOR, *Convener*  
A JAMES MACINNES, *Vice-convener*

**PROPOSED DELIVERANCE**

1. The General Assembly receive and adopt the Report of the Finance & Sustentation Committee and thank the Committee, and especially the Convener, for their stewardship of the financial affairs of the Church during the year;
2. The General Assembly give thanks to God for the provision of the necessary financial resources to allow the ongoing work of the Church over the past year;
3. The General Assembly thank all our people and congregations for their sacrificial support of the Gospel ministry, missionary interests and other activities of the denomination;

4. The General Assembly draw the attention of our people to the Wills Leaflet and thank those who remember the Church when drawing up their Wills;
5. The General Assembly note the significant amount of income reclaimed through the Gift Aid Scheme and encourage our people to consider using the Scheme wherever possible;
6. The General Assembly thank all who have contributed to the Central Building Fund and encourage all our congregations to support this if they are not already doing so;
7. The General Assembly give thanks for the satisfactory relationship with Stewardship and note that all financial commitments to the Company have been met over the past year;
8. The General Assembly remind Deacons' Courts that applications for property funding from the Central Building Fund must be made via the formal application process; details of which can be obtained from the Clerk to the Finance & Sustentation Committee;
9. The General Assembly thank all Congregational Treasurers and Church Courts for managing financial affairs at a congregational level and for providing the necessary information at the request of the Financial Administrator;
10. The General Assembly endorse the recommendation of the Finance & Sustentation Committee that the Draft Budget for 2017 be approved and note that there is a projected deficit of £91,865;
11. The General Assembly declare an Equal Dividend of £20,000 from 1<sup>st</sup> July 2016;
12. The General Assembly remind all congregations that the total payroll cost from the 1<sup>st</sup> July 2016 for each minister is £24,000 per annum;
13. The General Assembly exhort congregations to remit a minimum of 75% of ordinary income to Central Funds wherever possible in order to ensure financial support for the Gospel ministry;
14. The General Assembly thank Mr Angus Macmillan for over six years of faithful and diligent service as General Treasurer and wish him God's blessing as he stands down from this post;
15. The General Assembly approve the appointment of Mr Murray Mackay as General Treasurer with effect from the rising of the General Assembly and wish him God's blessing as he takes up this position;
16. The General Assembly thank Mrs Muriel Smith for her diligent labours as Financial Administrator over another year;
17. The General Assembly thank CIB Services, Stornoway, for their work on behalf of the Church over the past year and re-appoint them as Auditors for the coming year;
18. The General Assembly note the efforts that have been made to ensure that all financial transactions relating to the work of the denomination are brought under the central accounting systems of the Church, thereby ensuring that there is fiscal transparency in all aspects of the Church's financial dealings and conduct, and that the Church adheres to all Financial Reporting Accounting Standards, Declarations and Engagement requirements of the Auditor appointed by the General Assembly, Trust Law and OSCR Regulations;
19. The General Assembly direct that all finances and funds related in any way to the work of any and all Employees and Committees of the denomination are operated solely within the central financial systems, controls, and reporting requirements of the Church and its Auditors;

20. The General Assembly commend the Mission work of the Church in Scotland and other countries where we have an interest;
21. The General Assembly approve the further extension of the £300 monthly additional grant payment to the Congregation of Ballyclare & Doagh for a period up to and inclusive of May 2017;
22. The General Assembly thank Congregations and Presbyteries for the prompt submission of Statistical Schedules and attested Accounts to the General Treasurer;
23. The General Assembly place the Ayr Congregation on the Equal Dividend Platform under Special Arrangements for a period of five years from the rising of the General Assembly, subject to the congregation remitting a minimum of £13,000 to Central Funds;
24. The General Assembly encourage a prayerful concern for all of our congregations and the particular challenges faced at a local level;
25. The General Assembly express their appreciation to all who have assisted with pulpit supply over the past year and crave God's blessing upon their labours in the Gospel;
26. The General Assembly note that Supply Expenses will continue at the current level, including the mileage rate of 32p per mile;
27. The General Assembly commend the Resident Lay Agent, Mr Donald Robertson, to the prayerful remembrance of the Church in his work;
28. The General Assembly thank the Clerk to the Finance & Sustentation Committee for performing his duties in a conscientious and diligent manner over the past year.

## APPENDIX I

### Annual Report from Congregations on Special Arrangements

The following are summaries of the Reports submitted to the Finance & Sustentation Committee by the various congregations for whom Special Arrangements were in place during 2015.

**Aberdeen.** Numerical membership has remained much about the same as for the previous year, with the overall attendance for the Sunday worship services remaining constant. The Sabbath School now has two classes: a Bible Class and a Junior Class. The monthly home Bible Study continues to be popular and attendances are steady. Two Deacons were chosen for Office late on in the year and their appointment will take place early on next year. Financial matters continue to do well with remittances to Central Funds being maintained, together with this, an outstanding Loan owed with regard to the manse has been paid off. The congregation remain positive that there is potential for congregational growth.

**Ayr.** This year has been an encouraging one with three new families joining the congregation, bringing the total number of people associated with the congregation to 49. This year also saw an increase in communicant members, together with four baptisms, and a wedding, which set a milestone in the congregation's history. Remittances to Central Funds increased in 2015, though not sufficiently so as to allow us to be placed on the Equal Dividend Platform.

**Brora.** The congregation has been affected by the wider situation in the Northern Presbytery. Rev. John MacLeod, Tarbat, has been appointed Interim-Moderator, replacing Rev. Robert Josey. The congregation continue to work towards the filling of the vacancy and are clear that the availability of suitable accommodation for a minister is a matter which requires immediate attention.

**Harris (Leverburgh).** Attendances have averaged 18 at the Sabbath services and we are thankful to the Interim Moderator for arranging Sabbath pulpit supply and for all those who have brought God's Word to us. Remittances to Central Funds increased by 5% over the previous year. In the gracious providence of God we look forward, DV, to having a settled ministry in May, following the acceptance of a Call by Rev. Iain Smith. In preparation for the induction, and in conjunction with Rev. and Mrs Murdo Angus Macleod, work is being carried out at St Kilda House. The Congregation is grateful to all in the Presbytery, and beyond, who have given financial support for this and also the planned work at the Northton Church. The Congregation also thank the Finance & Sustentation Committee for the provision of a Grant and Matched Funding Loan.

**Knock & Point.** The settlement of a minister has given an added measure of stability and continuity to the congregation. The Communion Roll stands at 22, a net increase of 1 over the previous year. Average attendances for the Sunday services are 22 in the morning and 25 in the evening, with around 10 attending the midweek Prayer Meeting. Remittances to Central Funds were increased by 26%, thereby fulfilling the conditions of being on Special Arrangements, and loan repayments have currently exceeded the agreed level. The Minister has arranged, with other local congregations, a weekly Sabbath afternoon worship in the local care home.

**Lochalsh & Strath.** Sabbath services continue to be held in three locations, with average regular attendances of 28 adults and 5 children. Three members have been added to the Communion Roll. Ongoing visitation continues throughout the district, with the local Nursing Home continuing to welcome pastoral visits. There is regular access to one local Primary School. Pulpit supply is challenging as it requires preaching three times and travelling 100 miles between the three locations. Remittances have remained comparable to the previous year.

**North Uist & Grimsay.** There has been a slight increase in the overall attendance at the services during the year, with 15 regular attendees. The congregation's Ordinary Income showed a decrease of 4% over the previous year but remittances to Central Funds were increased by 2%; Central Building Fund remittance commitments were achieved. Outreach is ongoing through the distribution of Christian literature and the congregation's Web site. The congregation recognise the difficulty of attracting new people to the services, with six congregations representing four different Presbyterian denominations in the island, but they continue to pray that God would bless their efforts in preaching and other means.