

Augustine United Church

Financial statements

31 December 2019

Charity Number SC000385

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Office bearers and professional advisers

Annual Report 2019

Office bearers and professional advisers

The Board of Trustees

Revd Fiona Bennett
Ms. Eilidh Carmichael
Ms. Harriet Davidson
Mr. Ben Forsyth (appointed January 2019)
Mrs. Linda Harrison (appointed January 2019)
Mr. Stephen Hoare (appointed January 2019)
Dr. Anne MacKenzie
Mr. Tom Murray
Mrs. Ivy Ng
Revd Maxwell Reay
Mrs. Kathleen Ziffo

Charity Secretary

Mrs. Kathleen Ziffo

Principal Address

41 George IV Bridge
Edinburgh
EH1 1EL

Auditors

MHA Henderson Loggie
11-15 Thistle Street
Edinburgh
EH2 1DF

Bankers

Bank of Scotland
300 Lawnmarket
Edinburgh
EH1 2PH

Trustees' report *for the year ended 31 December 2019*

The Trustees present their report and the financial statements of the charity for the year ended 31 December 2019.

Structure, governance and management

Augustine United Church (AUC) is an unincorporated trust and a registered charity, number SC000385. As a congregation of the United Reformed Church, day-to-day oversight of church life is exercised by a Church Council Meeting consisting of the elders, office bearers and the ministers who are the Trustees, elected by the authoritative meeting of the church members known as Church Meeting.

Newly elected Trustees receive extensive briefing papers prepared by the United Reformed Church covering the whole range of their responsibilities and legal obligations. We supplement this by devoting one meeting each year to induction and refresher training for all Trustees. In addition, as issues are debated and decided at our meetings it is our practice to address both the United Reformed Church internal rules and the Trustees' legal responsibilities.

AUC brings together Christians from Congregational, Presbyterian, Churches of Christ and the Metropolitan Community Church origins. It is part of a Local Ecumenical Covenant with St Columba's-by-the-Castle (Scottish Episcopal Church) and Greyfriars Kirk (Church of Scotland), with whom it is committed to work to establish a united and positive Christian presence in the centre of Edinburgh. The Church Centre ('Centre') situated on George IV Bridge offers a permanent home to Christian Aid and Jubilee Scotland. We welcome in the name of Christ all who wish to use our building for the promotion of peace, freedom of thought and freedom of expression.

Who we are

Augustine United Church is an active, inclusive Christian community.

We affirm and include people of all ages, abilities, sexualities, gender identities, races and faiths. Our purpose is to worship, work and grow together to promote justice and wellbeing in our lives, community and globally.

AUC 2017—19 Priorities

For 2017—19, we set ourselves a series of rolling priorities, refreshing our goals year on year but maintaining the following overarching aims.

1. Promote justice and joy for people and planet

The quest for justice and joy for people and planet shapes all that we do, from campaigning for an inclusive and healthy world to continually adapting our church life in order that this, too, is ever more inclusive and healthy.

2. Strengthen our participation and communication

- a. **Website:** re-design and improvements to our online arrangements in order to showcase AUC's life, values and facilities with greater clarity and accessibility. Recognise the site's importance as a first port of call for many seeking opportunities for both engagement with the congregation and as a city centre venue for hiring purposes.
- b. **Church Life Ministry Teams (CLMTs):** encourage each other to join CLMTs, and CLMTs to hold events/projects that encourage participation in particular areas of activity without having to become a CLMT member. Use and celebrate the gifts and interests of new people.
- c. **Building Relationships:** encourage and promote "Coffee, Cake and Conversation", church lunches, phone calls and mutual pastoral care.
- d. **Heritage:** develop and utilize our Heritage project to engage with tourists.

Trustees' report *(continued)*
for the year ended 31 December 2019

3. Enable membership to address financial self-sufficiency collectively

Initiatives to include: increasing our membership; improving the ease and opportunities by which people can donate to AUC; seeking grant funding to cover costs of projects; encouraging regular review of giving by supporters; reviewing expenses.

In our 2018 report, we set ourselves goals for 2019 by which to further our 2017—19 priorities. The ways in which we acted upon these goals are incorporated into the following account of the year.

An account of Augustine United Church, 2019

- A. *Shaping a Healthy Future* consultation
- B. Promoting justice and joy for people and planet
- C. Connecting with our communities
- D. Going "above and beyond"
- E. Building community
- F. Assessing our future finances
- G. Responding to Covid-19
- H. Looking to 2020: Conclusions

A. Shaping a Healthy Future

A decision was made in March 2019 to initiate an independent review of AUC's structures and finances with a view to gathering the detailed information that will allow us to more effectively plan our future. The whole church consultation took the name *Shaping a Healthy Future*. Additionally, AUC engaged with a four-yearly Local Mission and Ministry Review undertaken by the URC Synod of Scotland.

A number of factors led to setting up the *Shaping a Healthy Future* review, among them:

- Increased frequency of large building repair costs (c. every 2-3 years)
- Need to support viability of the Centre business with appropriate staffing levels and active buy-in from congregation
- Desire of church treasurer to retire after 16 years

These three factors were taken up within one stream of the consultation. Running parallel was a second important question: How sustainable is the current structure of Church Life Ministry Teams (CLMTs)? For example: How well is the structure understood by those who are not members of a team? How easy is it to plan for future team leaders, and to fill lay leadership roles in general?

To a certain degree, the conversations held by topic-specific groups and in broader church gatherings allowed those whose voices are not so usually heard to contribute their views. It is hoped that participation and communication within the congregation has already begun to strengthen as a result of the process.

Trustees' report *(continued)*
for the year ended 31 December 2019

B. Promoting justice and joy for people and planet

In 2019, AUC members took to the streets in two large-scale marches, which together reflected AUC's own commitment to inclusion and to its goal of "promoting justice and joy for people and planet".

On 20 September, members carried the AUC banner in the Edinburgh #GlobalStrikeForClimate rally and march – an event inspired and led by young people. We collaborated in this with our partners at Christian Aid and Eco-congregations Scotland.

In June, over a dozen AUC members joined the Edinburgh Pride march, carrying placards proclaiming "God loves all". In May, prior to the march, the four-yearly URC Synod Local Mission and Ministry Review had noted that awareness of AUC's inclusive worship and stance was increasing. In part this is due to an overall improvement in our use of Social Media, and our consistent proclamation of inclusive Christianity. (When Googling "inclusive church Edinburgh", AUC now heads the listings.) Three out of seven weddings and covenanting vow ceremonies celebrated in 2019 were for same-gender couples, including a covenanting blessing for a same-gender couple from Russia.

During Lent, a joint Local Church Science and Faith event, with featured speaker Mike Berners-Lee, attracted around 70 attenders, some from outwith our three churches. AUC followed this up with a course on countering the climate crisis, using Berners-Lee's book, *There is no planet B*.

AUC was awarded a certificate for meeting a Homeless Challenge, set by URC Synod Youth in 2018. It recognised AUC's involvement for over 30 years with the Grassmarket Centre Project's Open Meals for the homeless and others in need; its volunteering with the Bethany Winter Shelter for the past two years; its support of Fresh Start through volunteer work by individuals and the regular collection and donation of goods; and AUC's annual highlighting of Scottish Church Housing Action, raising money for this with our Cake and Coffee stall.

Consideration has been given to targeting the Eco-congregation Gold Award, recognising that this will require considerable effort, and an emphasis on developing our partnerships with Centre users (tenants and room hirers) and others in the local community. Such a target may also require a review of AUC's heating arrangements. A mid- to long-term plan is being proposed for this project, with annual targets.

C. Connecting with our communities

The transfer of the church website to a new platform, and its redesign using in-house expertise, has allowed for clearer communication by the congregation and Centre to a wider audience. Statistics indicate that the website is an important vehicle for attracting people to AUC, not least as "the church that does inclusive worship". Some groups hire space at AUC specifically because their values are aligned to our own.

Recognising that over 40,000 individuals visit and use AUC every year, the AUC Visitor Ministry project is working to extend opportunities to make connections with tourists, tenants and hirers alike. The church participated in "Edinburgh Doors Open" and "Advent Doors" events. A small Open Doors planning group has also been established, with the intention of widening participation in the delivery of such events and building their longer-term sustainability. Plans have been made to add to the schedule in 2020 by running two more open days of our own.

Research has been undertaken for three justice-themed urban pilgrimages, together with options for making podcast versions of the pilgrimages available online via the AUC website. This initiative is seen as a way of communicating more widely AUC's values and commitments.

Participation in the 2019 HeartEdge Conference, initiated by St Martin-in-the-Fields in London, offered an opportunity to highlight AUC's collaboration with/hosting of NHS Lothian's Community Mental Health Drop-in.

Trustees' report *(continued)*
for the year ended 31 December 2019

C. Connecting with our communities (continued)

Individual concerns and passions have also found their place in our church life in 2019. Connections with Hong Kong ensured we were kept updated with protests and political responses both in Hong Kong and in Edinburgh. One new member with personal experience of homelessness requested a collection of Easter eggs to be distributed to clients of Streetwork, which delivers a range of services to homeless individuals across the central belt of Scotland.

D. Going "above and beyond"

The ability to continue being "outward looking and serving those in the community who need support", while at the same time committing to both a demanding whole-church consultation and the URC synod's four-yearly Local Mission and Ministry Review, has required much of individuals as well as the congregation as a whole.

The commitment to going "above and beyond" also applies to AUC's paid team of one full-time and four part-time staff members. A shift pattern for caretakers was formalised in 2019, creating improved consistency for both staff members and building users. The demands made on caretakers are diverse, from cleaning toilets and shifting furniture to overseeing health and safety in a large building and responding to individuals who walk in off the streets with personal needs.

Examples of staff going above and beyond have included the ability to provide technological solutions, often involving personal time and even kit where many venues would be unable to help e.g. request by one organisation to livestream an event from AUC – achieved with the input of one of our caretakers. Equally, during daytime hours there is a belief that "the door always has to be open": *"Everyone needs to feel you've got all the time in the world for them. It's hard to prioritise taking time for people and their needs. They need us to be on it, know where stuff is, and respond to their queries and requests."*

It has been suggested that we may introduce more of those people we meet, and their interests, into worship, prayers, and stories in *Seeds* magazine.

E. Building community

Augustine's membership, including Associates, grew by nine in 2019, to a total of 83. The average age of members is now 53.

It is an important mark of the priority given to Sunday worship that around one quarter of the membership is regularly engaged in the leadership of worship in different ways. We are alert to the declining availability of ministers of Word and Sacrament within the URC Scotland synod, and understand that growing our worship-leading capability values the gifts of our membership, adds a greater depth of creativity to worship, and assists in building our resilience as a worshipping community.

Our Tribe, AUC's specific ministry to the LGBTQ+ community, welcomes gatherings of 15 and above monthly. A more coordinated leadership team has been established in 2019, allowing for better, sustained future planning.

As a gathered congregation, Sundays are increasingly the day on which other activities also take place – from education series (before worship and, occasionally, in the evenings) to church lunches; from Our Tribe to church meetings and training. We are fortunate to have a part-time Youth Ministry Worker (and young people for him to work with), and that his role from January as the Synod Youth Ministry Worker helps connect us more closely with other Youth events around the denomination. The URC's Mission and Ministry Review of AUC in May noted in particular the strength of a "superb Junior Church programme and now a fortnightly youth group".

Trustees' report *(continued)*
for the year ended 31 December 2019

E. Building community (continued)

We have noted two issues related to the trend of increased Sunday activities:

1. The demands of a long day on those who participate in an activity(s) on a Sunday as well as worship.
2. Concerns over city authority proposals around revised street parking restrictions on Sundays and planned pedestrianisation in the George IV Bridge area, resulting in fewer parking spaces within easy walking distance for those who need to come by car. Members have engaged with surveys and meetings. This is an issue that may also impact midweek use of, and deliveries to, the Centre.

In other ways, we have endeavoured to strengthen both participation in the life of the church and the ways in which we communicate it:

- an Education Consultation (October 2019) allowed CLMT leaders and individuals to propose education topics for 2020; the Education programme was refreshed by engagement with new online resources
- membership of a number of CLMTs have been refreshed, and succession planning for specific roles undertaken
- the programme of social / education / activity gatherings has been maintained, with adjustments made to accommodate the transition of our Associate Minister away from an NHS mental health chaplaincy role to a new appointment

A Place for Hope training, focusing on conflict management, was delivered by two P4H trainers – 12 people attending over three successive weekday evenings.

More broadly, our commitment to pastoral care has been maintained: offering fellowship to the frail, elderly, housebound or those in hospital with regular visits. One new initiative in 2019 has been a gathering of several older people with the Pastoral Elder in a cafe in their own home locality. At the same time, we've been made aware that we should not be complacent about the way we welcome individuals new to AUC and help them to integrate into the community.

F. Assessing our future finances

As indicated above, the issues raised by current and future finances have been one key strand of consideration within the consultation process and the findings will be taken forward in 2020.

2019 itself was a satisfactory year financially, marked by a recovery from the dangerous deficit of £39,410 in 2018 to a surplus of £11,765. This was achieved as a result of an increase of 28 per cent in congregational giving and 15 per cent in rental income, together with a drastic reduction in the unsustainable level of repair and maintenance costs that had arisen in 2018.

The increase in congregational giving was very welcome but arises from an upward fluctuation in one off giving that results in sharp fluctuations from year to year. We resolved to make renewed efforts in 2020 to consolidate regular giving; and the logistics of installing a contactless giving facility are to be explored.

We remain alert to the steady demographic shift at AUC. A real positive is an average member age of 53. However, we are reliant on a disproportionate level of giving from relatively few older members. Many younger individuals attracted to AUC as a result of its inclusive welcome do not have the same financial giving capacity; our efforts to grow congregational giving must therefore sit within a broader and more focused emphasis on membership growth.

Trustees' report *(continued)*
for the year ended 31 December 2019

F. Assessing our future finances (continued)

During the year the Centre staff participated fully in the *Shaping a Healthy Future* exercise in producing data and projections, research and discussions of alternative models, and debate about possible recommendations for change in how we manage the Centre and grow our income streams. For their commitment to this additional task and their hard work through the year in running a successful Centre our staff deserve our grateful thanks. We should also thank our partner churches who have helped the project with their time and experience.

Reserves

Our policy has been to maintain reasonable reserves particularly as a buffer against the recurring need for maintenance of a 150 year old listed building. The General and Fabric Funds are readily available for use by the Trustees but there were restrictions on use of the Ministerial Accommodation Fund without the prior consent of the URC National Synod of Scotland. The decision was therefore taken, in agreement with the Synod and with effect from 31 December 2019, that the Ministerial Accommodation Fund and Fabric Funds would be transferred to designated from restricted. Following the agreed transfer our reserves at 31 December 2019 were: General: £35,271; Designated: £226,048 and Capital Endowment: £5,200,000

Had this report been finalised in January we would have been looking forward to further improved financial results in 2020. With known reductions in costs and planned increases in rental rates, we anticipated a good start to implementing the *Shaping a Healthy Future* recommendations – with a view, over time, to rebuilding a healthier level of reserves and improving the building and facilities. The COVID-19 emergency has altered this picture.

G. Responding to COVID-19

Augustine shares the anxiety and uncertainty of the global community aroused by the COVID-19 pandemic, including of individuals and businesses known more personally to us.

Normal church activity became impossible from mid-March 2020. Augustine has, with society at large, entered into a steep learning curve, already gaining experience that we believe will inform our longer-term development of mission and ministry – not least through the use of technology. Our immediate responses have included:

- Well-attended virtual Sunday Morning worship, supported by the pastoral use of traditional communication methods. "Zoom worship" has connected us not only with friends beyond Edinburgh, but also with individuals not otherwise linked to AUC
- Virtual Bible studies and reflective presentations
- Online material and activities for children and young people
- Virtual social gatherings
- Expanded pastoral care, including a telephone tree, with a particular view to supporting those vulnerable to mental ill health

All the above is evidence of a huge team effort, and the releasing of many individual gifts and skills. Looking forward we also note that: *"an appreciation of God's creation has become more real to many people. We'd like to campaign for an eventual 'return' to a more inclusive, environmentally friendly and less polluting world economic system and lifestyle, following this pandemic"*.

Financially, the impact was immediate. Our sessional letting ceased entirely in the last week of March. Four of our five staff were furloughed from 24 March and a number of our longer-term lessees are suffering extreme financial distress, exacerbated by the cancellation of the 2020 Fringe. Our objectives are to continue congregational life and work (albeit remotely), to protect our staff so far as we are able, and to be as supportive as we can of the many groups and charities with whom the Church Centre has built such close relations.

Trustees' report *(continued)*
for the year ended 31 December 2019

G. Responding to COVID-19 (continued)

Our immediate steps have been:

- closure of the building
- deferral, rather than cancellation, of bookings where that is possible
- constructive discussion with longer term tenants experiencing difficulties
- severe cost cuts
- steps to preserve congregational giving
- re-organising our reserves to ensure that the total reserves of £226,048 at 31 December 2019 are available to support Augustine through the emergency and the recovery period, which may itself be protracted

We believe that, taken together with the steps we have taken to manage costs, our reserves are adequate for the next year.

H. Looking to 2020: Conclusions

With the support of our outside consultant, Deborah Pike, we have identified both our fundamental strengths and our weaknesses, and are already making structural shifts in order to help us address these in 2020 and over the longer term. Our city centered mission has been reaffirmed and we are perceiving a marked realism within the congregation around the steps that will be required in order to sustain our presence and activity into the future.

Deborah's *Shaping a Healthy Future* report, presented in March 2020, made ten main recommendations that will inform our ongoing activity and strategy development. Five relate to how we manage our building and finances, and generate growing income to support the work of the congregation. The other five recommendations relate to how we might refresh congregational life and outreach to the people of Edinburgh. We have accepted all the recommendations in principle and they are now being considered actively by Church Life Ministry teams.

The report includes a schedule of proposed changes to be implemented during 2020, and the objective to establish an agreed longer-term (2-3 year) implementation plan, ideally by 30 September. The impact of COVID-19 may cause individual estimated timescales to slip. However, some proposals have already been implemented and our CLMTs can work on progressing others using remote communication media – potentially with greater efficiency.

One practical measure was in place before the close of the financial year: AUC has moved to a new accounting package (Xero), appropriate to both church and Centre. A number of other measures will be progressed by remote conversation e.g. inviting appropriate people to join CP&F team; drafting role descriptions for key lay roles; providing streaming of sermons via AUC website.

Trustees' report *(continued)* **for the year ended 31 December 2019**

In terms of our guiding priorities (see p.2-3 above):

1. Promote justice and joy for people and planet

- It is recognised that AUC's passion and ambition for inclusion, justice issues and worship creates pressures on the church leadership, which need to be sustainable in the longer term. The same degree of attention to the underpinning practicalities of church life will be required as is already invested in inclusion, justice issues and worship.

2. Strengthen our participation and communication

- Important exploratory conversations have already taken place about how the combined roles of church treasurer/Centre manager/ building manager may be subdivided, and the consequent impact both on paid staff and church volunteers.
- The *Shaping a Healthy Future* report has added impetus to our ongoing conversation about how we all do ministry, understanding that all we do – from washing the coffee cups to preaching – is a form of ministry. We require a stronger investment by individuals and the participation of all to some degree; which demands that we value all we do and “invest it with a kind of honour”.
- As a congregation we can learn from the way we have adapted to new forms of participation and communication during a period of enforced travel and meeting restrictions. AUC is a gathered (dispersed) congregation; the use of new technology (e.g. Zoom video conferencing) and necessary reliance on email and social media has already informed our thinking about **distance** and **capacity**: overcoming geographical distance, and building capacity e.g.
 - Contextual Bible studies (via Zoom) have been held with increased regularity, and included participants from Montrose to Southampton.
 - Church Council and Property and Finance meetings (also via Zoom) have also been held more frequently but with stricter time limits and greater perceived efficiency.

3. Building relationships

- We recognise that online gatherings and communications have the potential to enable regular engagement with a greater number of individuals than meet on a Sunday – those at a distance and those who, for a great many reasons, are not engaged in regular church-going. Our pastoral life may begin to take on additional features.

4. Heritage

- See C. *Connecting with our Communities* above.

Just as a healthy exploration of faith engages heart, mind and soul; so lively mission and ministry will require of us sustainable budgeting, engaged and engaging building management, and a commitment to membership growth. These will be guiding principles of our work in 2020, inspired by the practical measures proposed in the *Shaping a Healthy Future* report and by our driving commitment to justice, inclusion and a progressive interpretation of Christian faith.

Trustees' report *(continued)*
for the year ended 31 December 2019

Responsibilities of the trustees

Law applicable to charities in Scotland require the trustees to prepare an annual report and financial statements for each financial year which give a true and fair view of the state of affairs of the charity's financial activities during the year and of its financial position at the year end. The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). In preparing those financial statements, which give a true and fair view, the trustees should follow best practice and:

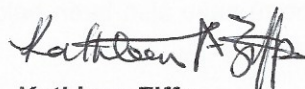
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as required). The trustees are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approval of the report

At the time of approving the report the trustees are aware of no relevant audit information of which the charity's auditors are unaware and have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Approved by the trustees on 2 June 2020 and signed on their behalf by:



Kathleen Ziffo
(Church Secretary)

Independent auditors' report to the trustees of Augustine United Church

Opinion

We have audited the financial statements of Augustine United Church (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of 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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

Independent auditors' report to the trustees of Augustine United Church

(continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 the Act and relevant regulations made or having effect thereunder.

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.

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

Independent auditors' report to the trustees of Augustine United Church

(continued)

This report is made solely to the 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 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 its trustees as a body for our audit work, for this report, or for the opinions we have formed.

MHA Henderson Loggie

MHA Henderson Loggie

Chartered accountants

Statutory Auditor

(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

11-15 Thistle Street

Edinburgh

EH2 1DF

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

12 June 2020

Statement of financial activities (including income and expenditure account)
for the year ended 31 December 2019

	Note	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Endowment Funds £	2019 Total Funds £	2018 Total Funds £
Income						
Donations and legacies	2	75,079	20,069	-	95,148	81,213
Income from charitable activities	4	129,820	-	-	129,820	113,726
Income from investments		-	95	-	95	46
Other income - insurance		7,970	-	-	7,970	-
Total income and endowments		212,869	20,164	-	233,033	194,985
Expenditure						
Expenditure on raising funds	5	58,693	-	-	58,693	59,342
<i>Expenditure on charitable activities:</i>						
Ministry and mission costs	6	59,391	-	-	59,391	57,134
Worship costs	7	90,472	12,712	-	104,314	117,919
Total expenditure		208,556	12,712	-	221,268	234,395
Net income/(expenditure)		4,313	7,452	-	11,765	(39,410)
Transfers between funds	17	226,048	(226,048)	-	-	-
Net movement in funds		230,361	(218,596)	-	11,765	(39,410)
Total funds brought forward	17	30,958	218,596	5,200,000	5,449,554	5,488,964
Total funds carried forward	17	261,319	-	5,200,000	5,461,319	5,449,554

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

Balance sheet
at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	14		5,201,084		5,214,338
Current assets					
Debtors	15	31,982		42,718	
Cash at bank and in hand		249,219		216,954	
		<u>281,201</u>		<u>259,672</u>	
Current liabilities					
Creditors falling due within one year	16	(20,966)		(24,456)	
Net current assets			<u>260,235</u>		<u>235,216</u>
Total assets less current liabilities			<u>5,461,319</u>		<u>5,449,554</u>
Funds					
Unrestricted funds	17, 18		261,319		30,958
Restricted funds	17, 18		-		218,596
Endowment funds	17, 18		5,200,000		5,200,000
Total funds	17, 18		<u>5,461,319</u>		<u>5,449,554</u>

The notes on pages 17 to 24 form part of these financial statements.

Signed:



Kathleen Ziffo
Trustee

Approved and authorised for issue by the Trustees on 2 June 2020.

Statement of cash flows
for the year ended 31 December 2019

	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities				
Net Income	11,765		(39,410)	
Depreciation charges	13,254		13,683	
Decrease in debtors	10,736		3,215	
Increase/(decrease) in creditors	(3,490)		11,214	
Investment income	(95)		(46)	
Cash (used in)/provided by operating activities		32,170		(11,344)
Cash flows from investing activities				
Interest received	95		46	
Payments to acquire fixed assets	-		(2,167)	
Cash (used in)/provided by investing activities		95		(2,121)
(Decrease)/increase in cash and cash equivalents in the year		32,265		(13,465)
Cash and cash equivalents at beginning of year		216,954		230,419
Cash and cash equivalents at end of year		249,219		216,954
Cash and cash equivalents comprise:				
Cash at bank and in hand		249,219		216,954

Notes *(forming part of the financial statements)*

1 Accounting policies

Basis of accounting

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, and in accordance with applicable accounting standards, as modified by the revaluation of UK listed investments. The charity is a Public Benefit Entity and the financial statements comply with the charity's Constitution, the Statement of Recommended Practice (SORP) FRS 102 'Accounting and Reporting by Charities', FRS 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

These financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The trustees have considered the impact of the COVID-19 pandemic and consider it appropriate to prepare the financial statements on a going concern basis for the reasons as set on pages 7-8.

Income

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably. Donations, legacies and similar income sources are included in the period in which they are receivable, which is when the charity becomes entitled to the resource. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income is credited to the statement of financial activities on the basis of interest receivable during the year.

Expenditure

Expenditure, which includes irrecoverable VAT, is recognised on an accruals basis when there is a legal or constructive obligation to pay for expenditure.

- Expenditure on raising funds are those costs incurred in rental of the Church buildings and relate to the costs of maintaining the property. These costs are apportioned 70% to cost of raising funds and 30% to worship expenses.
- Expenditure on charitable activities include costs associated with worship and other general church expenses.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. They are attributed as support cost to worship and other general church expenditure.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Fixed assets

Fixed assets are included on the balance sheet at cost or valuation on relevant expenditure above £500. Depreciation is provided in the year in which the fixed assets are purchased. The rate of depreciation is calculated so as to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Equipment and furnishings	25% straight line
---------------------------	-------------------

No depreciation is provided on the land and buildings since the expected useful life of the Church exceeds 50 years. Buildings are maintained and funding sought for major repair works. Where the trustees consider there is a permanent diminution in the value of the property, full provision is made in the statement of financial activities.

Financial instruments

The charity has only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Cash and cash equivalents

Cash at bank and in hand includes cash and highly liquid short term investments with a maturity of 3 months or less from the date of acquisition or opening of the deposit or similar account.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Funds structure

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor.

The endowment fund is made up of the value of the Church building.

Notes (continued)
(forming part of the financial statements)

Judgements in applying key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the trustees have made the following judgements:

- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

2 Donations and legacies

	Unrestricted £	Restricted £	2019 £	Unrestricted £	Restricted £	2018 £
Offerings						
Freewill offerings	45,260	-	45,260	44,479	-	44,479
Open offerings	6,582	-	6,582	7,047	-	7,047
Donations						
Donations for benevolent purposes	449	-	449	383	-	383
Donations	19,214	20,069	39,283	3,634	16,178	19,812
Grants receivable (note 3)	3,574	-	3,574	9,492	-	9,492
	<u>75,079</u>	<u>20,069</u>	<u>95,148</u>	<u>65,035</u>	<u>16,178</u>	<u>81,213</u>

3 Grants receivable

	Unrestricted £	Restricted £	Total 2019 £	Unrestricted 2018 £
Listed places of worship	1,574	-	1,574	6,892
URC National Synod of Scotland	2,000	-	2,000	-
NHS Lothian	-	-	-	600
URC Vision 2020	-	-	-	2,000
	<u>3,574</u>	<u>-</u>	<u>3,574</u>	<u>9,492</u>

Notes (continued)

4 Income from charitable activities

	Unrestricted 2019 £	Unrestricted 2018 £
<i>Income from use of premises</i>		
Rents	56,633	49,423
Service charges	7,816	7,304
Other uses of premises	65,371	56,999
	<u>129,820</u>	<u>113,726</u>

5 Expenditure on raising funds

	Unrestricted 2019 £	Unrestricted 2018 £
Bad debts written off	131	309
Premises costs (note 8)	58,562	59,033
	<u>58,693</u>	<u>59,342</u>

6 Expenditure on charitable activities - Ministry and Mission costs

	Unrestricted 2019 £	Unrestricted 2018 £
Ministry and mission	42,960	42,180
Ministers' expenses	8,226	8,240
Pulpit supply	-	-
Organ	1,430	1,595
URC Synod	1,019	874
Visitor Ministry project	5,756	4,245
	<u>59,391</u>	<u>57,134</u>

7 Expenditure on charitable activities - Worship and general expenses

	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £	2018 £
Benevolent payments	1,499	-	1,499	1,080
Office and miscellaneous expenses	6,424	-	6,424	5,662
Worship and other ministry	4,030	-	4,030	7,180
Website costs	-	-	-	438
Maintenance costs	39,004	-	39,004	60,856
Depreciation	542	12,712	13,254	13,683
Governance costs (note 10)	3,900	-	3,900	3,720
Premises costs (note 8)	25,099	-	25,099	25,300
Consultancy fees	9,855	-	9,855	-
Miscellaneous	119	-	119	-
	<u>90,472</u>	<u>12,712</u>	<u>103,184</u>	<u>117,919</u>

Notes (continued)

8 Premises costs

	Unrestricted 2019 £	Unrestricted 2018 £
Rates and council tax	3,503	3,125
Furniture and equipment	1,083	1,042
Heating and lighting	18,559	16,979
Insurance	3,464	3,272
Professional fees	1,650	2,760
Salaries and employment costs (note 9)	54,304	54,467
Exceptional room hire costs	1,098	2,688
	<u>83,661</u>	<u>84,333</u>
Allocated to expenditure on raising funds (note 5)	58,562	59,033
Allocated to worship and general expenses (note 7)	<u>25,099</u>	<u>25,300</u>

Premises costs are allocated to cost of generating funds and worship expenses. The allocation has been calculated by the trustees at 70% to cost of generating funds and 30% worship expenses.

9 Analysis of staff costs

	2019 £	2018 £
Salaries and wages	52,140	52,462
Social security costs	-	455
Other employment costs	-	156
Employer pension contribution	2,164	1,394
	<u>54,304</u>	<u>54,467</u>

Staff costs include the salary costs of the lay staff.

All key management personnel are unpaid volunteers, except the Minister who is paid a stipend by the United Reform Church. In 2019 her stipend was £26,880.

No employee was paid in excess of £60,000.

10 Governance costs

	Unrestricted 2019 £	Unrestricted 2018 £
Audit fee	<u>3,900</u>	<u>3,720</u>

Notes (continued)

11 Trustees remuneration

During the year payments of expenses totalling £865 (2018: £1,968) were made to 2 trustees (2018: 2 trustees). In addition, the minister received expenses and allowances of £7,506 (2018: £6,559) and was paid a stipend and received benefit from a pension contribution from the United Reformed Church Ministry and Mission Fund. The contribution from the Church to this fund in the year was £42,960 (2018: £41,508).

12 Staff numbers

The average number of full time equivalent employees (including casual and part time staff) during the year was as follows:

	2019	2018
Lay members of staff	4	4

13 Auditors' remuneration

The auditors' remuneration of £3,900 (2018: £3,720) related solely to the audit.

14 Fixed assets

	Land and buildings – specialised property £	Equipment & furnishing £	Total £
Cost or valuation			
At start of and end of year	5,200,000	84,083	5,284,083
Depreciation			
At start of year	-	69,745	69,745
Charge for year	-	13,254	13,254
At end of year	-	82,999	82,999
Net book value			
At 31 December 2019	5,200,000	1,084	5,201,084
At 31 December 2018	5,200,000	14,338	5,214,338

The following information relates to tangible fixed assets carried at valuations:

	£
Land and buildings	
Church building – valued at depreciated replacement cost	5,200,000

The value of the Church building is based on the latest valuation performed by Allied Scotland (Chartered Surveyors) in January 2017.

The trustees are not aware of any material change in value and therefore the valuations set out above have not been updated.

Notes (continued)

15 Debtors

	2019 £	2018 £
Prepayments and accrued income	30,407	35,826
Grants receivable	1,575	6,892
	<u>31,982</u>	<u>42,718</u>

16 Creditors

	2019 £	2018 £
Other creditors and accruals	20,966	24,456
	<u>20,966</u>	<u>24,456</u>

17 Analysis of fund movements

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2019 £
Unrestricted fund					
- General fund	30,958	212,869	(208,556)	-	35,271
Designated funds					
- Fabric Fund	-	-	-	90,420	90,420
- Ministerial Accommodation	-	-	-	135,628	135,628
	<u>30,958</u>	<u>212,869</u>	<u>(208,556)</u>	<u>226,048</u>	<u>261,319</u>
Restricted funds					
- Fabric Fund	83,063	20,069	(12,712)	(90,420)	-
- Ministerial Accommodation	135,533	95	-	(135,628)	-
	<u>218,596</u>	<u>20,164</u>	<u>(12,712)</u>	<u>(226,048)</u>	<u>-</u>
Capital Endowment Fund	5,200,000	-	-	-	5,200,000
Total funds	<u>5,449,554</u>	<u>233,033</u>	<u>(221,268)</u>	<u>-</u>	<u>5,461,319</u>

The Fabric Fund was set up to provide for major renovation work which may be needed. The church is a listed building which has required substantial building work in recent years and it will require continuing work.

Incoming resources in the Fabric Fund includes congregational fundraising and grants receivable. Resources expended includes all maintenance costs and depreciation.

The Ministerial Accommodation fund has been set up to hold the proceeds of sale of the former Manse for use in the event that future Ministers need housing assistance.

With effect from 31 December 2019, and with agreement of the Synod of Scotland, both the Fabric Fund and Ministerial Funds shall be held as designated funds and available to support the ongoing activities of Augustine United Church as Church Council shall decide. As such, the full balances have been transferred at 31 December 2019 from restricted funds to designated.

Notes (continued)

17 Analysis of fund movements (continued)

The Capital Endowment Fund reflects the value of the Church building.

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2018 £
Unrestricted fund					
- General fund	35,895	178,761	(183,698)	-	30,958
Restricted funds					
- Fabric Fund	42,582	16,178	(50,697)	75,000	83,063
- Ministerial Accommodation	210,487	46	-	(75,000)	135,533
	253,069	16,244	(50,697)	-	218,596
Capital Endowment Fund	5,200,000	-	-	-	5,200,000
Total funds	5,488,964	194,985	(234,395)	-	5,449,554

18 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Capital endowment £	Total funds £
2019				
Fixed assets	1,084	-	5,200,000	5,201,084
Net current assets	260,235	-	-	260,235
	261,319	-	5,200,000	5,461,319
2018				
Fixed assets	1,626	12,712	5,200,000	5,214,338
Net current assets	29,332	205,884	-	235,216
	30,958	218,596	5,200,000	5,449,554

20 Ultimate controlling party

The charity is constituted by Trust Deed and is controlled by the elected trustees.