

**Scottish Episcopal Church
Diocese of Moray, Ross & Caithness**

Church of St Michael & All Angels, Inverness

Registered Charity No SC010352

Annual Report of the Vestry and Financial Statements

Year ended 30 September 2025

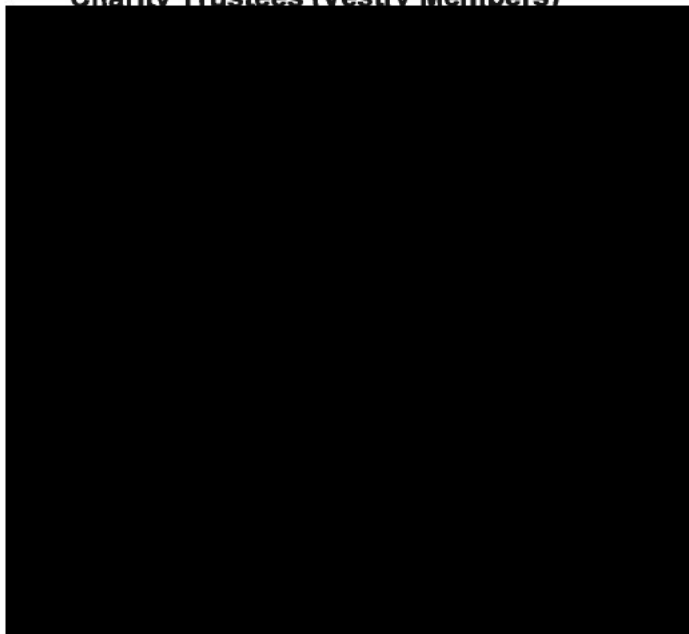
Reference and Administrative Information

Registered Charity No SC010352

Principal address

St Michael & All Angels
Abban Street
Inverness
IV3 8HH

Charity Trustees (Vestry Members)



Bankers

Royal Bank of Scotland
29 Harbour Road
Inverness
IV1 1NU

Independent Examiner



Westfield
Scaniport
Inverness-shire
IV2 6DN

Annual Report of the Members of the Vestry

Introduction

The Vestry is pleased to present the annual accounts for St Michael & All Angels for the year ended 30 September 2025.

We are a growing, friendly congregation whose objective is to advance the mission of the Christian Church through worship, service and fellowship. We aim to do this through supporting existing church members through worship and prayer and encouraging new members through community work such as opening our hall to other groups and other outreach work.

This annual report and accounts presents a summary of our financial activities during the year and gives an overview of the general activities which have taken place in the life of our church in the past year.

Background and history

St Michael & All Angels has been a worshipping congregation since 1877. Its current average congregation on a Sunday morning is around 35 communicants.

The church has a small parish hall attached to the church. This is used for community use on occasions which generates a small income.

The church was built in 1886 on the other side of the River Ness and moved to its present location in 1903. The building underwent a major restoration in 2002 with significant financial support from Historic Scotland and the Lottery Heritage Fund. As a result, the church building is in excellent condition.

The large house was built by the Parish Priest in 1913, St Michael's Lodge and put in trust for the use of future Parish Priests of St Michael & All Angels. The rectory, which was previously let out to tenants became empty in December 2024 and has not generated any income since that time. The church owns no other significant tangible assets.

Activities and achievements

████████████████████ is permanent Parish Priest on a part-time basis.

Congregation numbers are steady and there are regular occasions throughout the year for members to meet. We encourage all members of St Michael's to continue their involvement in the community, offering the gifts and talents they have, supporting them through our prayers.

It has been particularly pleasing to see the continuation of congregational recovery from the challenging times of the pandemic, enabling us to gather and hold events more regularly. We have welcomed several new members to our congregation and continue to appreciate the generous giving of the whole congregation in what continues to be challenging economic times.

The church also benefitted from the support of members of the congregation in many other ways and we are grateful for all the support provided.

The congregation is supportive of other charities as the occasion arises.

Annual Report of the Members of the Vestry

Income

St Michael & All Angels relies heavily on the generosity of its congregation for most of its day-to-day funding. Additionally, smaller but significant amounts are generated by fundraising activities (such as the summer BBQ and the Christmas Fayre), rental income from the Rectory when it is occupied, and from bank interest and investment income. The church regularly receives small legacies which are gifted to the church for general use.

Whilst our income has increased during the year, the continuing high costs of heating and maintaining the church building, mean that in the past year unrestricted income has only just been sufficient to cover expenditure. The Vestry continues to consider various options to increase the level of reserves.

Reserves

Currently, St Michael's reserves mainly fall into the category of unrestricted funds, which can be spent on any relevant activity. A few years ago, during the restoration of the church, it was necessary to withdraw much of the investment income held by St Michael's. It is still the intention to re-build these investments should the opportunity arise. A transfer to restricted reserves has been made to reflect £1,065 fundraising in 2024 which is restricted for the purpose of providing new altar frontals. During the year, £1,670 was raised by the congregation, Caring and Sharing Inverness, and Rotary, Culloden to fund the restoration of a painting in the Church. The expenditure from these funds took place after the balance sheet date.

The Vestry has adopted a policy of trying to maintain a level of unrestricted reserves such that, in the event of a significant drop in income, the church would be able to maintain its current level of activities for a reasonable period until replacement funding is obtained.

In previous years, the Vestry approved the creation of a designated fund for the purposes of funding the ongoing repair works which continue to be needed on the Parish Rectory and the Church building, in particular the Sacristy roof and the toilet facilities which require to be upgraded. The residual balance in this fund at 30 September 2025 was £19,389 and the Vestry have agreed to top this back up to £20,000 at 30 September 2025.

Investments

St Michael's has a small holding of M & G Charifund shares.

Structure, governance and management

St Michael & All Angels is an unincorporated association, governed by a constitution dated 1964 and last amended in 1989. As a member congregation of the Diocese of Moray, Ross and Caithness in the Scottish Episcopal Church, it is also governed by Canon Law of the Scottish Episcopal Church. The management team of the Church is known as the Vestry. For the purposes of charity law, the members of the Vestry are the Charity Trustees of the church. Details of Vestry members are given on page 1.

Apart from the Parish Priest and the Rector's Warden (who is appointed by the Parish Priest, position currently vacant) ordinary Vestry members are elected by the Congregation at the Annual General Meeting. The Constitution states that one member of the Vestry shall retire annually and shall not be eligible for re-election. The Parish Priest is appointed by the Vestry and the Bishop of the Diocese.

New Vestry members are given an induction pack outlining their roles and responsibilities. The Vestry secretary regularly updates other members of the vestry on relevant changes in legislation and best practice relating to charities.

Annual Report of the Members of the Vestry

Vestry responsibilities

The Vestry is responsible for managing and safeguarding the assets of the church and assist the Parish Priest in matters affecting the spiritual welfare of the congregation. They are also responsible for keeping proper accounting records and ensuring that the accounts are prepared in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The Vestry regularly considers the risks faced by St Michael & All Angels and ensures that appropriate risk management procedures are in place to mitigate those risks.

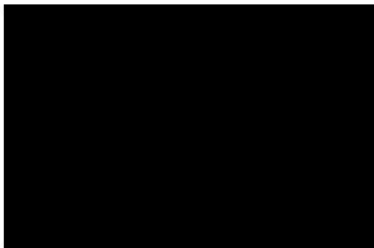
Relationship with Diocese and Province

St Michael & All Angels is supported by the Diocese and the Province through the pastoral oversight of the Bishop and central support functions provided at Diocesan level. The church is represented at Diocesan level by the Parish Priest and the Lay Representative. As a member of the Scottish Episcopal Church, St Michael & All Angels has an obligation to contribute to the costs of the Diocese and the Province through payment of an annual 'quota'.

Conclusion

The members of the Vestry would like to thank all those who contribute their time, energy and money so generously to ensure the continuation and development of St Michael & All Angels as a centre of worship and a focus for the community.

On behalf of the Trustees



Independent Examiner's Report to the Vestry Members of St Michael & All Angels

I report on the financial statements of the charity for the year ended 30 September 2025 which are set out on pages 6 to 11.

Respective responsibilities of the Trustees and Examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations"). The charity's trustees consider that the audit requirement of Regulation 10(1)(d) of the 2006 Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

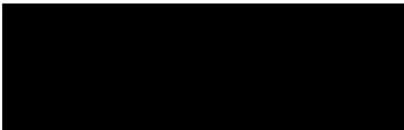
Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Accounts Regulations,have not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Chartered Accountant
Inverness
7 December 2025

Receipts and Payments Account

for the year ended 30 September 2025

		2025	2025	2025	2024
		<i>Restricted</i>	<i>Unrestricted</i>	<i>Total</i>	<i>Total</i>
	<i>Notes</i>	£	£	£	£
Receipts					
Donations	2	-	34,703	34,703	29,895
Receipts from fundraising activities	3	-	1,806	1,806	2,833
Special collections	4	1,670	327	1,997	47
Rental income		-	2,400	2,400	14,400
Receipts from investments	5	-	449	449	425
Grants	6	-	-	-	1,000
Total receipts		1,670	39,685	41,355	48,600
Payments					
Payments relating to charitable activities	7	-	32,027	32,027	31,483
Expenses for fundraising activities	8	-	-	-	400
Payments from special collections	9	-	327	327	617
Governance costs		-	-	-	-
Repairs to/refurbishment of rectory	10	-	3,011	3,011	2,487
Total payments		-	35,365	35,365	34,987
Surplus/(Deficit) for the year before transfers		1,670	4,320	5,990	13,613
Transfers between reserves		1,065	(1,065)	-	-
Surplus/(Deficit) for the year after transfers		2,735	3,255	5,990	13,613

Statement of Balances

at 30 September 2025

	2025 <i>Restricted</i> £	2025 <i>Unrestricted</i> £	2025 <i>Total</i> £	2024 <i>Total</i> £
Cash at bank				
Balance at beginning of year	-	40,309	40,309	26,696
Surplus/(Deficit) for the year	2,735	3,255	5,990	13,613
Total cash funds at end of year	2,735	43,564	46,299	40,309
Investments (M & G Charifund)				
Market value at beginning of year (34.321 units)	-	523	523	491
Unrealised gain/(loss) in year	-	35	35	32
Market value at end of year (34.321 units)	-	558	558	523
Other assets				
Tenant's Improvements at Rectory	-	-	-	-
Liabilities				
SEC loan	-	-	-	-
Total funds	2,735	44,122	46,857	40,832
Funds reconciliation				
At beginning of year	-	40,832	40,832	27,187
Surplus/(deficit) for year	2,735	3,255	5,990	13,613
Movements in investments	-	35	35	32
At end of year	2,735	44,122	46,857	40,832
Analysis of funds:				
Restricted funds	2,735	-	2,735	-
Unrestricted funds: designated	-	20,000	20,000	20,000
Unrestricted funds	-	24,122	24,122	20,832
Total funds	2,735	44,122	46,857	40,832

Approved by the trustees on 7 December 2025 and signed on their behalf by:



Vestry Secretary
7 December 2025

Notes to the accounts

at 30 September 2025

1. Accounting policies

Basis of preparation of the accounts

The accounts have been prepared on a receipts and payments basis. They consist of a summary of all monies received and paid via the bank and in cash by the church during the financial year, along with a statement of balances. No adjustments have been made for any income due but not received, nor for any expenses incurred but not yet paid at the year end. Except for investments, and the refurbishment works on the rectory, fixed assets are not capitalised.

Investments

Investments held beneficially are stated at market value.

Funds

Unrestricted funds are divided into general funds and designated funds, use of the latter being governed by the Vestry. Restricted funds are funds received from time to time which are subject to specific conditions imposed by the donor or related trust.

Church buildings and hall

The church and hall are not shown in the statement of balances. The Vestry believes that it is not possible to place a market value on them.

Parish rectory

In 2015 the parish rectory underwent a significant refurbishment. The value of these works has been capitalised and were written off over a period of 5 years, matching the expected tenancy of the Parish Priest. The assets were fully written off in 2019.

2. Donations

	2025	2025	2024
	£	£	£
	<i>Restricted</i>	<i>Unrestricted</i>	<i>Total</i>
General collections (open plate)	-	3,392	1,987
Free will offerings/Gift Aid	-	28,538	25,125
Donations - general	-	2,688	2,097
- legacies	-	-	500
- for use of Hall	-	85	186
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	-	34,703	29,895
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Notes to the accounts

at 30 September 2025

3. Receipts from fundraising activities

	2025	2024
	<i>Unrestricted</i>	<i>Total</i>
	£	£
Gift Day and functions	712	868
Other fundraising activities	1,094	1,965
	<u>1,806</u>	<u>2,833</u>

4. Special collections

	2025	2024
	<i>Unrestricted</i>	<i>Total</i>
	£	£
Lenten Appeal	327	47
Other collections	1,670	-
	<u>1,997</u>	<u>47</u>

5. Receipts from investments

	2025	2024
	<i>Unrestricted</i>	<i>Total</i>
	£	£
M & G Charifund	23	30
Bank interest	426	395
	<u>449</u>	<u>425</u>

6. Grants

	2025	2025	2024
	£	£	£
	<i>Restricted</i>	<i>Unrestricted</i>	<i>Total</i>
Grant for Warm Spaces	-	-	1,000
	<u>-</u>	<u>-</u>	<u>1,000</u>

In 2024, grant income of £1,000 was restricted.

Notes to the accounts

at 30 September 2025

7. Payments relating to charitable activities

	2025 <i>Restricted</i>	2025 <i>Unrestricted</i>	2024 <i>Total</i>
	£	£	£
Stipend	-	13,034	10,902
Travel & office expenses	-	110	234
Provincial & Diocesan quota	-	3,444	2,964
Council tax & other rectory related costs	-	1,860	685
Church buildings running costs	-	9,227	13,442
Worship-related costs	-	3,496	3,147
Administrative expenses	-	856	109
	-	32,027	31,483

In 2024 church building running costs included £1,000 of restricted expenditure.

8. Expenses for fundraising activities

	2025 <i>Unrestricted</i>	2024 <i>Total</i>
	£	£
Printing & stationery	-	-
Goods & expenses for events	-	400
	-	400

9. Payments from special collections

	2025 <i>Unrestricted</i>	2024 <i>Total</i>
	£	£
Lenten appeal	327	47
Other collections and donations	-	570
	327	617

10. Repairs/refurbishment of rectory

	2024 <i>Restricted</i>	2024 <i>Unrestricted</i>	2023 <i>Total</i>
	£	£	£
Refurbishment works	-	3,011	2,487

Notes to the accounts

at 30 September 2025

11. Remuneration and expenses paid to Vestry Members

None of the vestry members received any remuneration or expenses relating to their position as vestry members.

12. Funds

Designated fund – Repair fund

During prior years, the Vestry approved the transfer of £20,000 into designated funds for the purpose of the ongoing repair and maintenance work required on the Rectory, Church and Hall. Payments totalling £3,011 and receipts totalling £2,400 were allocated to this fund in the current year, and the Vestry have agreed to add £611 to this fund, bringing the balance on 30 September 2025 to £20,000.

Restricted fund – New Altar frontals

In September 2024, the sum of £1,065 was received from fundraising activity on the proviso that this income would be used towards replacing the Altar frontals. As at the balance sheet date this fund has not been spent and carries forward at £1,065.

Restricted fund – Restoration of painting

During the year fundraising for the restoration of a painting in the Church raised £1,670 which is to be used to restore the painting. At the year end the balance in this fund was £1,670, with payment for the restoration occurring after the year end date.