

The Archbishops' Council
Annual Report and Financial Statements
for the year ended 31 December 2006

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Contents

Annual Report

- 5 **Introduction by the Archbishop of York**
- 6 **Mission statement**
- 7 **The Archbishops' Council in 2006: review of activities**
- 13 **Organisational information**
- 21 **Administrative information**

Financial Statements and Accounts: year ended 31 December 2006

- 25 **Independent auditors' report**
- 27 **Consolidated statement of financial activities**
- 28 **Consolidated balance sheet**
- 29 **Consolidated cash flow statement**
- 30 **Notes to the financial statements**

Introduction by the Archbishop of York

I am pleased to present the eighth annual report of the Archbishops' Council.

At the time of writing, staff of the Council have been back in Church House for three months, having spent the whole of 2006 in temporary accommodation in Waterloo. The Council is indebted to the Corporation of the Church House for ensuring that the work was completed on time and that the Council now has fresh new offices from which to conduct its business. It is a tribute to the planners and the staff that the move was achieved with the minimum of disruption.

The Church Commissioners' move from No.1 Millbank into Church House means that the three main NCIs are now located in one building for the first time. It is our hope that this will bring about the ever-closer working envisaged in the Turnbull Report. Close collaboration has brought substantial benefits for the Church in the past and this is likely to be increasingly true over the years to come as we face the challenges of the future together.

The pages which follow give a clear overview of the main activities of the Council and its staff during 2006 towards meeting the Council's object to 'co-ordinate, promote, aid and further the work and mission of the Church of England'. But there is much more work carried out by the Council's staff on a daily basis to resource the Church and its engagement with the world which does not feature in this annual report: over £30m was re-distributed in 2006 to support the Church's dioceses and parishes; essential networks were maintained within and outside the Church; work was co-ordinated with sister Churches and other faiths; the Council itself, its Boards, Councils and Committees, the General Synod and the House of Bishops were staffed and resourced. We are, as always, immensely grateful for the quality and quantity of work which is done on our behalf.

I commend this annual report and seek the continuing prayers and support of the Church for the members of the Archbishops' Council as we endeavour to discharge the duties and responsibilities entrusted to us.

✘ SENTAMU EBOR:

Church House, Westminster
5 June 2007

Mission Statement

The Archbishops' Council's Mission is to support the Church in her worship of God and in her participation in:

- proclaiming the Good News of the Kingdom
- teaching, baptising and nurturing new believers
- responding to human need by loving service
- seeking to transform unjust structures in society
- striving to safeguard the integrity of creation and sustaining and renewing the life of the earth

The Archbishops' Council in 2006

Review of activities

1. The Archbishops' Council is the body charged with the responsibility at national level to co-ordinate, promote, aid and further the mission and work of the Church of England. This involves overseeing the delivery of services and support to parishes and dioceses, bringing together issues of policy and resource for the General Synod, representing the Church to Parliament and Government and much else besides. The 19 members of the Council are supported by a staff team led by the Secretary-General and are indebted to them for their professionalism and hard work.
2. For the whole of 2006, the Council continued to work in temporary accommodation at Elizabeth House in Waterloo during a major refurbishment project at Church House in preparation for reoccupation in March 2007. With the sale of the Church Commissioners' building at No.1 Millbank, the staff of the Council, Commissioners and Pensions Board will at last benefit from collocation at Church House.
3. The Council completed the second phase of its **service reviews** in the autumn and agreed that the third, and final, phase should be set in train. Following the recommendations of the first phase of the review, the Legal Office has been restructured, with the Church Commissioners' and Pensions Board's property transactional work being outsourced (resulting in seven members of staff of the Legal Office whose managing employer was the Archbishops' Council being transferred to new employers). The Ministry Division has undertaken a review of its committee structure and the Council has agreed a reduction in the number of committees with the aim of rationalising and strengthening co-ordination in the Division's area of work. The changes will be implemented during 2007 and 2008.
4. As part of its continuing review of internal procedures, the Council introduced a new **accounts system** in November, which was used successfully to produce the 2006 year-end financial statements. Work is now being planned to replace most of the financial and accounting systems within the Church Commissioners and the Church of England Pensions Board with the new system. This is a phased project, managed by the Council and scheduled to be completed during 2008.
5. On the wider Church front, work continued on the **Dioceses, Pastoral and Mission Measure**. The draft Measure passed through its Revision Stage in Synod in July and received Final Approval at the February 2007 Group of Sessions.
6. The process of producing legislation in respect of **clergy terms of service** also continued and the draft Ecclesiastical Offices (Terms of Service) Measure and related legislation were introduced for First Consideration at the February 2007 Group of Sessions.

Objectives and achievements

7. The five-year work programme for the main National Church Institutions (NCIs) – the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board – and the General Synod is set out in the document *Into the New*

Quinquennium, published as GS 1607 (available on request or on the Church of England website – www.cofe.anglican.org.uk).

8. The Council's agreed objectives to progress that work during 2006 are:
- to enhance the Church's mission and unity through promoting growth and engaging with spiritual, social, political, ecumenical and environmental issues;
 - to advance the Church's role in education and lifelong learning;
 - to enable the Church to select, train and resource the right people, both ordained and lay, to carry out its ministry; and
 - to encourage the maintenance and development of the inherited fabric of Church buildings, enabling the furtherance of the Church's mission in worship and service to the community.

Enhancing the Church's mission and unity through promoting growth and engaging with spiritual, social, political, ecumenical and environmental issues

9. A significant amount of the Council's time is spent considering how to respond to Government consultations and draft legislation. During 2006, the Council and its staff considered issues arising from proposals in respect of the Equality Act, the Racial and Religious Hatred Act, the Civil Partnership Act, the Education Act 2005, the Education and Inspections Bill, the Joffe Bill on Assisted Dying for the Terminally Ill, the Terrorism Act, the Serious Organised Crime and Police Act, the Charities Act and on the continuation of the 'ecclesiastical exemption' amongst others. It has also considered issues relating to Sunday trading, mental health and cohabitation. All of this involves detailed engagement with Government departments and other agencies and demands a great deal of the staff of the Legal Office and the Divisions into whose remit these pieces of legislation fall.

10. Much work is also involved in preparing briefs for bishops to enable them to speak for the Church and other faith communities in debates in the House of Lords.

11. The **Commission on Urban Life and Faith**, chaired by Baroness Richardson of Calow, published its report *Faithful Cities* in May. The Commission was established in 2003 to consider the significant features of life in urban communities and the Church's engagement with them twenty years on from the landmark report *Faith in the City*. A major strand of the report encourages faith groups and others to initiate *What makes a good city?* debates in the towns, cities and communities where they live. Churches, Government and other bodies are being encouraged to look at the report and its recommendations to consider how they might respond to the challenges faced by those who live in urban communities. The Commission's website – www.culf.org.uk – contains a great deal of useful material for use in urban communities. The appointment by the Archbishops of the **Rt Revd Stephen Lowe**, Bishop of Hulme, as bishop for urban life and faith is a further plank in raising awareness of the Church's commitment to urban communities.

12. A resource book entitled *Seeds in Holy Ground* (GS 1606) was published to assist rural communities. It considers the role of the Church in rural communities and explores ways of helping England's 10,000 churches in the countryside meet the needs of the 78.8% of the rural population who classify themselves as Christian – as well as the remaining 21% who do not. The resource book has so far sold around 5,500 copies.

13. The **Youth Evangelism Fund** marked its first full year of operation in 2006. The YEF gives small pump-priming grants (up to £3,000) in response to ideas from young Christians so that they can share their faith with their friends in ways that make sense to them. This funding is only given if young people themselves apply for it, and a very simple application process has been developed. In 2006 the Fund supported 199 projects, disbursing almost £190,000 to young people in eight dioceses. Future years will focus on different dioceses. Including the Council's own commitment of £100,000, £195,000 has already been raised for 2007. A full report of the first year's operation will be published in mid-2007.

14. The Church of England's most recent statement on the environment is set out in the report **Sharing God's Planet** (produced by the Council's Mission and Public Affairs Council) which was debated by the General Synod in February 2005. The Synod commended the report and challenged itself and wider Church organizations to act upon it. On World Environment Day (5 June) the Church took a further step in the challenge by launching the **Shrinking the Footprint** campaign (www.shrinkingthefootprint.cofe.anglican.org). The campaign invites all parish churches to carry out an audit of current energy use so that a benchmark can be established. Once the size of the current 'carbon footprint' of the Church has been assessed, the campaign will roll out initiatives to shrink that footprint.

15. A further development under the Anglican-Methodist Covenant occurred in September with the appointment of the Revd Pearl Luxon as **Safeguarding** Adviser for the Church of England and the Methodist Church. The Council takes the issue of safeguarding very seriously and took the opportunity to extend the remit of the post beyond children also to include vulnerable adults. In 2006, the document **Promoting a Safe Church**, was issued under the authority of the House of Bishops. It includes a policy for the Church of England on safeguarding vulnerable adults, examples of good practice and procedures to follow. It is a companion volume to **Protecting all God's Children**, which gives guidance in respect of safeguarding children.

16. **Responding to domestic abuse** (GS Misc 838), which establishes guidelines for those with pastoral responsibilities, was published in October. The intention of the guidelines is to inform, direct and equip those working at local level to offer the most appropriate care and support for the victims of domestic abuse as well as those who may have been taken into their confidence.

17. Discussions continued on many fronts throughout the year with ecumenical partners to further **unity** between the various Churches. This work is focussed through the Council for Christian Unity. A report on the Anglican-Baptist conversations was discussed by Synod in February and commended for further study in the dioceses and parishes. A study guide will be published during the course of 2007.

Advancing the Church's role in education and lifelong learning

18. One of the Church of England's biggest success stories of recent years continued during 2006 with the establishment of a further 28 opened or expanded schools, plans for a further 10 schools and discussions underway for another 32. Five new academies were opened in 2006 with plans for another 14 and discussions in hand for 40 more.

19. In February 2006, Synod discussed a report by the Board of Education on the mutual expectations of the Church and the **Church Colleges of Higher Education** and, increasingly, Universities (GS 1601). Maintaining a Church of England identity and

ethos in a fiercely secular environment is not an easy task, but all of the institutions expressed their willingness to do so and the Synod expressed its support for them and for the Board of Education in its relationship with them.

20. In July, Synod considered another report by the Board of Education – ***Pushing Further*** (GS 1628) – and approved an ambitious programme of growth in the provision of chaplaincies in Further Education colleges, providing a major opportunity for the Church to engage, alongside ecumenical and multi-faith partners, with more young people.

Enabling the Church to select, train and resource the right people, both ordained and lay, to carry out its ministry

21. A major concern during 2006, following the introduction of new pensions regulations, was the issue of clergy pensions and the future shape of the **clergy pension scheme**. Cross-NCI work was set in train and a consultation process initiated to assess the options. The working group reported to Synod in February 2007 and a consultation is now taking place of all the Scheme's beneficiaries in order to be able to implement the agreed changes.

22. In 2006, the Ministry Division ran 50 **selection panels**. These were attended by 715 candidates, of whom 594 were selected for ordination training (an increase of nearly 3% on 2005) either in Colleges or on Courses, the majority for stipendiary ministry. Almost half were women. The trend towards younger candidates continued with 90 of the candidates selected for training in 2006 being under 30 (15%). Following the lead set in *Mission-shaped Church*, 19 were selected to train to become 'pioneer ministers' to work in fresh expressions of Church (6 in 2005).

23. Twenty-four of those selected, or 4% of the total, were from **minority ethnic** backgrounds. The Committee for Minority Ethnic Anglican Concerns has been working with the Ministry Division to improve the figures for minority ethnic candidates and held two very successful conferences during 2006 to encourage vocations to the ordained ministry and to youth work.

24. *Shaping the Future* (January) provided more detailed guidelines for lay training, reader training and ordination training, including learning outcomes for the training of ordinands and the newly ordained. Guidance was issued (October 2006) on *Governance Issues in Regional Partnerships*.

25. The work of the drafting group preparing new legislation for **clergy terms of service** continued and presented draft legislation to Synod for First Consideration in February 2007.

Encouraging the maintenance and development of the inherited fabric of Church buildings, enabling the furtherance of the Church's mission in worship and service to the community

26. Church buildings are a major feature of the rural, urban and suburban landscape. They are, in many cases, a focus of the local community and yet it is a constant struggle to maintain them and make them more widely available for service to the community.

27. A major focus for the Cathedral and Church Buildings Division during 2006 continued to be the agenda outlined in the report *Building Faith in our Future* (published by the Church Heritage Forum in October 2004) and progressing the Church of

England's agenda with Government and other agencies. Synod debated the report ***The Church's Built Heritage*** in February, supported its recommendations and called on Government to increase financial support for the care, maintenance and repair of church buildings, and to continue the Listed Places of Worship Grant Scheme beyond March 2008 (now extended to 2011).

New faces

28. The Council welcomed Professor John Craven, Vice Chancellor of the University of Portsmouth, and Mr Philip Fletcher, Chair of OFWAT, to its membership and said farewell to Professor Peter Toyne, a member of the Council since its establishment. The Council owes a heavy debt of gratitude to Peter for his work especially in laying the foundations for the Dioceses, Pastoral and Mission Measure and with the Publishing Board.

29. Following the retirement of Gordon Kuhrt, the Council welcomed the Ven Christopher Lawson as Director of Ministry in February. The Council also welcomed Jackie Bliss as the new NCI Finance Director. Her role across the three largest NCIs is another example of the ever-closer working of the three organisations.

30. In November, the Council bade farewell to Canon (now the Very Revd) John Hall on his appointment as Dean of Westminster Abbey. His contribution to the work of the Council through his post as Chief Education Officer was enormous and he will be missed. The Council wishes him well in this new phase of his ministry.

Getting the message out

31. Getting the message out about the Council's activities and achievements is handled by the Communications Office. The Communications Office provides media relations and internal and website communications services not only to the Council, but also to the Synod, the House of Bishops, the Church Commissioners, the Pensions Board and the dioceses. It leads the Church's representations on broadcasting policy (and has been closely involved in the discussions about the BBC's Charter renewal) and answers enquiries from the public.

On behalf of the Archbishops' Council

✘ SENTAMU EBOR:

Joint President

Church House
Westminster

5 June 2007

Organisational information

32. The Archbishops' Council is established under the National Institutions Measure 1998. Its purpose is to 'co-ordinate, promote and further the work and mission of the Church of England'.

33. Supported by its Boards, Councils and Divisions, the Archbishops' Council aims to hold together issues of policy and resources by co-ordinating and taking an overview of the work already being done on its own behalf and on behalf of the wider Church by planning a forward programme of work and by responding to impulses from within and outside the Church.

34. The following values underpin the work undertaken by the Council and its supporting bodies: openness to God; worship; service; promoting growth; unity; partnership; integrity and transparency. The Council carries out its work in compliance with relevant legislation and best practice.

Boards, Councils and Committees

35. The following bodies undertake work on behalf of the Archbishops' Council:

- Audit Committee of the Archbishops' Council (chair: Tony Hesselwood)
- Board of Education (chair: the Bishop of Portsmouth)
- Committee for Minority Ethnic Anglican Concerns (chair: the Revd Rose Hudson-Wilkin)
- Council for Christian Unity (chair: the Bishop of Peterborough)
- Council for the Care of Churches (chair: the Bishop of Sodor & Man)
- Finance Committee (chair: Michael Chamberlain)
- Committees of the Ministry Division (chair: the Bishop of Norwich)
 - Committee for Ministry of and among Deaf and Disabled People (chair: the Bishop of Sheffield)
 - Deployment, Recruitment and Conditions of Service Committee (chair: the Bishop of Ripon & Leeds)
 - Theological Education and Training Committee (chair: the Revd Canon Dr Judith Maltby)
 - Vocation, Recruitment and Selection Committee (chair: the Bishop of Tewkesbury)
- Mission and Public Affairs Council (including the Hospital Chaplaincies Council)(chair: Dr Philip Giddings)

Other bodies

36. The Archbishops' Council and the General Synod have a number of other committees, commissions and similar bodies which report to them. Details are available in a number of publications, including the *Church of England Yearbook*, or on request.

National Church Institutions

37. The Archbishops' Council works in close partnership with the other National Church Institutions: the Church Commissioners, the Church of England Pensions Board and the offices of the Archbishops of Canterbury and York.

Staff

38. The Council's Human Resources Panel exists to review progress of its Human Resources strategy. It meets annually with representatives of the Council's staff to discuss matters affecting the staff; acts for the employer on occasions (e.g. provides members for disciplinary appeal panels) and provides advice and guidance to the HR Director when necessary.

39. The Joint Employment and Common Services Board (JECBSB) was established specifically to take operational responsibility for the joint employment relationship between the NCIs and to manage common services. It exercises powers delegated to it by each of the NCIs. The First Church Estates Commissioner, the Chair of the Pensions Board, the Chair of the Council's Finance Committee and the Chief Executives of the Archbishops' Council and the other main National Church Institutions make up its membership.

40. The JECBSB has one sub-group – the Remuneration Committee – which sets senior pay levels and mandates the management side of the Joint Staff Council for negotiations and consultation with the trade unions.

41. The average number of staff employed by the Council during 2006 was 252, roughly half male and half female. Around 12% of the staff were from a Black or other minority ethnic background.

Equal opportunities

42. The National Church Institutions (which include the Archbishops' Council) are committed to equal opportunities in employment.

43. The NCIs have agreed diversity targets in accordance with the recommendations of the Stephen Lawrence follow-up report – *Called to Act Justly*. The Equality for All Group monitors progress and is involved in designing proactive initiatives to help achieve these.

44. Equality Advisers are in post to support staff who may feel harassed or bullied and there is an established complaints procedure for dealing with claims of discrimination. All staff are required to undergo training in equal opportunities awareness and all appointing managers must undertake 'Fair Selection' training before being permitted to interview for staff.

Environment

45. The Archbishops' Council is fully committed to an active environmentally aware policy. In addition to the Archbishops' Council's policy, individual departments are encouraged by the Environmental Working Group to produce their own policies for their specific areas of work.

Health and safety

46. Together with the other National Church Institutions, with whom the Archbishops' Council is a common employer, the Council has duties under the Health and Safety at Work etc. Act 1974 and associated legislation to protect the wellbeing of its staff and others affected by its work. During 2006, the NCIs further developed and implemented a comprehensive occupational health, safety and welfare system to reduce the risks of accidents and work related ill health and to promote a healthier work/life balance.

Trustee recruitment and appointment

47. Members of the Archbishops' Council have the same responsibilities as trustees. They hold office in a variety of ways: *ex officio* (the two Archbishops, the officers of the General Synod, the First Church Estates Commissioner); elected (by the Houses of the General Synod – two from each of the Houses of Bishops, Clergy and Laity); or appointed (by the Archbishops, with the approval of the General Synod, after an extensive public recruitment process). See p.21 for details.

48. During 2006, two new appointments were made to the Council – Professor John Craven (from 1 July 2006), replacing the Bishop of Portsmouth, and Mr Philip Fletcher (from 1 January 2007), replacing Professor Peter Toyne. The appointment of Mr Michael Chamberlain (Chair of the Council's Finance Committee) was extended, with the consent of Synod, by one further year until 31 December 2007.

Trustee training

49. New and existing members of the Archbishops' Council have the opportunity to meet heads of department and other staff for briefing on the organisation as a whole, on particular areas of work and on their responsibilities as members of the Archbishops' Council. Members also have the opportunity to learn about the Council and contribute to its development at close hand as members of Boards and Councils and of committees and working parties looking into specific areas of the Council's work and operation.

Trustee responsibilities

50. Members of the Archbishops' Council are required to prepare for each financial year consolidated financial statements which give a true and fair view of the state of affairs of the Archbishops' Council and of the results for the year. In preparing the financial statements, the Archbishops' Council has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards without any material departures; and
- prepared the financial statements on the going concern basis.

51. They are responsible for safeguarding the assets of the Archbishops' Council, and for taking reasonable steps for the prevention and detection of fraud and other irregularities and providing reasonable assurance that:

- the organisation is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;

- proper records are maintained and financial information used internally or for publication is reliable; and that
- relevant laws and regulations are met.

Internal control

52. The members of the Archbishops' Council have overall responsibility for ensuring that appropriate systems of control, financial and otherwise, exist. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Archbishops' Council and for ensuring that the financial statements comply with the Charities Act 1993 and applicable accounting standards and requirements.

53. The systems of internal financial control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a comprehensive annual planning and budgeting process;
- regular review of management accounts, variances from budget and non-financial management information;
- delegation of authority and segregation of duties; and
- identification and management of risks.

Risk Management

54. In line with the recommendations of the Statement of Recommended Practice 2005 for Accounting and Reporting by Charities, the Archbishops' Council has approved a risk management programme to assess business risk and implement risk management strategies. A process of identifying risks and implementing a continuous programme of activities to monitor and mitigate risks has been undertaken and is regularly reviewed by the senior management team and the Finance Committee and considered at least annually by the Archbishops' Council. This work entails:

- clarifying management responsibility for the risks in each activity;
- prioritising risks in terms of potential likelihood of occurrence and impact;
- adopting suitable counter measures to mitigate the risks; and
- monitoring the management of risk, with regular reports to the Archbishops' Council.

Internal Audit

55. The Internal Audit department carries out a programme of risk-based reviews. Regular reports are given to the Audit Committee and the Joint Employment and Common Services Board. Management action on audit recommendations is regularly monitored.

Audit Committee

56. The Audit Committee is a committee of the Archbishops' Council, constituted in accordance with the Standing Orders of the General Synod. It is answerable to the Synod through the Archbishops' Council. Each year a report on the discharge of the Committee's functions is put before the Archbishops' Council and the General Synod. Its principal duties are:

- External audit: to consider all matters relating to the appointment and removal of the external auditors, to discuss with them the nature and the scope of their audit, and to review their management letter to the Council and its response;
- Annual accounts: to review the annual accounts, looking in particular at changes in accounting policies and practices, compliance with legal requirements and accounting standards, adjustments arising from the audit and significant areas of judgement;
- Internal controls: to keep under review the effectiveness of the governance, risk management and internal control systems;
- Other National Church Institutions: to liaise with the Audit Committees of the Church Commissioners and the Church of England Pensions Board on matters of mutual concern;
- Representations: to consider representations made to it generally.

Finance Committee

57. The Finance Committee is the financial executive of the Archbishops' Council. It is the focus for work formerly undertaken by the CBF as the financial executive of the General Synod and for work formerly undertaken by the Church Commissioners concerning financial provision for the clergy, including the allocation of monies made available by the Church Commissioners to support the needier dioceses.

58. The Finance Committee is responsible for the management of the financial business of the Archbishops' Council. This includes the raising and administration of money voted by the General Synod for the Archbishops' Council and for other purposes; the apportionment of those costs between dioceses; the preparation of financial statements and the preparation of the annual budget. It is responsible for the provision of accounting services and financial control.

Investment: the CBF Church of England Funds

59. The CBF has the same membership as the Archbishops' Council.

60. Under the provisions of the Church Funds' Investment Measure 1958 (as amended), the CBF has previously acted as the trustee of the investment and deposit funds established under that Measure (the CBF Church of England Funds). There are five separate funds with a combined total value at 31 December 2006 of £1,994 million (2005: £1,846 m) invested in cash, equities, bonds and direct property.

61. The CBF delegated the administration and management of the Funds to CCLA Investment Management Limited (CCLA). The CBF Church of England Investment Fund owns 60% of CCLA's share capital.

62. As trustee, the CBF was ultimately responsible for the CBF Church of England Funds and, through its Executive Committee (whose membership is the same as the Archbishops' Council's Finance Committee), appointed an Investment Committee to act on its behalf and to advise and report on all matters relating to the Measure.

63. Following a review of the arrangements for the administration of the CBF Church of England Investment Funds, the CBF resolved in November 2006 to transfer its trustee responsibilities in relation to those funds to a new trustee body specially constituted for the purpose, CBF Funds Trustee Limited. The General Synod approved

that resolution in February 2007, from which point the administration of the CBF Church of England Funds passed to the new body.

Ethical investment

64. The Archbishops' Council supports the work of the Church's Ethical Investment Advisory Group (EIAG), which develops and co-ordinates ethical investment policy on behalf of the three central Church investment bodies. The EIAG makes recommendations based upon considered research, but responsibility for accepting and implementing these rests with the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board respectively.

65. The EIAG publishes an annual report of its work and this is available, together with other related publications, from the Socially Responsible Investment Unit at CCLA and is also available on the Church of England website.

Review of the consolidated statement of financial activities for 2006

66. The Consolidated Statement of Financial Activities is shown on page 27 of the financial statements. The overall results were in line with expectations, and the Council is satisfied that they reflect accurately the performance of activities in pursuance of its purpose to co-ordinate, promote, aid and further the work and mission of the Church of England.

67. Income of £31.9 million from the Church Commissioners under the National Institutions Measure 1998 was used to pay £26.9 million of selective allocations to dioceses (including £4.5 million of Parish Mission Funding), with an extra £4.0 million in 2006 for stipend allocations and an extra £0.8 million towards administrative costs of the Church Urban Fund.

68. The Vote 1 spend for ordination training costs of £9.7 million was at the same level as 2005.

69. Vote 3 income of £1.4 million was fully disbursed in payments of grants towards the work of the Anglican Communion office, the national and international ecumenical initiatives, legal aid and £0.2 million towards the administrative costs of the Church Urban Fund.

70. Vote 4 expenditure of £651,000 relates to the pension contributions for clergy who are employed by Church of England members of the Partnership for World Mission.

71. Vote 5 Church Housing Assistance for the Retired Ministry (CHARM) received £3.1 million contributions from dioceses, and incurred lower than expected costs of £2.8 million.

72. Unrestricted income includes diocesan contributions under Vote 2, grants receivable, including those from the National Society for the work of the Education Division and from Quintel towards the aeriels work of the Cathedrals and Church Buildings Division, investment income and trading income from publishing and the bookshop.

73. Unrestricted expenditure is largely the Vote 2 budget, the main component of which is the cost of activities in furtherance of the Council's objectives through the divisions of the Council and a number of common service departments which serve all

the NCIs. The allocation of these costs to the charitable activities, after deducting the contributions received from the other NCIs for common service departments is shown in note 9.

74. The costs of generating funds are primarily those relating to the publishing and bookshop trading activities. These are lower than in 2005 mainly due to the sale of Church House Bookshop on 28 April 2006.

75. The governance costs of the Council include the cost of internal audit, external audit fees and company administration.

76. The net reduction of £1.6 million of Unrestricted funds results from utilisation of Designated funds. Of this, £0.9 million relates to the use of the Five Yearly Planned Maintenance fund accumulated at 1 January for Church House, and £0.3 million from the staff retirement fund arising from restructuring.

77. Restricted funds, which can only be used for the purposes for which they were given, increased by £2.8 million in 2006 to £38.8 million, due principally to a £3.0 million increase in the market value of the investments held. The main restricted fund is the Church and Community Fund (formerly the Central Church Fund), which contributes to the activities of the Archbishops' Council and also makes grants to parish and diocesan projects, particularly where community needs can be addressed. Full details of restricted funds can be found in note 21 to the financial statements.

Reserves policy

78. The Archbishops' Council holds funds to enable it to meet its continuing obligations and commitments which span more than one accounting period and to assist cashflow management. For Votes 1 and 2 the reserves policy levels are a minimum of 1.5 and a maximum of 3 times net monthly expenditure (excluding designated funds and the Vote 1 rolling reserve), and for Votes 3, 4 and 5 a maximum of £300,000, £200,000 and £250,000 respectively. Overall, the balances at 31 December 2006 were in keeping with these ranges, although the balance on the Vote 5 reserve at the end of 2006 was higher than this range as indicated in Note 21 to the Financial Statements. The Archbishops' Council will review the level of reserves required to cover the expected future income and expenditure for all Votes, and make recommendations to General Synod in July 2007 in this regard.

Professional advisers

79. The Council's advisers are listed on page 22. Their performance is critical to the effective operation of the Archbishops' Council as a charity and the Council has a policy of regularly reviewing all professional adviser appointments.

Administrative information

Archbishops' Council

The Archbishops' Council is a charity registered under no. 1074857.

Membership of the Archbishops' Council from 1 January 2006 and up to the date of this report was as follows:

Joint Presidents

The Most Revd and Rt Hon Dr Rowan Williams, Archbishop of Canterbury (5)

The Most Revd and Rt Hon Dr John Sentamu, Archbishop of York (5)

Prolocutors of the Lower Houses of the Convocations of Canterbury and York (ex officio)

The Ven Norman Russell (Canterbury) (6)

The Revd Canon Glyn Webster (York) (4)

Officers of the House of Laity (ex officio)

Canon Dr Christina Baxter (Chair, House of Laity) (6)

Dr Philip Giddings (Vice-Chair, House of Laity) (6)

Elected by the House of Bishops

The Rt Revd Graham James (6)

The Rt Revd Timothy Stevens (5)

Elected by the House of Clergy

The Revd Canon Simon Bessant* (5)

The Revd Prebendary Kay Garlick* (5)

Elected by the House of Laity

Paul Boyd-Lee (6)

Christina Rees (6)

Appointed by the Archbishops with the approval of the General Synod

Michael Chamberlain (6)

Professor John Craven (from 1 July 2006) (2)

Philip Fletcher (from 1 January 2007) (-)

Katherine McPherson (4)

Mark Russell (5)

Anne Sloman (6)

Professor Peter Toyne (until 31 December 2006) (4)

A Church Estates Commissioner

Mr Andreas Whittam Smith, First Church Estates Commissioner (5)

(The figures in brackets indicate the number of meetings each member attended in 2006; the Archbishop's Council met six times in 2006).

* elections to the Council by the House of Clergy took place too late to allow attendance at the first meeting in 2006

Central Board of Finance

The CBF is a charity registered under no. 248711 and a company registered under no. 136413. Its registered office is the same as that of the Archbishops' Council.

The CBF's responsibilities are in practice discharged through the Finance Committee.

Membership of the Central Board of Finance of the Church of England is the same as that of the Archbishops' Council. The CBF met six times during 2006.

Staff Directors of the Archbishops' Council

William Fittall, Secretary-General to the Council and the General Synod

The Revd Janina Ainsworth, Chief Education Officer (from April 2007)

Jackie Bliss, Director of Finance for the NCLs (from August 2006)

The Revd Dr Malcolm Brown, Director of Mission & Public Affairs (from May 2007)

John Clark, Director of Mission & Public Affairs (until April 2007)

Peter Crumpler, Director of Communications

Paula Griffiths, Head of Cathedral and Church Buildings

The Revd Canon John Hall, Chief Education Officer (until November 2006)

Declan Kelly, Director of Libraries, Archives and Information Services

The Ven Dr Gordon Kuhrt, Director of Ministry (until February 2006)

Gill Laver, Director of Finance and Central Services and CBF Company Secretary (until April 2006)

The Ven Christopher Lowson, Director of Ministry (from February 2006)

Su Morgan, Director of Human Resources

Stephen Slack, Head of Legal Office and Chief Legal Adviser to the General Synod

David Williams, Clerk to the Synod, Director of Central Secretariat and IT/Office Services

Website

The website for the Church of England is at www.cofe.anglican.org

Offices and advisers

Registered office: Church House, Great Smith Street, London SW1P 3NZ
Tel: 020 7898 1000 Fax: 020 7898 1558

Investment managers: CCLA Investment Management Limited, 80 Cheapside,
London EC2V 6DZ
Tel: 020 7489 6000 Fax: 020 7489 6126

Bankers: National Westminster Bank plc, City of London Office, 1
Princes Street, London EC2R 8BP

Solicitors: The Head of the Legal Office of the Archbishops' Council

Auditors: Deloitte & Touche LLP, Hill House, 1 Little New Street,
London EC4A 3TR

Financial Statements
year ended 31 December 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARCHBISHOPS' COUNCIL

for the year ended 31 December 2006

We have audited the consolidated and charity only financial statements of the Archbishops' Council for the year ended 31 December 2006 which comprise consolidated statement of financial activities, the consolidated balance sheet and charity balance sheet, the consolidated cash flow statement, the statement of accounting policies and the related notes 1 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Council, as a body, in accordance with Regulation 7 of The Charities (Accounts and Reports) Regulations 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members of the Council and auditors

As described in the statement of responsibilities, the members of the Council are responsible for the preparation of the financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under s43 of the Charities Act 1993 and report in accordance with regulations made under s44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2005 and the trust deed.

We read the trustees' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the charity's state of affairs, in accordance with United Kingdom Generally Accepted Accounting Practice as at 31 December 2006 and of its incoming resources and application of resources in the year then ended;
- the financial statements have been properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2005 and the trust deed.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

15 June 2007

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended Error! Reference source not found.6

	Notes	Unrestricted Funds (note 20) £000	Restricted Funds (note 20) £000	Total	
				2006 £000	2005 £000
INCOMING RESOURCES					
Incoming resources from charitable activities					
Church Commissioners	3	-	31,869	31,869	27,080
Diocesan contributions:					
- Training for Ministry (Vote 1)	4	-	9,267	9,267	9,177
- National Church Responsibilities (Vote 2)	4	9,919	-	9,919	9,580
- Grants (Vote 3)	4	-	1,417	1,417	1,273
- Mission Agencies Clergy Pension Contributions (Vote 4)	4	-	740	740	675
- CHARM (Vote 5)	4	-	3,111	3,111	3,058
Voluntary income					
Grants receivable	5	265	474	739	1,080
Other income	6	478	297	775	989
Activities for generating funds					
Income from activities for generating funds	7	1,937	-	1,937	2,567
Investment income	8	165	1,023	1,188	1,457
Total incoming resources		<u>12,764</u>	<u>48,198</u>	<u>60,962</u>	<u>56,936</u>
RESOURCES EXPENDED					
Charitable activities					
Grants payable:					
- Dioceses	12a	-	31,055	31,055	27,000
- Training for Ministry (Vote 1)	12b	-	9,668	9,668	9,695
- Grants (Vote 3)	12c	-	2,231	2,231	1,272
- Mission Agencies Clergy Pension Contributions (Vote 4)	12d	-	651	651	658
- CHARM (Vote 5)	12e	-	2,817	2,817	2,955
- Other	12f	112	1,509	1,621	775
Other charitable activities	9	16,189	374	16,563	16,018
Less: National Church Institutions' contributions to costs	9a	(3,817)	-	(3,817)	(4,362)
		12,372	374	12,746	11,656
Costs of generating funds					
Other costs of generating funds	10	1,615	-	1,615	2,043
Governance costs	11	288	-	288	214
Total resources expended		<u>14,387</u>	<u>48,305</u>	<u>62,692</u>	<u>56,268</u>
Net (outgoing)/incoming resources before exceptional items and transfers					
		(1,623)	(107)	(1,730)	668
Sale of Church House Bookshop	30	(97)	-	(97)	-
Exceptional grant payable	12g	-	-	-	(3,700)
Recognition of other funds	21	-	-	-	5,600
Recognition of Church colleges loan interest receivable	2a,21	-	-	-	863
Net transfers between funds	20,21	100	(100)	-	-
Net incoming/(outgoing) resources		<u>(1,620)</u>	<u>(207)</u>	<u>(1,827)</u>	<u>3,431</u>
Surpluses/(Deficits) on revaluation and realisation of assets					
Investments	14	2	2,986	2,988	2,898
Properties	15	-	-	-	6,700
Equity sharing loans	16	-	(50)	(50)	3
NET MOVEMENTS IN FUNDS FOR THE YEAR		<u>(1,618)</u>	<u>2,729</u>	<u>1,111</u>	<u>13,032</u>
Total funds at 1 January	20,21	<u>9,801</u>	<u>36,041</u>	<u>45,842</u>	<u>32,810</u>
Total funds at 31 December	20,21	<u>8,183</u>	<u>38,770</u>	<u>46,953</u>	<u>45,842</u>

All the above results, with the exception of the Church House Bookshop (notes 7 and 10), are derived from continuing activities. All gains and losses recognised in the year and prior year are included above.

CONSOLIDATED BALANCE SHEET
as at Error! Reference source not found.6

	Notes	Unrestricted Funds £000	Restricted Funds (note 21) £000	2006 £000	Total 2005 £000
FIXED ASSETS					
Investments	14	-	29,777	29,777	26,942
Properties	15	3,250	-	3,250	3,250
Equity sharing loans	16	-	77	77	460
Other fixed assets	17	993	-	993	1,177
		<u>4,243</u>	<u>29,854</u>	<u>34,097</u>	<u>31,829</u>
CURRENT ASSETS					
Investments	14	-	-	-	294
Stocks		377	-	377	387
Debtors: amounts falling due within one year	18	3,018	365	3,383	3,627
Debtors: amounts falling due after more than one year	19	194	1,936	2,130	2,147
Short term deposits		1,845	3,533	5,378	5,200
Cash at bank and in hand		507	5,151	5,658	5,656
		<u>5,941</u>	<u>10,985</u>	<u>16,926</u>	<u>17,311</u>
CREDITORS: amounts falling due within one year	19	(2,001)	(2,069)	(4,070)	(3,298)
NET CURRENT ASSETS		<u>3,940</u>	<u>8,916</u>	<u>12,856</u>	<u>14,013</u>
NET ASSETS		<u>8,183</u>	<u>38,770</u>	<u>46,953</u>	<u>45,842</u>
ACCUMULATED FUNDS					
Unrestricted Funds					
- General	20	5,611	-	5,611	6,261
- Designated	20	2,572	-	2,572	3,540
		<u>8,183</u>	<u>-</u>	<u>8,183</u>	<u>9,801</u>
Restricted Funds					
	21	-	38,770	38,770	36,041
		<u>8,183</u>	<u>38,770</u>	<u>46,953</u>	<u>45,842</u>

The financial statements were approved by the Archbishops' Council on 5 June 2007 and signed on its behalf by:

The Most Reverend and Rt Hon Dr John Sentamu, Archbishop of York

Michael Chamberlain, Chair of the Finance Committee

CONSOLIDATED CASH FLOW STATEMENT
for the year ended Error! Reference source not found.6

	Notes	Total	
		2006 £000	2005 £000
Net cash (outflow)/inflow from operating activities	23	<u>(1,695)</u>	<u>6,481</u>
Returns on investment and servicing of finance			
Investment income		1,188	1,457
Net cash inflow from returns on investment and servicing of finance		<u>1,188</u>	<u>1,457</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(93)	(337)
Purchase of fixed asset investments		-	(39)
Transfer of fixed asset investments		-	(5,460)
Sale of fixed asset investments		151	187
Sale of current asset investments		296	-
Decrease in equity sharing loans		333	-
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>687</u>	<u>(5,649)</u>
Management of liquid resources			
Increase in short term deposits	24	(178)	(296)
Net cash outflow from management of liquid resources		<u>(178)</u>	<u>(296)</u>
Increase in cash in the year	24	<u><u>2</u></u>	<u><u>1,993</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1. BASIS OF PREPARATION AND CONSOLIDATION

The Archbishops' Council of the Church of England (the Council) was established as a body corporate under the National Institutions Measure 1998. Its objects are to co-ordinate, promote, aid and further the work and mission of the Church of England. It is a registered charity, number 1074857. The Council came into existence on 1 January 1999 on which date it took over from the Central Board of Finance of the Church of England (the CBF) the funds provided by the dioceses pursuant to certain votes of the General Synod.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with the recommendations set out in the Statement of Recommended Practice 2005 'Accounting and Reporting by Charities' (the SORP), applicable United Kingdom accounting standards and the Charities Act 1993.

These financial statements consolidate the financial statements of the Council (comprising all the Council's designated and restricted funds, including the Church and Community Fund and Trusts for which the Council is custodian trustee and has control) and the CBF drawn up to 31 December each year. The separate balance sheet of the Council is set out in note 31. The separate financial statements of the CBF are available from the Council's finance division. Details of the Church and Community Fund are disclosed in the Statement of Restricted Funds (note 21) and in Related Parties (note 29c).

(a) Central Board of Finance of the Church of England (CBF)

Members of the Council are also members and directors of the CBF. Whilst the CBF remains a separate legal entity to fulfil certain activities (particularly related to its trustee responsibilities for the CBF Church of England Investment Funds and certain trusts, including the Church and Community Fund), all significant decisions relating to the CBF are taken by members of the Council (in their capacity as the directors of the CBF) and hence the assets and liabilities held in the name of the CBF are included in the Council's financial statements.

Following a review of the arrangements for the administration of the CBF Church of England Investment Funds, the CBF resolved in November 2006 to transfer its trustee responsibility in relation to those funds to a new trustee body specially constituted for the purpose, CBF Funds Trustee Limited. The General Synod approved that resolution in February 2007, from which point the trusteeship and administration of the CBF Church of England Funds accordingly passed to the new body.

(b) Funds

The Council receives and applies funds voted to it by the General Synod and provided by the dioceses. These funds are disclosed in the financial statements by reference to the following General Synod votes:

- Training for Ministry (Vote 1) - shown within Restricted Funds;
- National Church Responsibilities (Vote 2) - shown within Unrestricted Funds. Funds for National Church Responsibilities work that have been set aside for future use are shown as Unrestricted Designated Funds;
- Grants (Vote 3) - shown within Restricted Funds;
- Mission Agencies Clergy Pension Contributions (Vote 4) - shown within Restricted Funds; and
- Church Housing Assistance for the Retired Ministry [CHARM] (Vote 5) – shown within Restricted Funds.

The Council has responsibility for a number of other funds, which are disclosed in the Statement of Restricted Funds (note 21) and the Statement of Other Funds (note 22). Responsibility as custodian trustee was transferred from CBF to the Council in 2006. Where the Council has control over the funds, including with regard to the application of their income to support the activities of the Council, these funds are shown as Restricted Funds in the financial statements (note 21). Where the Council acts as custodian trustee for funds which have trustees separate and independent from the Council, these funds are not included in the financial statements but are disclosed in the Statement of Other Funds (note 22).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

1. BASIS OF PREPARATION AND CONSOLIDATION (continued)

Unrestricted Funds – General

General Funds are funds of the Council which can be used for its general objects to coordinate, promote, aid and further the work and mission of the Church of England.

Unrestricted Funds – Designated

Designated Funds are funds which the Council has earmarked for a particular purpose. There are no legally binding restrictions on them and the Council is free to redesignate these funds should this be appropriate. The purpose of each designated fund is disclosed in the Statement of Unrestricted Funds (note 20).

Restricted Funds

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council. The purpose of each restricted fund is disclosed in the Statement of Restricted Funds (note 21).

Fund transfers

The Council makes transfers of surpluses arising within General Unrestricted Funds to specific Designated Funds. The Council makes transfers from Restricted Funds to Unrestricted Funds only where such restricted funds are being applied in accordance with the object, purpose and restrictions of the underlying fund or charity. Such transfers primarily relate to grants from the Church and Community Fund, as set out in Related Parties (note 29c).

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are set out below. Except where noted, they have been applied consistently throughout the year and in the preceding year.

(a) Incoming resources

Donations are recognised on a cash basis.

Interest from Church colleges of education is recognised on the accruals basis.

Dividends and other interest are recognised on a cash received basis as the Council is satisfied that there is no material difference between the use of the cash rather than the accruals basis.

All other income is included in the consolidated statement of financial activities when the Council is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Council or the CBF being notified of an impending distribution and the legacy being received.

(b) Resources expended

All expenditure is accounted for on the accruals basis.

(c) Grants payable

Grants are recognised as a liability when a firm commitment to pay the grant is made.

(d) Fixed assets

Investments: stated at market value. Surpluses or deficits on the revaluation and disposal of investments are taken directly to the statement of financial activities

Properties: stated at market value. Surpluses or deficits on the revaluation and disposal of properties are taken directly to the statement of financial activities. The realisation of a property is recognised when it is considered certain. Properties are revalued every five years and the Council consider annually whether there are any indicators of impairment

Equity sharing loans: individually revalued in line with indices of second-hand house prices and then discounted by 12% to reflect expected realisation values.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Surpluses or deficits on the revaluation and disposals of investments and properties are taken directly to the statement of financial activities. The surplus or deficit arising on the disposal of a property is recognised when the disposal is considered certain.

Other fixed assets: capitalised stated at cost including any direct costs of acquisition, net of depreciation and any provision for impairment.

Depreciation is charged so as to write off the cost of other fixed assets, less their estimated residual values, on a straight-line basis over their expected useful economic lives. The principal annual rates are:

Office equipment	25%
Leasehold improvements	10%
Vehicles	25%

(e) Stocks

Stocks consist of books and other printed material held for resale. Stocks are valued at the lower of cost and net realisable value.

(f) Pension costs

The Council participates in three main pension funds and one other employee benefit scheme, as set out in Pensions (note 26). A new defined contribution scheme was set up in 2006 for employees commencing service after 30 June 2006 (note 26(b)ii). The three other main schemes are all defined benefit schemes. The defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17: Retirement Benefits. The Council is unable to identify its share of the underlying assets and liabilities. Paragraph 9(b) of the Standard requires the Council to account for pension costs on the basis of contributions payable to the schemes in the year. These are shown in Staff Numbers and Costs (note 13).

(g) Operating leases

Rentals applicable to operating leases are charged to the statement of financial activities in equal amounts over the period of the lease.

(h) Taxation

The Council is a registered charity and as such is exempt from taxation on its income and gains to the extent that they are applied to its charitable purposes.

3. CHURCH COMMISSIONERS

Income received from the Church Commissioners, in accordance with the National Institutions Measure 1998, was £31,869,000 (2005: £27,080,000)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

4. DIOCESAN CONTRIBUTIONS

	Training for Ministry	National Church Responsibilities	Grants	Mission Agencies Clergy Pension Contribution	CHARM - Church Housing Assistance for the Retired Ministry	Total	
	Vote 1 (Restricted)	Vote 2 (Unrestricted)	Vote 3 (Restricted)	Vote 4 (Restricted)	Vote 5 (Restricted)	2006	2005
	£000	£000	£000	£000	£000	£000	£000
Armed Forces	22	23	3	2	-	50	12
Bath & Wells	266	277	40	21	87	691	698
Birmingham	147	154	22	11	49	383	351
Blackburn	183	214	31	15	67	510	507
Bradford	23	84	12	6	26	151	166
Bristol	165	158	22	12	50	407	396
Canterbury	153	157	22	12	49	393	367
Carlisle	154	136	20	10	42	362	332
Chelmsford	375	371	53	28	117	944	883
Chester	270	338	48	25	106	787	778
Chichester	406	425	61	32	133	1,057	1,045
Coventry	149	171	25	13	54	412	435
Derby	120	153	22	12	48	355	359
Durham	145	144	21	11	45	366	334
Ely	79	176	25	13	55	348	360
Exeter	262	236	34	17	74	623	622
Gloucester	180	208	30	15	65	498	519
Guildford	304	321	46	23	101	795	766
Hereford	126	111	16	9	35	297	298
Leicester	104	141	20	11	45	321	315
Lichfield	312	303	44	23	95	777	719
Lincoln	237	225	32	17	71	582	589
Liverpool	208	204	29	15	65	521	519
London	617	768	110	57	241	1,793	1,711
Manchester	233	249	35	19	78	614	603
Newcastle	110	110	16	8	35	279	265
Norwich	218	190	27	14	60	509	499
Oxford	545	605	86	45	190	1,471	1,460
Peterborough	186	176	25	13	55	455	436
Portsmouth	135	129	18	10	40	332	321
Ripon & Leeds	120	140	20	10	44	334	343
Rochester	290	280	40	21	88	719	647
St Albans	385	375	53	28	118	959	925
St Edmundsbury & Ipswich	171	175	25	13	55	439	426
Salisbury	294	307	44	23	97	765	769
Sheffield	156	136	19	10	43	364	343
Sodor & Man	16	22	3	2	7	50	43
Southwark	378	439	62	33	138	1,050	1,023
Southwell & Nottingham	131	141	20	11	44	347	325
Truro	116	109	16	8	34	283	263
Wakefield	164	139	20	10	44	377	370
Winchester	301	307	44	23	97	772	719
Worcester	147	162	23	12	51	395	398
York	178	230	33	17	73	531	525
Europe	(14)	-	-	-	-	(14)	(21)
	<u>9,267</u>	<u>9,919</u>	<u>1,417</u>	<u>740</u>	<u>3,111</u>	<u>24,454</u>	<u>23,763</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

5. GRANTS RECEIVABLE

Grants include, £44,000 (2005: £40,000) from the National Society for the work of the Education division, £100,000 (2005: £200,000) from Quintel towards the aeriels work of the Cathedrals and Church Buildings division and £50,000 (2005:£48,000) from the DFES. Grants were also receivable from a number of government departments, Ecclesiastical Insurance Group and other Church organisations.

6. OTHER INCOME

	Unrestricted Funds	Restricted Funds	Total	
	£000	£000	2006 £000	2005 £000
Legacies	-	11	11	766
Donations	15	212	227	154
Other	463	74	537	69
	<u>478</u>	<u>297</u>	<u>775</u>	<u>989</u>

7. INCOME FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	
	2006 £000	2005 £000
Continuing operations:		
<i>Divisions of the Council</i>		
Ministry	25	27
Mission & Public Affairs	-	3
Financial Policy	36	286
<i>Trading</i>		
Church House Publishing	1,157	1,021
<i>Central Services</i>		
Research & Statistics	14	13
<i>Common Services and Accommodation</i>	440	177
<i>Designated Funds</i>	-	286
	<u>1,672</u>	<u>1,813</u>
Discontinued operation:		
<i>Trading</i>		
Church House Bookshop	265	754
	<u>1,937</u>	<u>2,567</u>

8. INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Total	
	£000	£000	2006 £000	2005 £000
Dividends from CBF Church of England funds	7	817	824	824
Interest from Church colleges of education	-	94	94	147
Other Interest	158	112	270	486
	<u>165</u>	<u>1,023</u>	<u>1,188</u>	<u>1,457</u>

Investment income includes interest of £98,000 (2005: £64,000) on deposits held within Designated Funds (note 20).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

9. OTHER CHARITABLE ACTIVITIES

	Mission and Public Affairs	Education	Ministry	Cathedrals and Church Buildings	Total
	£000	£000	£000	£000	£000
Unrestricted					
<i>Charitable Activities</i>	1,315	759	1,384	786	4,244
<i>Support Costs</i>					
Management	762	464	894	497	2,617
Finance	358	218	421	234	1,231
Information Technology	120	73	141	79	413
Human Resources	70	42	82	45	239
Accommodation	651	396	764	425	2,236
Designated	405	247	476	264	1,392
	<u>3,681</u>	<u>2,199</u>	<u>4,162</u>	<u>2,330</u>	<u>12,372</u>
Restricted					
<i>Charitable Activities</i>	109	66	128	71	374
Total Other Charitable Activities	<u>3,790</u>	<u>2,265</u>	<u>4,290</u>	<u>2,401</u>	<u>12,746</u>
Total Other Charitable Activities 2005	<u>3,351</u>	<u>2,331</u>	<u>3,934</u>	<u>2,040</u>	<u>11,656</u>

The support and designated costs are allocated to charitable activities on the basis of headcount.

The support costs are net of contributions from other NCIs as detailed in note 9 (a) below.

(a) National Church Institutions' contributions to costs

The Council administers the common services departments on behalf of the NCIs. The contributions to their costs receivable by the Council were:

	Unrestricted Funds	
	2006	2005
	£000	£000
Church Commissioners	3,136	3,538
Church of England Pensions Board	627	761
National Society	22	16
Other Church bodies	32	47
	<u>3,817</u>	<u>4,362</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

10. COSTS OF GENERATING FUNDS

	Total	
	2006	2005
	£000	£000
Continuing operations:		
Church House Publishing	1,322	1,264
Other	-	84
	<u>1,322</u>	<u>1,348</u>
Discontinued operation:		
Church House Bookshop	293	695
	<u>1,615</u>	<u>2,043</u>

Sales for the year up until the sale of Church House Bookshop on 28 April 2006 of £6,000 (2005: £191,000) between Church House Publishing and Church House Bookshop have been eliminated from incoming resources and resources expended in the statement of financial activities.

11. GOVERNANCE COSTS

	Unrestricted Funds	
	2006	2005
	£000	£000
Internal and external audits	198	125
Legal and support costs	80	76
Support cost		
Membership and committees	10	13
	<u>288</u>	<u>214</u>

The fee for audit services for the year was £85,000 (2005: £48,000). The amount for 2006 includes £35,000 in respect of an additional fee for the 2005 audit. Fees for non-audit services due to the external auditors were £nil in both years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

12. GRANTS PAYABLE

(a) Grants payable to dioceses

The Council applied £31,055,000 of the income received from the Church Commissioners (note 3) as shown below. Ministry support for poorer dioceses and stipend allocations are allocated in accordance with the current Selective Allocations formula.

	Ministry support for poorer dioceses £000	Parish mission funding £000	Stipend Allocations £000	Total	
				2006 £000	2005 £000
Bath & Wells	-	37	42	79	37
Birmingham	1,153	170	124	1,447	1,368
Blackburn	614	132	130	876	791
Bradford	863	76	88	1,027	916
Bristol	-	86	39	125	87
Canterbury	437	78	101	616	519
Carlisle	509	30	94	633	530
Chelmsford	1,758	308	262	2,328	2,059
Chester	-	132	17	149	132
Chichester	-	88	-	88	89
Coventry	-	67	16	83	63
Derby	831	105	86	1,022	981
Durham	1,964	181	141	2,286	2,189
Ely	-	38	26	64	40
Exeter	914	91	201	1,206	937
Gloucester	-	23	10	33	22
Guildford	-	35	-	35	34
Hereford	286	10	72	368	295
Leicester	787	95	154	1,036	805
Lichfield	1,565	213	217	1,995	1,828
Lincoln	363	75	109	547	481
Liverpool	1,026	176	172	1,374	1,169
London	25	287	190	502	450
Manchester	1,380	223	188	1,791	1,595
Newcastle	1,138	83	93	1,314	1,250
Norwich	730	64	139	933	784
Oxford	-	122	23	145	120
Peterborough	40	65	113	218	83
Portsmouth	21	70	85	176	82
Ripon & Leeds	488	77	130	695	512
Rochester	-	93	-	93	94
St. Albans	-	136	15	151	137
St. Edmundsbury & Ipswich	51	34	84	169	142
Salisbury	-	28	31	59	28
Sheffield	1,224	140	119	1,483	1,357
Sodor & Man	-	3	-	3	4
Southwark	-	235	7	242	233
Southwell & Nottingham	1,026	116	125	1,267	1,129
Truro	580	44	83	707	631
Wakefield	1,041	126	134	1,301	1,126
Winchester	-	92	-	92	90
Worcester	91	77	135	303	103
York	1,495	139	214	1,848	1,578
	22,400	4,500	4,009	30,909	26,900
Grants paid to clergy				8	1
Other benefits for clergy				138	99
				31,055	27,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

12. GRANTS PAYABLE (continued)

(b) Grants payable through Training for Ministry (Vote 1)

Vote 1 provides funds towards training for ordained ministry. Colleges, courses and schemes receive funding towards the cost of training the number of ordinands at the institution. Ordinands in residential training receive standard allowances towards the cost of maintenance, and their travel expenses. Ordinands training non-residentially are eligible for grants towards the cost of books and travel expenses. Ordinands training on local ministry schemes are funded in partnership with the sponsoring diocese.

	2006	2005
	£000	£000
College costs and allowances	5,627	5,428
Course costs and allowances	3,337	3,096
Ordained Local Ministry Scheme	264	256
University fees	162	234
Other	278	108
Surplus returned to dioceses	-	573
	<u>9,668</u>	<u>9,695</u>

(c) Grants payable through Grants (Vote 3)

Vote 3 provides funds towards the work of the Anglican Communion office, the national and international ecumenical agencies, legal aid and the administrative costs of the Church Urban Fund.

	2006	2005
	£000	£000
Church Commission on mission	37	36
Churches Together in Britain and Ireland	383	382
Conference of European Churches	77	74
Church Urban Fund	1,000	180
Inter Anglican grant	382	371
World Council of Churches	108	108
Other	244	121
	<u>2,231</u>	<u>1,272</u>

The Council applied £814,000 of the income received from the Church Commissioners as grant to the Church Urban Fund, for use by them as aid for projects across England.

(d) Grants payable through Mission Agencies Pension Contributions (Vote 4)

The Church Commissioners are statutorily required under the Pensions Measure 1997 to meet the pension costs of clergy who are employed by Church of England members of the Partnership for World Mission. The Council met the full cost of this liability £651,000 (2005: £658,000). The contribution was made in respect of an average number of clergy of 103 (2005: 106).

(e) Grants payable for Church Housing Assistance for the Retired Ministry - CHARM (Vote 5)

Vote 5 provides funds towards the repair, maintenance and other costs associated with housing provided for clergy retiring from stipendiary ministry, under the CHARM scheme administered by the Church of England Pensions Board. It meets the cost of the subsidy provided within the rental arm of the scheme to limit to 30% (25% in the case of older loans) the proportion of a pensioner's income required to pay the rent set by the Pensions Board, together with the administrative costs of the scheme. These costs, which were previously met by the Church Commissioners, were met by the Archbishops' Council for the first time in 2005, as agreed by General Synod in 2002, to increase the amount of the Church Commissioners' income available for selective distribution. The costs were £2,817,000 (2005: £2,955,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

12. GRANTS PAYABLE (continued)
(f) Other grants payable

	Unrestricted Funds	Restricted Funds	Total	
			2006	2005
			£000	£000
Church & Community Fund (note 29c)	-	560	560	545
Training for the Ministry	-	177	177	188
Other	112	772	884	42
	<u>112</u>	<u>1,509</u>	<u>1,621</u>	<u>775</u>

(g) Exceptional grant payable

	2006	2005
	£000	£000
Whitelands College (notes 15 and 28c)	<u>-</u>	<u>3,700</u>

13. STAFF NUMBERS AND COSTS

The Council is joint employer, together with the other NCIs, of most of the staff of the NCIs. The cost of staff for whom the Council is the managing employer was:

	2006	2005
	£000	£000
Salaries	8,068	8,107
National Insurance contributions	676	683
Pension costs (note 26)	1,954	1,912
	<u>10,698</u>	<u>10,702</u>

The average number of staff employed during the year was:

	2006	2005
	Number	Number
<i>Charitable activities:</i>		
Mission & Public Affairs	23	23
Education	14	16
Ministry	27	27
Cathedrals & Church Buildings	15	14
<i>Other:</i>		
Financial Policy	9	10
Trading	17	22
Central Services	32	38
Common Services	115	114
	<u>252</u>	<u>264</u>

The numbers of staff whose emoluments for the year fell into the following bands were:

	2006	2005
	Number	Number
£ 50,001 to £ 60,000	14	8
£ 60,001 to £ 70,000	7	8
£ 70,001 to £ 80,000	3	1
£ 80,001 to £ 90,000	-	2
£ 90,001 to £100,000	-	1
£100,001 to £120,000	1	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
	<u>26</u>	<u>21</u>

All staff earning more than £50,000 are accruing retirement benefits under defined benefit or defined contribution schemes.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

13. STAFF NUMBERS AND COSTS (continued)

Members of the Council

Expenses incurred in attending Council and committee meetings and on other business of the Council were reimbursed to members of the Council. There were claims from 16 members (2005: 16) amounting to £10,430 (2005: £12,965). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

14. INVESTMENTS

	Restricted Funds	
	2006	2005
	£000	£000
FIXED ASSETS		
At 1 January	26,942	18,771
Additions	-	39
Transfers	-	5,460
Disposals	(151)	(187)
Net surplus on revaluation	2,986	2,859
At 31 December	29,777	26,942
	Unrestricted Funds	
	2006	2005
	£000	£000
CURRENT ASSETS		
Valuation		
At 1 January	294	255
Additions	-	-
Disposals	(296)	-
Net surplus on revaluation	2	39
At 31 December	-	294

£817,000 of the investments are in Charifund, managed by M&G Securities Ltd.

All the remaining investments are held within the CBF Church of England funds managed by CCLA Investment Management Ltd. (note 28b).

The structure of the CCLA portfolio under the control of the Council at 31 December 2006 was:

	2006
	%
CBF Church of England Investment Fund - Income Shares	94.1
CBF Church of England Property Fund	5.8
CBF Church of England Fixed Interest Securities Fund	0.1
	<u>100</u>

At 31 December 2006, the CBF Church of England Investment Fund comprised 64.8% UK equities, 18.4% overseas equities, 7.0% property, 4.7% UK bonds, 1.6% overseas bonds and 3.5% cash.

The CBF Church of England Property Fund comprised 96.9% invested in commercial property in the UK, and 3.1% in cash.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

15. PROPERTIES

	Unrestricted Funds	
	2006	2005
	£000	£000
At 1 January	3,250	250
Net surplus on disposals and revaluation	-	3,000
At 31 December	<u>3,250</u>	<u>3,250</u>

At 31 December 2006, properties comprised:

a) The freehold interest in St Katharine's College, Childwall, Wavertree, Liverpool.

Liverpool Hope University holds a long leasehold interest in the college. At 31 December 2003, the property was valued by DTZ Debenham Tie Leung at £250,000.

b) The freehold interest in Parkstead, the new site of Whitelands College in south-west London, owned by the CBF.

The Whitelands College Foundation holds two 99 year leases. The freehold was valued at 31 December 2005 by DTZ Debenham Tie Leung at £3.0 million.

The CBF's freehold interest was transferred to the Archbishops' Council in February 2007.

The sale of the Whitelands College West Hill site was completed in 2005. The final sale proceeds amounted in total to £51.2 million. The CBF's one-third share amounted to £16.9 million which was accounted for in previous years. £3.7 million was committed to the development of Parkstead and disclosed as an exceptional grant payable in 2005.

16. EQUITY SHARING LOANS

	Restricted Funds	
	2006	2005
	£000	£000
At 1 January	460	457
Disposals	(333)	-
Net (loss)/surplus on disposals and revaluation	(50)	3
At 31 December	<u>77</u>	<u>460</u>

Equity sharing loans are granted to support clergy housing. On disposal of a property the Church & Community Fund is entitled to a share of the proceeds corresponding to the proportion of the original purchase price which was financed by the loan. Interest is chargeable at 5% per annum and classified as investment income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

17. OTHER FIXED ASSETS

	Bookshop fixtures and fittings £000	Office equipment £000	Leasehold improvements £000	Vehicles £000	Total £000
Cost					
At 1 January	82	783	2,174	8	3,047
Additions	-	27	66	-	93
Disposals	(82)	(254)	-	-	(336)
At 31 December	-	556	2,240	8	2,804
Depreciation					
At 1 January	82	530	1,256	2	1,870
Charge for the year	-	63	212	2	277
Disposals	(82)	(254)	-	-	(336)
At 31 December	-	339	1,468	4	1,811
Net book value					
At 31 December 2006	-	217	772	4	993
At 31 December 2005	-	253	918	6	1,177

18. DEBTORS

	Unrestricted Funds £000	Restricted Funds (note 21) £000	Total 2006 £000	2005 £000
Amounts due within one year				
Trade debtors	505	3	508	703
Prepayments	535	-	535	814
Publishing debtors	353	-	353	164
Diocesan contributions receivable	-	-	-	-
VAT recoverable	237	7	244	155
Staff season ticket loans	297	-	297	264
Staff car loans	1	-	1	4
Amounts due from NCIs for other costs	531	-	531	559
Church colleges of education - loans (note 28d)	-	77	77	74
Church colleges of education - interest (note 28d)	-	27	27	29
Church schools (interest free)	34	-	34	34
Other debtors	525	251	776	827
	<u>3,018</u>	<u>365</u>	<u>3,383</u>	<u>3,627</u>
Amounts due after more than one year				
Church colleges of education - loans (note 28d)	-	982	982	1,022
Church colleges of education - interest (note 28d)	-	930	930	863
Theological colleges (interest free)	-	24	24	30
Church schools (interest free)	194	-	194	232
	<u>194</u>	<u>1,936</u>	<u>2,130</u>	<u>2,147</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

19. CREDITORS

	Unrestricted Funds	Restricted Funds (note 21)	Total	
	£000	£000	2006	2005
			£000	£000
Amounts due within one year				
Trade creditors	880	433	1,313	662
PAYE, NIC & pension contributions	563	-	563	689
Grants payable	-	1,018	1,018	404
Other creditors	192	10	202	374
Accruals and deferred income	366	608	974	1,169
	<u>2,001</u>	<u>2,069</u>	<u>4,070</u>	<u>3,298</u>

20. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2006	Income	Expenditure	Exceptional and Fixed asset net surpluses	Transfers	At 31 December 2006
	£000	£000	£000	£000	£000	£000
GENERAL FUNDS	<u>6,261</u>	<u>12,565</u>	<u>(12,995)</u>	<u>(95)</u>	<u>(125)</u>	<u>5,611</u>
DESIGNATED FUNDS						
Accounting Services Review Fund	142	1	-	-	(17)	126
Aerials Project Fund	405	105	-	-	(115)	395
CBF Lump Sum Pension Fund (note 26d)	85	4	(1)	-	-	88
Church Schools Fund	747	21	-	-	-	768
Five Yearly Planned Maintenance	928	33	(880)	-	200	281
Relocation Fund	586	5	(157)	-	-	434
Staff Retirement Fund	623	30	(346)	-	130	437
Other	24	-	(8)	-	27	43
	<u>3,540</u>	<u>199</u>	<u>(1,392)</u>	<u>-</u>	<u>225</u>	<u>2,572</u>
TOTAL UNRESTRICTED FUNDS	<u>9,801</u>	<u>12,764</u>	<u>(14,387)</u>	<u>(95)</u>	<u>100</u>	<u>8,183</u>

(a) General funds

These funds represent the Unrestricted Funds of the Council for general use in meeting national Church responsibilities, which are not designated for particular purposes. However, £3.25 million of the general funds represent the valuation of the Parkstead and St Katherine's freeholds, which are subject to long leases (note 15).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

20. STATEMENT OF UNRESTRICTED FUNDS (continued)

(b) Designated funds

These funds comprise Unrestricted Funds which the Council have designated to be set aside for stated purposes:

The Accounting Services Review Fund comprises funds to meet the Council's share of the costs of implementing a new finance system.

The Aerials Project Fund comprises the funds received from the Approved Operator set aside to meet future direct project costs.

The CBF Lump Sum Pension Fund represents provision for the deferred benefits detailed in note 26d.

The Church Schools Fund represents provision to meet the cost of short term loans to schools.

The Five Yearly Planned Maintenance Fund (formerly Church House (Exterior) and (Interior) Funds) comprises accumulated amounts set aside to meet periodic maintenance costs as required under the lease of Church House.

The Relocation Fund comprises funds from dioceses and NCIs to be used to offset future depreciation charges relating to office improvement costs incurred by the Council in 1998-9.

The Staff Retirement Fund comprises funds to meet payments to personnel as a result of future restructuring of the Council.

(c) Transfers

The major transfers during the year were:

General Funds to Designated Funds

£70,000 was transferred to the Accounting services review fund to meet future costs of the new finance system.

£200,000 was transferred to the Five yearly planned maintenance fund to meet the Council's share of redecoration and refurbishment commitments under their lease of Church House.

£130,000 was transferred to the Staff retirement Fund to cover future restructuring of the Council.

General Funds to Restricted Funds

£160,000 was transferred, £150,000 to the Clergy Support Fund and £10,000 to the Ministry division sundry funds as distribution of a legacy received in 2005.

Designated Funds to General Funds

£87,000 was transferred from the Accounting services review fund to meet costs incurred during the year on the new finance system.

£115,000 was transferred from the Aerials Project Fund to meet costs incurred during the year.

Restricted Funds to General Funds

£275,000 was transferred from the Church and Community Funds (note 29c).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

21. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2006		Income	Expenditure	Fixed Transfers		At 31
	£000	£000	£000	£000	asset net	£000	December
					surpluses		2006
					£000		£000
The Archbishops' Council Ministerial Training Trust Fund (ACMTTF)	-	-	-	-	-	1,258	1,258
Church and Community Fund (note 29c)	18,736	591	(688)	1,866	(275)		20,230
CHARM (Vote 5)	103	3,120	(2,817)	-	-		406
Church Colleges of Education Fund	2,473	114	(2)	-	-		2,585
Church Conservation Fund	16	189	(199)	-	16		22
Clergy Support Funds	3,329	108	(90)	309	153		3,809
Dioceses Fund	196	30,988	(30,909)	-	-		275
Grants and Provisions Fund (Vote 3)	166	2,230	(2,231)	-	8		173
Inter-Diocesan Support Fund (Vote 4)	41	742	(651)	-	-		132
Mission & Public Affairs Division Special Funds	424	17	(24)	55	2		474
Simon of Cyrene Theological Institute Fund	195	2	-	-	-		197
Training for Ministry Fund (Vote 1) [note 21a]	2,863	9,370	(9,668)	-	82		2,647
Training for Ministry Special Fund	1,085	199	(291)	7	(31)		969
Sundry funds							
Council for Care of Churches sundry funds	141	-	(20)	4	(1)		124
Education Division sundry funds	124	126	(122)	-	(1)		127
General Synod sundry funds	184	-	-	-	-		184
Ministry Division sundry funds	96	3	(1)	-	(43)		55
Communication sundry funds	15	-	(6)	-	-		9
Legal Aid funds	93	62	(96)	-	-		59
Other	161	240	(351)	28	(10)		68
	30,441	48,101	(48,166)	2,269	1,158		33,803
Other funds controlled							
Alison Ley Benefaction	37	1	-	4	(42)		-
Charlesworth Trust	26	1	-	3	(30)		-
Clergy Elocution Fund	143	5	-	12	(160)		-
Constance Goffe Trust	44	2	-	4	(50)		-
Cryer Memorial Fund	69	2	-	7	(78)		-
Diocese of Yukon (Miss Stevens) Trust	64	2	-	6	-		72
General Ordination Exam Trust	17	-	-	2	(19)		-
Hawarden Fund for Ordinands	80	2	(2)	9	(89)		-
Home Bishopricks Endowment Fund	1,729	-	-	241	-		1,970
JH Jackson Trust	91	3	(50)	3	-		47
Miss GC Anson Trust	35	1	-	4	-		40
Miss MA Carver Trust	3	-	-	1	-		4
Musical Training Ordination Candidates Fund	36	1	-	4	(41)		-
Ordination Candidates Exhibition Trust Fund	159	6	(1)	17	(181)		-
Rupert Gunnis Memorial Fund	35	1	-	2	-		38
St Anselm's Endowment Trust	6	-	-	1	-		7
St Stephen's Scholarship Trust	29	1	-	3	(33)		-
Stanley Fund	225	8	(1)	22	(254)		-
Stephen Furness Trust Fund	354	12	(12)	36	-		390
The Rev Henry Dann Trust	166	6	-	17	(189)		-
The Rev DS Guy Trust	4	-	-	-	-		4
C/fwd	3,352	54	(66)	398	(1,166)		2,572

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

21. STATEMENT OF RESTRICTED FUNDS
(continued)

	At 1 January 2006	Income	Expenditure	Fixed asset net surpluses	Transfers	At 31 December 2006
	£000	£000	£000	£000	£000	£000
B/fwd	3,352	54	(66)	398	(1,166)	2,572
The Wakefield Trust	138	2	(2)	14	-	152
Truro Training College Fund	466	16	(1)	45	-	526
Turvey Legacy Fund	81	3	-	8	(92)	-
William Temple House Fund	26	1	-	1	-	28
Women's Continuing Ministerial Trust	1,537	21	(70)	201	-	1,689
Total other funds controlled	5,600	97	(139)	667	(1,258)	4,967
TOTAL RESTRICTED FUNDS	36,041	48,198	(48,305)	2,936	(100)	38,770
Breakdown of transfers:						
Transfers to Unrestricted Funds					(276)	(276)
Transfers from Unrestricted Funds					176	176
Total transfers					(100)	(100)

Income for Training for Ministry Fund (Vote 1) comprises diocesan contributions of £9,267,000 (2005: £9,177,000) and other income of £75,000 (2005: £218,000).

The restricted funds are represented by:

	Fixed assets (notes 14,15 and 16)	Cash and short term deposits	Debtors (note 18)	Creditors (note 19)	Net assets
	£000	£000	£000	£000	£000
The Archbishops' Council Ministerial Training Trust Fund (ACMTTF)	1,184	61	13	-	1,258
Church and Community Fund	19,576	1,179	4	(529)	20,230
CHARM (Vote 5)	-	966	12	(572)	406
Church Colleges of Education Fund	-	533	2,052	-	2,585
Church Conservation Fund	-	260	105	(343)	22
Clergy Support Funds	3,278	531	-	-	3,809
Dioceses Fund	-	275	-	-	275
Grants and Provisions Fund (Vote 3)	-	440	(8)	(259)	173
Inter-Diocesan Support Fund (Vote 4)	-	292	1	(161)	132
Mission & Public Affairs Division Special Funds	516	(42)	4	(4)	474
Simon of Cyrene Theological Institute Fund	-	197	-	-	197
Training for Ministry Fund (Vote 1)	-	2,690	72	(115)	2,647
Training for Ministry Special Fund	75	950	21	(77)	969
Sundry funds					
Council for Care of Churches sundry funds	137	(13)	1	(1)	124
Education Division sundry funds	-	129	1	(3)	127
General Synod sundry funds	-	184	-	-	184
Ministry Division sundry funds	-	55	-	-	55
Communications sundry funds	-	10	1	(2)	9
Legal Aid funds	-	60	-	(1)	59
Other	299	(251)	22	(2)	68
C/fwd	25,065	8,506	2,301	(2,069)	33,803

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

21. STATEMENT OF RESTRICTED FUNDS (continued)

	Fixed assets (notes 14,15 and 16)	Cash and short term deposits	Debtors (note 18)	Creditors (note 19)	Net assets
B/fwd	25,065	8,506	2,301	(2,069)	33,803
Other funds controlled					
Diocese of Yukon (Miss Stevens) Trust	70	2	-	-	72
Home Bishops Endowment Fund	1,970	-	-	-	1,970
JH Jackson Trust	-	47	-	-	47
Miss GC Anson Trust	39	1	-	-	40
Miss MA Carver Trust	3	1	-	-	4
Rupert Gunnis Memorial Fund	31	7	-	-	38
St Anselm's Endowment Trust	7	-	-	-	7
Stephen Furness Trust Fund	378	12	-	-	390
The Rev DS Guy Trust	4	-	-	-	4
The Wakefield Trust	152	-	-	-	152
Truro Training College Fund	470	56	-	-	526
William Temple House Fund	13	15	-	-	28
Women's Continuing Ministerial Trust	1,652	37	-	-	1,689
Total other funds controlled	4,789	178	-	-	4,967
TOTAL RESTRICTED FUNDS	29,854	8,684	2,301	(2,069)	38,770

The other funds controlled in the financial statements of £4,967,000 (2005: £5,600,000) are those where the custodian trusteeship has been transferred from the CBF to the Council, and the Council has control. The purpose of each fund is as follows:

Fund	Purpose
Diocese of Yukon (Miss Stevens) Trust	For the benefit of clergy and bishops
Home Bishops Endowment Fund	For, or towards, the endowment of a new Diocese of the Church of England or Wales
JH Jackson Trust	For the purposes of Anglo Catholic Churches and Missionary Work Overseas
Miss GC Anson Trust	To be held in trust for the CBF to be applied in or towards carrying out the objects of the Missionary Council of the Church Assembly
Miss MA Carver Trust	To be disbursed by the Board of Mission Special Funds
Rupert Gunnis Memorial Fund	For the upkeep of historic monuments
St Anselm's Endowment Trust	Endowment of St Anselm's Hostel for Ordinands at the University of Manchester
Stephen Furness Trust Fund	Repair and maintenance of six specified churches
The Rev DS Guy Trust	To be used for the general purposes of the Board of Mission
The Wakefield Trust	For the benefit of the diocese of Birmingham
Truro Training College Fund	For the benefit of Church of England Colleges for the training of Women Teachers in Devon and Cornwall
William Temple House Fund	For mission purposes
Women's Continuing Ministerial Trust	To assist ordained women

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

21. STATEMENT OF RESTRICTED FUNDS (continued)

Fund	Purpose
The Charity Commission approved the creation of The Archbishops' Council Ministerial Training Trust Fund, which comprises the following:	
Alison Ley Benefaction	Sponsorship of ordinands
Charlesworth Trust	To make provision for the training and maintenance of ordinands
Clergy Elocution Fund	To meet the cost of a scheme of training in voice production, elocution and singing to be given to ordinands or clergy
Constance Goffe Trust	The training of elderly ordination candidates or the maintenance of families or dependents of men under training
Cryer Memorial Fund	Training of candidates for ordination in the Church of England
General Ordination Exam Trust	To assist in providing training for suitable candidates desirous of becoming clergymen
Hawarden Fund for Ordinands (50% of this fund is to be paid to the Church in Wales)	Towards defraying the cost of training ordination candidates for the Church of England and the Church in Wales
Musical Training Ordination Candidates Fund	The musical training of ordination candidates of the Church of England or any Church in Communion with the appropriate body of the Church Assembly
Ordination Candidates Exhibition Trust Fund	To assist in providing training for suitable candidates desirous of becoming clergymen but lacking pecuniary means
St Stephen's Scholarship Trust	For the training of students for the Ministry in the Church of England
Stanley Fund	Training of candidates for ordination in the Church of England
The Rev Henry Dann Trust	Assisting in or towards the training and maintenance of candidates for holy orders in the Church of England
Turvey Legacy Fund	For ordination candidates, with preference for males in the Catholic tradition

Work is ongoing to review and amalgamate restricted funds where possible and with Charity Commission approval.

All Restricted Funds are for specific educational, mission, ecumenical, charitable and maintenance purposes. Explanations of the application of the main funds in the year are given in Grants Payable (note 12).

a) The Training for Ministry Fund (Vote 1) incorporates the Theological Colleges and Training Houses Fund.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

22. STATEMENT OF OTHER FUNDS

Other funds with separate and independent trustees

The CBF acts as custodian trustee for a number of funds which have trustees separate and independent from the Council but where the CBF holds the trusts' investments on their behalf. These funds had a combined income of £899,000 (2005: £126,000) and expenditure of £406,000 (2005: £106,000) and, at 31 December 2006, net assets of £4,917,000 (2005: £4,424,000). These additional funds are:

*Anglican & Eastern Churches Association Trust Fund

*Canon WH Elliott Memorial Trust Fund

Council on Foreign Relations Fund

*Cathedral Amenities Trust Fund

*Community of the Resurrection of Our Lord Trust

English Cathedral Repairs Fund Baddeley Trust

*Montgomery Lectureship Fund

*Philip Usher Memorial Fund

*Sandford St Martin Church of England Trust

*Tindall Trust

*William Temple Memorial Fund

* Separate registered charity

The assets of all of the funds, primarily investments and cash, are maintained separately from those of the Council.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

23. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£000	£000
Net (outgoing)/incoming resources during the year	(1,827)	3,431
Depreciation	277	290
Investment income	(1,188)	(1,457)
Exceptional grant payable	-	3,700
Impairment of fixed asset	-	18
Decrease in stocks	10	69
Decrease in debtors	261	2,662
Increase/(Decrease) in creditors	772	(2,232)
Net cash (outflow)/inflow from operating activities	<u>(1,695)</u>	<u>6,481</u>

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006	2005
	£000	£000
Increase in cash in the year	2	1,993
Increase in short term deposits	178	296
	<u>180</u>	<u>2,289</u>
Net funds at 1 January	10,856	8,567
Net funds at 31 December	<u>11,036</u>	<u>10,856</u>

25. ANALYSIS OF CHANGE IN NET FUNDS

	At 1 January 2006	Cash flows	At 31 December 2006
	£000	£000	£000
Cash at bank and in hand	5,656	2	5,658
Short term deposits	5,200	178	5,378
	<u>10,856</u>	<u>180</u>	<u>11,036</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

26. PENSIONS

Pension benefits are provided principally through three defined benefit pension schemes - the Church Workers Pensions Fund, the Church Administrators Pensions Fund and the Church of England Funded Pensions Scheme. A new defined contribution scheme was set up in 2006 for employees commencing service after 30 June 2006. All of the schemes are administered by the Church of England Pensions Board, who publish the schemes' financial statements. The contributions to the three defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed in notes (a), (b) and (c) below.

(a) The Church Workers Pension Fund

The Archbishops' Council participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

A valuation of the Fund was carried out as at 31 December 2004 and the Council's contribution rate was revised with effect from 1 January 2005. The next valuation of the scheme is being carried out as at 31 December 2007. The Council paid nil contributions in 2006 and 2005 due to a pension contribution holiday. There is one employee in the Fund (2005: one).

(b) The Church Administrators Pension Fund

i. Defined Benefits Section

Based on the valuation at 31 December 2002, there was a shortfall of the market value of the assets compared to the amount required to cover the benefits that had accrued to members after allowing for expected future increases in salaries. In the light of these results and in consultation with the other NCIs, the Council paid an additional contribution of £163,000 in 2006 (2005: £159,000). With effect from 1 January 2004, the Council increased its contribution rate from 20% to 22.5% of salaries. In 2006, the Council paid contributions (exclusive of the additional contributions) to the Fund totalling £1,593,000 (2005: £1,683,000) in respect of 199 employees (2005: 233). As a result of a valuation at 31 December 2005 the contribution rate for future service has been increased to 27.8% of salaries from 1 January 2007. Additional contributions of £250,000 per annum for fifteen years, increasing annually in line with average salaries, are to be shared between the participating employers towards removing the shortfall on the scheme. In effect this represents an additional 1.4% of salaries.

This section of the Fund was closed to new members with effect from 1 July 2006.

ii. Defined Contribution Section

A new defined contribution section of the Fund has been set up for those commencing service after 30 June 2006. The Council paid contributions of £13,000 for 14 employees.

(c) The Church of England Funded Pensions Scheme

The Council participates in the Church of England Funded Pensions Scheme.

A valuation of the scheme was carried out as at 31 December 2003 and the Council's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005. In 2006, the Council paid contributions to the Fund totalling £53,000 (2005: £49,000) in respect of 9 employees (2005: 9). The contribution rate for future service has been increased to 39.8% of pensionable service from January 2007.

(d) Central Board of Finance Lump Sum Scheme

A sum of £88,000 (2005: £85,000) (note 20) has been set aside within Designated Funds to meet the Council's liabilities for deferred benefits under the former Central Board of Finance Lump Sum Scheme. The Scheme provides for lump sum payments to 54 (2005: 64) former CBF employees upon reaching retirement age. The Scheme has Inland Revenue approval under section 20 of the Finance Act 1970.

27. OBLIGATIONS UNDER OPERATING LEASES

The amount payable for land and buildings within the next 12 months on a lease expiring after five years, with the Corporation of Church House, is £1,088,000 (2005: £934,000). The cost is shared with the other National Church Institutions.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

28. COMMITMENTS AND CONTINGENCIES

(a) Training for Ministry candidates

The Council provides grants to institutions to fund the training of ordinands and meet their tuition and maintenance costs. Ordinands can follow courses of up to three years and are selected and recommended for training under guidance of their Diocesan Bishop. There is no guarantee that ordinands will move automatically onto a further year of study unless they have made satisfactory progress. Formal external assessments are carried out at the end of the final and penultimate year of study and the Council encourages institutions to apply similar methods at the end of year one where applicable.

At 31 December 2006 no accrual has been made in the accounts for the future funding to be provided to the end of the current academic year (ending in May/June 2007) or any of the remaining two years. In so doing the Council is matching grants payable with the income agreed by General Synod under Vote 1- Training for Ministry, which is agreed on a calendar year basis rather than academic year basis.

(b) Joint Employer Scheme

The Council is joint employer, together with the other NCIs, of most of the staff of the NCIs and, as such, has a contingent liability for salaries and other employment costs in the event of a default by any of the other joint employers.

(c) Whitelands College

The CBF owns all of the freehold of the Parkstead site in south-west London subject to two 99 year leases to the Whitelands Foundation. The value of the CBF's freehold interest as at 31 December 2006 is disclosed in note 15. At 31 December 2006 borrowing of £7.1million from Allied Irish Bank to the Foundation was secured on the freehold and leasehold of Parkstead. Heads of terms have been agreed in 2006 for the remaining borrowing to be secured only on the Foundation's leasehold of the residential site.

(d) Contingent assets

Repayment of grants provided to theological colleges and Church colleges of education

Over many decades, the CBF has provided conditional grants to various theological colleges and Church colleges of education. These grants enabled the colleges to provide a Christian based education and courses for their students. The grants are not repayable provided the colleges continue to fulfil certain criteria and are therefore not included in the consolidated balance sheet.

Any grant given by the CBF from the Theological Colleges and Training Houses Fund to a theological college may be retained by that college as long as the college, or a regional course based at the college, continues to be recognised for ordination training by the House of Bishops.

Any grant originally given by the CBF on behalf of the Church Assembly to a college upon condition that the property acquired thereby "shall be used for the purpose of a Church Training College" and any subsequent grant or loan from the Church Colleges of Higher Education Fund, may be retained by that college as long as:

- a majority of the members of the governing body (or of the trustees, where this is a separate body) continues to be appointed by an Anglican foundation or to be required to be communicant members of the Church of England;
- all other requirements of the trust deed (or other governing instrument) pertaining to the Anglican nature of the college (including the appointment of an Anglican chaplain) continue to be fulfilled; and
- the college continues to provide or to have a responsibility for the provision of higher education with government financial support.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

28. COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingent assets (continued)

If a college fails to meet these criteria, its grant is repayable in full to the Council. The conditional grants outstanding were:

	Conditional grants to Church colleges £000
Christ Church, Canterbury	249
Chester College	204
University College, Chichester	176
University of Gloucestershire	292
St Martin's College, Lancaster	275
Bishop Grosseteste, Lincoln	126
St Katharine's College, Liverpool	130
St Mark & St John, Plymouth	129
Whitelands College, Putney	203
King Alfred's, Winchester	165
College of York St John	373
Total outstanding at 31 December 2006 & 2005	<u><u>2,322</u></u>

	Conditional grants to theological colleges and training houses £000
Queen's College, Birmingham	150
Trinity, Bristol	57
Ridley Hall, Cambridge	21
Westcott House, Cambridge	16
St Chad, Durham	45
St John, Durham	46
Lincoln	24
Oakhill, London	37
St John, Nottingham	53
St Stephen House, Oxford	32
Wycliffe Hall, Oxford	22
Cuddesdon, Ripon	36
Salisbury & Wells	34
Total outstanding at 31 December 2006 & 2005	<u><u>573</u></u>

Interest receivable on loans provided to theological colleges and Church colleges of education

In addition to the grants noted above, loans have also been provided to theological colleges and Church colleges of education (see note 18). The loans to theological colleges are interest free. The loans to Church colleges are interest bearing but payment of the interest accrued over the life of the loan does not fall due until the final repayment date.

One Church college has chosen to repay the interest annually, and the amount due in 2006 is shown under debtors as an amount due within one year (note 18).

(e) Contingent liabilities

The Archbishops' Council has contingent liability for potential severance costs in respect of certain former employees whose employment has been transferred to another organisation under TUPE.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

29. RELATED PARTIES

(a) CBF Church of England Funds

The CBF was in 2006 the trustee of the CBF Church of England Funds (the Funds), which had a value of £1,994 million as at 31 December 2006 (2005: £1,846 million). The Funds comprise the Investment Fund, the Property Fund, the Fixed Interest Securities Fund and the Deposit Fund. The Council's share of total investments in the Funds is less than 1% and is disclosed in note 14.

(b) CCLA Investment Management Limited

During 2006 members of the Council were also members and directors of the CBF. Formerly the CBF (and now the Finance Committee of the Archbishops' Council) appointed two non-executive directors to the board of CCLA Investment Management Limited (CCLA). The board of CCLA comprises 4 executive and 4 non-executive directors.

The CBF Church of England Investment Fund owns 60% of CCLA's share capital and the CBF, as trustee of the Fund, has the voting rights, amounting to 67%, in respect of these shares in CCLA. The Investment Committee of the CBF is responsible for administering and managing this shareholding.

Under CCLA's Articles of Association, operational decisions including the declaration of dividends and the variation of the funds' structure require the agreement of all shareholders. The shareholders are the COIF Charities Investment Fund, the Local Authorities' Mutual Investment Trust and the CBF Church of England Investment Fund.

Accordingly, in the opinion of the Council, CCLA does not constitute either a subsidiary or an associated undertaking and the results of CCLA are not included in these financial statements.

(c) Church and Community Fund

The Council is the sole trustee of the Church and Community Fund (CCF). Under a trust deed of 12 March 1998, the CCF was established as a formal trust to be run by a Committee acting as Administrative Trustee. A trust deed dated 6 June 2006 transferred the sole trusteeship from the CBF to the Archbishops' Council, and changed the name of the fund from the Central Church Fund to the Church and Community Fund. The Committee consists of not less than five members, each appointed by the Finance Committee of the Council, one of whom is appointed Chairman. Two further members may be co-opted by the Committee. The Finance Committee of the Council has the power to fix the terms of reference of the Committee having regard to the prevailing needs of the Church.

In 2006 a grant of £275,000 (2005: £250,000) was paid to the Council and has been credited in these financial statements to the Council's unrestricted funds (note 20). Further grants of £590,000 (2005: £538,000) were agreed for Church projects throughout England. In addition, an amount of £nil (2005: £40,000) was donated by the CBF to the CCF from legacies received by the CBF. The separate audited financial statements of the CCF are available from the Financial Secretary of the Council.

(d) Church Commissioners, Church of England Pensions Board and other NCIs

Under the National Institutions Measure 1998, the Church Commissioners provide funds to the Council for distribution to the dioceses of the Church of England. The income is disclosed in the consolidated statement of financial activities.

The Council manages common services in respect of accounting, communications, human resources, internal audit, information technology support, legal services, office services and the Church of England Records Centre, for the other NCIs. The contributions to their costs receivable by the Council are disclosed in National Church Institutions' Contributions to Costs (note 9a).

The Church of England Pensions Board is responsible for a number of pension schemes of which employees of the Council are members. The contributions paid by the Council to the Church of England Pensions Board are disclosed in Pensions (note 26).

30. SALE OF THE CHURCH HOUSE BOOKSHOP

On 28 April 2006, the Archbishops' Council sold the Church House Bookshop to Hymns Ancient and Modern Ltd. The Bookshop continues to trade from Church House and the Council maintains a close working relationship with Hymns Ancient and Modern Ltd. The results up to the date of sale are shown in notes 7 and 10. The loss on disposal of £97,000 is shown in the Consolidated Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

31. SEPARATE BALANCE SHEET OF THE COUNCIL EXCLUDING THE CBF AND THE CHURCH AND COMMUNITY FUND

	Unrestricted Funds	Restricted Funds	2006	2005
	£000	£000	£000	£000
FIXED ASSETS				
Investments	-	5,488	5,488	3,898
Properties	250	-	250	250
Equity Sharing Loans	-	-	-	
Other assets	993	-	993	1,177
	<u>1,243</u>	<u>5,488</u>	<u>6,731</u>	<u>5,325</u>
CURRENT ASSETS				
Investments	-	-	-	294
Stock	377	-	377	387
Debtors: amounts falling due within one year	3,018	313	3,331	3,272
Debtors: amounts falling due after more than one year	177	1,936	2,113	2,147
Short term deposits	1,845	2,858	4,703	4,596
Cash at bank and in hand	359	4,469	4,828	4,925
	<u>5,776</u>	<u>9,576</u>	<u>15,352</u>	<u>15,621</u>
CREDITORS: amounts falling due within one year	(1,982)	(1,540)	(3,522)	(2,879)
NET CURRENT ASSETS	<u>3,794</u>	<u>8,036</u>	<u>11,830</u>	<u>12,742</u>
NET ASSETS	<u>5,037</u>	<u>13,524</u>	<u>18,561</u>	<u>18,067</u>
ACCUMULATED FUNDS				
Unrestricted Funds				
- General	2,465	-	2,465	2,819
- Designated	2,572	-	2,572	3,540
	<u>5,037</u>	<u>-</u>	<u>5,037</u>	<u>6,359</u>
Restricted Funds	-	13,524	13,524	11,708
	<u>5,037</u>	<u>13,524</u>	<u>18,561</u>	<u>18,067</u>

Information relating to the Archbishops' Council only is included in the notes to the financial statements, after exclusion of the Church and Community Fund and Other Funds controlled as disclosed in note 21.