

The Archbishops' Council
Annual Report and Financial Statements
for the year ended 31 December 2007

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Introduction by the Presidents

We are pleased to present the ninth annual report of the Archbishops' Council.

The past year has been one of encouragement. The number of those coming forward for ordination training has remained buoyant. The Dioceses, Pastoral and Mission Measure has completed its long process of gestation. Significant progress has been made with new clergy terms of service legislation. Difficult challenges in relation to the clergy pension scheme have been met. On a whole raft of important policy and legislative proposals from Government, the Council and its staff have ensured that the Church of England's voice has been heard. And work has continued to deepen our relationship with our ecumenical partners, not least with the Methodist Church as we move towards the end of the first five-year period of our covenant relationship.

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

ROWAN CANTUAR:

SENTAMU EBOR:

Church House, Westminster
12 June 2008

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 2007

Review of activities

1. The Archbishops' Council is 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 dioceses and parishes, 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.

Objectives and achievements

2. The five-year work programme for the largest National Church Institutions ('NCIs') and the General Synod is set out in the document *Into the New Quinquennium*, published as GS 1607. Annual updates on progress are available on request or on the Church of England website.

3. The Council's objectives to progress that work are:

1. to enhance the Church's mission by:

promoting spiritual and numerical growth

enabling and supporting the worshipping Church and encouraging and promoting new ways of being Church, and

engaging with issues of social justice and environmental stewardship

2. to sustain and advance the Church's work in education, lifelong learning and discipleship;

3. to enable the Church to select, train and resource the right people, both ordained and lay, to carry out public ministry and to encourage lay people in their vocation to the world; and

4. to encourage the maintenance and development of the inherited fabric of Church buildings for worship and service to the community.

Objective 1

4. The **Dioceses, Pastoral and Mission Measure** received Final Approval by Synod in February. It includes a number of provisions, particularly those in Part V of the Measure relating to mission initiatives, intended to contribute towards the spiritual and numerical growth of the Church. These are being implemented as the various parts of the Measure are brought into force.

5. The Mission and Public Affairs Division, in conjunction with the **Fresh Expressions** team, is engaged in major work with dioceses and other agencies to take forward the Fresh Expressions initiative. Fresh Expressions is part of the strategic follow-up to *Mission-shaped Church* and dovetails with Parts V and VI of the Dioceses, Pastoral and Mission Measure. It was established in 2004 as an Archbishops' initiative to encourage mission through fresh expressions of church within a 'mixed economy' church.

6. The **Youth Evangelism Fund** ('YEF') marked its first full year of operation in 2006 and published its report in 2007. The YEF gives small pump-priming grants of 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 2007 the Fund disbursed almost £132,000 to young people in 7 dioceses. Including the Council's own commitment of £100,000, £195,000 has already been raised for 2008.

7. Encouraged by research undertaken by Henley Research, which showed that many people still regard church as the 'proper' place to marry, the Council initiated a two-year project to improve the Church's provision of weddings and marriage support. The **Weddings Project**, a collaboration between the Communications Office and the Mission and Public Affairs Division and drawing in other colleagues as required (including, for example, the National Worship Development Officer), aims through a series of consultations and trial programmes to identify, improve and share best practice across the Church and to increase the number of Church weddings by 5% across the trial areas by the end of the project (October 2009).

8. Following the completion of the Common Worship series of texts, the Liturgical Commission entered a new phase of its work with the launch of the **Transforming Worship** initiative at Synod in July. The aim is to encourage the Church of England to take part in a process of liturgical growth and offer training in areas of worship and liturgy. The initiative's website can be found at www.transformingworship.org.uk

9. The **Shrinking the Footprint** campaign (www.shrinkingthefootprint.cofe.anglican.org) continued during 2007. The campaign invites all parish churches to carry out an audit of current energy use so that a benchmark can be established. 2007 saw the completion of a project to identify and assess ways of reducing the size of the Church's current 'carbon footprint'.

10. The Committee for Minority Ethnic Anglican Concerns initiated the **Walk of Witness** in February 2007 to mark the 200th anniversary of the abolition of the slave trade. Over 4000 took part in the walk and were led by both Archbishops. The Committee also sponsored a debate at Synod in July on using the gifts of minority ethnic people to enrich the life of the Church.

11. The **safeguarding** of children and vulnerable adults remained a key area of work in 2007 as the House of Bishops set work in train to document historic cases across the dioceses.

12. A significant amount of the Council's time is spent considering how to respond to Government consultations and draft legislation. During 2007, the Council and its staff considered issues arising from proposals in respect of the sexual orientation regulations, on immigration and asylum and the problems facing immigrants and those seeking asylum, on the implementation of the Charities Act, on human fertilisation and embryology, abortion and assisted dying amongst others. All of this involves detailed engagement with Government departments and other agencies.

13. 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.

Objective 2

14. In February, the General Synod endorsed the Board of Education's new five-year plan for schools and academies. The plan includes a target of 200 additional schools and academies. The Church of England's involvement with education has been one of

the great success stories of recent years: by September 2007, 155 schools and academies had either been expanded, opened or were in various stages of planning since the Dearing Report was published in 2001.

15. Faith schools have been very much in the spotlight over the past twelve months. The Chief Education Officer and Acting Chair have kept developments under review and engaged in discussions with Government. As part of the development of the Church's engagement with the debate, the Board has developed and issued new guidance on admissions policies for Church schools.

16. Religious Education has become increasingly popular in schools and it is hoped that this might feed through to Universities and Colleges. The Council agreed to make a contribution towards funding a RE development officer to support work with the dioceses and Government.

17. Following the Council's review of the Education Division in the final phase of its total service review, the Division began a review of both the children's and youth strategies. These will be completed in the course of 2008 and implemented from 2009.

18. Work continued on implementing the strategy for Further Education (***Pushing Further***, launched in 2006). Since the launch of the strategy, 70 new chaplaincies have opened in FE colleges. 2007 saw the launch of the strategy for Higher Education (***Aiming Higher***). Both strategies provide a major opportunity for the Church, alongside ecumenical and multi-faith partners, to engage with more young people.

Objective 3

19. The committees of the Ministry Division were restructured in 2007 to streamline and better co-ordinate the way the Division works. The new **Ministry Council** (which replaces the former Bishops' Committee for Ministry, the Theological Education & Training Committee and the Vocations, Recruitment & Selection Committee) brings together the interests of the House of Bishops and the Archbishops' Council in training for the ordained ministry.

20. In 2007, the Ministry Division ran 51 **bishops' advisory panels**. These were attended by 726 candidates, of whom 594 were selected for ordination training either in Colleges or on Courses, the majority for stipendiary ministry. Almost half were women. The upturn in the number of younger candidates continued, with 88 of the candidates selected for training in 2007 being under 30. Following the lead set in *Mission-shaped Church*, 19 were selected to train to become 'pioneer ministers' to work in fresh expressions of Church.

21. The Committee for Minority Ethnic Anglican Concerns has been working with the Ministry Division to improve the figures for minority ethnic candidates and held a successful vocations conference in February 2007 to encourage vocations to the ordained ministry and to youth work. A conference is planned for those from minority ethnic backgrounds already in training in 2008 to assess any particular concerns.

22. Work in respect of lay ministry included a conference on leading learning for diocesan adult educators, *Life calling* (available through the CHP website at www.chpublishing.co.uk), 'Vocations Sunday' and other ongoing work to encourage a range of discipleship education provision in Regional Training Partnerships and the dioceses. A review of Reader ministry is well advanced.

23. The Committee for the Ministry of and among Deaf and Disabled People sponsored a debate at Synod in July on disability issues for ministry in the Church and the

Deployment, Remuneration and Conditions of Service Committee undertook a review of fees for debate at Synod and with a view to introducing new legislation.

Objective 4

- 24.** Church buildings are a major feature of the rural, urban and suburban landscape. In many cases, they are 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.
- 25.** A major focus for the Cathedral and Church Buildings Division during 2007 continued to be the agenda outlined in the report *Building Faith in our Future* (published by the Church Heritage Forum in October 2004) and taken forward in the *Next Steps* report. The Division continues to progress the Church of England's agenda with Government and other agencies.
- 26.** The Division works closely with Government to increase financial support for the care, maintenance and repair of church buildings, with particular concerns focussed around a potential reduction in the support the Church receives through the Gift Aid scheme following the reduction in the lower income tax rate. At the time of writing, the Government has announced that the level of Gift Aid will remain unchanged for the next three years.
- 27.** Royal Assent to the Dioceses, Pastoral and Mission Measure meant that the Division could start to prepare for the new **Church Buildings Council**, which replaces the Council for the Care of Churches and the Advisory Board for Redundant Churches in June 2008. This is expected to bring greater focus and effectiveness to an important area of the Council's work.
- 28.** The resource book *Seeds in Holy Ground* (GS 1606) 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 – and remains available to all. The resource book is being widely used and has so far sold around 6,000 copies.

Legislation

- 29.** The Dioceses, Pastoral and Mission Measure, the major reforming measure implementing the recommendations of the Toyne review, completed its long legislative journey and received the Royal Assent in October. Work is underway (and, at the time of writing, was substantially completed) to constitute the new Church Buildings Council and the new **Dioceses Commission**, which will have significantly wider powers than its predecessor. Both bodies will begin work during 2008.
- 30.** A major concern during 2007 was clergy pensions and the future shape of the **clergy pension scheme**. Cross-NCI work was set in train in 2006 and a consultation process with dioceses initiated to assess the options. The working group reported to Synod in February and, following consultation with all of the Scheme's beneficiaries, a package of changes was approved by the Synod in July.
- 31.** The legislative process taking forward the recommendations of the McClean Review of **clergy terms of service** began its journey through Synod with the introduction of the draft Ecclesiastical Offices (Terms of Service) Measure and related legislation for First Consideration at the February 2007 Group of Sessions. The Human Resources and Ministry Divisions have been working with the dioceses in preparation for its eventual implementation.

32. The Church of England **Marriage Measure**, which aims to extend the range of parish churches in which a couple will have the right to marry, completed its synodical process in July. Following parliamentary scrutiny, the Marriage Measure has, at the time of writing, just received Royal Assent. The Council has initiated a project to improve the Church's provision of marriage preparation and support and its engagement with couples (see paragraph 7).

Service delivery and administration

33. The Council's staff moved back to Church House in March 2007 following the complete refurbishment of the building to accommodate the three largest NCIs – the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board. The benefits of being under one roof are apparent.

34. Following changes agreed to the clergy pension scheme (see paragraph 30), consultation was carried out to agree changes to the **staff pension scheme**. The main change is that from January 2008 the pension age for staff within the defined benefit scheme has increased from 60 to 65 for future service to mirror the change in the retirement age. Staff who have joined the Council since July 2006 are eligible to join a defined contribution scheme.

35. The Council completed its programme of **service reviews** in the autumn with a report on the Education Division, the Church of England Record Centre, Internal Audit, Information Technology and Office Services. The recommendations contained in the review are in the process of being implemented. Reports on each stage of the review and the Council's response to them can be found on the Council's pages of the Church of England website (www.cofe.anglican.org/about/archbishops-council/). The Council keeps all of its activities under constant review with an annual programme of scrutiny.

36. The Council also began its five-yearly review of the constitutions of the Boards, Councils and Committees which report directly to it. The review began in the autumn and is working on proposals which, if approved, will be implemented once the new Synod has been elected in the autumn of 2010.

Getting the message out

37. The Council's capacity to collect and analyse statistics and research trends and developments is a key part of the task of communicating the Church and helping the Church understand itself. In 2007 the **Research and Statistics** department published *Community Value*, the third booklet in its research-based series *Time to Listen*. Together with the other titles in the series (*Christian Roots*, *Contemporary Spirituality* and *Churchgoing today*), it builds up a picture of the Church and the world around it and encourages the Church to take seriously the need to adapt in a rapidly changing world.

38. Getting the message out about the Council's activities and achievements is a key challenge for the **Communications Office**. The Communications Office provides media relations, training, internal and website communications services not only to the Council, but also to the Synod, the House of Bishops, the Church Commissioners and the Pensions Board, working closely with the dioceses. It leads the Church's representations on media policy and answers enquiries from the public. It works strategically with other departments within Church House and across the dioceses of the Church of England.

39. **Back to Church Sunday**, originally an initiative of the Diocese of Manchester in 2004, spread to 20 dioceses and more than 2,000 churches in 2007. 20,000 people were encouraged back to church with a friend on one Sunday in September 2007.

40. Church House Publishing, the official publisher to the Archbishops' Council and the General Synod, produces around forty new titles each year, including in 2007 the Bishop of Reading's ***Do Nothing To Change Your Life***, a guide to reflection and slowing down, and ***How Many Lightbulbs Does It Take To Change A Christian?***, which offers practical advice on tackling environmental issues. The year saw the publication of ***Common Worship Ordination Services*** and a new series of Reflections for Daily Prayer accompanying the *Common Worship* Lectionary. In its 150th year, ***Crockford's Clerical Directory*** published its 100th edition, marked with a commemorative hardback edition.

New faces

41. The Council welcomed back the Revd Prebendary David Houlding when the Revd Canon Simon Bessant left the Synod on taking up a new post in Sheffield. David was already chair of the Appointments Committee and had previously served on the Council from early 2004 until December 2005. We wish Simon well in his new parish.

42. The Archbishops' Council owes a debt of gratitude to Michael Chamberlain, a founder member of the Council who chaired its Finance Committee for just over eight years until he stepped down in September. Michael steered a steady and purposeful course through changes to financial formulae, the development of further mutual support, spending freezes and pensions crises with calm and humanity. He was a wise and reassuring member of the Council and we are grateful to him for all that he did for the Council and the Church of England in this key role.

43. Michael was succeeded on the Council and as chair of the Finance Committee by Andrew Britton, former chair of the Southwark Diocesan Board of Finance. We wish him every success in this challenging role.

44. John Clark retired in March 2007 as Director of Mission and Public Affairs. John had many years of service with the Church Mission Society before coming to work for the central Church Institutions in 1992, when he became Secretary to the Partnership for World Mission within the then Board of Mission. We wish him well in retirement. John was succeeded by the Revd Dr Malcolm Brown in April. The Revd Janina Ainsworth took up the post of Chief Education Officer in April, her predecessor having moved at the end of 2006 to become Dean of Westminster.

45. At the very end of the year, Paula Griffiths took early retirement as Director of the Cathedral and Church Buildings Division to begin training for the ordained ministry. We are deeply grateful to her for leading the Division through the first years of its life.

On behalf of the Archbishops' Council

ROWAN CANTUAR:

SENTAMU EBOR:

Joint Presidents

12 June 2008

Church House

Westminster SW1P 3AZ

Organisational information

46. 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'.

47. Supported at member level by its Boards, Councils and Committees and at staff level by the Secretary-General and each of the 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.

48. 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

49. In 2007, the following bodies undertook 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 Dean of St Paul's)
- Finance Committee (chair: Andrew Britton; Michael Chamberlain until September 2007)
- 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)

(During 2007, the Theological Education and Training Committee and the Vocation, Recruitment and Selection Committee were wound up and their work subsumed into the new Ministry Council, chaired by the Bishop of Norwich)

- Mission and Public Affairs Council (including the Hospital Chaplaincies Council) (chair: Dr Philip Giddings)

Other bodies

50. 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

51. The Archbishops' Council works in close partnership with the other National Church Institutions: the Church Commissioners, the Church of England Pensions Board, the offices of the Archbishops of Canterbury and York, the National Society, Lambeth palace Library and (until June 2008) the Advisory Board for Redundant Churches.

Staff

52. 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.

53. The Joint Employment and Common Services Board (JECSB) was established specifically to take responsibility for the joint employment relationship between the NCIs and to oversee common services. It exercises powers delegated to it by each of the NCIs. The First Church Estates Commissioner, the Chair of the Pensions Board and the Chair of the Council's Finance Committee represent the three largest NCIs at member level. The chief officers of the three largest NCIs also attend its meetings.

54. The JECSB 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.

55. The average number of staff employed by the Council during 2007 was 219 (roughly half male and half female), 99 of whom in common service departments, which are partly funded by the other NCIs. Around 14% (2006: 12%) of the staff were from a minority ethnic background.

Equal opportunities

56. The National Church Institutions are committed to equal opportunities in employment.

57. 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.

58. 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

59. 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

60. 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 2007, 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

61. 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 First Church Estates Commissioner); elected (by the Houses of the General Synod (two from each of the Houses of Bishops, Clergy and Laity); the Chair and Vice-chair of the House of Laity and the two Prolocutors); or appointed (by the Archbishops, with the approval of the General Synod, after an extensive public recruitment process). See p.17 for a list of members.

62. During 2007, one new appointment was made to the Council – Mr Andrew Britton, former chair of the Southwark Diocesan Board of Finance, who took over from Michael Chamberlain as Chair of the Council's Finance Committee. The Revd Prebendary David Houlding was elected to the Council on a by-election following the departure from the Synod of the Revd Canon Simon Bessant.

Trustee training

63. 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

64. 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.

65. 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

66. 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 and applicable accounting standards and requirements.

67. The systems of internal financial control are designed to provide reasonable 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

68. 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

69. 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

70. The Audit Committee is a committee of the Archbishops' Council, constituted in accordance with the Standing Orders of the General Synod. 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

71. The Finance Committee is the financial executive of the Archbishops' Council. It is the focus for work formerly undertaken by the Central Board of Finance of the Church of England ('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.

72. 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

73. The CBF, which is due to be wound up in 2008, has had the same membership as the Archbishops' Council.

74. Under the provisions of the Church Funds' Investment Measure 1958 (as amended), the CBF previously acted as the trustee of the investment and deposit funds established under that Measure (the CBF Church of England Funds).

75. 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.

76. 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

77. 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.

78. 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 2007

79. The Consolidated Statement of Financial Activities is shown on page 23 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.

80. Income of £32.4 million from the Church Commissioners under the National Institutions Measure 1998 was used to pay £27.4 million of selective allocations to dioceses (including £4.6 million of Parish Mission Funding), £4.0 million for stipend allocations and £0.8 million towards administrative costs of the Church Urban Fund, £0.1 million for youth evangelism and £0.1 million of clergy insurance subsidy.

81. The Vote 1 spend for ordination training costs of £10.3 million was £0.6 million more than 2006. Expenditure was £0.2 million above the budgeted level due to a higher number of ordinands entering training than expected when the budget was drawn up.

82. Vote 3 income of £1.5 million was fully disbursed in payments of grants towards the work of the Anglican Communion office, national and international ecumenical bodies, legal aid and £0.2 million towards the administrative costs of the Church Urban Fund.

83. Vote 4 expenditure of £0.7 million relates to the pension contributions for clergy who are employed by Church of England members of the Partnership for World Mission.

84. Vote 5 Church Housing Assistance for the Retired Ministry (CHARM) received £2.9 million contributions from dioceses, and incurred costs of £3.1 million. These costs exceeded the budget by £0.1 million due to the Council's contribution to the costs of registering the CHARM mortgage scheme with the Financial Services Authority in 2005.

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

86. 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.

87. The costs of generating funds are those relating to the publishing trading activities. These are lower than in 2006 mainly due to the sale of Church House Bookshop in 2006.

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

89. There is a net reduction of £0.2 million of unrestricted funds.

90. Restricted funds, which can only be used for the purposes for which they were given, increased by £0.6 million in 2007 to £39.4 million, due principally to a £0.5 million increase in the market value of the investments held. The main restricted fund is the Church and Community 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

91. 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 and a minimum of £150,000, £50,000 and £0 respectively. Overall, the balances at 31 December 2007 were in keeping with these ranges, although the balance on the Vote 2 and Vote 5 reserves at the end of 2007 were higher than this range as indicated in Notes 20 and 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 2008 in this regard.

Professional advisers

92. The Council's advisers are listed on p.18. 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 2007 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 ¹	(3)
The Most Revd and Rt Hon Dr John Sentamu, Archbishop of York	(6)

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)	(5)

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	(5)
The Rt Revd Timothy Stevens	(6)

Elected by the House of Clergy

The Revd Canon Simon Bessant (until September 2007)	(4)
The Revd Prebendary Kay Garlick	(6)
The Revd Prebendary David Houlding (from September 2007)	(2)

Elected by the House of Laity

Paul Boyd-Lee	(5)
Christina Rees	(6)

Appointed by the Archbishops with the approval of the General Synod

Andrew Britton (from October 2007)	(1)
Michael Chamberlain (until September 2007)	(5)
Professor John Craven	(5)
Philip Fletcher	(5)
Katherine McPherson	(5)
Mark Russell	(4)
Anne Sloman	(6)

A Church Estates Commissioner

Mr Andreas Whittam Smith, First Church Estates Commissioner	(6)
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(The figures in brackets indicate the number of meetings each member attended in 2007; the Archbishop's Council met six times in 2007).

¹ The Archbishop of Canterbury was on study leave during the second and third quarter of 2007

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 Finance² for the NCIs and CBF Company Secretary
The Revd Dr Malcolm Brown, Director of Mission and Public Affairs (from April 2007)
John Clark, Director of Mission and Public Affairs (until March 2007)
Peter Crumpler, Director of Communications
Paula Griffiths, Head of Cathedral and Church Buildings (until December 2007)
Declan Kelly, Director of Libraries, Archives and Information Services
The Ven Christopher Lawson, Director of Ministry
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

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 once in 2007.

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, 2 New Street Square, London EC4A 3BZ

² In December 2007, it was decided that the Director of Finance post would be reconstituted as Director of Financial Policy and the Head of the Accounts Department, Paul Burrage, appointed as Acting Director of Accounting Services

Financial Statements
year ended 31 December 2007

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

for the year ended 31 December 2007

We have audited the consolidated financial statements of the Archbishops' Council for the year ended 31 December 2007 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement, the statement of accounting policies and the related notes 1 to 30. 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 members of the Council 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 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 and are properly prepared in accordance with the Charities Act 1993. We also report to you if in our opinion, the Annual Report is not consistent with the financial statements, if the Charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report as described in the contents section. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside of the Annual Report.

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 by the members of the Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and the Council's affairs, as at 31 December 2007 and of the group's incoming resources and resources expended for the year then ended, and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

June 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARCHBISHOPS'
COUNCIL
for the year ended 31 December 2007**

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended Error: Reference source not found7

	Notes	Unrestricted Funds (note 20) £000	Restricted Funds (note 21) £000	Total	
				2007	2006
				£000	£000
INCOMING RESOURCES					
Incoming resources from charitable activities					
Church Commissioners	3	-	32,449	32,449	31,869
Diocesan contributions:					
- Training for Ministry (Vote 1)	4	-	10,096	10,096	9,267
- National Church Responsibilities (Vote 2)	4	9,925		9,925	9,919
- Grants (Vote 3)	4	-	1,519	1,519	1,417
- Mission Agencies Clergy Pension Contributions (Vote 4)	4	-	741	741	740
- CHARM (Vote 5)	4	-	2,900	2,900	3,111
Voluntary income					
Grants receivable	5	367	478	845	739
Other income	6	465	175	640	775
Activities for generating funds					
Income from activities for generating funds	7	2,571	-	2,571	1,937
Investment income	8	<u>95</u>	<u>1,289</u>	1,384	<u>1,188</u>
Total incoming resources		<u>13,423</u>	<u>49,647</u>	63,070	<u>60,962</u>
RESOURCES EXPENDED					
Charitable activities					
- Enabling mission	9	3,312	8,005	11,317	11,732
- Sustaining and advancing education	9	2,238	76	2,314	2,265
- Enabling ministry	9	4,270	41,080	45,350	44,391
- Maintaining and developing church buildings	9	<u>2,470</u>	<u>110</u>	2,580	<u>2,401</u>
		12,290	49,271	61,561	60,789
Costs of generating funds	10	1,355	-	1,355	1,615
Governance costs	11	<u>266</u>	<u>-</u>	266	<u>288</u>
Total resources expended		<u>13,911</u>	<u>49,271</u>	63,182	<u>62,692</u>
Net (outgoing)/incoming resources before exceptional items and transfers					
		(488)	376	(112)	(1,730)
Sale of Church House Bookshop		-	-	-	(97)
Net transfers between funds	20,21	<u>311</u>	<u>(311)</u>	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		(177)	65	(112)	(1,827)
Other recognised gains or losses on revaluation and realisation of assets					
Investments	14	(1)	528	527	2,988
Equity sharing loans	16	-	-	-	(50)
NET MOVEMENTS IN FUNDS FOR THE YEAR		<u>(178)</u>	<u>593</u>	415	<u>1,111</u>
Total funds at 1 January	20,21	<u>8,183</u>	<u>38,770</u>	46,953	<u>45,842</u>
Total funds at 31 December	20,21	<u>8,005</u>	<u>39,363</u>	47,368	<u>46,953</u>

All the above results in the year 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 found7

		Unrestricted Funds	Restricted Funds	Total	
	Notes	£000	(note 21) £000	2007 £000	2006 £000
FIXED ASSETS					
Investments	14	-	30,058	30,058	29,777
Properties	15	3,250	-	3,250	3,250
Equity sharing loans	16	-	77	77	77
Other tangible fixed assets	17	843	-	843	993
		<u>4,093</u>	<u>30,135</u>	<u>34,228</u>	<u>34,097</u>
CURRENT ASSETS					
Investments	14	247	-	247	-
Stocks		327	-	327	377
Debtors: amounts falling due within one year	18	2,887	1,852	4,739	3,383
Debtors: amounts falling due after more than one year	18	167	1,103	1,270	2,130
Short term deposits		1,655	3,901	5,556	5,378
Cash at bank and in hand		352	3,976	4,328	5,658
		<u>5,635</u>	<u>10,832</u>	<u>16,467</u>	<u>16,926</u>
CREDITORS: amounts falling due within one year	19	(1,723)	(1,604)	(3,327)	(4,070)
NET CURRENT ASSETS		<u>3,912</u>	<u>9,228</u>	<u>13,140</u>	<u>12,856</u>
NET ASSETS		<u>8,005</u>	<u>39,363</u>	<u>47,368</u>	<u>46,953</u>
ACCUMULATED FUNDS					
Unrestricted Funds					
- General	20	5,605	-	5,605	5,611
- Designated	20	2,400	-	2,400	2,572
		<u>8,005</u>	<u>-</u>	<u>8,005</u>	<u>8,183</u>
Restricted Funds					
	21	-	39,363	39,363	38,770
		<u>8,005</u>	<u>39,363</u>	<u>47,368</u>	<u>46,953</u>

The financial statements were approved by the Archbishops' Council on 12 June 2008 and signed on its behalf by:

The Most Reverend and Rt Hon Dr Rowan Williams, Archbishop of Canterbury

Andrew Britton, Chair of the Finance Committee

Total

CONSOLIDATED BALANCE SHEET
as at Error: Reference source not found7

	Notes	2007 £000	2006 £000
Net cash (outflow) from operating activities	23	<u>(2,365)</u>	<u>(1,695)</u>
Returns on investment and servicing of finance			
Investment income		1,384	1,188
Net cash inflow from returns on investment and servicing of finance		<u>1,384</u>	<u>1,188</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(170)	(93)
Purchase of fixed asset investments		(1)	-
Sale of fixed asset investments	-		151
Sale of current asset investments	-		296
Decrease in equity sharing loans	-		333
Net cash (outflow) / inflow from capital expenditure and financial investment		<u>(171)</u>	<u>687</u>
Management of liquid resources			
(Increase) in short term deposits	24	(178)	(178)
Net cash (inflow) from management of liquid resources		<u>(178)</u>	<u>(178)</u>
(Decrease) / increase in cash in the year	24	<u><u>(1,330)</u></u>	<u><u>2</u></u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

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 30. 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.

The accounts of CBF which are included in the Council's financial statements, are prepared on a break up basis. However all assets are transferring to the Council as a continuing operation. The value at which assets are transferred to the Council is not materially different to fair value.

(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 2007

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

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.

Diocesan contributions and interest from Church colleges of education are 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 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 the grant is notified to the recipient.

(d) Governance costs

Governance costs include the costs of preparation and examination of statutory accounts, the costs of internal audit functions, the costs of legal advice on governance and constitutional matters and the costs of Council meetings.

(e) Support costs

Support costs, which include central functions, have been allocated to activity cost categories on a basis consistent with the use of resources including costs split on a per capita basis.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) 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 undertake an annual review to consider 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.

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%	

(g) Stocks

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

(h) 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).

(i) Operating leases

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

(j) 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 £32,449,000 (2006: £31,869,000)

4.

5. DIOCESAN CONTRIBUTIONS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

	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)	2007	2006
	£000	£000	£000	£000	£000	£000	£000
Armed Forces	29	29	4	3	-	65	50
Bath & Wells	294	275	42	21	81	713	684
Birmingham	161	152	23	11	45	392	380
Blackburn	234	214	33	16	63	560	528
Bradford	30	84	13	6	25	158	206
Bristol	181	158	24	12	46	421	391
Canterbury	183	156	24	12	46	421	387
Carlisle	166	136	21	10	40	373	334
Chelmsford	398	370	57	28	109	962	916

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

Chester	334	335	51	25	98	843	833
Chichester	470	425	65	32	125	1,117	1,049
Coventry	163	169	26	13	49	420	422
Derby	139	153	24	11	45	372	377
Durham	160	144	22	11	42	379	356
Ely	91	177	27	13	52	360	433
Exeter	268	234	36	17	69	624	582
Gloucester	214	207	32	15	61	529	512
Guildford	341	320	49	24	94	828	792
Hereford	125	112	17	8	33	295	274
Leicester	137	142	22	11	42	354	348
Lichfield	341	301	46	22	88	798	747
Lincoln	256	228	32	17	67	600	556
Liverpool	220	203	31	15	59	528	503
London	624	780	120	58	229	1,811	1,893
Manchester	206	246	38	18	72	580	614
Newcastle	119	111	17	8	32	287	272
Norwich	228	189	29	14	55	515	469
Oxford	520	609	93	45	178	1,445	1,490
Peterborough	192	175	27	13	51	458	434
Portsmouth	145	128	20	10	38	341	316
Ripon & Leeds	161	140	21	10	41	373	345
Rochester	299	279	43	21	82	724	690
St Albans	406	374	57	28	110	975	925
St Edmundsbury & Ipswich	200	174	27	13	51	465	431
Salisbury	325	306	47	23	90	791	759
Sheffield	164	134	21	10	39	368	335
Sodor & Man	15	22	3	2	6	48	55
Southwark	461	441	68	33	129	1,132	1,083
Southwell & Nottingham	145	142	22	11	42	362	347
Truro	126	108	17	8	32	291	267
Wakefield	166	139	21	10	41	377	343
Winchester	330	308	47	23	90	798	759
Worcester	170	161	25	12	47	415	399
York	173	231	35	17	68	524	568
Europe	(15)	-	-	-	-	(15)	-
	<u>10,096</u>	<u>9,925</u>	<u>1,519</u>	<u>741</u>	<u>2,900</u>	<u>25,182</u>	<u>24,454</u>

6. GRANTS RECEIVABLE

	Unrestricted Funds	Restricted Funds	Total	
			2007	2006
	£000	£000	£000	£000
Grants from Quintel re aerial work for Church & Buildings	100	-	100	100
Grant from Department for Children Schools and Families	-	215	215	50
Grant from Esmee Fairbairn Foundation	-	50	50	-
Grants re Youth Evangelism	-	96	96	-
Others	267	117	384	589
	<u>367</u>	<u>478</u>	<u>845</u>	<u>739</u>

The Grants for Youth Evangelism include monies received from the Maurice and Hilda Laing Charitable Trust, The Henry Smith Charity, the Jerusalem Trust and the Church Commissioners.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

7. OTHER INCOME

	Unrestricted Funds	Restricted Funds	Total	
	£000	£000	2007 £000	2006 £000
Legacies	27	40	67	11
Donations	48	95	143	227
Other	390	40	430	537
	465	175	640	775

8. INCOME FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	
	2007 £000	2006 £000
Continuing operations:		
<i>Divisions of the Council</i>		
Ministry	25	25
Financial Policy	28	36
<i>Trading</i>		
Church House Publishing	1,267	1,157
<i>Central Services</i>		
Research & Statistics	13	14
<i>Common Services and Accommodation</i>	1,238	440
	2,571	1,672
Discontinued operation:		
<i>Trading</i>		
Church House Bookshop	-	265
	2,571	1,937

	Unrestricted Funds	Restricted Funds
	£000	£000
and investment funds	8	942
ation	-	96
	87	251
	95	1,289

	Sustaining and advancing education £000	Enabling ministry £000	Maintaining and developing Church Buildings £000	2007	2006
				Total £000	Total £000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

	-	-		33	-	
	1,420	766	1,503	892	4,581	4,244
	706		549			1,020
	259		202			374
	97	76	141	81	395	413
	71		55			103
	587		456			847
	172	134	249	144	699	1,392
	<u>3,312</u>	<u>2,238</u>	<u>4,270</u>	<u>2,470</u>	<u>12,290</u>	<u>12,372</u>
a)	4,569	-	26,971	-	31,540	31,055
b)	-	-	10,277	-	10,277	9,668
	2,030		-			-
	730		-			-
	-		-			3,074
	578		-			617
	98	76	141	82	397	374
	<u>8,005</u>	<u>76</u>	<u>41,080</u>	<u>110</u>	<u>49,271</u>	<u>48,417</u>
	<u>11,317</u>	<u>2,314</u>	<u>45,350</u>	<u>2,580</u>	<u>61,561</u>	<u>60,789</u>
	<u>11,732</u>	<u>2,265</u>	<u>44,391</u>	<u>2,401</u>	<u>60,789</u>	<u>60,789</u>

9. OTHER CHARITABLE ACTIVITIES (continued)

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

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

	Unrestricted Funds	
	2007	2006
	£000	£000
Church Commissioners	3,634	3,136
Church of England Pensions Board	738	627
National Society	10	22
Other Church bodies	8	32
	<u>4,390</u>	<u>3,817</u>

10. COSTS OF GENERATING FUNDS

	Unrestricted Funds	
	2007	2006
	£000	£000
Continuing operations:		
Church House Publishing	1,355	1,322

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

Discontinued operation:

Church	-	293
House		
Booksh op		
		1,355
		1,615

11. GOVERNANCE COSTS

	£000	Unrestricted Funds	
		2007	2006
		£000	£000
Internal and external audits		175	198
Legal and support costs	80		80
Membership and committees	11		10
		266	288

The fee for audit services for the year was £82,000 (2006: £85,000). The amount for 2007 includes £30,000 (2006: £35,000) in respect of an additional fee for the 2006 audit. Fees for non-audit services due to the external auditors were £17,000 (2006: £nil).

12. GRANTS PAYABLE

(a) Grants payable to dioceses

The Council applied £31,540,000 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 2007 £000	2006 £000
Bath & Wells	-	43	-	43	79
Birmingham	1,104	174	125	1,403	1,447
Blackburn	567	132	169	868	876
Bradford	870	76	88	1,034	1,027
Bristol	-	87	14	101	125
Canterbury	512	80	125	717	616
Carlisle	475	30	112	617	633
Chelmsford	1,823	311	314	2,448	2,328
Chester	-	136	-	136	149
Chichester	-	89	-	89	88
Coventry	-	72	-	72	83
Derby	809	106	127	1,042	1,022
Durham	2,055	184	165	2,404	2,286
Ely	-	40	-	40	64
Exeter	995	95	199	1,289	1,206

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

Gloucester	-	25	-	25	33
Guildford	-	38	-	38	35
Hereford	248	10	72	330	368
Leicester	759	96	126	981	1,036
Lichfield	1,667	216	257	2,140	1,995
Lincoln	317	73	109	499	547
Liverpool	1,065	177	177	1,419	1,374
London	-	278	46	324	502
Manchester	1,509	230	217	1,956	1,791
Newcastle	1,110	84	115	1,309	1,314
Norwich	748	67	155	970	933
Oxford	-	122	-	122	145
Peterborough	122	67	128	317	218
Portsmouth	2	72	92	166	176
Ripon & Leeds	506	77	119	702	695
Rochester	-	96	-	96	93
St. Albans	-	138	-	138	151
St. Edmundsbury & Ipswich	-	36	119	155	169
Salisbury	-	31	-	31	59
Sheffield	1,319	143	136	1,598	1,483
Sodor & Man	-	3	-	3	3
Southwark	-	236	-	236	242
Southwell & Nottingham	979	116	136	1,231	1,267
Truro	603	44	95	742	707
Wakefield	1,095	128	133	1,356	1,301
Winchester	-	93	-	93	92
Worcester	124	78	121	323	303
York	1,467	140	209	1,816	1,848
	<u>22,850</u>	<u>4,569</u>	<u>4,000</u>	<u>31,419</u>	<u>30,909</u>
Grants paid to clergy				21	8
Other benefits for clergy				100	138
				<u>31,540</u>	<u>31,055</u>

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.

	2007	2006
	£000	£000
College costs and allowances	6,428	5,627
Course costs and allowances	3,576	3,337
Ordained Local Ministry Scheme	227	264
University fees	-	162
Other	46	278
	<u>10,277</u>	<u>9,668</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.

2007	2006
£000	£000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

Churches Commission on Mission	-	37
Churches Together in Britain and Ireland	410	383
Conference of European Churches	79	77
Church Urban Fund	1,000	1,000
Inter Anglican grant	393	382
World Council of Churches	108	108
Other	40	244
	2,030	2,231

The Council applied £809,000 of the income received from the Church Commissioners as a grant to the Church Urban Fund, for use by them as aid for projects across England. The remaining £191k of funding to the CUF was issued as a grant from Vote 3 from Diocesan contributions.

(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 £730,000 (2006: £651,000). The contribution was made in respect of an average number of clergy of 103 (2006: 103).

(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. The costs were £3,074,000 (2006: £2,817,000).

12. GRANTS PAYABLE (continued)

(f) Other grants payable

	Unrestricted Funds	Restricted Funds	Total	
			2007	2006
			£000	£000
Church & Community Fund (note 29c)	-	606	606	560
Training for the Ministry	-	265	265	177
Other	33	352	385	884
	33	1,223	1,256	1,621

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:

	2007	2006
	£000	£000
Salaries	7,925	8,068
National Insurance contributions	646	676
Pension costs (note 26)	2,172	1,954
	10,743	10,698

The average number of staff employed during the year was:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

	2007	2006
	Number	Number
<i>Charitable activities:</i>		
Mission & Public Affairs	18	23
Education	14	14
Ministry	26	27
Cathedrals & Church Buildings	15	15
<i>Other:</i>		
Financial Policy	11	9
Trading	12	17
Central Services	24	32
Common Services	99	115
	219	252

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

	2007	2006
	Number	Number
£ 60,001 to £ 70,000	5	7
£ 70,001 to £ 80,000	3	3
£ 80,001 to £ 90,000	-	-
£ 90,001 to £100,000	1	-
£100,001 to £110,000	1	1
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	1	1
	11	12

All staff earning more than £60,000 are accruing retirement benefits under defined benefit or defined contribution schemes.

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 18 members (2006: 16) amounting to £10,584 (2006: £10,430). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

14. INVESTMENTS

	Restricted Funds	
	2007	2006
	£000	£000
FIXED ASSETS		
At 1 January	29,777	26,942
Additions	1	-
Transfers (note 20)	(248)	-
Disposals	-	(151)
Net surplus on revaluation	528	2,986
At 31 December	30,058	29,777

Unrestricted Funds

	2007	2006
	£000	£000
CURRENT ASSETS		
Valuation		

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

At 1 January	-	294
Transfers (note 20)	248	-
Disposals	-	(296)
Net surplus on revaluation	(1)	2
At 31 December	247	-

£737,000 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 29b).

The structure of the CCLA portfolio under the control of the Council at 31 December 2007 was:

	2007
	%
CBF Church of England Investment Fund - Income Shares	94.0
CBF Church of England Property Fund	5.9
CBF Church of England Fixed Interest Securities Fund	0.1
	<u>100</u>

At 31 December 2007, the CBF Church of England Investment Fund comprised 59.2% UK equities, 21.9% overseas equities, 7.6% property, 6.3% UK bonds, and 5.0% 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 2007

15. PROPERTIES

	Unrestricted Funds	
	2007	2006
	£000	£000
At 1 January	3,250	3,250
At 31 December	3,250	3,250

At 31 December 2007, properties comprised:

a) The freehold interest in St Katherine'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, owned by the Archbishops' Council.

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

16. EQUITY SHARING LOANS

	Restricted Funds	
	2007	2006
	£000	£000
At 1 January	77	460
Disposals	-	(333)
Net (loss)/surplus on disposals and revaluation	-	(50)
At 31 December	<u>77</u>	<u>77</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 2007

17. OTHER FIXED ASSETS

	Office equipment	Leasehold improvements	Vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 January	556	2,240	8	2,804
Additions	18	152	-	170
At 31 December	<u>574</u>	<u>2,392</u>	<u>8</u>	<u>2,974</u>
Depreciation				
At 1 January	339	1,468	4	1,811
Charge for the year	81	237	2	320
At 31 December	<u>420</u>	<u>1,705</u>	<u>6</u>	<u>2,131</u>
Net book value				
At 31 December 2007	<u>154</u>	<u>687</u>	<u>2</u>	<u>843</u>
At 31 December 2006	<u>217</u>	<u>772</u>	<u>4</u>	<u>993</u>

18. DEBTORS

	Unrestricted Funds	Restricted Funds (note 21)	Total	
	£000	£000	2007 £000	2006 £000
Amounts due within one year				
Trade debtors	371	56	427	508
Prepayments	631	-	631	535
Publishing debtors	329	-	329	353
VAT recoverable	(10)	20	10	244
Staff season ticket loans	209	-	209	298
Amounts due from NCIs for other costs	999	199	1,198	531
Church colleges of education - loans (note 28d)	-	361	361	77
Church colleges of education - interest (note 28d)	-	847	847	27
Church schools (interest free)	31	-	31	34
Other debtors	327	369	696	776
	<u>2,887</u>	<u>1,852</u>	<u>4,739</u>	<u>3,383</u>
Amounts due after more than one year				
Church colleges of education - loans (note 28d)	-	936	936	982
Church colleges of education - interest (note 28d)	-	153	153	930
Theological colleges (interest free)	-	14	14	24
Church schools (interest free)	167	-	167	194
	<u>167</u>	<u>1,103</u>	<u>1,270</u>	<u>2,130</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

19. CREDITORS

	Unrestricted Funds	Restricted Funds (note 21)	Total	
	£000	£000	2007	2006
			£000	£000
Amounts due within one year				
Trade creditors	828	155	983	1,313
PAYE, NIC & pension contributions	431	-	431	563
Grants payable	1	1,084	1,085	1,018
Other creditors	256	115	371	202
Accruals and deferred income	207	250	457	974
	<u>1,723</u>	<u>1,604</u>	<u>3,327</u>	<u>4,070</u>

20. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2007	Income	Expenditure	Exceptional and Fixed asset net surpluses	Transfers	At 31 December 2007
	£000	£000	£000	£000	£000	£000
GENERAL FUNDS	<u>5,611</u>	<u>13,203</u>	<u>(13,190)</u>	<u>(1)</u>	<u>(18)</u>	<u>5,605</u>
DESIGNATED FUNDS						
Accounting Services Review Fund	126	-	(130)	-	4	-
Aerials Project Fund	395	100	(119)	-	-	376
CBF Lump Sum Pension Fund (note 26d)	88	-	(6)	-	-	82
Church Schools Fund	768	17	-	-	-	785
Five Yearly Planned Maintenance	281	63	(44)	-	200	500
Relocation Fund	434	-	(147)	-	-	287
Staff Retirement Fund	437	-	(221)	-	113	329
Other	43	40	(54)	-	12	41
	<u>2,572</u>	<u>220</u>	<u>(721)</u>	<u>-</u>	<u>329</u>	<u>2,400</u>
TOTAL UNRESTRICTED FUNDS	<u>8,183</u>	<u>13,423</u>	<u>(13,911)</u>	<u>(1)</u>	<u>311</u>	<u>8,005</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 2007

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 the 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
transfer
s during
the year
were:

*General
Funds
to
Design
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Funds*

£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.

£113,000 was transferred to the Staff Retirement Fund to cover future restructuring of the Council.

Restricted Funds to General Funds

£300,000 was transferred from the Church and Community Funds (note 29c).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

21. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2007	Incom e	Expenditur e	Fixed asset net surpluse s	Transfer s	At 31 December 2007
	£000	£000	£000	£000	£000	£000
The Archbishops' Council Ministerial Training Trust Fund (ACMTTF)	1,258	36	-	30	-	1,324
Church and Community Fund (note 29c)	20,230	739	(676)	312	(300)	20,305
CHARM (Vote 5)	406	2,924	(3,074)	-	-	256
Church Colleges of Education Fund	2,585	93	-	-	-	2,678
Church Conservation Fund	22	63	(26)	-	26	85
Clergy Support Funds	3,809	131	14	82	-	4,036
Dioceses Fund	275	31,429	(31,440)	-	-	264
Grants and Provisions Fund (Vote 3)	173	2,331	(2,030)	-	(301)	173
Inter-Diocesan Support Fund (Vote 4)	132	752	(733)	-	-	151
Mission & Public Affairs Division Special Funds	474	15	(8)	13	-	494
Simon of Cyrene Theological Institute Fund	197	7	-	-	(5)	199
Training for Ministry Fund (Vote 1) [note 21a]	2,647	10,246	(10,411)	-	-	2,482
Training for Ministry Special Fund	969	188	(291)	2	-	868
Sundry funds						
Council for Care of Churches sundry funds	124	5	(5)	3	-	127
Education Division sundry funds	11	6	(2)	-	-	15
National Voluntary Youth Organisation fund	114	207	(100)	-	-	221
Jerusalem Trust	2	110	(44)	-	-	68
General Synod sundry funds	184	6	-	-	-	190
Ministry Division sundry funds	55	2	(5)	-	-	52
Communication sundry funds	9	-	(3)	-	-	6
Legal Aid funds	59	11	(197)	-	301	174
Youth Evangelism fund	(125)	193	(134)	-	-	(66)
Other	193	32	(18)	1	(32)	176
	33,803	49,526	(49,183)	443	(311)	34,278
Other funds controlled						
Diocese of Yukon (Miss Stevens) Trust	72	2	-	2	-	76
Home Bishopricks Endowment Fund	1,970	-	-	115	-	2,085
JH Jackson Trust	47	2	-	-	-	49
Miss GC Anson Trust	40	1	-	1	-	42
Miss MA Carver Trust	3	-	-	-	-	3
Rupert Gunnis Memorial Fund	39	1	-	1	-	41
St Anselm's Endowment Trust	7	-	-	-	-	7
Stephen Furness Trust Fund	390	13	(12)	9	-	400
The Rev DS Guy Trust	4	-	-	-	-	4
The Wakefield Trust	152	2	-	4	-	158
Truro Training College Fund	526	19	(1)	12	-	556
William Temple House Fund	28	1	-	-	-	29
Women's Continuing Ministerial Trust	1,689	80	(75)	(59)	-	1,635
Total other funds controlled	4,967	121	(88)	85		5,085
TOTAL RESTRICTED FUNDS	38,770	49,647	(49,271)	528	(311)	39,363

The Youth Evangelism fund is an active fund with monies received in 2008 in excess of current liabilities or commitments.

21. STATEMENT OF RESTRICTED FUNDS (continued)

Analysis of transfers:

2007
£000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

Transfers to Unrestricted Funds	(311)
Transfers from Unrestricted Funds	-
Total transfers	(311)

Transfers:

The major transfers during the year were:

Between Restricted Funds

£301,000 was transferred to the Legal Aid Fund to cover future legal costs in respect of cases under the Ecclesiastical Jurisdiction Measure 1963 and the Clergy Discipline Measure 2003

Restricted Funds to General Funds

£300,000 was transferred from the Church and Community Funds (as referred to in note 29(c))

Income for Training for Ministry Fund (Vote 1) comprises diocesan contributions of £10,096,000 (2006: £9,267,000) and other income of £150,000 (2006: £75,000).

The restricted funds are represented by:

		Fixed assets (notes 14,15 and 16) £000	Cash and short term deposits £000	Debtors (note 18) £000	Creditors (note 19) £000	Net assets £000
The Archbishops' Council Ministerial Training Trust Fund (ACMTTF)		1,207	99	18	-	1,324
Church and Community Fund		19,888	1,048	28	(659)	20,305
CHARM (Vote 5)	-	393	-	(137)		256
Church Colleges of Education Fund	-	115	2,564	(1)		2,678
Church Conservation Fund	-	291	1	(207)		85
Clergy Support Funds	3,360	678	(2)	-		4,036
Dioceses Fund		-	265	-	(1)	264
Grants and Provisions Fund (Vote 3)		-	157	208	(192)	173
Inter-Diocese Support Fund (Vote 4)	-	151	-	-		151
Mission & Public Affairs Division Special Funds		529	(35)	3	(3)	494
Simon of Cyrene Theological Institute Fund		-	199	-	-	199
Training for Ministry Fund (Vote 1)		-	2,638	29	(185)	2,482
Training for Ministry Special Fund	77	852	29	(90)		868

Sundry funds

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

Council for Care of Churches	140	(13)	1	(1)		127	
Education Division	-	15	-	-		15	
National Voluntary Youth Organisation fund			-	184	38	(1)	221
Jerusalem Trust	-	71	-	(3)			68
General Synod sundry funds			-	190	-	-	190
Ministry Division	-	52	-	-	-		52
Communication	-	5	1	-			6
Legal Aid funds	-	259	5	(90)			174
Youth Evangelism fund	-	(64)	-	(2)			(66)
Other	59	128	21	(32)			176
C/fwd		25,260	7,678	2,944	(1,604)		34,278

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	<u>25,260</u>	<u>7,678</u>	<u>2,944</u>	<u>(1,604)</u>	<u>34,278</u>

Other funds controlled

Diocese of Yukon (Miss Stevens) Trust	72	4	-	-	76
Home Bishopricks Endowment Fund	2,085	-	-	-	2,085
JH Jackson Trust	-	49	-	-	49
Miss GC Anson Trust	40	2	-	-	42
Miss MA Carver Trust	3	-	-	-	3
Rupert Gunnis Memorial Fund	32	8	1	-	41
St Anselm's Endowment Trust	7	-	-	-	7
Stephen Furness Trust Fund	388	11	1	-	400
The Rev DS Guy Trust	4	-	-	-	4
The Wakefield Trust	157	-	1	-	158

**NOTES TO THE FINANCIAL STATEMENTS
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Truro Training College Fund	482	74	-	-	556
William Temple House Fund	13	16	-	-	29
Women's Continuing Ministerial Trust	1,592	35	8	-	1,635
Total other funds controlled	<u>4,875</u>	<u>199</u>	<u>11</u>	<u>-</u>	<u>5,085</u>
TOTAL RESTRICTED FUNDS	<u>30,135</u>	<u>7,877</u>	<u>2,955</u>	<u>(1,604)</u>	<u>39,363</u>

The other funds controlled in the financial statements of £5,085,000 (2006: £4,967,000) are those where the Council is the custodian and 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 Bishoprics Endowment Fund	For the advancement of religion in accordance with the doctrine of the Church of England
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 2007

21. STATEMENT OF RESTRICTED FUNDS (continued)

The Charity Commission has approved the creation of The Archbishops' Council Ministerial Training Trust Fund, which comprises the following:

Fund	Purpose
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	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.

22. STATEMENT OF OTHER FUNDS

Other funds with separate and independent trustees

The Council acts as custodian trustee for a number of funds which have trustees separate and independent from the Council but where the Council holds the trusts' investments on their behalf. These funds had a combined income of £153,000 (2006: £899,000) and expenditure of £216,000 (2006: £406,000) and, at 31 December 2007, net assets of £4,853,000 (2006: £4,917,000). These additional funds are:

Alfred Henry Hobhouse Memorial Trust	English Cathedral Repairs Fund Baddeley
*Anglican & Eastern Churches Association Trust Fund	Harriet Mackenzie Trust
Badcock Trust	H D Ackland Divinity Prize Fund
*Canon WH Elliott Memorial Trust Fund	Isabella Gilmore Trust Fund
Champneys Trust	J C Parker Trust
Chaplaincy at the Hague Fund	Lord Barnard Trust Fund
Commander H R Monro Trust Fund	Margaret Ann Clark Trust
Council on Foreign Relations Fund	Mary Ann Lander Bequest Fund

**NOTES TO THE FINANCIAL STATEMENTS
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*Cathedral Amenities Trust Fund
CH Funeral S Trust
CHUTE

*Central Readers Council
CULF

*Community of the Resurrection of Our Lord Trust
Davidson Portrait Fund
Edward Bathurst Cotton Trust
Eeles Bequest
Eleanor Brougham Trust
Eleanor Elizabeth Perkins Trust

Miss A R B Speckman Fund
Miss Bessie Hacker Trust
*Montgomery Lectureship Fund
National Council for Social Concern
*Philip Usher Memorial Fund
*Sandford St Martin Church of England
The Society of the Treasury of God Fund
*Tindall Trust
*William Temple Memorial Fund
William Thomas Oliver Trust

* 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 2007

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

	2007	2006
	£000	£000
Net (outgoing) resources during the year	(112)	(1,827)
Depreciation	320	277
Investment income	(1,384)	(1,188)
Decrease in stocks	50	10
(Increase) / Decrease in debtors	(496)	261
Increase / (Decrease) in creditors	(743)	772
Net cash (outflow) from operating activities	<u>(2,365)</u>	<u>(1,695)</u>

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

	2007	2006
	£000	£000
(Decrease) / increase in cash in the year	(1,330)	2
Increase in short term deposits	178	178
	<u>(1,152)</u>	<u>180</u>
Net funds at 1 January	11,036	10,856
Net funds at 31 December	<u>9,884</u>	<u>11,036</u>

25. ANALYSIS OF CHANGE IN NET FUNDS

	At 1 January 2007	Cash flows	At 31 December 2007
	£000	£000	£000
Cash at bank and in hand	5,658	(1,330)	4,328
Short term deposits	5,378	178	5,556
	<u>11,036</u>	<u>(1,152)</u>	<u>9,884</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

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 results of which are not yet available. The Council paid nil contributions in 2007 and 2006 due to a pension contribution holiday. There is one employee in the Fund (2006: 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 £169,000 in 2007 (2006: £163,000). The Council paid contributions (exclusive of the additional contributions) to the Fund totalling £1,751,000 (2006: £1,593,000) in respect of 121 employees (2006: 199). As a result of a valuation at 31 December 2005 the contribution rate for future service was increased from 22.5% to 27.8% of salaries from 1 January 2007. Additional contributions of £250,000 per annum (of which the Council's share is £120,000) 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 £85,000 (2006: £13,000) for 44 employees (2006:14).

(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. The Council paid contributions to the Fund totalling £43,000 (2006: £53,000) in respect of 9 employees (2006: 9).

(d) Central Board of Finance Lump Sum Scheme

A sum of £82,000 (2006: £88,000) (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 45 (2006: 54) 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 £1,196,000 (2006: £1,088,000). The cost is shared with the other National Church Institutions.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

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 2007 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 2008) 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 Council 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 Council's freehold interest as at 31 December 2007 is disclosed in note 15.

(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 2007

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 Katherine'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 2007 & 2006	<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 2007 & 2006	<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 2007 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 2007

29. RELATED PARTIES

(a)

The Church of England is governed by a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies are not related parties as defined in the Charities SORP 2005 or FRS 8. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements.

(b) CCLA Investment Management Limited and CBF Church of England Funds

During 2007 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 trustee of the Fund (formerly the CBF), has voting rights amounting to 67% in respect of these shares. 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.

As a result of these changes, the Council do not consider either the CCLA or the CBF Church of England Funds to be related parties at 31 December 2007.

(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. 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 2007 a grant of £300,000 (2006: £275,000) was paid to the Council and has been credited in these financial statements to the Council's unrestricted funds (note 20). Further grants of £606,000 (2006: £590,000) were agreed for Church projects throughout England. In addition, an amount of £nil (2006: nil) was donated by the Council to the CCF from legacies received by the Council. 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, mostly 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).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

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

	Unrestricted Funds	Restricted Funds	2007	2006
	£000	£000	£000	£000
FIXED ASSETS				
Investments	-	10,246	10,246	10,277
Properties	3,250	-	3,250	250
Equity Sharing Loans	-	-	-	-
Other assets	843	-	843	993
	<u>4,093</u>	<u>10,246</u>	<u>14,339</u>	<u>11,520</u>
CURRENT ASSETS				
Investments	247	-	247	-
Stock	327	-	327	377
Debtors: amounts falling due within one year	2,887	1,825	4,712	3,379
Debtors: amounts falling due after more than one year	167	1,103	1,270	2,130
Short term deposits	1,655	2,863	4,518	4,760
Cash at bank and in hand	207	3,966	4,173	4,947
	<u>5,490</u>	<u>9,757</u>	<u>15,247</u>	<u>15,593</u>
CREDITORS: amounts falling due within one year	(1,718)	(945)	(2,663)	(3,536)
NET CURRENT ASSETS	<u>3,772</u>	<u>8,812</u>	<u>12,584</u>	<u>12,057</u>
NET ASSETS	<u>7,865</u>	<u>19,058</u>	<u>26,923</u>	<u>23,577</u>
ACCUMULATED FUNDS				
Unrestricted Funds				
- General	5,465	-	5,465	2,465
- Designated	2,400	-	2,400	2,572
	<u>7,865</u>	<u>-</u>	<u>7,865</u>	<u>5,037</u>
Restricted Funds				
	-	19,058	19,058	18,540
	<u>7,865</u>	<u>19,058</u>	<u>26,923</u>	<u>23,577</u>

As a result of the transfer in 2007 from the CBF to the Council of the freehold interest in Parkstead (note 15) valued at £3,000,000, this is now included in the separate balance sheet of the Council.