

A large, stylized green cross logo is centered on the page. The cross is composed of four thick, rounded rectangular arms that intersect at the center. The background is white with a light gray geometric pattern consisting of overlapping triangles and a large circle.

The Church of England Pensions Board

Annual Report 2014

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During 2014 we ...

**assisted over
35,000 people
across more than
280 employers**



**managed
funds in
excess of
£1.8 billion**

**provided housing
to around 2,500
retired clergy and
their dependants**



We provide retirement services set by the Church of England for those who have served or worked for the Church

Vision

We will deliver a professional, high quality and efficient service to our customers, respecting their needs and the needs of those who provide us with the money to do this

Values

We are part of the Church of England

We understand our customers and their needs

We work closely with employers, dioceses and all our partners and take careful account of their views

We behave with openness and integrity

We take pride in doing a good job

We value our people and the contribution they make

Strategic Objectives

Manage the pension schemes efficiently and effectively in accordance with the scheme rules and apply an investment strategy that maximises the Board's ability to ensure all liabilities are met as they fall due

Provide quality retirement housing while demonstrating good value for money

Achieve a sustainable return on the Board's investment funds, acting in accordance with the National Church Institutions' ethical policies

Understand our customers' needs and expectations and use this information to improve delivery of our services

Maintain our ability to comply with all regulatory and legal requirements

Provide value for money to the Church with the resources we are given to run the business

Create a working environment which motivates and develops our people to give of their best and take pride in working for the Church of England Pensions Board

Introduction by the Chairman



A common theme of the Board's work in 2014 was "taking risk off the table". We have taken decisions to create a more stable environment for our two largest pension schemes, as well as ensuring that our retirement housing provision will be sustainable for future generations.

At the General Synod in July, we announced important changes to our main retirement housing offer - the CHARM scheme's rental arm - to provide a better experience for our current and future customers. The rental scheme is taken up by 20-30% of retiring clergy who have not been able to make their own retirement housing provision; it is an important aspect of the retirement services we offer.

In announcing these changes, we recognized that we had a duty to ensure that our housing offer was affordable and transparent for all. This included those who funded the offer through the General Synod as well as those who took up the offer of accommodation. Details of the changes, which followed an extensive period of consultation and took effect in April 2015, are set out later in this report on page 20.

In addition to making the changes to our housing offer, we have been working on a new source of long-term finance for the CHARM scheme to complement and diversify our current funding facility. We anticipate making an announcement on this by the middle of 2015.

On the pensions front, we took two important decisions to provide a more stable environment for the employers participating in our schemes, and to reinforce the security of the schemes for members. The first of these was a "buy-in" of a proportion of the liabilities in the defined benefit section of the Church Workers Pension Fund (CWPF). This was akin to buying an insurance contract which covered the pensions of a proportion of the CWPF's members and provided them with enhanced security. It also provided greater stability to the employers participating in the fund.

The CWPF is our most complex fund and provides a service to a large number of Church-related employers including dioceses, cathedrals and parishes. During the year we put in place a new section of the scheme which met the "auto-enrolment" requirements of the Pensions Act 2008. We also worked on the valuation of this scheme, which was concluded early in 2015.

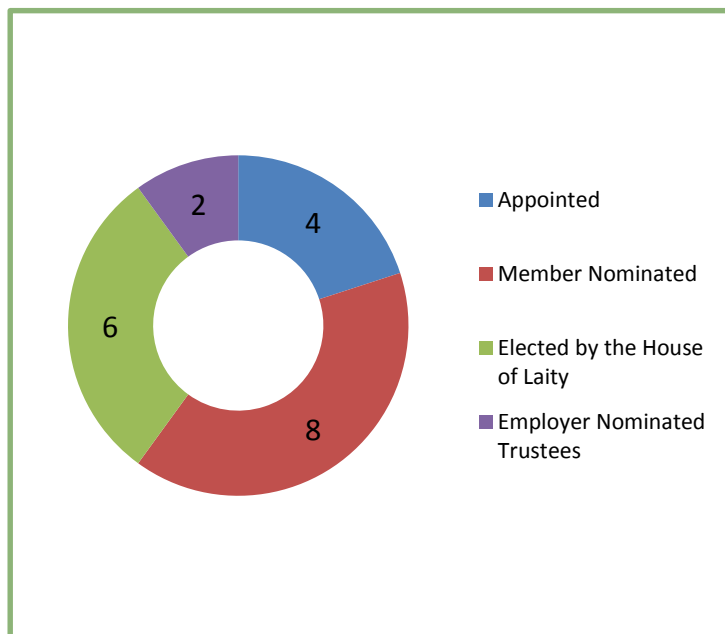
Secondly, it has been our intention to switch over a period of time some of the assets of the Church of England Funded Pensions Scheme (CEFPS) from return-seeking assets (e.g. equities) to those which matched the scheme's liabilities (e.g. bonds), but the price of bonds had made this difficult. Whilst we had been able to make small switches, the circumstances were right to make a larger switch late in the year. The decision reduced investment risk in the fund, and thereby should provide more stability for the employers participating in it.

During 2015, we will be focusing on the staff pension fund and preparing for the clergy funded scheme's valuation at the end of the year. We will seek to better understand our customers and their expectations, and work closely with the employers, dioceses and all our partners to continue to improve on the delivery of our services.

Jonathan Spencer, Chairman

Organisation and Governance

“Maintain our ability to comply with all regulatory and legal requirements”



Structure

The twenty members of the Board represent a balance of skills and expertise and are drawn from a wide range of constituencies.

Only four of the members are appointed, with the remainder elected by the employers, members of the pension schemes, and by members of the General Synod.

These elected members serve for a six-year term with elections held on a rolling basis every two years.

The majority of members also serve on one or more of the Board's four sub-committees. The Board can co-opt others who bring a particular expertise to serve on its committees.

The Board sits above four sub-committees, which deal with the detail of issues within the areas of Audit and Risk, Housing, Investments and Pensions respectively.

Board Membership

New Board members receive an induction into the work and practices of the organisation. All have access to an online database which includes outlines of their responsibilities and copies of the rules and other documentation for each pension scheme, and policies relating to the provision and operation of retirement housing assistance.

The majority of members of the Board have completed either fully or partially the Pensions Regulator's Trustee Toolkit, or an equivalent qualification, and regular training sessions are provided at Board meetings on a range of subject areas.



During 2014 the Board once again held a residential meeting, this time at Wotton House Hotel, Dorking. The event provided members with an opportunity to examine in detail the challenges facing particular areas of their work, consider and discuss potential strategic risks and set priorities

for the Executive Team. They also benefited from learning from each other and members of the executive.

Very few changes to membership occurred during the year. However, in early 2014, James Berrington, Jeremy Gray and Henrietta Podd were co-opted to serve on the Housing Committee.

In early 2015, we said farewell to the Rt Revd Richard Blackburn, who had been elected by the House of Bishops at the end of 2013.

Committees

The **Audit and Risk Committee**, chaired by Canon David Froude, monitors the integrity of the Board's financial statements, reviews and monitors the external auditors' independence and objectivity, and reviews the effectiveness of the audit process. It also reviews the Board's internal control and risk management systems, and monitors and reviews the effectiveness of the internal audit function. During 2014, it met three times.

The **Housing Committee**, chaired by Alan Fletcher, oversees the strategic direction of the CHARM housing scheme and the supported housing schemes. In 2014 it met five times.

The **Investment Committee**, chaired by Clive Hawkins, supervises the Board's investment fund managers and implements the investment policy set by the Board. It has the power to select, review and deselect, where appropriate, investment managers and the custodian. It also monitors investment performance and compliance with the Board's ethical investment policy. In 2014 it met five times. Members also contributed to a number of working parties set up to consider specific investment areas and attended a residential strategic review meeting.

The **Pensions Committee**, chaired by Roger Mountford, oversees the administration of the pension schemes, considers the assumptions underlying the actuarial valuations in depth and makes recommendations to the Board on them. In 2014 it met four times.

Trustees

The names of members of the Board for the period 1 January 2014 to 29 June 2015 are set out at the back of this report. The Board met six times throughout 2014, including a residential session. Members' attendance at Board and Committee meetings during 2014 is shown below. Where a member was appointed or left during the year, the number of meetings which they could have attended is shown in brackets.

	Board (6)	Audit & Risk (3)	Housing (5)	Investment (5)	Pensions (4)
Board Members					
Dr Jonathan Spencer	6				
Canon Sandra Newton	6		5		4
Clive Hawkins	4			5	
Simon Baynes	4			5	
The Revd Fr Paul Benfield	5				4
The Rt Revd Richard Blackburn	3				
Jane Bisson	5	3			
Ian Boothroyd	6				
The Revd Paul Boughton	5			5	
The Revd Nigel Bourne	6		4		
Dr Graham Campbell	6				
Jeremy Clack	3			4	
Ian Clark	6	3			4
John Ferguson	4		5		3
Nicolete Fisher	5		4 (4)		
Alan Fletcher	5		5	4	
Canon David Froude	4	3			
The Revd Canon Ian Gooding	5		5		
Roger Mountford	5			3	4
Brian Wilson	4				4
Co-Opted Members					
James Archer		3			
James Berrington			4 (4)		
Debbie Clarke				4	
Jeremy Gray			4 (4)		
Jon Head			5		
David Hunt		3			
Peter Parker				5	
Henrietta Podd			4 (4)		
Mark Powell				2	

Risk Management

The Church of England Pensions Board's risk management process assists management by facilitating the identification and assessment of significant risks to the achievement of objectives. The process is supported by a risk management policy which outlines the roles and responsibilities of Trustees, management and staff.

The Board reviews the risk registers and risk management arrangements at least annually. The Board is supported by the Audit & Risk Committee, which regularly reviews the content of the risk registers and seeks assurance over the adequacy of arrangements in place to manage the risks.

Individual departments and identified risk owners are responsible for the identification, assessment and review of risks which fall in their area of responsibility. Risks are prioritised using an agreed scoring methodology and are assessed at an inherent and residual level. The risk management process is facilitated and monitored by the Audit and Risk function. The management of key risks are subject to independent review and assurance through the internal audit process, which reports to the Audit & Risk Committee.

Principal Strategic Risks

The principal strategic risks which Trustees consider most significant and are subject to management action and monitoring are:

Risk	Key Management Actions
Significant wider economic issues (deflation, stagflation) have a major impact on pension deficits	<ul style="list-style-type: none"> • Diversification of the investments portfolio • Regular monitoring by management and Actuaries of scheme performance, economic risk scenarios and external trend data • Continuous engagement with scheme funders / employers • Implementation of appropriate investment risk mitigation activities
Issue or occurrence which gives rise to significant reputational impact on the Pensions Board leading to loss of confidence/support on part of customers, sponsors, stakeholders etc	<ul style="list-style-type: none"> • Robust policies and procedures and effective compliance monitoring and internal control evaluation arrangements • Externally contracted services subject to regular and detailed performance review and oversight • Effective staff and trustee recruitment, training and performance management procedures

Risk	Key Management Actions
Significant changes in society (e.g. mortality rates) materially impacts on the viability of pension schemes	<ul style="list-style-type: none"> • Annual actuarial review to identify trends and risk scenarios • Monitoring of wider industry developments and views • Changes in mortality rates are built into actuarial assumptions
Significant legislative or legal/regulatory change means a scheme (pension or housing) may no longer be viable	<ul style="list-style-type: none"> • Horizon scanning, supported by professional advice from external advisors • Maintain good relationships with stakeholders, ensuring that they are up to date with developments, their impact and possible mitigations • Monitoring of the legal and regulatory environment
External crisis event makes systems/services undeliverable	<ul style="list-style-type: none"> • Comprehensive business continuity plans, policies and procedures which are subject to regular review and testing • Significant upgrades to IT infrastructure and robustness

“Create a working environment which motivates and develops our people to give of their best and take pride in working for the Church of England Pensions Board”

Staff and Administration

The number of staff for whom the Board is the managing employer was 54 at the end of the year (2013: 57). In addition we employ 141 full and part-time staff (2013: 124) at our supported housing schemes, including managers, nurses, activities staff and gardeners. We draw on shared services such as information technology, records management, financial accounting legal, communications, human resources and internal audit provided by Church of England Central Services (ChECS) since 1 April 2014, a joint venture between the Board, the Archbishops’ Council and the Church Commissioners. Prior to ChECS operating, each of the partners in ChECS provided different shared services. The Board manages the Internal Audit department.

A number of staff undertook sponsored studies for essential job qualifications and career development. Staff also took part in training courses on a variety of topics including management development, fair selection interviewing, equal opportunities awareness and a range of health and safety related matters. They also had access to an “e-learning” facility and a variety of other career development opportunities.

IT Systems

The Board, and the other National Church Institutions (NCIs), use SAP as their shared financial platform. The system also underpins the work carried out by our Housing Department where it is used as their main property database and management system. The Pensions Department use Universal Pensions Management as their administration system.

During 2013, a working group reviewed the IT systems throughout Church House. Work began in late 2014 to deliver a phased approach of investment and change the existing IT infrastructure across the NCIs to provide a reliable and resilient network.

Staff Remuneration and Executive Pay

Other than staff employed to work in the supported housing schemes and nursing home, all staff in the Pensions Board, and those working for Church of England Central Services who provide support functions to the Board, are covered by a unified pay policy that operates across all the National Church Institutions. The policy is designed to ensure the same level of pay for all staff in posts with work of equal value which is based on a comprehensive job evaluation scheme, with staff being placed in one of eight 'bands'. For certain staff with specialist skills, typically those whose role requires them to hold a professional qualification, a market adjustment may be applied, the value of which is determined by reference to the lower quartile and median of market related salaries and is subject to annual review. The NCIs retain the services of AON Hewitt to advise on market rates.

Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year.

Certain senior roles, including that of the Chief Executives, sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCI's standard job evaluation system. Salaries for these roles are set individually with reference to the wider market place, typically comparing to the charity and public sector market, and is overseen by the Remuneration Committee comprising senior trustees from each of the main NCIs. In general these staff can expect the same percentage annual uplift for cost of living as the rest of the staff enjoy.

The amount paid to the highest member of staff is £148,000 (2013: £146,000), 10 (2013: 12) times the salary earned by the lowest paid member of staff and 5 (2013: 6) times the median salary.

Pensions

All staff members are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee.

Statement of the Board's responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Board.

The law applicable to charities in England and Wales requires the Board to prepare Financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

These financial statements must comply with the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008.

Pension scheme regulations require the Board to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view of the financial transactions of each Pension Fund during the scheme year and of the amount and disposition at the end of the year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

In preparing the financial statements of the entities for which it is responsible, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- observe the methods and principles in the relevant Statement of Recommended Practice;
- state whether applicable accounting standards have been followed, subject to any material
- departures disclosed and explained in the financial statements; and
- apply the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The Board is also responsible for making available certain other information in the form of an annual report.

The Board is responsible under pensions legislation for securing that a payment schedule is prepared, maintained and if necessary revised, showing the rates of contributions payable towards the Pension Schemes by or on behalf of the employer and the active members of the Pension Schemes, and the dates on or before which such contributions are to be paid.

The Board is also responsible for keeping records in respect of contributions received in respect of any active member of the Pension Schemes and for adopting risk-based processes to monitor whether contributions that fall due to be paid into the Pension Schemes in accordance with the payment schedule.

Where breaches of the schedule occur, the Board is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The Board also has a general responsibility for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of each entity for which it is responsible. It is also responsible for taking such steps as are reasonably open to it to safeguard the assets of each entity and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Board is also responsible for the maintenance and integrity of the Board's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Church of England Pensions Board Charitable Funds and Trusts

The Board administers its charitable funds, in accordance with the requirements of the Charities Act 2011, to provide the best possible support and care, within available resources, to those who have retired from stipendiary and lay ministry within the Church of England and also to their dependants.

The administrative structure of the Board and the details of the trustees and advisers are set out at the back of this report.

This section of the report has been prepared in accordance with the Charities SORP 2005.

Provides housing to around
2,500 retired clergy and their dependants



Shared Ownership

Assisting around 120
households

In 2014, 7 new
properties acquired at a
cost of £0.5m

Rental Property

Assisting around 1,200
households

In 2014, 59 new
properties acquired at
a cost of £11.3m



Supported Living

Assisting around 250
people in seven Christian
retirement communities

Public Benefit

There are few parishes in the Church of England who do not benefit from the ministry and mission of retired clergy at some point.



After a lifetime of service to the Church, clergy in retirement often continue their ministry assisting local churches. We help them to play a full role through the provision of retirement accommodation and, where applicable, direct grants to supplement their income.

Nationally, the Church, through its network of more than 12,000 parishes, 16,000 churches and 20,000 ordained and lay ministers seeks to build social capital and provide spiritual care for all those who might wish to engage with matters of faith in a Christian context. The local churches are a focus for community activity, and through resources available at their disposal, provide activities that support community development and social cohesion. These can include projects which support children, families and the elderly. Retired clergy and their dependants often play a role in these projects.

In accordance with the requirements of s.17(5) Charities Act 2011, in exercising their responsibilities the Board has had regard to the Charity Commission's published advice on public benefit, especially that contained in its supplementary guidance *"The Advancement of Religion for the Public Benefit"*.

Charitable Activities

At least one in four clergy retiring from the stipendiary ministry seek our assistance. Retirement is a difficult process for the majority of people, but made more difficult for the Church of England clergy who have lived the majority of their working lives in tied accommodation, and for whom on retirement, they have to move away from the community which they have served.

Our strategy in the medium to long term is to –

- ensure the long term provision of services to our customers
- ensure that our retirement housing and supported housing communities are well maintained and provide an appropriate level of service
- continue to provide nursing care at Manorstead Care Home, including specialist dementia care
- continue to provide discretionary grants to ensure retired clergy, surviving spouses or civil partners have a minimum level of income.

In 2015, we will continue to provide these services within the resources available to us. We continue to shape and refine the services that we offer to ensure that they are sustainable in the future.

Our charitable activities are financed by grants, gifts, legacies and investment income. All donations are placed in our General Purposes Fund unless otherwise specified.

Full details of our charitable activities are set out on the following pages.

Retirement Housing

“Provide retirement housing while demonstrating good value for money”

CHARM

The purpose of the retirement housing scheme – the Church Housing Assistance for the Retired Ministry, or CHARM – is to assist those leaving tied accommodation and who have not been able throughout their service and ministry to the Church to make their own provision for somewhere to live in retirement.

We currently assist some 2,500 retired clergy and their dependants through the various options under CHARM.

CHARM is a discretionary facility. The Board specifies a number of parameters relating to the size and type of property which is available, as well as the form and amount of assistance which is available. These are regularly reviewed.



The CHARM scheme is subsidised by the wider Church of England through Vote 5 of the Archbishops’ Council’s budget. The total grant for 2014 was £4.0m (2013: £3.8m).

In 2014, a review of the CHARM housing scheme was completed, and a number of major changes to the way the scheme operates were proposed, following consultation. These came into effect from 1 April 2015.

The new scheme includes much earlier involvement with clergy to plan their retirement - inviting those needing our support to come to us up to 5 years in advance of their retirement rather than – as now – 12 months.

The way properties are offered to customers has changed from the ‘spot purchase’ model to one which allows those applying to choose from a portfolio of properties across the country that become vacant during the 5 years before retirement.

Rents will no longer be based on gross income but related to the property, as is the case in both the private and social rental sectors, so a prospective tenant will be able to see what an available property will cost and how this will vary according to size and location. As a benchmark the rents will equate to approximately 60% of private commercial levels, with rents for existing tenants making a very slow transition to this new target level.

Information on the new CHARM scheme, eligibility and access to the housing scheme is available on our website, www.cepb.org.uk.

Shared Ownership

The Shared Ownership option was introduced in 2008 and assists around 120 households.

Properties are purchased by the Board in partnership with the customer who contributes a minimum of 25% of the property cost. The Board's maximum contribution is £150,000. Additional shares in the property can be bought by the customer, who can achieve 100% ownership if they wish.

	2014	2013
Number of new properties	7	8
Board's total capital contribution	£0.5m	£0.7m
Average capital contribution	£74,000	£90,000

Customers pay rent, based on the Board's capital share of the property, and a service charge, which reflects the likely cost of maintaining and insuring the property. Properties are inspected on a five-year basis and the service charge calculation allows customers to smooth the cost of repairs and maintenance over a period of time.

The service charge is reviewed every six months. The rent is increased in line with the weighted increase in the full Church and State pensions for a married couple.

Accordingly the rent increased by 3.2% per annum from 1 April 2014.

Rental Properties

Where retired clergy do not have the resources to enter the Shared Ownership option, assistance through the provision of a rented property is made available. These are the majority of those seeking housing assistance and in total we assist around 1,200 households through this option.

Customers are initially offered the choice of a small number of vacant properties. The option though is flexible and where one is not available, or for some reason not suitable, in the area of their choice, the Board will consider purchasing a property for them. The property has to be within a range of specified criteria which include a maximum purchase price of £200,000 (£225,000 in South-eastern counties). In total 59 properties were purchased in 2014.

	2014	2013
Number of new properties	59	61
Total Purchase Price	£11.3m	£12.0m
Average Purchase Price	£192,000	£196,000

Stock condition surveys carried out by Sanctuary Housing Association, our maintenance service provider, permit the Board to plan better the maintenance of its housing stock and ensure that all properties are in a good state of repair. A number of improvement works have also been planned.

Tenants pay a rent towards the Board's costs of maintaining the property and the cost of financing the purchase of the property. This is currently capped at a maximum of 30% of their (joint) gross income from all sources. Occupants are asked to complete a financial questionnaire annually from

the date of occupation to ensure that those not meeting the costs of providing the property are paying an appropriate amount within the terms of the scheme.

The majority of the difference between the capped rent and the actual cost of providing the property is met by the wider Church through Vote 5 of the Archbishops' Council's budget.

Certain properties have been purchased directly by the Board from its own funds. Tenants pay rent on exactly the same basis as all other tenants but no notional interest is included in the running costs of these properties. This represents a subsidy from the Board's charitable funds and a saving on the Vote 5 budget of around £1.5m per annum.

The CHARM rental scheme changed significantly on 1 April 2015, with customers now choosing from a portfolio properties that we already own within England and Wales. Further details can be found on our website, cepb.org.uk.



Mortgage Schemes

The mortgage schemes are now closed to new applicants.

A fixed-interest mortgage option was in operation until 31 December 1982. Mortgagors pay interest only on the mortgage advanced. 7 loans were outstanding at the end of the year.

The later value-linked mortgage option closed on 31 March 2008. Mortgagors pay an interest-only element on the advanced sum, and when the property is sold or the mortgage redeemed, the sale proceeds are divided between the mortgagor and the Board in the same proportions as when the loan was advanced. 899 loans were outstanding at the end of the year.

Supported Housing and Nursing Care

We have been providing supported housing for those retired clergy and their dependants who wish to live as independently as possible in a caring Christian community, with access to a range of comprehensive support services for over sixty years. Some retired clergy, or their surviving spouses or civil partners, no longer feel comfortable living by themselves or find it increasingly difficult to maintain and manage a home of their own. Equally, some wish to continue living within a community where the liturgical and spiritual life of the Church of England is central.

Our seven supported housing communities not only provide residents with a self-contained flat but also include dining facilities, meeting spaces, libraries, a chapel and communal grounds. We also operate a nursing home, including two dementia care units.

Our strategic aim is to ensure that the service provision in our supported housing communities remains sustainable in the long term.

Residents may receive a subsidy from the Board's charitable funds to help them pay the charges; this is dependent on their income and capital resources. Residents who are eligible are also encouraged to seek state benefits.

The cost of running the supported housing operation is not met fully by the rent and service charges received and shortfalls are met from the charitable funds. In 2014 these amounted to £1.3m (2013: £0.6m).



Dementia Care Provision

Since 2010, the Board has been providing specialist dementia care initially in the Allan Bridgewater Wing and more recently in the Denis Rutt Wing, both within Manormead Care Home.

We recognised that there was a real need in this area, with an estimated one in five people over the age of 80 experiencing the symptoms of dementia. The effects of dementia can be very distressing not only for the person concerned but also for friends and family.

The Wings are small units providing a total of fifteen places. They have a communal dining area, a specialist bathing facility, and a sensory garden with raised beds to promote interest and stimulation. The specially trained and caring staff have ensured throughout the year that residents in the unit, and their families, have had a better quality of life.



Financial Review

It is costly to maintain the level of services that we offer, be it in housing, supported housing, nursing care or ensuring that retired clergy have a minimum standard of income.

The wider Church, through Vote 5 of the Archbishops' Council's budget, contributed £4.0m (2013: £3.8m) to the provision of retirement housing.

The charitable funds hold investments of £36.7m (2013: £37.2m), which generated income of £1.7m in the year (2013: £1.5m).

This income is not sufficient though to cover the services we provide and without the donations and legacies we receive, we would not be able to offer the level of services currently provided.

Donations are received from Parishes, individuals, and from charitable trusts. In 2014 these amounted to £164,000 (2013: £204,000). Like many other charities we have seen the level of donations remain under pressure, and we are grateful to everyone who has given towards our work during the course of the year.

In particular the Board would like to thank the estate of the late Anne Spalding generously supporting our work.

Investments

During the year the Investment Committee reviewed the management arrangements for the Board's charitable funds. It concluded that the majority of the assets should be held in two property common investment funds: the Charities Property Fund ('CPF') managed by Cordea Savills and the Property Income Trust for Charities ('PITCH') managed by Mayfair Capital. The disinvestment from CCLA and investment at CPF and PITCH was carried out in stages between June and September 2014. The remainder of the liquid investments are held in the CBF Investment Fund (CBFIF) managed by CCLA Investment Management.

At the end of 2014 the allocation of the charitable investments was:

	2014 (£m)	2013 (£m)
CPF	17.9	-
PITCH	7.6	-
CBFIF	10.6	36.2
Other	0.6	1.0
Total	36.7	37.2

In 2014 the total return from the charitable funds' investments was 7.8%.

Reserves Policy

The Board annually considers the level of reserves that should be maintained within the charitable funds, and takes account of the requirements of the Charities SORP and the guidance issued by the Charity Commission (Charities and reserves CC19).

Restricted Funds

Restricted funds of £343,000 (2013: £541,000) are set aside as they are not freely available to spend on the charity's purposes.

Designated Funds

A significant proportion of the charitable funds £88m (2013: £75m) is tied up in operational properties and not available to fund the day to day operations of the charity. Accordingly these are set aside as designated funds and comprise:

- the land, buildings and fixtures and fittings used for the provision of residential or nursing care
- the land and buildings, net of mortgages, occupied by the retired ministry
- land and buildings and investments held in trusts, the income from which self-funds the expenditure

A further £2.6m (2013: £1.2m) has been set aside for property maintenance

General Funds

The Board has considered the business risks associated with its activities in order to establish a level of general reserves required to cover those risks, the major financial risks being:

- the levels of subsidy within the CHARM scheme
- the dependency on investment income
- the costs of major capital works
- managing cash flow

Based on this evaluation, the Board has identified a range of £25-30m to be an appropriate level of general (free) reserves for it to hold. The Board recognises that there will be considerable resources required to finance the proposed changes to the CHARM rental offer, and as a result is comfortable with the current level of general reserves of £27.6m (2013: £35.6m).

Independent auditors' report to the Church of England Pensions Board and the General Synod of the Church of England

Report on the financial statements of the Charitable Funds and Trusts

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 December 2014 and of the group's incoming resources and application of resources and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 15 of the Charities (Accounts and Reports) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by the Church of England Pensions Board, comprise:

- the consolidated and charity balance sheets as at 31 December 2014;
- the consolidated statement of financial activities and consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the group's and charity's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under the Charities Act 2011 we are required to report to you if, in our opinion, the information given in the Annual Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of the Board's Responsibilities Statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board and the General Synod as bodies in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of the Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
June 2015

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

Consolidated statement of financial activities of the Charitable Funds and Trusts for the year ended 31 December 2014

		2014					2013
		Unrestricted			Restricted funds	Total	Total
Notes	CHARM	Other charitable	Total unrestricted				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	2	-	670	670	-	670	560
Transfers from other charities		-	393	393	-	393	
Investment income	3	-	1,746	1,746	-	1,746	1,517
Total incoming resources from generated funds		-	2,809	2,809	-	2,809	2,077
Incoming resources from charitable activities							
Grants receivable	4	3,973	-	3,973	-	3,973	3,786
Contributions from residents and mortgagees	5	9,874	2,390	12,264	2,592	14,856	14,686
Total incoming resources from charitable activities		13,847	2,390	16,237	2,592	18,829	18,472
Other incoming resources							
Gains on disposal of fixed assets held for the Charity's own use		-	2,287	2,287	-	2,287	2,270
Total other incoming resources		-	2,287	2,287	-	2,287	2,270
TOTAL INCOMING RESOURCES		13,847	7,486	21,333	2,592	23,925	22,819
RESOURCES EXPENDED							
Costs of generating funds							
Costs of generating voluntary income	6	-	(40)	(40)	-	(40)	(90)
Investment management costs	6	-	(30)	(30)	-	(30)	(11)
Total costs of generating funds		-	(70)	(70)	-	(70)	(101)
Charitable activities							
Grants payable	7	-	(111)	(111)	-	(111)	(116)
Housing costs	8	(15,058)	(3,554)	(18,612)	(2,790)	(21,402)	(22,117)
Total charitable activities		(15,058)	(3,665)	(18,723)	(2,790)	(21,513)	(22,233)
Governance costs	10	-	(262)	(262)	-	(262)	(212)
TOTAL RESOURCES EXPENDED		(15,058)	(3,997)	(19,055)	(2,790)	(21,845)	(22,546)
NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		(1,211)	3,489	2,278	(198)	2,080	273
OTHER RECOGNISED GAINS AND LOSSES							
Gains on revaluation of fixed assets for the Charity's own use	15			490	-	490	1,879
Gains on revaluation of investment assets	14			1,124	-	1,124	4,486
Total other recognised gains and losses				1,614	-	1,614	6,365
NET MOVEMENT IN FUNDS				3,892	(198)	3,694	6,638
RECONCILIATION OF FUNDS							
Total funds brought forward at 1 January				111,757	541	112,298	105,660
Net movement in funds in year				3,892	(198)	3,694	6,638
Total funds carried forward at 31 December				115,649	343	115,992	112,298

There are no other gains or losses apart from those recognised above. The incoming resources, resources expended and other recognised gains and losses all relate to continuing operations, none of which have been acquired during the year.

Balance sheets of the Charitable Funds and Trusts

As at 31 December 2014

	Notes	Consolidated		Charity	
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investment assets	14	36,699	37,184	36,699	37,184
Fixed assets	15	216,010	212,644	207,941	204,053
Total fixed assets		252,709	249,828	244,640	241,237
CURRENT ASSETS					
Debtors	16	1,691	940	9,760	9,613
Short term deposits		537	7,714	537	7,714
Cash at bank and in hand		698	2,486	698	2,404
Total current assets		2,926	11,140	10,995	19,731
LIABILITIES					
Creditors: amounts falling due within one year	17	(3,340)	(5,263)	(3,340)	(5,263)
Net current assets/(liabilities)		(414)	5,877	7,655	14,468
Total assets less current liabilities		252,295	255,705	252,295	255,705
Creditors: amounts falling due after more than one year	17	(136,303)	(143,407)	(136,303)	(143,407)
NET ASSETS		115,992	112,298	115,992	112,298
FUNDS OF THE CHARITY					
Unrestricted funds					
General	18	27,580	35,577	27,580	35,577
Designated	18	88,069	76,180	88,069	76,180
Total unrestricted funds		115,649	111,757	115,649	111,757
Restricted funds	18	343	541	343	541
TOTAL FUNDS CARRIED FORWARD		115,992	112,298	115,992	112,298

These financial statements were approved by the trustees on 29 June 2015 and signed on their behalf by:

Dr Jonathan Spencer
Chairman

Consolidated cash flow statement of the Charitable Funds and Trusts for the year ended 31 December 2014

Reconciliation of net incoming resources before other gains and losses to net cash flow from operating activities

	Notes	2014 £'000	2013 £'000
Net incoming resources before other gains and losses		2,080	273
Add back:			
Depreciation charged on fixed assets	15	709	878
Less:			
Gains on disposal of fixed assets held for the Charity's own use		(2,287)	(2,270)
Movement in debtors	16	(751)	181
Movement in creditors	17	(2,038)	2,037
Net cash flow from operating activities		(2,287)	1,099

Cash flow statement

	Notes	2014 £'000	2013 £'000
Net cash flow from operating activities		(2,287)	1,099
Capital expenditure and financial investment:			
Fixed assets: CHARM additions	15	(12,463)	(12,672)
Fixed assets: CHARM sale proceeds	15	12,281	11,996
Fixed assets: supported housing additions	15	(1,108)	(505)
Fixed assets: other assets additions	15	(8)	(26)
Investment assets: additions	14	(25,000)	(28)
Investment assets: disposals	14	26,609	-
Net cash flow relating to capital expenditure and financial investment		311	(1,235)
Cash flow before management of liquid resources and financing		(1,976)	(136)
Management of liquid resources			
Cash in from short term deposits		7,177	1,200
Net change in short term deposits		7,177	1,200
Financing			
Cash paid to/received from Church Commissioners:			
Sales of CHARM properties		(6,989)	(7,584)
Loan from Santander	17	-	6,500
Net cash flow from financing		(6,989)	(1,084)
Movement in cash		(1,788)	(20)

Reconciliation of net cash flow to movement in cash and short term deposits

	2014 £'000	2013 £'000
Movement in cash in the year	(1,788)	(20)
Cash movement from change in short term deposits	(7,177)	(1,200)
Movement in net funds in the year	(8,965)	(1,220)
Net cash and short term deposits at 1 January	10,200	11,420
Net cash and short term deposits at 31 December	1,235	10,200

Analysis of movements in cash and short term deposits

	Cash at bank and in hand £'000	Short term deposits £'000	Total £'000
At 1 January 2014	2,486	7,714	10,200
Movement in cash	(1,788)	(7,177)	(8,965)
At 31 December 2014	698	537	1,235

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

1. Accounting policies

a) Legal status

The Charitable Funds and Trusts of the Church of England Pensions Board ("the Board") was registered as a charity in 1964. It was formed by merging several funds and trusts. The original funds and trusts were established under the Clergy Pensions Measures 1948 and 1961 and other deeds of trust.

b) Basis of accounting

The trustees believe it is appropriate to prepare the financial statements on a going concern basis, after having reviewed the financial forecast. The financial statements have accordingly been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" ("the SORP"), and the Charities Act 2011.

The financial statements have been prepared on the historical cost basis except for the revaluation of investments and certain other assets, and the accruals basis.

A summary of the accounting policies, which have been applied consistently across the group, is set out below.

c) Basis of consolidation

The consolidated statement of financial activities ("SOFA") and the balance sheet include the financial statements of the Board and its subsidiary undertakings (CEPB Developments Ltd and CEPB Mortgages) for each year ended 31 December. The subsidiaries have been consolidated on a line by line basis in accordance with FRS 2: Accounting for subsidiary undertakings. Intra-group balances and transactions are eliminated on consolidation.

The Board does not present its non-consolidated statements of financial activities but provides a summary in note 21: Subsidiary results.

During the year, the Board, together with the Archbishops' Council and the Church Commissioners became equal partners in Church of England Central Services (ChECS), a joint venture. The Board's share of the profits or losses from ChECS is included in the SOFA and its share of net assets is included in the balance sheet. Further detail is provided in note 12: ChECS.

d) Incoming resources

Incoming resources are accrued and included in the SOFA when the Group is entitled to the income and it can be quantified with reasonable certainty.

i) Voluntary income

Donations are accounted for when received. Gift Aid receivable is included in income when there is a valid declaration from the donor. Pecuniary legacies are recognised when probate is granted. Residuary legacies are recognised at the earlier of receipt or when estate accounts have been finalised. Gifts in kind are valued at an amount equivalent to their market value at the time of their receipt, and are included in the SOFA.

ii) Investment income

Income from investments is recognised on an accruals basis.

iii) Income from charitable activities

Income from charitable activities represents rent from rental properties, rent and service charge from shared ownership properties, mortgage interest and fees and service charge from supported housing schemes, which are all recognised on the accruals basis. Grants are recognised when the Board is entitled to receive them.

iv) Other incoming resources

Other income is recognised at the earlier of receipt or entitlement.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

1. Accounting policies (continued)

e) Resources expended

All resources expended are accounted for on the accruals basis and recognised in the appropriate heading in the SOFA. Specific accounting policies are:

i) Charitable activities

Costs include grants payable, which are recognised when a constructive obligation exists.

ii) Support costs

Costs include finance, IT, HR and back office functions and are allocated across the categories of the cost of generating funds, charitable expenditure and governance as detailed in note 9.

iii) Governance costs

Governance costs relate to the general running of the Board, which include costs associated with the strategic as opposed to day to day management of the Board's activities, and compliance with constitutional and statutory requirements.

f) Pensions

Staff pensions are described in note 13. Pension benefits arising from service up to 31 December 1999 are met by the Church Commissioners for England.

i) Staff employed by the National Church Institutions

Pension benefits arising from service from 1 January 2000 for staff in service as at 30 June 2006 are provided for by the Church Administrators Pension Fund. The scheme is considered to be a multi-employer scheme as described in FRS 17 paragraph 9(b) and consequently the amounts charged in the SOFA represent the contributions payable in the year. The Board is unable to identify its share of the underlying assets and liabilities.

A defined contribution scheme, also in the Church Administrators Pension Fund, provides pension benefits for those staff commencing service after 30 June 2006. The amounts charged in the SOFA in respect of these staff pension costs are the contributions payable in the year.

ii) Staff employed directly by the Board

Pension benefits for staff in managerial positions are provided for by the Church Workers Pension Fund. The scheme is considered to be a multi-employer scheme as described in FRS 17 paragraph 9(b) and consequently the amounts charged in the SOFA represent the contributions payable in the year. The Board is unable to identify its share of the underlying assets and liabilities.

A defined contribution scheme, also in the Church Workers Pension Fund, provides pension benefits for other staff. The amounts charged in the SOFA in respect of these staff pension costs are the contributions payable in the year.

g) Fixed assets

Gains and losses resulting from the revaluation of investment assets and fixed assets for the charity's own use are recognised in the SOFA in other recognised gains and losses. Gains resulting from the sale of fixed assets for the charity's own use are recognised in other incoming resources. Losses resulting from the sale of fixed assets for the charity's own use are recognised in resources expended. Gains and losses resulting from the sale of investment fixed assets are recognised in other recognised gains and losses.

i) Rental properties

Properties purchased by the Board are held at original cost. Properties received as a gift are held at a notional cost equivalent to the market value placed on them at the time of the gift.

Costs relating to the repair and maintenance of properties are charged to the SOFA in the year incurred.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

1. Accounting policies (continued)

No depreciation is charged on long leasehold or freehold properties, as permitted in FRS 15: *Tangible Fixed Assets*, due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

An impairment review is carried out annually and where materially different from historic cost, the properties are carried at recoverable amount (being the higher of net realisable value and value in use).

The Santander loan facility arrangement fee (see note 8) is included in the cost of rental properties and is amortised over the 15 year length of the facility.

ii) Shared ownership properties

The Board's share (up to 75%) of each property is held at original cost to the Board. The resident is granted a 90 year lease for their share of the property and pays a rent and a service charge on the proportion of the property that they do not own. If further shares are bought by a resident, the Board's cost of the property is reduced accordingly.

No depreciation is charged on leasehold or freehold shared ownership properties, as permitted in FRS 15: *Tangible Fixed Assets*, due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

An impairment review is carried out annually and where materially different from historic cost, the Board's proportion of each property is carried at recoverable amount (being the higher of net realisable value and value in use).

iii) Mortgages

Value linked loans granted under a closed CHARM scheme are held at original cost to the Board. On redemption, the Board is entitled to receive proceeds in the same proportion as the original loan to property value at the time of purchase.

iv) Supported housing schemes and nursing home

The properties and their associated land are held at existing use value. Full valuations are carried out every three years in accordance with the Appraisals & Valuation Manual issued by the Royal Institute of Chartered Surveyors with desktop reviews in other years. Freehold land is not depreciated. The properties are depreciated.

Fixtures, fittings, plant and equipment are held at original cost to the Board less depreciation. Depreciation is charged on the following basis:

Fixed asset	Basis	Estimated useful life
Freehold properties	Straight line	40 years
Fixtures, fittings, plant and equipment	Straight line	10-25 years

v) Investments

Investments are valued at market prices using closing mid values.

Investment properties are held at market value. Valuations are carried out every year in accordance with the Appraisals & Valuation Manual issued by the Royal Institute of Chartered Surveyors. No depreciation is charged.

vi) IT systems and office equipment

IT systems are held at original cost to the Board less depreciation charged on a straight line basis over 5 years. Systems are capitalised while under construction until implementation and at that stage depreciation commences.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

1. Accounting policies (continued)

h) Taxation

As a registered charity, the Board is exempt from taxation on its income and gains falling within Part 11 of the Corporation Taxation Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to charitable purposes.

The Board, in common with many other charities, is unable to recover the majority of Value Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included in the underlying cost to which it relates.

i) Related parties

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, with the exceptions of those set out below, are not related to the Charitable Funds and Trusts as defined in the Charities SORP or FRS 8: Related parties disclosures. 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.

The charity is related to ChECS, as it is a partner in this joint venture. Details are given in note 12: ChECS.

j) Funds

In line with the SORP, the Board segregates its funds between those that are restricted and those that are unrestricted.

Unrestricted funds, including CHARM, represent the accumulated surplus on income and expenditure and are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity. They also include a revaluation reserve which records any appreciation in value of fixed assets.

Designated funds are funds that have been set aside by the Board for a specific purpose.

Restricted funds are funds which have been generated by the Board for particular purposes and are to be used in accordance with those purposes.

An analysis of designated funds is provided in note 18.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

2. Voluntary income

	2014	2013
	£'000	£'000
Donations	164	204
Legacies	506	356
Total	670	560

3. Investment income

	2014	2013
	£'000	£'000
Dividends receivable from investments	1,704	1,452
Rental income	16	28
Bank interest	26	37
Total	1,746	1,517

4. Incoming resources from charitable activities: grants receivable

The Archbishops' Council, from money provided by the dioceses under the General Synod Vote 5, makes grants towards the costs of rental properties, being the excess of direct expenditure and interest payable over maintenance contributions receivable from occupants.

	2014	2013
	£'000	£'000
Grants from the Archbishops' Council	3,954	3,765
Other grants	19	21
Total	3,973	3,786

5. Incoming resources from charitable activities: contributions from residents and mortgagees

The charity provides housing accommodation and mortgage finance for its beneficiaries under the provision of the Church of England Pensions Measures 1961 to 2003 and the Ordination of Woman (Financial Provisions) Measure 1993.

	2014				2013
	Unrestricted			Restricted funds	Total
	CHARM	Other charitable	Total unrestricted		
	£'000	£'000	£'000	£'000	£'000
Rental properties	6,160	-	6,160	-	6,160
Mortgages	3,211	-	3,211	-	3,211
Shared ownership properties:					
rent	503	-	503	-	503
service charge	-	-	-	76	76
Supported housing schemes and nursing home fees	-	2,390	2,390	2,516	4,906
Total	9,874	2,390	12,264	2,592	14,856
					14,686

Notes to the financial statements of the Charitable Funds and Trusts For the year ended 31 December 2014

6. Cost of generating funds

	Notes	2014 £'000	2013 £'000
Cost of generating voluntary income (support costs)	9	40	90
Investment management costs (direct costs)		30	11
Total cost of generating funds		70	101

7. Charitable activities: grants payable

	2014 £'000	2013 £'000
Augmentation grants	97	100
Other grants	14	16
Total grants payable	111	116

Grants are payable to augment the income of those retired clergy and clergy widow(er)s whose income falls below a certain standard, which is reviewed annually.

8. Charitable activities: housing costs

	Notes	2014			2013	
		Unrestricted			Restricted funds	Total
		CHARM £'000	Other charitable £'000	Total unrestricted £'000	£'000	£'000
Rental properties	20(a)					
Direct costs and financing		8,757	-	8,757	-	8,757
Support costs	9	1,597	-	1,597	-	1,597
Depreciation		33	-	33	-	33
		10,387	-	10,387	-	10,387
Mortgage loans	20(b)					
Direct costs and financing		3,269	-	3,269	-	3,269
Support costs	9	339	-	339	-	339
		3,608	-	3,608	-	3,608
Shared ownership	20(c)					
Direct costs and financing		620	-	620	84	704
Support costs	9	443	-	443	-	443
		1,063	-	1,063	84	1,147
Supported housing schemes and nursing home	20(d)					
Direct expenditure		-	1,884	1,884	2,706	4,590
Support costs	9	-	1,020	1,020	-	1,020
Depreciation		-	650	650	-	650
		-	3,554	3,554	2,706	6,260
Total housing costs		15,058	3,554	18,612	2,790	21,402

Financing includes interest and costs payable on the loans from the Church Commissioners and Santander (see note 17). Costs of the Santander loan include commitment fees and amortisation of the arrangement fee of £500,000 (1% of the loan facility) which the Board incurred in 2010 and is being amortised over 15 years.

Direct costs and financing for rental properties includes costs relating to the re-financing of the CHARM scheme of £236,000 (2013: £234,000).

Notes to the financial statements of the Charitable Funds and Trusts For the year ended 31 December 2014

9. Support costs

	Notes	2014			2013
		Housing	Management and shared services	Total	Total
		£'000	£'000	£'000	£'000
Rental properties	8	906	691	1,597	1,393
Mortgage loans	8	192	147	339	296
Shared ownership	8	252	191	443	386
Supported housing schemes and nursing home	8	579	441	1,020	890
Costs of generating funds	6	-	40	40	90
Total		1,929	1,510	3,439	3,055

Housing

Housing administration costs are allocated on a 'per head' basis: costs relating to management and general housing staff not directly involved in an activity are allocated 34% to rental properties, 33% to supported housing schemes and nursing home, 33% to mortgages and shared ownership; costs relating to customer service staff costs are allocated 95% to rental properties and 5% to shared ownership; costs relating to staff directly involved in an activity are allocated to that activity.

Management and shared services

Centrally incurred management and shared service costs are allocated between pension schemes and the charity on a 'per head' basis. The charity's housing share is then allocated 45% to rental properties, 30% to supported housing schemes and nursing home, 10% to mortgages and 15% to shared ownership.

10. Governance costs

	2014	2013
	£'000	£'000
External audit	81	90
Internal audits	75	80
Other costs	94	32
Board and committee meetings	12	10
Total	262	212

Governance costs comprise staff and non-staff costs relating to the general running of the Board, including supporting the work of the Board and its Committees.

The fee, excluding VAT, for external audit services during the year was £119,000 (2013: £162,000) for both the pension schemes and the charity; the portion allocated to Charitable Funds and reflected within governance costs was £68,000 (2013: £90,000). The 2013 figure included additional fees of £30,000 relating to the previous year.

Members of the Board are reimbursed for travel expenses incurred whilst on official business but are not entitled to any other remuneration or allowances. In the year to 31 December 2014, 18 members (2013: 19 members) claimed a total of £20,000 (2013: £19,000). This cost is apportioned to both the charity and the pension schemes.

11. Staff numbers and costs

The Board is joint employer, together with the other National Church Institutions (the NCIs), of most of the other staff of the NCIs. The Chief Executive and staff employed to work in the supported housing schemes and the nursing home are employed directly by the Board.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

11. Staff numbers and costs (continued)

In addition to staff employed directly, the work of the Board is supported by staff in shared service departments who provide finance, HR, communications, legal, IT and internal audit services. Since 1 April 2014 they have been employed by a separate NCI, Church of England Central Services (ChECS) (see note 12 below). Prior to this they had one of the three main NCIs as managing employer and their costs were shown only in the relevant NCI's accounts.

The SORP requirements are that the costs of staff employed by third parties who operate on your behalf should be disclosed in the accounts. In order to comply with the spirit of the SORP, the costs of all ChECS staff are shown in aggregate in the tables below and the prior year figures have been restated to allow a full comparison between years – the Board's share of which was £1,256,000 (2013: £1,191,000).

The cost of staff for which the Board is the managing employer and for ChECS (in aggregate) was:

	Housing		Pensions Board own staff Pensions and Investments		Secretariat and fundraising		Supported housing schemes and nursing home		ChECS Shared services	
	2014 Number	2013 Number	2014 Number	2013 Number	2014 Number	2013 Number	2014 Number	2013 Number	2014 Number	2013 Number
Average number employed	28	29	21	22	5	6	141	124	121	118
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1,024	1,013	933	810	366	339	2,045	2,123	4,932	4,713
National Insurance costs	109	109	102	89	41	41	144	151	539	516
Pension contributions	227	214	219	193	112	109	485	269	1,398	1,295
	1,360	1,336	1,254	1,092	519	489	2,674	2,543	6,869	6,524
Recoverable from third parties*	-	-	-	-	-	-	-	-	(6,869)	(6,524)
Total cost of staff	1,360	1,336	1,254	1,092	519	489	2,674	2,543	-	-

* This includes joint venture partners and other bodies. Details of the joint venture and the overall amounts recoverable for staff and other costs is shown in note 12.

Included in staff costs is £26,000 (2013: £28,000) paid by way of redundancy costs to three (2013: one) individuals following a restructuring, the costs of which are accounted for in full in the year in which the restructure is announced.

The Board's total staff costs in the year was £5,807,000 (2013: £5,460,000). The net cost to the Charity was £4,344,000 (2013: £4,337,000), with the remainder being recharged to the Pensions Schemes.

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

	Housing		Pensions Board own staff Pensions and Investments		Secretariat and fundraising		Supported housing schemes and nursing home		ChECS Shared services	
	2014 Number	2013 Number	2014 Number	2013 Number	2014 Number	2013 Number	2014 Number	2013 Number	2014 Number	2013 Number
£60,001 to £70,000	1	1	-	1	-	-	-	-	9	8
£70,001 to £80,000	-	-	1	-	1	1	-	-	3	3
£80,001 to £90,000	-	-	1	1	-	-	-	-	6	4
£120,001 to £130,000	-	-	-	-	-	-	-	-	1	1
£140,001 to £150,000	-	-	-	-	1*	1*	-	-	1	1

* Chief Executive

All staff above were members of the Church Administrators Pension Fund. Of those directly managed by the Board, 4 (2013: 4) accrue benefits under a defined contributions scheme for which contributions for the year were £52,000 (2013: £51,000). The remaining 1 (2013: 1) staff accrued benefits under a defined benefit scheme. Of those managed by ChECS, 10 accrue benefits under a defined contribution scheme for which contributions for the year were £58,000. The remaining 10 staff members accrue benefits under a defined benefit scheme.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

11. Staff numbers and costs (continued)

The highest paid member of staff was the Chief Executive who earned £148,000 (2013: £146,000). Further details of the Board's remuneration policy are included in the Governance section of the Board's report, on page 13.

Interest free loans are made for travel season tickets and interest free green travel loans for the purchase of bicycles and electric scooters.

12. Church of England Central Services (ChECS)

ChECS is a charitable joint venture between the Pensions Board (PB), Church Commissioners (CC) and the Archbishops' Council (AC), who are equal partners. The purpose of ChECS is to enhance the efficiency and effectiveness of the charitable national and diocesan institutions of the Church of England and of other charities with a church ethos, by facilitating the provision of cost-effective shared financial, legal and other services.

ChECS was registered with the Charity Commission on 31 December 2013 and started operating from 1 April 2014. Prior to this, the responsibility for the provision of shared services was split between the three main NCIs. The previous management arrangements continued into the new structure.

The table below shows the total costs for shared services.

	1 Jan-31 Mar services provided by AC/CC/PB £000	1 Apr-31 Dec services provided by ChECS £000	2014 Total £000	2013 services provided by AC/CC/PB £000
<i>Resources expended:</i>				
Finance & Resources	1,430	2,704	4,134	4,413
IT	380	1,305	1,685	1,248
Records	111	655	766	743
Office Services	174	281	455	456
Total managed by CC	2,095	4,945	7,040	6,860
Legal	348	884	1,232	1,183
Communications	131	482	613	715
Human Resources	222	572	794	844
Total managed by AC	701	1,938	2,639	2,742
Internal Audit	98	296	394	409
Total managed by PB	98	296	394	409
Total outgoing resources	2,894	7,179	10,073	10,011
<i>Met by:</i>				
Archbishops' Council	993	2,425	3,418	3,343
Church Commissioners	1,300	3,314	4,614	4,569
Pensions Board	485	1,230	1,715	1,867
Other bodies	116	210	326	232
Total incoming resources	2,894	7,179	10,073	10,011

The Board's one third share of gross incoming and outgoing resources of ChECS for the nine months to 31 December 2014 was £2,393,000.

Total costs for shared services incurred by the Board in the year was £1,715,000 (2013: £1,867,000).

The Board's share of net assets of ChECS was £nil.

As at 31 December 2014, a net amount of £31,000 was owed to the Board by ChECS. Of this, £56,000 was owed from the Charitable Funds and trusts and £87,000 to the pension schemes.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

13. Staff pensions

Staff employed jointly by the National Church Institutions

Pension benefits arising from service up to 31 December 1999 are met by the Church Commissioners for England, so no costs or liability are reflected by the Board.

Pension benefits for staff arising from service from 1 January 2000 are provided for by the Church Administrators Pension Fund, the financial statements of which are shown on pages 83-86. The scheme is considered to be a multi-employer scheme as described in FRS 17 paragraph 9(b) and consequently the amounts charged in the SOFA represent the contributions payable in the year. The Board is unable to identify its share of the underlying assets and liabilities.

The contributions to the Fund are assessed by an independent qualified actuary using the projected unit method of valuation. A full valuation of the Fund, as at 31 December 2011, showed a deficit of £32.4m (2008: £30.2m). Despite the increase in the scheme deficit, no adjustment to the existing recovery plan was deemed necessary. The level of additional contributions to be made by the employers is £2,373,000 per annum from 1 January 2013 to 30 June 2025, increasing on 1 January each year by 5.0%. (2008: £2,050,000 per annum from 1 July 2010 to 30 June 2025, increasing annually in line with general salary inflation). The Board's share of the deficit recovery payments is £256,000 (2013: £265,000).

The participating employers are responsible for making contributions of £216,000 (2013: £210,000) towards the administration costs of the scheme and the cost of Pension Protection Fund levies of £46,000 (2013: £46,000). The Board's share of these costs was £26,000 (2013: £29,000).

Staff employed directly by the Board

Pension benefits for staff working in the supported housing schemes and the nursing home are provided for by the Church Workers Pension Fund, the financial statements of which are shown on pages 80-82. The scheme is considered to be a multi-employer scheme as described in FRS 17 paragraph 9(b) and consequently the amounts charged in the SOFA represent the contributions payable in the year. The Board is unable to identify its share of the underlying assets and liabilities.

The contributions to the Fund are assessed by an independent qualified actuary using the projected unit method of valuation. A full valuation of the Fund, as at 31 December 2013, showed an overall deficit of £12.9m (2010: £40.3m). The deficit recovery period is agreed with each participating employer in the scheme. The Board's recovery period is 5 years and its share of deficit recovery payments was £54,000 (2013: £69,000).

14. Investment assets

	At 1 January	Additions	Disposals	Unrealised gains	At 31 December
	£'000	£'000	£'000	£'000	£'000
Charity and group					
UK investment funds	36,170	25,000	(26,189)	1,095	36,076
UK government stock	16	-	-	7	23
UK properties	998	-	(420)	22	600
Charity's total investment assets	37,184	25,000	(26,609)	1,124	36,699

During the year, £25.0m of UK investment funds were withdrawn from CCLA Investment Management and reinvested with new managers Cordea Savills and Mayfair Capital.

The Board owns 100% of CEPB Developments Ltd, a company limited by shared capital of £2 (2013: £2), held to undertake property and building development at the supported housing schemes and nursing home, and CEPB Mortgages Ltd, a company limited by guarantee, held to administer mortgages on behalf of the Board. Both companies are registered at 29 Great Smith Street, London, SW1P 3PS.

The valuers of the investment properties were Savills LLP.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

15. Fixed assets

The greater part of housing provided since 1983 until July 2010 was financed by the Church Commissioners. The Commissioners provided loan capital (see note 17) to the Board to allow it to buy rental properties, shared ownership properties and to grant mortgages. Such loans give the Commissioners the right to share any gains or losses on the sale of properties or the redemption of mortgages in the same proportion as the original loan advanced compared to the original purchase price of the property.

Since 29 June 2010 a loan facility from Santander (described in more detail in note 17) provides the financing for purchases of new rental properties or within the shared ownership scheme.

In addition to these arrangements, some dioceses have assisted the Board with purchases of properties on similar terms to the Church Commissioners (see note 17).

Consolidated:

	CHARM					Supported housing schemes			IT systems	Total
	Rental properties (freehold)	Rental properties (leasehold)	Shared ownership	Mortgages	Total	Land and buildings (freehold)	Fixtures, fittings, plant and equipment	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or revaluation										
At 1 January	113,876	10,430	10,673	51,405	186,384	26,593	3,278	29,871	952	217,207
Additions	10,185	1,763	515	-	12,463	667	441	1,108	8	13,579
Disposals	(5,127)	(595)	(914)	(3,456)	(10,092)	-	-	-	-	(10,092)
Unrealised gains/(losses)	-	-	-	-	-	(70)	-	(70)	-	(70)
At 31 December	118,934	11,598	10,274	47,949	188,755	27,190	3,719	30,909	960	220,624
Depreciation										
At 1 January	(116)	(995)	-	-	(1,111)	-	(2,597)	(2,597)	(855)	(4,563)
Disposals	-	98	-	-	98	-	-	-	-	98
Net revaluation surplus	-	-	-	-	-	560	-	560	-	560
Charge for the year	(33)	-	-	-	(33)	(560)	(90)	(650)	(26)	(709)
At 31 December	(149)	(897)	-	-	(1,046)	-	(2,687)	(2,687)	(881)	(4,614)
Net book value										
At 1 January	113,760	9,435	10,673	51,405	185,273	26,593	681	27,274	97	212,644
At 31 December	118,785	10,701	10,274	47,949	187,709	27,190	1,032	28,222	79	216,010

Charity:

	CHARM					Supported housing schemes			IT systems	Total
	Rental properties (freehold)	Rental properties (leasehold)	Shared ownership	Mortgages	Total	Land and buildings	Fixtures, fittings, plant and equipment	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or revaluation										
At 1 January	113,876	10,430	10,673	42,814	177,793	26,593	3,278	29,871	952	208,616
Additions	10,185	1,763	515	-	12,463	667	441	1,108	8	13,579
Disposals	(5,127)	(595)	(914)	(2,934)	(9,570)	-	-	-	-	(9,570)
Unrealised gains	-	-	-	-	-	(70)	-	(70)	-	(70)
At 31 December	118,934	11,598	10,274	39,880	180,686	27,190	3,719	30,909	960	212,555
Depreciation										
At 1 January	(116)	(995)	-	-	(1,111)	-	(2,597)	(2,597)	(855)	(4,563)
Disposals	-	98	-	-	98	-	-	-	-	98
Net revaluation surplus	-	-	-	-	-	560	-	560	-	560
Charge for the year	(33)	-	-	-	(33)	(560)	(90)	(650)	(26)	(709)
At 31 December	(149)	(897)	-	-	(1,046)	-	(2,687)	(2,687)	(881)	(4,614)
Net book value										
At 1 January	113,760	9,435	10,673	42,814	176,682	26,593	681	27,274	97	204,053
At 31 December	118,785	10,701	10,274	39,880	179,640	27,190	1,032	28,222	79	207,941

The valuers of the supported housing schemes were Knight Frank LLP, who carried out a full valuation as at 31 December 2014.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

16. Debtors

	Consolidated		Charity	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	463	468	459	466
Subsidiary undertakings	-	-	8,073	8,675
Prepayments and accrued income	544	273	544	273
Other debtors	684	199	684	199
Total	1,691	940	9,760	9,613

17. Creditors

Amounts falling due within one year:

	Consolidated		Charity	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade creditors	2,271	3,996	2,271	3,996
Accruals and deferred income	835	1,265	835	1,265
Tax creditor	72	-	72	-
Joint venture (ChECS)	56	-	56	-
Other creditors	106	2	106	2
Total	3,340	5,263	3,340	5,263

Amounts falling due after more than one year:

	Consolidated		Charity	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Loan from the Church Commissioners for:				
rental properties	54,774	57,655	54,774	57,655
shared ownership properties	5,158	5,826	5,158	5,826
mortgages	46,700	50,140	46,700	50,140
	106,632	113,621	106,632	113,621
Loan from Santander	28,500	28,500	28,500	28,500
Dioceses and other creditors	1,171	1,286	1,171	1,286
Total	136,303	143,407	136,303	143,407

The loan from the Church Commissioners is described in more detail in note 15. These loans are not repayable until the corresponding property is sold or mortgage is redeemed.

The charity has a loan facility with Santander through Abbey National Treasury Services PLC which is secured by fixed charges over 246 properties (2013: 262) owned by the charity, with occupied market value of £45.1m (2013: £44.7m). The loan is repayable from the 10th anniversary of the arrangement (29 June 2020) over 15 years.

Notes to the financial statements of the Charitable Funds and Trusts For the year ended 31 December 2014

18. Funds

Consolidated and charity:

	Balance at 1 January	Incoming resources	Resources expended	Other gains and losses	Transfers	Balance at 31 December
	£'000	£'000	£'000		£'000	£'000
Unrestricted funds						
General funds	35,577	18,248	(17,480)	1,033	(9,798)	27,580
Designated funds						
CHARM properties	39,834	2,287	-	-	6,740	48,861
Supported housing	27,274	-	-	490	458	28,222
Trust funds	7,854	798	(191)	91	-	8,552
Property maintenance	1,218	-	(1,384)	-	2,600	2,434
Total designated funds	76,180	3,085	(1,575)	581	9,798	88,069
Total unrestricted funds	111,757	21,333	(19,055)	1,614	-	115,649
Restricted fund: service charges	541	2,592	(2,790)	-	-	343
Total funds	112,298	23,925	(21,845)	1,614	-	115,992

Unrestricted funds

General funds represent funds available for the Board to use in meeting its day to day charitable and operational costs.

Designated funds represent funds the Board has set aside as they are not available to fund the day to day operations of the charity or have been set aside to be used for specific activities:

- £48.9 m representing the Board's net interest in CHARM assets, other than properties held within a trust (CHARM rental and shared ownership properties and mortgages held, less financing for them from the Church Commissioners and Santander);
- £28.2m representing the value of the supported housing assets;
- £8.6m amount representing the properties, assets and liabilities of the trust funds; and
- £2.4m for future property maintenance costs.

Restricted funds

Funds restricted for service charges represent funds collected for service charges for the supported housing schemes and shared ownership properties which the Board holds in trust for the residents of these schemes. Restricted funds are represented in the balance sheet by current assets.

19. Capital commitments

The Board did not have any commitments to purchase CHARM properties as at 31 December 2014 (2013: £nil), where contracts had been exchanged but the purchase had not yet completed.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

20. Housing schemes

a) Rental properties

	Notes	2014 £'000	2013 £'000
Income			
Grants receivable			
Archbishops' Council	4	3,954	3,765
Other grants	4	19	21
Total grants receivable		3,973	3,786
Rent receivable	5	6,160	5,947
Total income for scheme		10,133	9,733
Expenditure			
Direct costs and financing			
Direct costs (repairs, insurance and other costs)		(4,550)	(6,386)
Interest on financing		(4,207)	(4,413)
Total direct costs and financing	8	(8,757)	(10,799)
Other expenses			
Support costs		(1,597)	(1,393)
Depreciation		(33)	(35)
Total other expenses	8	(1,630)	(1,428)
Total expenditure		(10,387)	(12,227)
Net cost to the Charity		(254)	(2,494)
Number of properties		1,157	1,157

Residents pay rent towards the Board's cost of maintaining the properties and the cost of financing the purchase of the property. Certain properties have been purchased directly by the Board from its own funds.

Notes to the financial statements of the Charitable Funds and Trusts

For the year ended 31 December 2014

20. Housing schemes (continued)

b) Mortgage loans

	Notes	2014 £'000	2013 £'000
Income			
Interest receivable	5	3,211	3,188
Total income for scheme		3,211	3,188
Expenditure			
Direct costs and financing			
Direct expenditure		(132)	(125)
Interest on financing		(3,137)	(3,132)
Total direct costs and financing	8	(3,269)	(3,257)
Support costs	9	(339)	(296)
Total expenditure		(3,608)	(3,553)
Net cost to the Charity		(397)	(365)
Number of loans		912	978

The CHARM mortgage scheme offered value linked loans to retired clergy and closed to new business in 2008. Mortgagees pay an interest-only amount on the capital advanced.

A small number of loans pre-dating the 1983 CHARM scheme remain, where a fixed amount of interest is paid based on the capital advanced. At 31 December 2014, the number of loans in place was 10 (2013: 12).

The majority of both the CHARM mortgages and the old loans were financed by the Church Commissioners.

c) Shared ownership

	Notes	2014 Unrestricted £'000	2014 Restricted £'000	2014 Total £'000	2013 Total £'000
Income					
Rent receivable		503	-	503	496
Service charge receivable		-	76	76	182
Total income for scheme	5	503	76	579	678
Expenditure					
Direct costs and financing					
Legal and professional costs		(153)	-	(153)	(49)
Property costs: restricted funds		-	(84)	(84)	(71)
Interest on financing		(467)	-	(467)	(359)
Total direct costs and financing	8	(620)	(84)	(704)	(479)
Support costs	9	(443)	-	(443)	(386)
Total expenditure		(1,063)	(84)	(1,147)	(865)
Net cost to the Charity		(560)	(8)	(568)	(187)
Number of properties				114	115

Residents pay rent, based on the Board's share of the ownership of the property, and a service charge which reflects the running costs of the property.

Notes to the financial statements of the Charitable Funds and Trusts For the year ended 31 December 2014

20. Housing schemes (continued)

d) Supported housing and nursing home

	Notes	2014			2013
		Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
Income					
Fees received	5	2,390	2,516	4,906	4,873
Total income for scheme		<u>2,390</u>	<u>2,516</u>	<u>4,906</u>	<u>4,873</u>
Expenditure					
Direct expenditure					
Staff costs		(1,199)	(1,634)	(2,833)	(2,639)
Food		(51)	(339)	(390)	(344)
Repairs, maintenance and other costs		(629)	(733)	(1,362)	(862)
Contribution to beneficiaries' fees in other homes		(5)	-	(5)	(5)
Total direct costs	8	<u>(1,884)</u>	<u>(2,706)</u>	<u>(4,590)</u>	<u>(3,850)</u>
Other expenses					
Support costs	9	(1,020)	-	(1,020)	(890)
Depreciation		(650)	-	(650)	(732)
Total other expenses		<u>(1,670)</u>	<u>-</u>	<u>(1,670)</u>	<u>(1,622)</u>
Total expenditure for scheme		<u>(3,554)</u>	<u>(2,706)</u>	<u>(6,260)</u>	<u>(5,472)</u>
Net cost to the Charity		<u>(1,164)</u>	<u>(190)</u>	<u>(1,354)</u>	<u>(599)</u>

Some residents in the schemes receive subsidies from the Board's charitable funds. The cost of running the scheme is not met fully by rent and service charge fees. The operating deficit is met from the Board's charitable funds.

21. Subsidiary results

The Board owns CEPB Mortgages Ltd, a company limited by guarantee, held to administer mortgages on behalf of the Board and CEPB Developments Ltd, a company limited by shared capital of £2 (2013: £2), held to undertake property and building development at the supported housing schemes and nursing home. Both companies are registered at 29 Great Smith Street, London, SW1P 3PS.

Summaries of the subsidiaries' profit and loss accounts are shown below:

	CEPB Mortgages		CEPB Developments Ltd	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Turnover	427	444	-	-
Cost of sales and expenses	(427)	(444)	-	1
Profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

A summary of the charity only SOFA is shown below:

	2014	2013
	£'000	£'000
Total incoming resources	23,498	22,375
Total resources expended	<u>(21,418)</u>	<u>(22,103)</u>
Net incoming resources	2,080	272
Other gains and losses	1,614	6,365
Net movement in funds	<u>3,694</u>	<u>6,637</u>

The Church of England Pensions Board Pension Schemes

The Pensions Board has been administering pension provisions for the clergy since 1926.

It acts as

- Trustee and administrator of
 - The Church of England Funded Pensions Scheme
 - The Clergy (Widows and Dependants) Pension Fund
 - The Church Workers Pension Fund
 - The Church Administrators Pension Fund
- Administrator of :
 - The Church of England Pensions Scheme (for service prior to 1 January 1998)
 - The Church Commissioners Superannuation Scheme (for service prior to 1 January 2000)

Assists over 35,000 people across
more than 280 employers

Church of England Funded Pensions Scheme

Provides pensions and other
benefits for clergy and others
in stipendiary ministry



Church Workers Pension Fund
Centralised pension scheme for
employers connected with the
ministry and mission of the
Church of England

Church Administrators Pension Fund

Pension Scheme for the lay staff
of the National Church
Institutions



Pension Schemes

“Manage the pension schemes efficiently and effectively in accordance with the scheme rules and apply an investment strategy that maximises the Board’s ability to ensure all liabilities are met as they fall due”

The Church of England Funded Pensions Scheme (CEFPS)

The funded scheme commenced on 1 January 1998 for the purpose of providing pensions and associated benefits for clergy and others in the stipendiary ministry. Benefits arising from service prior to 1998 are the liability of the Church of England Pensions Scheme which is wholly financed by the Church Commissioners. Those with periods of pensionable service both before and after the commencement of the CEFPS receive a single pension payment each month. The relevant parts are, however, identified and accounted for separately.

Scheme Rules

There were no changes to the scheme rules during 2014.

A full copy of the scheme rules is available on request.

Benefits

Changes to the rules of the scheme in 2010 affected the “maximum benefits” which members could expect to receive for a full service pension on retirement. For members who were able to complete the full service before their scheme retirement age, the position was –

- Members who had completed full service before 1 January 2011 were entitled to a maximum pension of two-thirds of the National Minimum Stipend (NMS);
- Members who joined on or after 1 January 2011 and completed full service will be entitled to a maximum pension of half of NMS;
- All other members will receive a maximum pension of somewhere between these two proportions of NMS dependant on the proportion of service completed before and after 1 January 2011;
- The scheme is contracted into the State Second Pension for service from 1 January 2011.

The following table summarises the maximum benefits payable at scheme retirement ages to members in the first two categories, together with the figures for the previous year.

Full service pension	1 April 2015 (1/2 of NMS)	1 April 2015 (2/3 of NMS)	1 April 2014 (1/2 of NMS)	1 April 2014 (2/3 of NMS)
Archbishops of Canterbury and York	22,790	30,387	22,340	29,786
Bishop of London	20,511	27,348	20,106	26,807
Other diocesan bishops	17,093	22,790	16,755	22,339
Suffragan bishops, deans and archdeacons	14,244	18,992	13,962	18,616
All clergy, other than those mentioned above, deaconesses and licensed lay workers	11,395	15,193	11,170	14,893
Full service retirement lump sum (3 x basic pension)	34,185	45,580	33,510	44,680
Surviving spouse or civil partner pension on death in service (2/3 of member's prospective pension)	7,597	10,129	7,447	9,929
Lump sum on death in full time pensionable service before age 65 (3 x NMS for previous year)	68,370	68,370	67,020	67,020

The length of service required to achieve full benefits under the scheme rose from 37 years to 40 years on 1 January 2008 and to 41.5 years on 1 January 2011. The change only affected the accrual of future service benefits from those dates.

Pension Increases

The rules of the CEFPS, and the regulations governing the previous arrangement funded by the Church Commissioners, provide that increases will be at the rate of the change in the Retail Prices Index (RPI) up to 5% in respect of benefits from service prior to 1 January 2008 and RPI up to 3.5% in respect of benefits from service from 1 January 2008 onwards. The change in RPI for the period September to September is the reference period for increases in the CEFPS.

The increase in RPI for the year to 30 September 2014 was 2.3%. Pensions in payment on 1 April 2015 increased therefore by 2.3%.

In the light of the recommendations of the Archbishops' Pensions Task Group, the Archbishops' Council, acting as the Central Stipends Authority, has agreed to adopt a policy that the NMS, upon which the pension is based, will, in future, increase on average in line with annual changes in the Retail Prices Index (RPI), subject to the need to review the position if high levels of inflation establish themselves and again once the deficit on the pension scheme has been cleared.

Benefits Payable

The total benefits payable under the CEFPS in 2014 were £30.2m (2013: £27.3m). A further £122.6m (2013: £121.1m) was paid by the Church Commissioners in respect of pensionable service up to 31 December 1997.

Membership Statistics

	Active	Deferred	Pensions in payment	Dependant Pensions	Total
Total at 1 January*	8,516	2,675	10,118	3,870	25,179
Entrants	580	230	466	234	1,510
Retirements	(339)	(127)	-	-	(466)
Withdrawn members	(3)	-	-	-	(3)
Leavers	(228)	(78)	-	-	(306)
Transfers Out	-	(14)	-	-	(14)
Deaths	(7)	(4)	(359)	(237)	(607)
Other	-	-	(3)	(8)	(11)
Total at 31 December*	8,519	2,682	10,222	3,859	25,282

*Total number of clergy pensioners receiving pensions from both the CEFPS and the pre-1998 scheme.

Death benefits

These lump sum benefits, introduced in 1988, are payable in three circumstances, as set out in the table below.

	2014	2013
Death in service under pension age	6	11
Death in service over pension age	1	2
Death after disability retirement	9	3
Total	16	16

Actuarial valuation and contributions

The last triennial valuation of the scheme was carried out as at 31 December 2012 and completed during the course of 2013. The statement and certificate are set out in Appendix One.

The valuation revealed that the scheme's "technical provisions" (the amount required to make provision for a defined benefit scheme's past service liabilities) amounted to £1,189m at the valuation date, compared with a market value of the scheme's assets of £896m. There was therefore a deficit of £293m.

In reaching its decision on the contribution rate, the key points taken into account by the Board were:

- The modifications to the benefit structure of the scheme implemented on 1 January 2011;
- Increasing life expectancy, with the retention of the mortality tables used at the last valuation, and additional provision for some continuing improvement in the future;
- An assumption that, over the long term, stipends will increase by the increase in the Retail Prices Index;
- In view of the scheme's increasing maturity, continuing the further de-risking of the investment strategy, moving the fund from being invested 100% in return-seeking assets to a 60:40 split between liability matching assets and return-seeking assets being achieved linearly by the end of 2029.

The Board set the “recovery period” (the period over which the identified deficit is targeted to be eliminated) at 12 years from 1 January 2014.

The contribution rate was set at 39.9% of the pensionable stipend from 1 January 2015; prior to the valuation, the rate had been 38.2% of the pensionable stipend.

The next full actuarial valuation of the scheme is due to be carried out as at 31 December 2015.

Transfers

As prescribed by statutory regulations, all transfer payments were calculated in accordance with the methods and assumptions approved by the scheme’s actuary.

With effect from 1 April 2009, the Board ceased accepting transfers into the scheme (except for AVC benefits).

Financial Review

Total employers’ contributions for the year amounted to £71.0m (2013: £70.4m). There are 190 “Responsible bodies” participating in the scheme of which the majority pay by direct debit. There were no delays in payment of contributions that were considered serious enough to warrant a report being made to the Pensions Regulator.

Transfers out of the scheme totalled £0.9m (2013: £1.0m).

The value of the fund at the year-end was £1,260.9m (2013: £1,113.5m).

Most of the scheme’s assets are pooled with the other pension schemes’ assets in the Church of England Investment Fund for Pensions (CEIFP). At the end of 2014, the CEIFP held 83.3% (2013: 94.7%) of its CEIFP assets in the return-seeking pool, which comprises equities, property unit trusts, active currency, corporate bonds and cash; with the remaining 16.7% (2013: 5.3%) held in the liability-matching pool.

Detailed information on the performance and management of the Church of England Investment Fund for Pensions is set out on pages 64 to 69.

Full details of the financial position of the scheme are shown in the audited accounts which are set out on pages 75 to 77.

Members’ voluntary contributions

Voluntary contributions are not invested in the CEIFP; they are invested separately. The vehicles offered are chosen in the light of professional advice with particular regard being given to investment performance and the level of administration costs as well as the financial strength of the provider.

The position was reviewed by both the Investment Committee and the Board in 2010 when Legal & General Assurance Society Limited ('L&G') was selected as the sole AVC provider for future contributions received after 1 April 2011.

Members are provided a wider range of investment choices:

- a core lifestyle arrangement with two options including ethically invested funds; and
- a menu consisting of a more comprehensive range of UK and global passively managed funds including both UK and global ethically invested funds, balanced equity funds, corporate bond funds, gilts funds, and a cash fund.

The fund providers produce annual statements which are passed on to the individual members. At the end of 2014 2,033 (2013: 1,477) had contributions invested under the voluntary arrangements of whom 1,329 (2013: 1,292) were current contributors.

Supplementary pensions

At 31 December 2014 there were 179 (2013: 165) supplementary pensions in payment to pensioners on low incomes. The total amount in payment at the year-end was £402k (2013: £361k). The cost of this provision continues to be met by the Church Commissioners.

Communication with Scheme Members

All new entrants are sent a booklet introducing the scheme to them. Benefit statements outlining individual prospective retirement benefits are issued each year to all members. Copies of benefit statements and the current booklet are available on request, as is information about the benefits payable on retirement at different ages.

Pensioners receive a letter outlining the basis of increases to pensions in payment, together with a note of their own revised pension.

Some theological colleges organise meetings on financial matters, and some dioceses arrange such meetings and also hold pre-retirement seminars. Whilst senior staff are unable to offer financial advice, they do take part in these meetings to outline the retirement provisions under the scheme.

Copies of booklets and information about the scheme are available to download from the Church of England website (www.churchofengland.org).

The Clergy (Widows and Dependants) Pension Fund (CWDPF)

The widows' fund was closed to new entrants in 1967 and no contributions were received during the year. At the end of the year, there were 1,139 pensions in payment (2013: 1,218).

As a result of the actuarial valuation as at 31 December 2012 it was possible to increase pensions and prospective benefits by 4.4% with effect from January 2013. The maximum pension payable under the fund to the widow of a member ordained after 1947 is now £1,468 per annum (2013: £1,406 per annum).

The next valuation of the Fund is due to be carried out as at 31 December 2015.

Financial Review

Given that this is a closed fund, no contributions were received during the year. The total benefits payable in 2014 were £1.4m (2013: £1.3m).

The value of the fund's assets at the year-end was £26.4m (2013: £24.8m).

The fund's investment strategy is to hold 50% return-seeking assets comprising equities, property unit trusts, active currency, corporate bonds and cash, and 50% in liability matching assets, such as index-linked securities and other deposit funds.

Detailed information on the performance and management of the Church of England Investment Fund for Pensions is set out on pages 64 to 69.

Full details of the financial position of the fund are shown in the audited accounts which are set out on pages 78 to 79.

Church Workers Pension Fund (CWPF)

The scheme was introduced in 1953 and operates as a centralised occupational pension scheme. There are two distinct sections:

- Defined benefits; and
- Pension Builder.

There were 73 participating employers in the defined benefits section, 164 in the Pension Builder Classic section, and 49 in the Pension Builder 2014 Section. Some employers participate in more than one section.

Employers include diocesan boards of finance, cathedral chapters, mission agencies and others connected with the ministry and mission of the Church of England.

In order to comply with the auto-enrolment requirements introduced by the Pensions Act 2008, a new Pension Builder section, Pension Builder 2014, was put in place in April 2014 and the existing section was re-named Pension Builder Classic.

Scheme Rules

The scheme rules were amended in early 2014, to ensure beneficiaries in same-sex marriages receive death benefits equal to those payable to the beneficiary of a traditional marriage or civil partnership.

A full copy of the scheme rules is available on request.

Benefits

Under the defined benefits scheme, employers have some flexibility as to the benefit structure they provide.

Those selecting the Pension Builder scheme choose the level of contributions paid. Such contributions provide an amount of pension payable at the member's normal pension age (a "deferred annuity") calculated using conversion tables provided by the actuary. Bonuses are added from time to time depending on the investment returns earned by the fund.

Pension Increases

Defined Benefits Scheme

The defined benefits scheme provides a guarantee that pensions will increase in line with limited price indexation (LPI), with a further provision for discretionary increases up to the full rise in RPI, if the financial position of the fund permits. Benefits arising from service prior to April 2006 increase in line with RPI up to 5%. Benefits arising from service from April 2006 increase in line with RPI up to 2.5%, except that some participating employers have specifically opted to retain the 5% cap.

The increase in the RPI for the year to 30 September 2014 was 2.3%. Pensions in payment on 1 January 2013 increased therefore by 2.3% for service prior to April 2006 and by 2.3% for service thereafter.

Pension Builder Classic (formerly Defined Contributions Scheme) and Pension Builder 2014 Schemes

The Pension Builder scheme provides increases to pensions in line with LPI, in the form of bonuses as decided by the Board. Certain benefits though carry guarantees depending on the period during which contributions were received. Benefits arising from contributions received between April 1997 and March 2006 increase in line with RPI up to 5%. Benefits arising from contributions received from April 2006 increase in line with RPI up to 2.5%. No guarantees apply for pensions from contributions received before April 1997 or for deferred pensions. Pension increases for all service was 2.3%.

On the advice of the actuary, no bonus was awarded from 1 January 2014 or 1 January 2015.

Deferred pensions for members who have not yet retired were not increased from 1 January 2014.

Benefits payable

The total benefits payable under the CWPF were £13.4m (2013: £13.1m).

Membership statistics

Details of the membership of CWPF at 31 December 2014 are set out in the tables below, together with details at 01 January 2014 for comparative purposes.

	Active members	Deferred members	Pensions in payment	Dependant Pensions	Total
Total at 1 January	2,518	3,155	2,834	237	8,744
Entrants	1,348	-	201	22	1571
Retirements	(73)	(125)	-	-	(198)
Withdrawn members	(3)	-	-	-	(3)
Leavers	(294)	257	-	-	(37)
Transfers Out	(567)	(10)	-	-	(577)
Deaths	(1)	(5)	(76)	(8)	(90)
Other	-	(1)	(8)	-	(9)
Total at 31 December	2,928	3,271	2,951	251	9,401

Actuarial valuation and contributions

The last triennial valuation of the scheme was carried out as at 31 December 2013 and completed in the first part of 2015. The actuarial statement and certificate are set out in Appendix One.

In reaching its decisions regarding the funding of the scheme, the key points taken into account by the Board were:

- Increasing life expectancy, with the adoption of the most up to date mortality tables, and additional provision for some continuing improvement in the future;
- An assumption that, over the long term, future salary increases will be in line with the increase in Consumer Prices Index plus 1.2%;
- The expected return on equities being 2% per annum more than the return on UK government bonds (gilts) and the average return on gilts being 3.6% at the valuation date.

As part of the valuation exercise, workshops were held regionally in the spring of 2014 with participating employers.

Defined Benefits Scheme

The Board's objectives for the defined benefits scheme's valuation are to set an appropriate future contribution policy for the employer sub-sections and to ensure that there are sufficient assets attributed to the Life Risk Pool.

The valuation at 31 December 2013 revealed that the Defined Benefits Scheme's "technical provisions" (the amount required to make provision for a defined benefit scheme's past service liabilities) amounted to £310.4m at the valuation date, compared with a market value of the scheme's assets of £297.5m. There was therefore a deficit of £12.9m.

The Board agreed "recovery periods" (the period over which the identified deficit is targeted to be eliminated) with each participating employer. Whilst the majority of employers agreed a recovery period of 5 years, a 10 year period was agreed with a small number of employers and a 15 to 20 year period with three employers, each case being considered on its merits.

The deficit in the Life Risk Pool, from which pensions in payment are made, was £6.2m. The bulk of this deficiency was rectified by making a levy on each participating employer's section, related to the amounts transferred to the Life Risks Section in respect of members who have retired.

Contribution rates were revised and implemented from 1 January 2015.

Pension Builder Scheme

The Board's key objectives for the Pension Builder Scheme valuation are to set appropriate policies for granting future bonuses and for setting premium rates.

The valuation at 31 December 2013 revealed that the Pension Builder Scheme's "technical provisions" amounted to £86.6m at the valuation date, compared with a market value of £87.1m. There was therefore a small surplus.

Transfers

As prescribed by statutory regulations, all transfer payments are calculated in accordance with the methods and assumptions approved by the scheme's actuaries.

With effect from 1 April 2009, the Board had generally ceased accepting transfers into the Scheme.

Financial Review

Total contributions for 2014 amounted to £16.7m (2013: £16.6m). There are 286 employers participating in the scheme of which 276 pay by direct debit.

There were no transfers in to the scheme in the year (2013: £0.1m). Transfers out of the scheme totalled £0.5m (2013: £0.4m).

The total value of the fund (all sections) at the year-end was £425.3m (2013: £384.6m).

During the year, the Board bought an insurance contract ('buy-in') from Prudential to provide a more stable environment for the employers participating in the CWPF. The premium for the contract cost £101m and secures 70% of the scheme's pensions in payment and their future increases. It removes all investment risk from the assets backing that part of the payments, and the risk associated with longevity too. The cost of buying the contract was funded by the sale of units in the CEIFP. At the year-end the contract was valued by the Board's actuary at just over £107.8m.

£316.9m (2013: £383.8m) of the scheme's assets are pooled with the other pension schemes' assets in the Church of England Investment Fund for Pensions (CEIFP). Each section of the CWPF aims to hold its CEIFP assets in the following proportions:

- Defined Benefits Scheme (employer section) 100% in return-seeking assets;
- Defined Benefits Scheme (Life Risk Sections) 25% in return-seeking assets, with 75% in liability-matching assets; and
- Pension Builder Scheme ('Classic' and '2014') 75% in return-seeking assets, with 25% in liability-matching assets.

Detailed information on the performance and management of the Church of England Investment Fund for Pensions is set out on pages 64 to 69.

Full details of the financial position of the scheme are shown in the audited accounts which are set out on pages 80 to 82.

Church Administrators Pension Fund (CAPF)

This scheme was established in 1985 to provide pensions for the lay staff of the General Synod (who transferred to the Archbishops' Council on its establishment in 1999).

With effect from 1 January 2000, the staff of the national church bodies and episcopal staff who had previously been covered under the Church Commissioners Superannuation Scheme (CCSS) were transferred to this fund. Benefits arising from service prior to 2000 are the liability of the CCSS which is wholly financed by the Church Commissioners. Those with periods of pensionable service both before and after the transfer to the CAPF receive a single pension payment each month. The relevant parts are, however, identified and accounted for separately

There are two distinct sections of the CAPF:

- Defined Benefits; and
- Defined Contributions.

The defined benefits section of the CAPF was closed to new entrants with effect from 1 July 2006. In 2010, the defined benefits section replaced the final salary arrangement with one based on career average earnings for future service, and contracted into the State Second Pension Scheme.

New staff who wish to join the scheme are offered membership of the defined contributions section. The funds are managed by Legal & General and the scheme is administered in-house.

Scheme Rules

The scheme rules were amended in early 2014, to ensure beneficiaries in same-sex marriages receive death benefits equal to those payable to the beneficiary of a traditional marriage or civil partnership.

A full copy of the scheme rules is available on request.

Benefits

The CCSS was a replica of the Principal Civil Service Pension Scheme, and that basis continues to be applied for calculating benefits for the members who transferred from CCSS for service to 31 December 2007. For other members of the defined benefits section of the scheme the basis of benefits reflects the CCSS with some relatively minor differences of detail for service up to 31 December 2007.

In 2008 the scheme's normal pension age was increased from 60 to 65 for service from 1 January 2008.

Pension Increases

Increases to pensions in payment in the CAPF are made in line with RPI. Increases to pensions for those previously in the CCSS are made in line with increases in the Principal Civil Service Pension Scheme, which are awarded in line with CPI.

The increase in RPI in the year to 30 September 2014 was 2.3%; CPI increased by 1.2% for the same period.

In early 2011, the employers decided that, for pensions arising from service prior to 6 April 1997, the increases for non-CCSS members of the scheme will be on the same basis as for CCSS members, ie, linked to CPI; and that for pensions arising from service between 6 April 1997 and 31 December 2007, former CCSS members' pensions would be increased where necessary on a discretionary basis in line with increases to other members' pensions, ie, by RPI to 5%, but still subject to the discretion to match full RPI if that was affordable.

Accordingly, the following increases were awarded –

- Service prior to 6 April 1997 1.2%
- Service from 6 April 1997 2.3%

Benefits Payable

The total benefits payable under the CAPF were £2.8m (2013: £2.5m).

Membership Statistics

Details of the membership of the CAPF at 31 December 2014 are set out in the table below, together with details at 1 January 2014 for comparative purposes.

	Active members	Deferred members	Pensions in payment	Dependant Pensions	Total
Total at 1 January*	564	694	766	84	2,108
Entrants	83	12	42	7	144
Retirements	(17)	(28)	-	-	(45)
Withdrawn members	-	-	-	-	-
Leavers	(60)	46	-	-	(14)
Transfers Out	-	(3)	-	-	(3)
Deaths	-	(2)	(27)	(2)	(31)
Other	-	(4)	-	-	(4)
Total at 31 December*	570	715	781	89	2,155

*includes pensions due from the Church Commissioners Superannuation Scheme (CCSS)

Actuarial valuation and contributions

The last triennial valuation of the scheme was carried out as at 31 December 2011 and completed early in 2013. The actuarial statement and certificate are set out in Appendix One.

The valuation revealed that the defined benefit section's "technical provisions" (the amount required to make provision for a defined benefit scheme's past service liabilities) amounted to £99.5m at the valuation date, compared with a market value of the section's assets of £67.1m. There was therefore a deficit of £32.4m.

In reaching its decision on the contribution rate, the key points taken into account by the Board were:

- This was a closed scheme with a much reduced active membership since the last valuation;
- The modifications to the benefit structure of the defined benefit section implemented on 1 July 2010;
- Increasing life expectancy, with the adoption of the most up to date mortality tables, and additional provision for some continuing improvement in the future;
- An assumption that, over the long term, pensionable salaries will increase by the increase in Retail Prices Index plus 1.5%;
- The anticipated rate of return on equities being 5.1% per annum in the calculation of the technical provisions and 6.1% in the recovery plan.

The Board set the “recovery period” (the period over which the identified deficit is targeted to be eliminated) at 12 years.

The future service contribution rate was set at 16.0% with effect from 1 April 2013 rising to 16.3% from 1 April 2016.

In addition to the future service contributions, the employers participating in the scheme are paying £2.4m per annum from 1 January 2013 to 30 June 2025, increasing each 1 January by 5.0%, this sum being made by each employer in proportion to pensionable salaries. The Archbishops’ Council are also paying further contributions to 31 December 2016, equal to £209k for the calendar year 2013 and adjusted each calendar year in line with price inflation. This relates to the scheme deficit in respect of benefits accrued before 1 January 2000.

A full valuation of the scheme as at 31 December 2014 is currently under way.

The Defined Contributions section has an age-related contribution structure, with the employers contributing between 8% and 15% of pensionable salary depending on the age of the member. In addition to this, for each 1% paid by the member, the employers pay a matching contribution up to a maximum of 3% of pensionable salary.

Transfers

As prescribed by statutory regulations, all transfer payments were calculated in accordance with the methods and assumptions approved by the scheme’s actuaries.

With effect from 1 April 2009, the Board ceased accepting transfers into the defined benefits section of the scheme.

Financial Review

Total contributions for 2014 amounted to £6.0m (2013: £5.8m).

There were no transfers into the scheme in the year (2013: £0.1m). Transfers out of the scheme totalled £0.1m (2013: £0.1m).

The total value of the fund at the year-end was £107.0m (2013: £93.0m).

The scheme's assets in relation to the Defined Benefits section are pooled with the other pension schemes' assets in the Church of England Investment Fund for Pensions (CEIFP).

The scheme's strategy is to hold 40% of its assets in the Return-Seeking Pool comprising equities, property unit trusts, active currency, corporate bonds and cash, and 60% in the Liability-Matching Pool, consisting mostly of UK Government Bonds, moving to 100% liability-matching assets over a period of 12 years (to 2023)

The contributions under the Defined Contributions section are invested with Legal and General.

Detailed information on the performance and management of the Church of England Investment Fund for Pensions is set out on pages 64 to 69.

Full details of the financial position of the scheme are shown in the audited accounts which are set out on pages 83 to 86.

Church of England Investment Fund for Pensions

The Board administers a number of pension schemes and most of the assets of these schemes are pooled for investment purposes. This allows the smaller schemes to access economies of scale and investment opportunities that might not be available to them otherwise. The shares in the pooled funds attributable to each pension scheme are established on a unitised basis every month.

For the pension schemes, the Board operates a “Return Seeking” pool, comprising equities, property unit trusts, Global Tactical Asset Allocation (GTAA) funds, infrastructure, emerging market sovereign debt and cash; and a “Liability Matching” pool, consisting of UK Government bonds and corporate bonds. Commentary on the performance of these pools is set out below.

The investment performance of the Board’s pension fund assets was good over 2014, returning 9.7% in aggregate. The Return Seeking Pool returned 8.5% over the year, and the Liability Matching Pool 18.1%.

	1 yr % p.a.	3 yr % p.a.	5 yr % p.a.	10 yr % p.a.
Total assets, made of:	9.7	11.6	9.2	7.2
Liability Matching Pool	18.1	6.0	10.1	8.7
Return Seeking Pool	8.5	12.5	9.2	6.9
<i>Comparator: RPI+3%</i>	4.6	5.5	6.4	6.1

Investment Activity

A key feature of our investment activity in 2014 was the material steps we took to de-risk two of our schemes.

In March, the CWPF disinvested £101m of its holding in the CEIFP to buy an insurance contract (‘buy-in’) from Prudential (see page 59 for more details). This was funded using proceeds from the sale of gilts and corporate bonds. This contract is known as a ‘buy-in’ and completely secures 70% of the scheme’s pensions in payment. It removes all investment risk from the assets backing that part of the payments, and the risk associated with longevity too.

In November, we took advantage of the better than expected returns from equities since the start of the current valuation period to buy £100m of gilts and high quality corporate bonds for the Clergy scheme, effectively accelerating the existing recovery plan for the scheme. The switch was made when the scheme’s deficit was £205m, and was funded from the sale of Global equities. We will continue in 2015 to monitor the opportunities and investigate the options for de-risking the schemes we manage, particularly where unexpected gains in advance of recovery plans can be locked-in, and the potential impact on funding levels is small, as was the case for the Clergy scheme in 2014.

We spent considerable time in 2013 looking at opportunities in debt investment for the Return Seeking Pool, but decided to hold back from investing, because of market conditions at the time. We continued our work in 2014, and made an allocation of £50m, equivalent to 4% of the Return Seeking Pool's assets, to local currency denominated bonds issued by emerging market countries. We expect to make a similar sized allocation to privately arranged loans to small businesses in 2015. Both debt investments will be categorised as 'growth fixed income' assets in the Return Seeking Pool.

Also in 2015, we will look to extend our commitments to infrastructure and investigate increasing our investment in illiquid asset classes for the Return Seeking Pool.

At the end of December 2014 the management of the Board's assets was split between 15 managers running 17 mandates in all:

For the Return Seeking Pool:

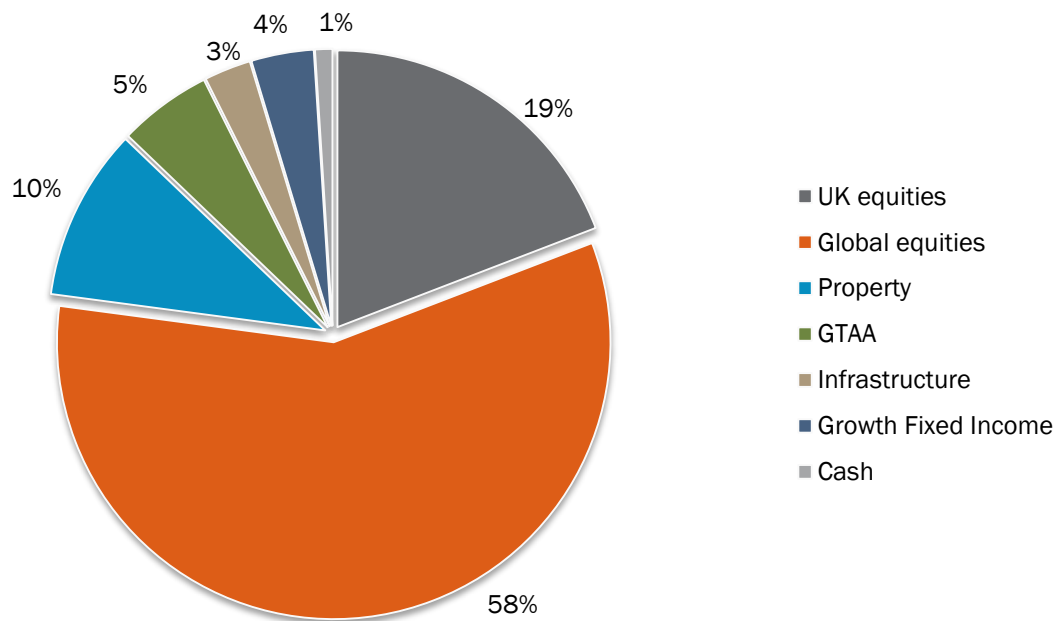
- Antin Infrastructure Partners - for a pooled infrastructure fund
- Arrowstreet Capital - for small company equities
- Bridgewater - for a pooled GTAA fund
- CBRE Global Investors - for property unit trusts
- Colchester Global Investors – for emerging market debt
- Copper Rock Capital Partners - for small company equities
- Edinburgh Partners - for Global equities
- First State Investments - for a pooled infrastructure fund
- Legal & General - for portfolios of UK equities and overseas equities
- Longview Partners - for global equities
- Northern Trust Global Investors - for an equity index futures account
- Trilogy Global - for emerging market equities
- T Rowe Price - for emerging market equities
- Winton - for a pooled GTAA fund

For the Liability Matching Pool:

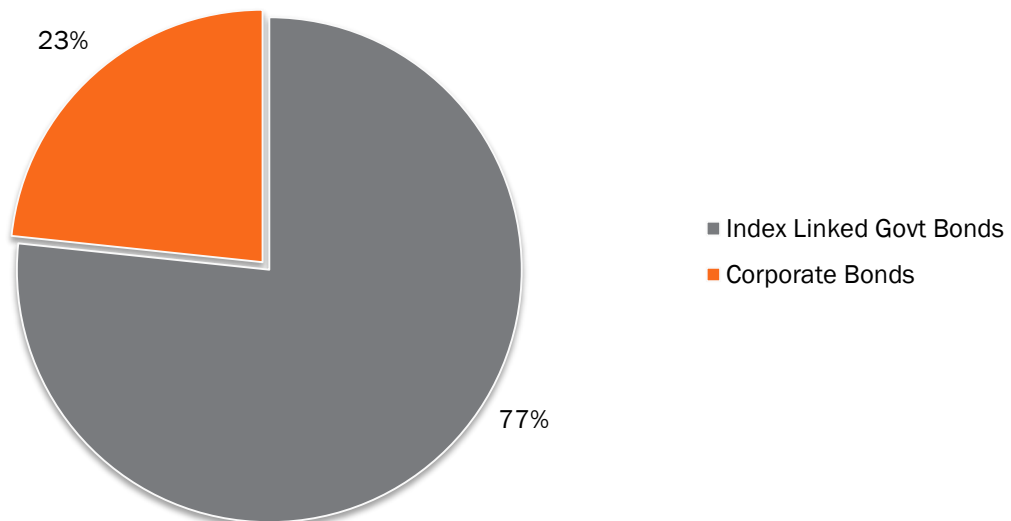
- Insight – for a portfolio of index-linked Gilts and a portfolio of high quality corporate bonds

At the year end, the asset mixes of the Board's investment pools were as follows:

Return Seeking Pool



Liability Matching Pool



Investment Performance

The longer term returns to 31 December 2014 of the broad asset classes invested in by the Board's investment pools are set out below (all figures are net of fund management fees):

Return Seeking Pool

	1 year % pa	3 years % pa	5 years % pa	10 years % pa
Return Seeking Asset Pool overall return	8.5	12.5	9.2	6.9
<i>Pool benchmark (consolidation of manager benchmarks)</i>	8.1	11.9	8.7	7.4
<i>RPI + 3% - comparator</i>	4.6	5.5	6.4	6.1
UK Equities	0.7	10.4	7.9	6.5
<i>UK Equity benchmark (ethically adjusted)</i>	0.9	10.7	7.8	7.0
Non-UK Equities (currency hedged from 2010)	10.5	15.7	10.6	7.4
<i>Consolidated non-UK Equity benchmark (not ethically adjusted)</i>	10.2	14.4	10.0	8.7
Property	15.9	9.5	10.2	-
<i>Consolidated Property benchmark</i>	16.5	8.8	9.3	-
Global Tactical Asset Allocation	10.6	5.7	-	-
<i>3 month UK LIBOR</i>	0.6	0.9	-	-
Infrastructure	6.9	-	-	-
<i>European CPI + 5%</i>	4.9	-	-	-
Emerging Market Sovereign Debt (from 18th July 2014)	0.8	-	-	-
<i>Barclays EM Local Currency Core Sovereign Debt index (ethically adjusted)</i>	-1.8	-	-	-

Liability Matching Pool

	1 year % pa	3 years % pa	5 years % pa	10 years % pa
Liability Matching Pool overall return	18.1	6.0	10.1	8.7
<i>Pool benchmark (consolidation of account benchmarks)</i>	19.2	6.1	10.1	8.2
UK Index Linked Gilts	20.3	6.8	10.7	8.7
<i>Over 5-year UK Index Linked Gilt index</i>	21.4	7.1	10.5	8.2
Corporate Bonds	12.4	-	-	-

The Board's Return Seeking Asset Pool returned 8.5% over 2014, driven largely by good equity performance. The Liability Matching Pool put in the significantly better return of 18.1% over the year. The managers in the Return Seeking Pool beat their consolidated benchmark by 0.4% over the year, and the Liability Matching Pool underperformed its benchmark by 1.1%.

The Board's equities returned 8.1% over the year and we have benefitted again from our overseas bias, with our UK equity tracker (0.7% return) well beaten by our MSCI World Index tracker (12.7% return). Our actively managed non-UK equity mandates (emerging markets, smaller companies and high conviction) performed well too, and all our active managers, bar one, out-performed their benchmarks.

Our alternative investments performed very well during the year and lent considerable support to the returns from equities. Property returned 15.9% (or 18.8% after excluding the effect of uninvested cash), GTAA (Global Tactical Asset Allocation) hedge funds returned 10.6% and infrastructure 6.9%.

The strength of Sterling over the year reduced the return from non-Sterling denominated investments, and this diminished our returns by about 0.4% overall, after allowing for the mitigating effect of our currency hedges.

Our ethical policies and their resulting stock restrictions gave a financial benefit over 2014, with the ethically adjusted MSCI World Index returning about 1% more than the unadjusted index. In broad terms, this will have added around 0.3% to our absolute returns at the total asset level.

Investment Strategy

The split in assets between return seeking and matching investments for each of the Board's pension schemes takes into account the relative maturity of each scheme's liabilities as reflected in contributions receivable and benefit outgoings.

The various schemes' strategies were to be invested as follows:

CEFPS and CAPF

The assumed allocation to inflation matching assets is calculated as a proportion of the assets backing liabilities for pensions in payment from time to time. This proportion varies over time. The remainder of the assets are assumed to be invested in return seeking assets.

Specifically:

CEFPS ~ 0% of pensioner liabilities backed by matching assets, moving to two-thirds of pensioner liabilities over the 20 year period from 31 December 2009 to 31 December 2029.

CAPF ~ 60% of pensioner liabilities backed by matching assets, moving to 100% of pensioner liabilities over the 12 year period from 31 December 2011 to 31 December 2023.

CWPF Defined Benefit Section (DBS)

The assumed allocation to gilts is measured as a proportion of the Life Risk Section's (LRS) asset pool. All of the employer sub-pools are assumed to be invested in return seeking assets.

Specifically:

75% of the LRS assets are assumed to be invested in matching assets and 25% in return seeking assets.

CWPF Pension Builder Section

The assumed allocation to inflation matching assets is measured as a proportion of the Pension Builder asset pool.

Specifically:

25% of the DCS assets are assumed to be invested in matching assets and 75% in return seeking assets.

Clergy (Widows & Dependants) Pension Fund

The current split in the Fund's assets aims to meet its benefit payments for the next 15 years from investments in bonds and cash and to retain the opportunity for generating bonuses by investing in return seeking assets. The investment in bonds and cash consists of a holding in the matching pool and a separate portfolio of cash.

Statement of Investment Principles

A Statement of Investment Principles (SIP) and its associated documents for the Board's schemes were approved by the Board on 29th January 2014. The SIP was reviewed by the Board in early 2015 and no changes were made to it.

The SIP covers the pension schemes for which the Board is corporate trustee as well as for the CEIFP. It covers the strategy and management arrangements, including custody of securities, ethical factors and restrictions, and the use of voting rights. A copy of the SIP is available on request.

Management Charges

Each manager charges fees based on the value of the funds it is managing. In 2014 these fees (including those charged by Northern Trust as custodian) were £4.9m (2013: £4.0m). This equated to 0.30% (2013: 0.26%) of the average value of the funds under management.

Ethical Investment

The way we invest forms an integral part of the Church of England's witness and mission and the Pensions Board's ethical policies and practice are shaped by expert advice from the Church's Ethical Investment Advisory Group (EIAG). The EIAG is an independent advisory body sponsored by the three national investing bodies of the Church of England.

When investing, and based on the advice of the EIAG, we apply exclusions to companies involved in indiscriminate weaponry, conventional weaponry, pornography, tobacco, gambling, non-military firearms, high interest rate lending, and human embryonic cloning. The Pensions Board in partnership with the other national investing bodies are also in the final stages of implementing its alcohol policy. The policy currently implemented for UK investments ensure that companies are only eligible for investment if they meet EIAG standards for responsible marketing and retailing.

However, ethical investment is also about what and how we invest. It is for this reason the Pensions Board's approach is to:

- Take a long-term view.
- Select investment managers who are able to analyse the environmental, social and governance issues relevant to their strategies.
- Act as good stewards of our investments including through voting at company general meetings and engaging actively with companies in which we invest.
- Promote ethical behaviour, corporate responsibility and sustainability in our interactions with investment managers, companies and government.

2014 highlights

In the past year, in partnership with the EIAG, the Pensions Board has:

- Voted on 22,237 resolutions at 1,578 company meetings globally
- Advocated reform of executive remuneration, supporting only 34% of UK remuneration reports at company AGMs (excluding investment trusts and investment companies)
- Held engagement meetings with 27 companies on ethical, environmental, social and governance issues, often in collaboration not only with the Church Commissioners but also with other church investors, the National Association of Pension Funds (NAPF) and its members, or with other non-church investors
- Co-filed shareholder resolutions for the BP and Shell AGMs on climate change which were subsequently recommended to shareholders. The resolutions called for annual reporting to be significantly expanded with additional transparency around operational emissions management, asset portfolio resilience against 2035 scenarios, low carbon energy R&D and investment, executive incentivisation during the low carbon transition, and public policy activity relating to climate change.
- Successfully implemented the EIAG's dialogue on alcohol retail with the three major UK-listed supermarkets – Tesco, Sainsbury's and Morrisons – after all three companies adopted revised alcohol policies newly acknowledging the potential for alcohol to cause harm, as required by our new alcohol policy.
- Developed a new comprehensive climate change policy.

Ethical investment agenda 2015

In 2015, the EIAG concludes the policy recommendations on climate change and investment. The policy will lead to significant engagement with the fossil fuel sector as well as exclusions from the most polluting fossil fuel producers. The implementation of the policy will form a major part of our engagement and will be supported through our voting and shareholder resolutions.

Following the conclusion of the remaining engagement on the alcohol policy specific recommendations will be received from the EIAG on which UK-listed companies should, and should not, be eligible for investment under the new policy.

The EIAG with the support of the national investing bodies will also be undertaking a review of its effectiveness. The review will consider the effectiveness of the EIAG's policy development, engagement and communication with a view to further strengthening our commitment in this regard.

Further information about the work of the EIAG is contained in its annual report. The EIAG's reporting year runs from 1 April to 31 March and its annual report is published in July and available on the Church of England's website.

Pension Schemes – Financial Statements

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Independent auditors' report to the Church of England Pensions Board and the General Synod of the Church of England

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- show a true and fair view of the financial transactions of the Pension Schemes during the year ended 31 December 2014, and of the amount and disposition at that date of their assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- give a true and fair view of the financial transactions of the Investment Fund during the year then ended, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements of the Church of England Funded Pensions Scheme, the Clergy (Widows and Dependents) Pension Fund, the Church Workers Pension Fund, the Church Administrators Pension Fund ("the Pension Schemes") and the Church of England Investment Fund for Pensions ("the Investment Fund"), which are prepared by the Church of England Pensions Board, comprise:

- the net assets statements as at 31 December 2014;
- the fund accounts for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Board has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Independent auditors' report to the Church of England Pensions Board and the General Synod of the Church of England

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Board

As explained more fully in the statement of the Board's responsibilities, the Board is responsible for the preparation of the financial statements and being satisfied that they show a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Board as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Pension Schemes' and the Investment Fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Board; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Board's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

June 2015

The Church of England Funded Pensions Scheme

Fund Account for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Contributions			
Members' contributions - additional voluntary		2,549	2,479
Employers' contributions			
Normal		43,615	43,253
Deficit funding	2	27,290	27,022
Augmentation	2	69	94
Transfers in - individual		466	877
Other Income		283	351
		<u>74,272</u>	<u>74,076</u>
Benefits and other outgoings			
Pensions		(20,148)	(17,773)
Lump sums:			
Retirement		(9,416)	(8,620)
Death		(606)	(951)
Total benefits payable		(30,170)	(27,344)
Transfers out		(904)	(984)
Purchase of annuities from AVC policies		(72)	-
Administration expenses	3	(2,635)	(2,505)
Total benefits and other outgoings		(33,781)	(30,833)
Net additions from dealing with members		<u>40,491</u>	<u>43,243</u>
Return on Investments			
Bank deposit interest		25	23
Change in market value	1	106,862	160,398
Net return on investments		<u>106,887</u>	<u>160,421</u>
Net increase in fund during the year		147,378	203,664
Net assets at the start of the year		<u>1,113,491</u>	<u>909,827</u>
Net assets at the end of the year		<u>1,260,869</u>	<u>1,113,491</u>

Net Assets statement as at 31 December 2014

	Notes	2014 £'000	2013 £'000
Investments			
Value of units in CEIFP	1	1,233,847	1,089,527
AVC investments	1	19,552	17,603
Total investments		<u>1,253,399</u>	<u>1,107,130</u>
Current assets and liabilities			
Debtors	5	1,147	1,082
Cash		8,431	7,134
Creditors	6	(2,108)	(1,855)
Total current net assets		<u>7,470</u>	<u>6,361</u>
Net assets at the end of the year		<u>1,260,869</u>	<u>1,113,491</u>

The financial statements of the Church of England Funded Pensions Scheme summarise the transactions of the scheme and deal with the net assets at the disposal of the Board. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take into account such obligations, is dealt with in note 1 on page 93.

The notes on pages 76 to 77 and 93 to 95 form part of these Accounts.

The Church of England Funded Pensions Scheme

Notes

1. Investments

Church of England Investment Fund for Pensions (CEIFP)

The proportion of CEIFP units attributable to the scheme as at 31 December 2014 was 73.76% (2013: 68.93%).

Appreciation and depreciation in the value of units in CEIFP takes account of investment income, tax recoverable and income due but not yet received, as well as realised and unrealised investment gains and losses, and investment management expenses.

AVC investments

The Additional Voluntary Contributions by members are separately invested with the Legal and General Assurance Society Limited, the Prudential Assurance Company Limited, or the Equitable Life Assurance Society.

With effect from April 2011, all Additional Voluntary Contributions are invested in a new Group AVC Scheme with Legal & General which provides wider investment choice and a single administration platform.

The table below shows the movement in CEIFP units and other investments in the year:

	Value at 1 January 2014 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 December 2014 £'000
Value of units in CEIFP	1,089,527	167,891	(129,380)	105,809	1,233,847
AVC investments					
Legal & General Group AVC Scheme	7,071	3,434	(1,305)	573	9,773
Legal & General Company Sponsored	5,826	-	(583)	197	5,440
Prudential	3,257	-	(558)	233	2,932
Equitable Life	1,449	-	(92)	50	1,407
Total AVC investments	17,603	3,434	(2,538)	1,053	19,552
Total investments	1,107,130	171,325	(131,918)	106,862	1,253,399

2. Contributions

The employer is required to contribute at 38.2% of pensionable stipend until 31 December 2022 in accordance with the agreed recovery plan. This includes 14.7% of pensionable stipend as a deficit funding contribution towards the funding shortfall.

Augmentations by employers relate to payments to supplement the benefits of retiring members

3. Administration expenses

Administration expenses include charges made by the Church of England Pensions Board to administer the scheme, as well as the administration expenses for the Clergy (Widows and Dependants) Pension Fund. See note 3 on page 95.

4. Taxation

This scheme is a registered pension scheme for the purpose of Part 4 of the Finance Act 2004 and is therefore exempt from most taxes.

The Church of England Funded Pensions Scheme

Notes (continued)

5. Debtors

	2014	2013
	£'000	£'000
Contributions - Employer	144	115
Other CEPB Pension Schemes	-	808
National Church Institution Debtors	286	150
Joint venture (ChECS)	87	-
Other	630	9
	<u>1,147</u>	<u>1,082</u>

6. Creditors

	2014	2013
	£'000	£'000
Unpaid benefits	506	212
Tax payable	1,594	1,480
Other	8	163
	<u>2,108</u>	<u>1,855</u>

7. Benefits paid on behalf of Church Commissioners

In addition to the pension benefits included in these accounts, the Church Commissioners are obliged to pay pension benefits to members of the Church of England Pensions Scheme relating to years of service until 31 December 1997. The Board paid and were reimbursed for the following benefits on behalf of the Church Commissioners in respect of service prior to 1 January 1998:

	2014	2013
	£'000	£'000
Clergy pensions (inc supplementary pensions)	85,718	84,610
Widows' and children's pensions	28,759	28,112
Lump sums on retirement	8,081	8,375
	<u>122,558</u>	<u>121,097</u>

Clergy (Widows and Dependants) Pension Fund

Fund Account for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Benefits and other outgoings			
Pensions		<u>(1,366)</u>	<u>(1,345)</u>
Net withdrawals from dealing with members		<u>(1,366)</u>	<u>(1,345)</u>
Return on Investments			
Change in market value	1	2,905	2,454
Income from index linked securities		-	40
Interest on cash deposits		7	3
Investment management fees		<u>(3)</u>	<u>(2)</u>
Net return on investments		<u>2,909</u>	<u>2,495</u>
Net increase in fund during the year		1,543	1,150
Net assets at the start of the year		<u>24,838</u>	<u>23,688</u>
Net assets at the end of the year		<u>26,381</u>	<u>24,838</u>

Net Assets statement as at 31 December 2014

	Notes	2014 £'000	2013 £'000
Investments			
Value of units in CEIFP	1	25,536	22,631
Investment Funds on Deposit	1	<u>496</u>	<u>1,935</u>
Total investments		26,032	24,566
Current assets and liabilities			
Debtors		4	3
Cash		402	327
Creditors		<u>(57)</u>	<u>(58)</u>
Total current net assets		349	272
Net assets at the end of the year		<u>26,381</u>	<u>24,838</u>

The financial statements of the Clergy (Widows and Dependants) Pension Fund summarise the transactions of the schemes and deal with the scheme's net assets at the disposal of the Board. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in note 1 on page 93.

The notes on page 79 and pages 93 to 95 form part of these Accounts.

Clergy (Widows and Dependants) Pension Fund

Notes

1. Investments

Church of England Investment Fund for Pensions (CEIFP)

The proportion of CEIFP units attributable to the fund as at 31 December 2014 was 1.53% (2013: 1.43%).

Appreciation and depreciation in the value of units in CEIFP takes account of investment income, tax recoverable and income due but not yet received, as well as realised and unrealised investment gains and losses, and investment management expenses.

The table below shows the movement in CEIFP units and other investments in the year:

	Value at 1 January 2014 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 December 2014 £'000
Value of units in CEIFP	22,631	500	(500)	2,905	25,536
Investment Funds on Deposit	1,935	-	(1,440)	1	496
Total investments	<u>24,566</u>	<u>500</u>	<u>(1,940)</u>	<u>2,906</u>	<u>26,032</u>

2. Contributions

No pension scheme contributions have been receivable since 1 December 1988.

3. Administration expenses

Administration expenses are not separately identified from those of the Church of England Funded Pensions Scheme and are borne by that scheme. See note 3 on page 95.

4. Taxation

The fund is a registered pension scheme for the purpose of Part 4 of the Finance Act 2004 and is therefore exempt from most taxes.

Church Workers Pension Fund

Fund Account for the year ended 31 December 2014

	Notes	Pension Builder Scheme £'000	Defined Benefits Scheme £'000	2014 Total £'000	2013 Total £'000
Contributions					
Members' contributions					
Normal		682	269	951	809
Additional voluntary	2	637	-	637	699
Employers' contributions					
Normal		5,224	5,216	10,440	10,051
Deficit funding	2	6	4,654	4,660	4,741
Augmentation	2	15	9	24	219
Transfers in - individual		-	-	-	113
Other income		130	95	225	82
		<u>6,694</u>	<u>10,243</u>	<u>16,937</u>	<u>16,714</u>
Benefits and other outgoings					
Pensions		(3,192)	(7,352)	(10,544)	(10,097)
Lump sums:					
Retirement		(711)	(1,940)	(2,651)	(2,853)
Death		(188)	(3)	(191)	(106)
Total benefits payable		<u>(4,091)</u>	<u>(9,295)</u>	<u>(13,386)</u>	<u>(13,056)</u>
Early Leavers - refunds of contributions		(52)	(9)	(61)	(13)
Transfers out - individual		(225)	(248)	(473)	(380)
Administration expenses	3	(814)	(865)	(1,679)	(1,438)
Total benefits and other outgoings		<u>(5,182)</u>	<u>(10,417)</u>	<u>(15,599)</u>	<u>(14,887)</u>
Net additions from dealing with members		<u>1,512</u>	<u>(174)</u>	<u>1,338</u>	<u>1,827</u>
Return on Investments					
Bank deposit interest		-	7	7	6
Income from Prudential Buy-In	1	-	4,914	4,914	-
Change in market value	1	9,426	25,010	34,436	42,908
Net return on investments		<u>9,426</u>	<u>29,931</u>	<u>39,357</u>	<u>42,914</u>
Net increase in fund during the year		10,938	29,757	40,695	44,741
Net assets at the start of the year		<u>87,136</u>	<u>297,500</u>	<u>384,636</u>	<u>339,895</u>
Net assets at the end of the year		<u>98,074</u>	<u>327,257</u>	<u>425,331</u>	<u>384,636</u>

Church Workers Pension Fund

Net Assets statement as at 31 December 2014

	Notes	Pension Builder Scheme £'000	Defined Benefits Scheme £'000	2014 Total £'000	2013 Total £'000
Investments					
Value of units in CEIFP	1	98,096	218,818	316,914	383,761
Prudential Buy-in	1	-	107,790	107,790	-
Total investments		98,096	326,608	424,704	383,761
Current assets and liabilities					
Debtors	5	564	743	1,307	1,801
Cash		(200)	1	(199)	12
Creditors	6	(386)	(95)	(481)	(938)
Total current net assets		(22)	649	627	875
Net assets at the end of the year		98,074	327,257	425,331	384,636

The financial statements of the Church Workers Pension Fund summarise the transactions of the scheme and deal with the scheme's net assets at the disposal of the Board. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in note 1 on page 93.

The notes on pages 81 to 82 and pages 93 to 95 form part of these Accounts.

Notes

1. Investments

Church of England Investment Fund for Pensions (CEIFP)

The proportion of CEIFP units attributable to the fund as at 31 December 2014 was 18.94% (2013: 24.28%).

Appreciation and depreciation in the value of units in CEIFP takes account of investment income, tax recoverable and income due but not yet received, as well as realised and unrealised investment gains and losses, and investment management expenses.

Prudential buy-in

In 2014 a 'buy-in' contract with Prudential was purchased for £101,701,000. This premium was funded from the sale of units in the CEIFP's Liability Matching Pool. At 31 December 2014 Lane Clark and Peacock LLP valued the contract at £107,790,000.

Church Workers Pension Fund

Notes (continued)

1. Investments (continued)

The table below shows the movement in CEIFP units and other investments in the year:

	Value at 1 Jan 2014 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 Dec 2014 £'000
Value of units in CEIFP					
Pension Builder Scheme	87,327	4,639	(3,296)	9,426	98,096
Defined benefit scheme	296,434	11,608	(108,145)	18,921	218,818
Total value of units in CEIFP	383,761	16,247	(111,441)	28,347	316,914
Prudential Buy-In	-	101,701	-	6,089	107,790
Total investments	383,761	117,948	(111,441)	34,436	424,704

2. Contributions

Deficit funding contributions are payable in respect of the funding shortfalls at different annual lump sum amounts for each employer over varying periods from 1 January 2009 up to a maximum of 15 years.

Augmentation contributions by employers relate to top up payments to cover extra hours worked by defined contribution members of £15k (2013: £13k) and by defined benefit members of £9k (2013: £nil). In 2013, there were also payments of back dated service contributions of £206k (defined contributions scheme of £22k and defined benefits scheme of £184k).

3. Administration expenses

Administration expenses include charges made by the Church of England Pensions Board to administer the fund. See note 3 on page 95.

4. Taxation

The fund is a registered pension scheme for the purpose of Part 4 of the Finance Act 2004 and is therefore exempt from most taxes.

5. Debtors

	Pension Builder Scheme £'000	Defined Benefits Scheme £'000	2014 Total £'000	2013 Total £'000
Contributions - Employer	559	741	1,300	1,283
Other	5	2	7	518
	564	743	1,307	1,801

6. Creditors

	Pension Builder Scheme £'000	Defined Benefits Scheme £'000	2014 Total £'000	2013 Total £'000
Unpaid benefits	161	51	212	267
Other CEPB Pension Schemes	-	-	-	629
Other	225	44	269	42
	386	95	481	938

Church Administrators Pension Fund

Fund Account for the year ended 31 December 2014

	Notes	Defined Contributions Scheme £'000	Defined Benefits Scheme £'000	2014 Total £'000	2013 Total £'000
Contributions					
Members' contributions					
Normal		-	112	112	124
Additional voluntary	2	322	98	420	365
Employers' contributions					
Normal		1,438	1,208	2,646	2,583
Deficit funding	2	-	2,709	2,709	2,584
Augmentation	2	-	103	103	123
Transfers in - normal		-	-	-	102
Other contributions	2	-	291	291	269
Total contributions		1,760	4,521	6,281	6,150
Benefits and other outgoings					
Pensions		-	(2,038)	(2,038)	(1,822)
Lumps Sums - Retirement		(4)	(763)	(767)	(669)
Total benefits payable		(4)	(2,801)	(2,805)	(2,491)
Early Leavers - refunds of contributions		-	(4)	(4)	(4)
Purchase of Annuities		-	-	-	(65)
Transfers out		(129)	(4)	(133)	(70)
Administration expenses	3	-	(277)	(277)	(339)
Total benefits and other outgoings		(133)	(3,086)	(3,219)	(2,969)
Net additions from dealing with members		1,627	1,435	3,062	3,181
Return on Investments					
Bank deposit interest		-	1	1	1
Change in market value	1	713	10,175	10,888	10,595
Net return on investments		713	10,176	10,889	10,596
Net increase in fund during the year		2,340	11,611	13,951	13,777
Net assets at the start of the year		7,962	85,064	93,026	79,249
Net assets at the end of the year		10,302	96,675	106,977	93,026

Church Administrators Pension Fund

Net Assets statement as at 31 December 2014

	Notes	Defined Contributions Scheme £'000	Defined Benefits Scheme £'000	2014 Total £'000	2013 Total £'000
Investments					
Value of units in CEIFP	1	-	96,541	96,541	84,751
Invested with Legal and General (including DC AVC's)	1	10,115	-	10,115	7,940
Other AVC policies	1	-	344	344	324
Total investments		10,115	96,885	107,000	93,015
Current assets and liabilities					
Debtors	5	-	54	54	344
Cash		187	(126)	61	174
Creditors	6	-	(138)	(138)	(507)
Total net current assets		187	(210)	(23)	11
Net assets at the end of the year		10,302	96,675	106,977	93,026

The financial statements of the Church Administrators Pension Fund summarise the transactions of the scheme and deal with the scheme's net assets at the disposal of the Board. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in note 1 on page 93.

The notes on pages 84 to 86 and pages 93 to 95 form part of these Accounts.

Notes

1. Investments

Church of England Investment Fund for Pensions (CEIFP)

The proportion of CEIFP units attributable to the fund as at 31 December 2014 was 5.77% (2013: 5.36%).

Appreciation and depreciation in the value of units in CEIFP takes account of investment income, tax recoverable and income due but not yet received, as well as realised and unrealised investment gains and losses, and investment management expenses.

Legal and General investments

The investments of the defined contributions scheme are held with Legal & General Investment Management. Investments purchased are allocated to provide benefits to individuals on whose behalf corresponding contributions are paid. The investments are held on a pooled basis for the Board. The Board, as scheme administrator, allocates investment units to members. The Board may also hold investment units representing the value of employer contributions that have been retained by the scheme that relate to members leaving the scheme prior to vesting.

AVCs by members of the defined contributions scheme and the employer contributions under this scheme are separately invested with the Legal and General Assurance Society Limited.

Other AVC investments

Other AVC investments relate to certain members of the defined benefit scheme and are held in separate policies with Equitable Life Assurance Society, Scottish Widows plc and Standard Life Assurance Limited.

Church Administrators Pension Fund

Notes (continued)

1. Investments (continued)

The table below shows the movement in CEIFP units and other investments in the year:

	Value at 1 Jan 2014 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 Dec 2014 £'000
Value of units in CEIFP	84,751	7,766	(6,137)	10,161	96,541
Invested with Legal and General*	7,940	1,607	(146)	714	10,115
Other AVC policies					
Standard Life	211	7	-	5	223
Scottish Widows	87	-	-	6	93
Equitable Life	26	-	-	2	28
Total other AVC policies	324	7	-	13	344
Total investments	93,015	9,380	(6,283)	10,888	107,000

*Includes Defined Contribution AVCs

The Legal and General investments were invested in the following managed funds:

	2014 £'000	2013 £'000
Global Equity MW (30:70)	7,977	6,415
UK Equity Index	300	233
Ethical UK Equity Index	374	280
Ethical Global Equity Index	207	126
Overseas Equity Consensus Index	495	382
Over 15 year Gilts Index	17	13
AAA Bonds All Stocks	3	-
Over 5 year Index- linked	441	288
Property	170	123
Cash	131	80
	10,115	7,940

The investment in Global Equity MW(30:70) fund represents 7.5% of total assets held by the CAPF (2013: 6.9%).

2. Contributions

Deficit funding contributions are payable at the rate of £2,050k p.a. across all employers from 1 July 2010, increasing annually at 5% p.a. until 30 June 2025, in respect of the funding shortfall. The Archbishops' Council is required to pay a further contribution of £184,000 p.a. from 1 January 2010 until 31 December 2016 adjusted each 1 January in line with the change in the RPI.

Augmentation contributions by employers relate to payments to augment the benefits of retiring members.

Other contributions consist of payments by employers for administration expenses and in respect of the pension protection fund levy.

Church Administrators Pension Fund

Notes (continued)

3. Administration expenses

Administration expenses include charges made by the Church of England Pensions Board to administer the fund. See note 3 on page 95. All administration costs for both the Defined Benefit and the Defined Contribution sections of the Church Administrators Pension Fund are borne by the Defined Benefit section.

4. Taxation

The fund is a registered pension scheme for the purpose of Part 4 of the Finance Act 2004 and is therefore exempt from most taxes.

5. Debtors

	2014	2013
	£'000	£'000
National Church Institution Debtors	54	287
Other CEPB Pension Schemes	-	55
Other	-	2
	<u>54</u>	<u>344</u>

6. Creditors

	2014	2013
	£'000	£'000
Unpaid benefits	41	142
Tax Payable	97	90
Other CEPB Pension Schemes	-	234
Other	-	41
	<u>138</u>	<u>507</u>

7. Benefits paid on behalf of Church Commissioners

In addition to the pension benefits included in these accounts, the Board paid and were reimbursed for the following benefits on behalf of the Church Commissioners in respect of service prior to 1 January 2000:

	2014	2013
	£'000	£'000
Pensions	5,023	4,967
Lump sums on retirement	479	409
	<u>5,502</u>	<u>5,376</u>

The Church of England Investment Fund for Pensions

Fund Account for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Net receipts from member schemes			
The Church of England Funded Pensions Scheme		38,515	41,371
Clergy (Widows & Dependants) Pension Fund		-	(500)
Church Workers Pension Fund			
Defined Benefits Scheme		4,418	664
Pension Builder Classic		26	1,369
Pension Builder 2014		1,317	-
Total Church Workers Pension Fund		5,761	2,033
Church Administrators Pension Fund		1,628	1,702
Net receipts from member schemes		45,904	44,606
Other outgoings			
CWPF disinvestment re Prudential buy-in premium	4	(100,954)	-
Total other outgoings		(100,954)	-
Net withdrawals from dealing with member schemes		(55,050)	44,606
Return on investments			
Investment income			
Dividends receivable		26,483	22,278
Index-linked/Fixed income interest receivable		3,478	2,767
Income from managed funds		5,087	4,604
Interest on cash deposits		570	633
Total Investment Income		35,618	30,282
Changes in market value of investments	3	116,540	187,011
Investment management fees	2	(4,940)	(4,039)
Net return on investments		147,218	213,254
Net increase in fund during the year		92,168	257,860
Net assets at the start of the year		1,580,670	1,322,810
Net assets at the end of the year		1,672,838	1,580,670

Net Assets statement as at 31 December 2014

	Notes	2014 £'000	2013 £'000
Investments			
Investment assets	3	1,682,763	1,582,623
Investment liabilities	3	(8,776)	(733)
		1,673,987	1,581,890
Current liabilities			
Creditors	8	(1,149)	(1,220)
Net assets at the end of the year	10	1,672,838	1,580,670

The notes on pages 88 to 95 form part of these Accounts.

Each of the above accounts of the Pension Schemes and the CEIFP have been signed on behalf of the Board:

Jonathan Spencer
Chairman
29 June 2015

Canon Sandra Newton
Vice Chairman

Bernadette Kenny
Secretary & Chief Executive

The Church of England Investment Fund for Pensions

Notes

1. The fund was established to allow the pooling of investments of Pension Schemes administered by the Board. The member schemes and their respective holdings are shown in note 10.
2. The fund bears investment management expenses charged by the investment managers and custodians. Administration costs and advisory fees incurred by the Church of England Pensions Board are borne by the member schemes and are included in the administration expenses shown in the schemes' own accounts.

3. Investments

		Value at 1 Jan 2014	Purchases at cost and derivative payments	Sale proceeds and derivative receipts	Change in market value	Value at 31 Dec 2014
		£000	£000	£000	£000	£000
Equities	3(a)	1,016,866	296,238	(378,983)	57,247	991,368
Index-linked/Fixed income securities	3(b)	205,053	428,905	(335,270)	29,485	328,173
Pooled investment vehicles	3(c)	186,856	136,144	(89,042)	20,859	254,817
Derivatives	3(d)	12,038	23,804	(47,876)	7,604	(4,430)
		<u>1,420,813</u>	<u>885,091</u>	<u>(851,171)</u>	115,195	<u>1,569,928</u>
Cash		132,596			1,345	97,428
Other investment balances	3(e)	<u>28,481</u>				<u>6,631</u>
		<u>1,581,890</u>			<u>116,540</u>	<u>1,673,987</u>

Investment assets and liabilities:

	Notes	Assets £000	Liabilities £000	Total £000
Equities	3(a)	991,368	-	991,368
Index-linked/Fixed income securities	3(b)	328,173	-	328,173
Pooled investment vehicles	3(c)	254,817	-	254,817
Derivatives	3(d)	4,213	(8,643)	(4,430)
Cash		97,428	-	97,428
Other investment balances	3(e)	<u>6,764</u>	<u>(133)</u>	<u>6,631</u>
		<u>1,682,763</u>	<u>(8,776)</u>	<u>1,673,987</u>

3(a) Equities

	2014 £000	2013 £000
UK quoted	308,701	326,910
Overseas quoted	<u>682,667</u>	<u>689,956</u>
	<u>991,368</u>	<u>1,016,866</u>

3(b) Index-Linked/Fixed Income Securities

	2014 £000	2013 £000
UK public sector - Index linked	210,662	152,848
Overseas public sector - Index linked	6,366	1,395
Overseas public sector - Fixed income	42,306	-
UK non-public sector - Index linked	332	514
UK non-public sector - Fixed income	29,794	15,628
Overseas non-public sector - Index linked	3,025	2,737
Overseas non-public sector - Fixed income	<u>35,688</u>	<u>31,931</u>
	<u>328,173</u>	<u>205,053</u>

The Church of England Investment Fund for Pensions

Notes (continued)

3(c) Pooled Investment Vehicles

	2014	2013
	£000	£000
UK managed funds - property	83,862	105,279
UK managed funds - bonds	2	-
Overseas managed funds - other	133,103	81,306
UK managed Funds - other	37,850	271
	<u>254,817</u>	<u>186,856</u>

3(d) Derivatives

	2014			2013		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£000	£000	£000	£000	£000	£000
Forward foreign currency contracts	2,868	(8,430)	(5,562)	6,713	(17)	6,696
Futures - equities	1,345	(213)	1,132	5,510	(168)	5,342
	<u>4,213</u>	<u>(8,643)</u>	<u>(4,430)</u>	<u>12,223</u>	<u>(185)</u>	<u>12,038</u>

Forward Foreign Currency Contracts:

Currency Bought/Sold	Value of	Value of	Assets at Liabilities at	
	Currency bought	Currency sold	31 Dec 14	31 Dec 14
	£000	£000	£000	£000
BRL/GBP	25	(25)	-	-
BRL/USD	6,219	(6,424)	4	(209)
GBP/AUD	3,806	(3,757)	49	-
GBP/CAD	84	(83)	1	-
GBP/CHF	167	(164)	3	-
GBP/EUR	84,458	(83,768)	690	-
GBP/HKD	2,223	(2,231)	-	(8)
GBP/JPY	30,828	(29,450)	1,378	-
GBP/MYR	2,173	(2,174)	-	(1)
GBP/NZD	839	(856)	-	(16)
GBP/SEK	88	(84)	3	-
GBP/SGD	16	(16)	1	-
GBP/USD	213,683	(221,050)	-	(7,368)
HKD/USD	3,164	(3,164)	-	-
HUF/USD	4,044	(4,305)	-	(261)
JPY/USD	63	(64)	-	-
KRW/USD	1,972	(1,937)	35	-
MYR/USD	6,829	(7,102)	-	(273)
PLN/USD	1,894	(1,934)	-	(40)
TRY/USD	260	(272)	-	(12)
TWD/USD	4,429	(4,539)	-	(110)
USD/BRL	11,086	(10,777)	333	(25)
USD/HKD	3,163	(3,164)	-	(1)
USD/JPY	27	(27)	-	-
USD/KRW	735	(742)	-	(8)
USD/MXN	3,472	(3,244)	228	-
USD/MYR	255	(251)	5	-
USD/PEN	5,674	(5,549)	125	-
USD/PLN	170	(162)	8	-
USD/THB	5,097	(5,113)	-	(16)
USD/TWD	747	(741)	5	-
ZAR/USD	1,542	(1,625)	-	(82)
	<u>399,232</u>	<u>(404,794)</u>	<u>2,868</u>	<u>(8,430)</u>

The Church of England Investment Fund for Pensions

Notes (continued)

3(d) Derivatives (continued)

Forward foreign currency contracts are over-the-counter contracts which are used to hedge the risk of changes in exchange rates which might adversely affect the value of some of the overseas investments.

The fund's policy is to hedge half of its equities exposures to the US Dollar, Japanese Yen and the Euro. All contracts held at the year end have a duration of less than 3 months.

Futures Contracts:

Underlying investment	Economic Exposure		
	value	Assets	Liabilities
	£000	£000	£000
EMINI S&P 500	38,106	552	-
OSE TOPIX	4,894	-	(145)
FTSE 100	4,892	203	-
LIF LONG GILT	4,542	125	-
ME S&P CAN 60	2,641	132	-
EURX DAX INDEX	2,292	53	-
NEW SOF INDEX	2,127	20	-
MNP CAC40	2,124	75	-
SFE SPI 200	1,978	101	-
OMX INDEX FUT	1,129	27	-
MRV IBEX 35+	715	10	-
IDEM FTSE MIB	666	14	-
AEX INDEX	528	23	-
MSCI SING IDX	517	4	-
HKE HANG SENG	489	6	-
5 YR T NOTE	(76)	-	-
EURX EUR-BUND	(242)	-	(3)
CBT UL T-BONDS	(636)	-	(29)
U.S. T-BONDS	(1,205)	-	(30)
10 YR T-NOTES	(1,464)	-	(6)
	64,017	1,345	(213)

Futures are bought or sold to allow the fund to change its exposure to a particular market or asset class more quickly than by holding the underlying stocks.

Contracts in place at 31 December 2014 were with Deutsche Bank, Goldman Sachs, JP Morgan Chase, Northern Trust and UBS AG, and had expiry dates of up to three months after the year end.

Derivative receipts and payments represent the realised gains and losses on forward and futures contracts.

3(e) Other Investment Balances

	2014	2013
	£000	£000
<u>Assets</u>		
Cash margin	2,035	25,386
Accrued investment income	4,679	3,643
Accrued tax	50	-
	6,764	29,029
<u>Liabilities</u>		
Outstanding trades	(133)	(548)
	(133)	(548)
	6,631	28,481

The Church of England Investment Fund for Pensions

Notes (continued)

3(f) Concentration of Investments

No investments held within the CEIFP exceeded 5% of the total assets of the fund. The list below shows the top 20 equity holdings within the fund.

Equity Holding	%	£000
Royal Dutch Shell	1.4	23,937
HSBC Holdings	1.3	21,206
BP	0.8	12,865
AstraZeneca	0.7	11,486
Vodafone	0.7	11,468
GlaxoSmithKline	0.7	11,461
Lloyds Banking	0.5	9,165
Apple	0.5	8,350
Barclays	0.4	6,845
Prudential	0.4	6,528
Rio Tinto	0.4	6,398
Microsoft	0.4	6,381
BG Group	0.4	5,956
National Grid	0.4	5,931
Wells Fargo & Co	0.4	5,906
Reckitt Benckiser	0.3	5,768
BT Group	0.3	5,554
BHP Billiton	0.3	5,537
Glencore	0.3	5,466
Unilever	0.3	5,466

4. During the year, the CWPF disinvested £101m of its holding in the CEIFP to buy an insurance contract ('buy-in') from Prudential (see page 81). This was funded using proceeds from the sale of gilts and corporate bonds.
5. Transaction costs are included in the cost of purchase and sale proceeds. Transaction costs include costs charged directly to the fund such as fees, commissions, stamp duty and other fees which total £517k (2013: £894k). In addition to the transaction costs, indirect costs are incurred through the bid-offer spread on investment within pooled investment vehicles.
6. All fund managers operating the pooled investment vehicles are registered in the United Kingdom, with the exception of Winton Capital Management Ltd (British Virgin Islands), Bridgewater Associates LP Ltd (USA), First State Investments Fund Management S.a.r.l (Luxembourg) and Antin Infrastructure Partners (Luxembourg).
7. Property and infrastructure pooled investment vehicles are illiquid and that is reflected in the structures and liquidity of funds that invest in them. Some of the funds held by the Board are open-ended, where the manager will redeem within shorter pre-agreed timeframes, but most are closed-end and redemption will normally only happen when the funds are wound up at the end of their pre-agreed lives. The Board's closed-end funds have a range of maturities. Units in both types of fund can be traded between investors privately, but this is rare and managers generally have veto over such transactions.
8. **Commitments**
As at 31 December 2014, the Board had made commitments to invest £7.0m (2013: £20.7m) in a pooled infrastructure fund managed by First State Investments, and £16.9m (2013: £32.8m) with Antin Infrastructure Partners.

The Church of England Investment Fund for Pensions

Notes (continued)

9. Creditors

	2014	2013
	£'000	£'000
Accrued investment management expenses	1,149	1,220
	1,149	1,220

10. Unitisation

The Church of England Investment Fund for Pensions ('CEIFP') is a common investment fund for the Church of England's Pension Schemes. It has two pools, the Return Seeking pool consisting mostly of equities and cash, and the Liability Matching pool consisting mostly of fixed income or index linked investments and cash.

Unitisation is the process of allocating units in the CEIFP to its participants. The participant Pension Schemes purchase or dispose of CEIFP units in accordance with their operational requirements. The value of units to be purchased or disposed of each month is determined for each participant by the Board. The pricing of units is undertaken by The Northern Trust Company who also prepare monthly unitisation reports showing each participant's holding in the CEIFP and transactions during the period.

11. Participation in the fund as at 31 December 2014

	Return seeking pool		Liability matching pool		TOTAL
	Units	£'000	Units	£'000	£'000
Church Workers Pension Fund					
Defined Benefits Scheme	88,914	215,033	1,375	3,785	218,818
General Fund	72,731	175,896	-	-	175,896
Life Risk	16,183	39,137	1,375	3,785	42,922
Pension Builder Classic	29,407	71,120	9,309	25,620	96,740
Pension Builder 2014	561	1,356	-	-	1,356
Total Church Workers Pension Fund	118,882	287,509	10,684	29,405	316,914
Church Administrators Pension Fund	23,925	57,861	14,054	38,680	96,541
Clergy (Widows & Dependants) Pension Fund	5,340	12,914	4,586	12,622	25,536
The Church of England Funded Pensions Scheme	424,878	1,027,548	74,955	206,299	1,233,847
	573,025	1,385,832	104,279	287,006	1,672,838

The defined benefit scheme of the Church Workers Pension Fund is split between the general fund and the life risk as these two portions of the fund have different investment strategies.

Notes to the Financial Statements of the Pension Schemes and Investment Fund

1. Basis of preparation of financial statements

The individual pension schemes that comprise the 'Pension Schemes' are as follows:

- The Church of England Funded Pensions Scheme
- Clergy (Widows and Dependants) Pensions Fund
- Church Workers Pension Fund
- Church Administrators Pension Fund

The financial statements of the Pension Schemes and Investment Fund have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (revised May 2007).

The financial statements of the Pension Schemes summarise the transactions of the schemes and deal with the net assets at the disposal of the Board. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position, which does take account of such obligations, is dealt with in the statements by the actuary on pages 98 to 103 of the annual report and in the reports on the various activities of the Board within pages 50 to 71, and these financial statements should be read in conjunction with this information.

2. Statement of accounting policies

The principal accounting policies, which have been consistently applied, are set out below:

2.1 Investments

The individual Pension Schemes are mainly invested in the Church of England Investment Fund for Pensions. The Clergy (Widows and Dependants) Pension Fund has its own segregated investments in index linked bonds. The Church Workers Pension Fund holds a buy-in insurance contract with Prudential. The Church Administrators Pension Fund Defined Contributions scheme which is separately invested in Legal & General managed funds. Some defined benefit AVC investments are also held directly by the Pension Schemes with other insurance companies.

(a) Valuation

The listed investments are valued at their closing bid price at 31 December and, where appropriate, foreign currencies are translated into sterling at the rates of exchange on that date.

Pooled investment vehicles are valued at the closing bid price if both bid and offer prices are published, or, if single priced, at the closing single price.

Fixed interest and Index linked investments are valued at their clean prices (i.e. excluding accrued interest).

Derivative contracts are valued at fair value. The fair value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. Futures contracts are exchange traded and their value is determined using exchange prices at the reporting date. The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts.

The Prudential insurance contract is valued annually by the Board's actuary, on the actuarial value basis using assumptions consistent with actuarial valuations of the scheme's liabilities.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Notes to the Financial Statements of the Pension Schemes and Investment Fund

2 Statement of accounting policies (continued)

2.1 Investments (continued)

(b) Investment income

Income from equities and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest.

Income from fixed interest, index-linked securities, cash and short term deposits is accounted for on an accruals basis.

(c) Income from Buy-In

Income from the Prudential buy-in insurance contract is accounted for on an accruals basis.

(d) Foreign currencies

Assets and liabilities in foreign currencies, other than forward foreign exchange contracts, are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in the market value of investments.

(e) Investment management expenses

Investment management expenses are accounted for on an accruals basis.

2.2 Pension Schemes

(a) Contributions

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis in the month the employee contributions are deducted from payroll.

Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, when received.

Additional voluntary contributions from members are accounted for, on an accruals basis, in the month deducted from payroll.

Employers' deficit funding contributions are accounted for in accordance with the agreement under which they are being paid, or in the absence of an agreement, on a receipts basis.

(b) Benefits

Where members can choose whether to take their benefits as a full pension or a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Pension Schemes, as appropriate.

(c) Transfers to and from other pension schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers, or payable to the pension schemes of new employers for members who have left the Pension Schemes. They are accounted for on an accruals basis, which is generally when funds are transferred unless the trustees of the receiving scheme have agreed to accept the liability in advance of receipt of funds.

Notes to the Financial Statements of the Pension Schemes and Investment Fund

3. Administration expenses

Expenses incurred by the Board for administering the Pension Schemes are either charged directly to the activity to which they relate or are allocated to the funds in proportion to staff costs, number of data processes or other relevant criteria.

The Board's administration fees charged to each fund during the year were:

	2014	2013
	£'000	£'000
Church of England Funded Pensions Scheme *	2,635	2,505
Church Workers Pension Fund – defined benefits scheme	865	664
Church Workers Pension Fund – pension builder scheme	814	774
Church Administrators Pension Fund**	277	339
	<u>4,591</u>	<u>4,282</u>

*Includes the Board's administration costs for the Clergy (Widows and Dependents) Pension Fund.

**All administration costs for both the DB and DC sections of the Church Administrators Pension Fund are borne by the DB section.

4. Audit fees

The fee, excluding VAT, for audit services during the year was £119k (2013: £162k) for both the Investment Fund and Pension Schemes and Charitable Funds; the portion allocated to the Pension Schemes was £51k (2013: £72k). This is included in the charges to the Pension Schemes in Note 3 above.

5. Employer related investments

There were no employer related investments at 31 December 2014 (2013: £nil).

6. Related party transactions

Four Board members (2013: three members) who have retired from service under the Pension Schemes are in receipt of a pension on normal terms.

Four Board members (2013: five Board members) are active members of the Pension Schemes.

Members of the Board are reimbursed for travel expenses incurred whilst on official business but are not entitled to any other remuneration or allowances. During the year, 18 (2013: 18) members claimed a total of £20,000 (2013: £18,000). This cost is apportioned to both the Charitable Funds and the Pension Schemes. The Pension Schemes' portion is included in the charges to the Pension Schemes in Note 3 above.

Other than the above and disclosed elsewhere in these Financial Statements, the Board is not aware of any transactions with related parties that require disclosure in these Financial Statements under Financial Reporting Standard 8 "Related Party Transactions" (2013:£nil).

Independent auditors' statement about contributions to the Church of England Pensions Board

Statement about contributions

Our opinion

In our opinion, the contributions required by the schedules of contributions for each Pension Fund for the year ended 31 December 2014 as reported in the summary of contributions have in all material respects been paid in accordance with the schedules of contributions specified in the summary of contributions.

This opinion is to be read in the context of what we say in the remainder of this statement.

What we have examined

The summary of contributions for the year ended 31 December 2014, which has been prepared by Church of England Pensions Board, is set out on the following page.

Responsibilities for the statement about contributions

Our responsibilities and those of the Board

As explained more fully in the statement of the Board's responsibilities, the Board is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Pension Schemes by the employer in accordance with relevant requirements.

It is our responsibility to provide a statement about contributions and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the Board as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an examination of the summary of contributions involves

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Pension Schemes under the schedule of contributions and the timing of those payments.

We test and examine information, using sampling and other techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
June 2015

Church of England Pensions Board

Summary of Contributions Payable in the year ended 31 December 2014

During the year, the contributions payable to the schemes by the Members and the Employers were as follows:

	Members £'000	Employers £'000
The Church of England Funded Pensions Scheme		
Required by the schedule of contributions		
Certified by the scheme actuary on 3rd September 2013		
Normal contributions	-	43,615
Deficit contributions	-	27,290
Total required by the schedule of contributions	-	70,905
Other contributions payable		
AVCs	2,549	-
Augmentations of individual members' benefits	-	69
Total (as per Fund Account)	2,549	70,974
 Church Workers Pension Fund		
Required by the schedule of contributions		
Certified by the scheme actuary on 3rd January, 31st March, 4th July and 29th September 2014		
Normal contributions – Pension Builder	682	5,224
Normal contributions – Defined Benefit	269	5,216
Deficit contributions	-	4,654
Total required by the schedule of contributions	951	15,094
Other contributions payable		
Deficit contributions	-	6
AVCs	637	-
Augmentations of individual members' benefits	-	24
Total (as per Fund Account)	1,588	15,124
 Church Administrators Pension Fund		
Required by the schedule of contributions		
Certified by the scheme actuary on 26th March 2013		
Normal contributions - Pension Builder	-	1,438
Normal contributions - Defined Benefit	112	1,208
Deficit contributions	-	2,709
Total required by the schedule of contributions	112	5,355
Other contributions payable		
AVCs – DB	98	-
AVCs – DC	322	-
Augmentations of individual members' benefits	-	103
Total (as per Fund Account)	532	5,458

Jonathan Spencer
Chairman
29 June 2014

Bernadette Kenny
Secretary & Chief Executive

Appendix One

Actuarial Certificates

2257474

Page 1 of 1

Actuary's certification of the calculation of technical provisions

This certificate is provided for the purpose of Section 225(1) of the Pensions Act 2004 and Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: The Church of England Funded Pensions Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 December 2012 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the trustees of the Scheme and set out in the Statement of Funding Principles dated 3 September 2013.

Signature: 

Date: 3 September 2013

Name: Aaron Punwani

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: 95 Wigmore Street
London, W1U 1DQ

Name of employer: Lane Clark & Peacock LLP

3 September 2013

Actuary's certification of schedule of contributions

2252099

Page 3 of 3

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme Church of England Funded Pensions Scheme


Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2012 to be met by the end of the period specified in the Recovery Plan dated 3 September 2013.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 3 September 2013

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:  Date: 3 September 2013

Name: Aaron Punwani Qualification: FIA
Address: 95 Wigmore Street Name of employer: Lane Clark & Peacock LLP
London W1U 1DQ

Notes not forming part of the certification

In giving the above opinion I have interpreted the phrase "could have been expected to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the Trustee's funding assumptions as set out in their statement of funding principles dated 3 September 2013 and their Recovery Plan dated 3 September 2013 and without any further allowance for adverse contingencies that may arise in the future. My opinion does not necessarily hold in any other scenarios.

Furthermore, I have taken no account of either adverse or beneficial outcomes that have become known to me since the effective date of the valuation. However, I have taken account of contributions that are payable to the Scheme between the effective date of the valuation and the date that I have certified this Schedule as documented in the Schedule of Contributions.

3 September 2013

3037846

Page 1 of 1

Actuary's certification of the calculation of technical provisions

This certificate is provided for the purpose of Section 225(1) of the Pensions Act 2004 and Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **Church Workers' Pension Fund**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 December 2013 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the trustee of the scheme and set out in the Statement of Funding Principles dated 31 March 2015.

Signature: 

Date: 31 March 2015

Name: Aaron Punwani

Qualification: FIA

Address: 95 Wigmore Street
London
W1U 1DQ

Name of employer: Lane Clark & Peacock LLP

3048938

Page 1 of 2

Actuary's certification of schedule of contributions

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme The Church Workers' Pension Fund

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2013 to be met by the end of the period specified in the recovery plan dated 31 March 2015.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 31 March 2015.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:  Date: 31 March 2015

Name: Aaron Punwani

Qualification: FIA

Address: 95 Wigmore Street
London W1U 1DQ

Name of employer: Lane Clark & Peacock LLP
(if applicable)

Notes not forming part of the certification

In giving the above opinion I have interpreted the phrase "could have been expected to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the trustees' funding assumptions as set out in their statement of funding principles dated 31 March 2015 and their Recovery Plan dated 31 March 2015 and without any further allowance for adverse contingencies that may arise in the future. My opinion does not necessarily hold in any other scenarios.

3048938

Page 2 of 2

Furthermore, I have taken no account of either adverse or beneficial outcomes that have become known to me since the effective date of the valuation. However, I have taken account of contributions that are payable to the Scheme between the effective date of the valuation and the date that I have certified this Schedule as documented in the Schedules of Contributions dated 16 December 2014.



2218473

Page 1 of 1

Actuary's certification of the calculation of technical provisions

This certificate is provided for the purpose of Section 225(1) of the Pensions Act 2004 and Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **Church Administrators Pension Fund**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 December 2011 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the trustee of the Fund and set out in the Statement of Funding Principles dated 25 March 2013.

Signature:

Date: 26 March 2013

Name: Aaron Punwani

Qualification: FIA

Address: 30 Old Burlington Street
London
W1S 3NN

Name of employer: Lane Clark & Peacock LLP

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Lane Clark & Peacock LLP Trustee Consulting Investment Consulting Corporate Consulting Insurance Consulting Business Analytics

2218482

Actuary's certification of schedule of contributions

Page 1 of 2

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Church Administrators Pension Fund

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2011 to be met by the end of the period specified in the recovery plan dated 25 March 2013.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 25 March 2013.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:  Date: 26 March 2013

Name: Aaron Punwani

Qualification: FIA

Address: 30 Old Burlington Street
London
W1S 3NN

Name of employer: Lane Clark & Peacock LLP

2218482

Notes not forming part of the certification

Page 2 of 2

In giving the above opinion I have interpreted the phrase "could have been expected to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the trustee's funding assumptions as set out in their statement of funding principles dated 25 March 2013 and their Recovery Plan dated 25 March 2013 and without any further allowance for adverse contingencies that may arise in the future. My opinion does not necessarily hold in any other scenarios.

Furthermore, I have taken no account of either adverse or beneficial outcomes that have become known to me since the effective date of the valuation. However, I have taken account of contributions that are payable to the Scheme between the effective date of the valuation and the date that I have certified this Schedule as documented in the Schedule of Contributions dated 26 March 2010.

Appendix Two

Board Policies

Ethical Investment Policy of the National Church Institutions

The Church of England has three National Investing Bodies (NIBs): the Church Commissioners for England, the CBF Church of England Funds and the Church of England Pensions Board. The NIBs are asset owners who invest on behalf of a large number of beneficiaries. The way in which they invest forms an integral part of the Church of England's witness and mission.

The NIBs receive advice and support on ethical investment from the Church's Ethical Investment Advisory Group (EIAG). The purpose of the EIAG is to enable the NIBs to act as distinctively Christian – and Anglican – institutional investors. The EIAG develops ethical investment policy recommendations which, once agreed by the NIBs, are adopted by them, communicated to the wider Church and implemented.

The EIAG consists of representatives of the NIBs, General Synod, the Archbishops' Council and the Mission and Public Affairs Council, and certain co-opted members. Legal responsibility for all investment decisions rests solely with the NIBs.

The NIBs' ethical investment policy embraces stewardship, engagement and investment exclusions.

Stewardship

The NIBs operate within the legal framework for investment by charities and pension funds. They owe certain fiduciary and other duties to their beneficiaries. Christian stewardship provides the context within which and informs the manner in which these duties are performed.

The NIBs are signatories to the UK Stewardship Code which encourages institutional investors to act as good stewards of their equity investments through active ownership (monitoring, engagement and voting).

The NIBs are signatories to the United Nations Principles for Responsible Investment (PRI) under which institutional investors pledge to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes, and to be active owners, across all asset classes.

The NIBs recognise climate change as a distinct ethical investment issue and invest in line with a climate change policy.

Engagement

The EIAG provides support to the NIBs on engagement with companies in which they are invested, including voting at shareholder meetings.

The NIBs expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness

with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice. The EIAG engages with investee companies to seek improvement in ethical standards in these areas.

There are specific policies on Executive Remuneration and Business and Engagement. From time to time, policies, papers and reports are also published to inform engagement on individual environmental and social issues.

Investment exclusions

The NIBs do not wish directly to profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions is therefore maintained.

The EIAG may, exceptionally, recommend exclusion from investment of any individual company in any line of business on ethical grounds - normally if, after sustained dialogue, the company does not respond positively to EIAG concerns about its practices. In such cases the NIBs will determine individually whether to disinvest if they hold securities issued by the company. The EIAG and NIBs expect a recognition of responsibility and a resolve to improve, rather than perfection.

Environmental policy of the National Church Institutions

The whole of creation belongs to God. As human beings we are part of the whole and have a responsibility to love and care for what God has entrusted to us as temporary tenants of the planet. We are called to conserve its complex and fragile ecology, while recognising the need for responsible and sustainable development and the pursuit of social justice.

Therefore we, the National Church Institutions, with our wide-ranging involvement in issues that have an environmental and ethical dimension, accept an obligation to set an example in the way we conduct our business.

We commit ourselves to assessing the environmental impact of all our activities and to considering, within our trusteeship obligations, ways in which to minimise and mitigate any environmental damage they may cause.

Health and Safety

Together with the other National Church Institutions with whom we are a common employer, we have duties under the Health and Safety at Work Act 1974 and associated legislation to protect the wellbeing of our staff and others affected by our work.

We are committed to achieving high standards of occupational health and safety management both to meet the legal requirements and in the interests of our organisations. People are vital to the organisation and the effective management of occupational health and safety leading to fewer accidents and less sickness absence is an investment, which helps us achieve our purpose.

We consider that occupational health and safety are a management responsibility of equal importance to productivity and quality and fully accept our moral and legal duties to provide a healthy and safe working environment for all our staff.

Equal Opportunities

The National Church Institutions are committed to being an equal opportunities employer and ensuring that all employees, job applicants, customers and other persons with whom we deal are treated fairly and are not subjected to discrimination. We acknowledge that our employees form one community, using their diverse cultures and talents to serve the objectives and purposes of the Church of England.

The values of our organisations are rooted in those of the Church of England and of Christianity more generally. In serving the Church, we seek to preserve a Christian ethos within our organisations without, save for certain posts, requiring that individual members of staff have a particular religious affiliation. We are committed to respecting the dignity and worth of each individual and fostering a climate of tolerance and diversity. These are an integral part of our Christian ethos.

Against that background, our policy is designed to ensure that current and potential employees are offered the same opportunities regardless of their ethnic background, creed or religion (except where it is necessary for us to employ people who are Christian/Anglican or who are in Holy Orders), nationality, ethnic origin, age, gender, sexual orientation, marital status, domestic circumstances, disability or any other characteristic unrelated to the performance of the job. We seek to ensure that no one suffers as a result of discrimination, either directly or indirectly. We recognise that an effective equal opportunities policy will help all staff to develop to their full potential, which is clearly in the best interests of both our staff and our organisational objectives. We want to ensure that we not only observe the relevant legislation but also do whatever is necessary to provide genuine equality of opportunity. We will continue to provide training to all staff in respect of equal opportunities, racial awareness and diversity.

We expect all of our employees to be treated and to treat others with respect. Our aim is to provide a working environment free from harassment, intimidation, or discrimination in any form which may affect the dignity of the individual.

We further recognise the benefits of employing individuals from a range of backgrounds as this creates a workforce where creativity and valuing difference in others thrives. We value the wealth of experience within the community in which we operate and which we serve and aspire to have a workforce that reflects this.

Appendix Three

Board and Committee Members, the Executive Team and Advisers

Board Members (1 January 2014 to 29 June 2015)

<i>Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York</i>	<i>Elected by the House of Bishops of the General Synod</i>
Dr Jonathan Spencer CB (Chairman)	The Rt Revd Richard Blackburn, Bishop of Warrington (to February 2015)
<i>Appointed by the Archbishops of Canterbury and York</i>	The Rt Revd Alan Wilson, Bishop of Buckingham (from 1 June 2015)
Roger Mountford	
<i>Appointed by the Archbishops of Canterbury and York after consultation with the representatives of the dioceses</i>	<i>Elected by the House of Clergy of the General Synod</i>
Canon David Froude ACIB	The Revd Fr Paul Benfield
<i>Appointed by the Church Commissioners</i>	The Revd Paul Boughton ACA
Jeremy Clack FIA	The Revd Nigel Bourne
<i>Elected by the Employers participating in the Church Workers Pension Fund and the Church Administrators Pension Fund</i>	The Revd Canon Ian Gooding
Clive Hawkins (Deputy Vice Chairman)	<i>Elected by the House of Laity of the General Synod</i>
Canon Sandra Newton (Vice Chairman)	Simon Baynes
<i>Elected by the members of the Church Workers Pension Fund</i>	Jane Bisson
Ian Boothroyd	Dr Graham Campbell FCA
Ian Clark	Nicolete Fisher
	Alan Fletcher FCII
	Brian Wilson FIA
	<i>Elected by the members of the Church Administrators Pension Fund</i>
	John Ferguson

Executive Team

Chief Executive	Bernadette Kenny
Executive Team	Paul Burrage (Accounting Services)
	Michael Cole (Risk Management and Internal Audit)
	Peter Dickinson (Pensions)
	Linda Ferguson (Customer Insight and Strategy)
	Pierre Jameson (Investments)
	Lee Marshall (Chief of Staff)
	Loraine Miller (Housing)
	Ian Theodoreson (Chief Financial Officer)

Committee Members

Audit and Risk Committee

Canon David Froude ACIB (Chairman)
James Archer ACA
Jane Bisson
Ian Clark
David Hunt FCA
The Revd Paul Boughton ACA

Investment Committee

Clive Hawkins (Chairman)
Simon Baynes
The Revd Paul Boughton ACA
Jeremy Clack FIA
Debbie Clarke (to May 2015)
Alan Fletcher FCII
Roger Mountford
Peter Parker TD DIA (co-opted)
Mark Powell (to May 2015)

Housing Committee

Alan Fletcher FCII (Chairman)
James Berrington (co-opted from 1 April 2014)
The Revd Nigel Bourne
John Ferguson (to 31 December 2014)
Nicolette Fisher (from 1 April 2014)
Jeremy Gray (co-opted from 1 April 2014)
Canon Ian Gooding
Jon Head (co-opted)
Canon Sandra Newton
Henrietta Podd (co-opted from 1 April 2014)

Pensions Committee

Roger Mountford (Chairman)
The Revd Fr Paul Benfield
Ian Boothroyd (from 1 January 2015)
Ian Clark
John Ferguson
Canon Sandra Newton
Ben Preece-Smith (co-opted from 17 March 2015)
Brian Wilson FIA

The Board's Chairman, Vice Chairman and Deputy Vice Chairman are ex-officio members of the Housing, Investment and Pensions Committees.

Professional Advisers

Actuaries

Auditors

Bankers

Corporate Finance Advisers

Investment Advisers

Investment Custodians

Investment Managers – Charitable Funds

Investment Managers – Investment Fund and Pension Schemes

Lane Clark and Peacock LLP
PricewaterhouseCoopers LLP
Royal Bank of Scotland
TradeRisks Ltd
Mercer Ltd
Northern Trust Company Ltd
CCLA Investment Management Ltd
Cordea Savills Investment Management Ltd
Mayfair Capital Investment Management Ltd
Antin Infrastructure Partners
Arrowstreet Capital LP
Bridgewater Associates LP Ltd
CBRE Global Investors
Colchester Global Investors Ltd
Copper Rock Capital Partners LLC
Edinburgh Partners Ltd
First State Investments Fund Management S.à.r.l.
Insight Investment Management (Global) Ltd
Legal & General Assurance (Pensions Management) Ltd
Longview Partners
Northern Trust Global Investors
Trilogy Global Advisors LP
T Rowe Price International Ltd
Winton Capital Management Ltd