

A large, stylized orange cross logo is centered on the page. The cross is composed of four thick, slightly irregular bars that intersect in the center. The background is white with a subtle, light gray geometric pattern consisting of overlapping squares and circles.

# The Church of England Pensions Board Annual Report 2013

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Relevant sections of this report have been prepared in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and the accounts in accordance with regulations made under Sections 41(1) and (6) of the Pensions Act 1995

The Board is a Registered Charity No 236627. The Board's subsidiary, CEPB Mortgages Ltd, is registered with the Financial Conduct Authority No 441548

## In 2013 we ...



assisted over 35,000 people across more than 250 employers



managed funds in excess of £1.5 billion



provided housing to around 2,500 retired clergy households

## Purpose

*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

In 2013, we focused on the Church of England's retirement services for its clergy, both pensions and retirement housing.

During the year we concluded the 2012 valuation of our largest pension scheme: the Church of England Funded Pension Scheme. This scheme provides pensions and associated benefits for clergy and others in stipendiary ministry, for service accrued from January 1998. Service prior to that date is funded by the Church Commissioners.

As part of the valuation exercise, we spent time with our colleagues in the dioceses and others, testing and discussing the range of options and choices which the Board could adopt.

We were pleased that the deficit on the Scheme rose only slightly to £293m and that it was, therefore, not necessary to recommend to the General Synod any changes to the benefits package offered to clergy. The funding level for the Scheme improved significantly, and we are on track to eliminate the deficit over the next decade.

At a fringe meeting of the General Synod in July, we launched a formal consultation into the way the rental section of CHARM housing scheme should be delivered. This was the first major review since the scheme was started in 1983. It is an important part of our service, currently providing rental housing to around 1,200 retired clergy households. We received a large number of responses to the consultation both from existing customers and those who may use the service when they retire. The Board and its Housing Committee is considering all the responses, and will make decisions on the future shape of CHARM rental during 2014.

Church employers have faced a new challenge as a result of a provision in the Pensions Act 2008. Under the legislation, not only do they need to provide a pension for their staff but it also has to comply with the "auto-enrolment" requirements. Whilst the majority of our schemes met the requirements, the Pensions Builder Section of the Church Workers Pensions Fund (CWPF) did not. During the year, we have been working with employers who participate in that section of the CWPF to produce a suitable alternative solution to offer their staff. Revised arrangements are now in place.

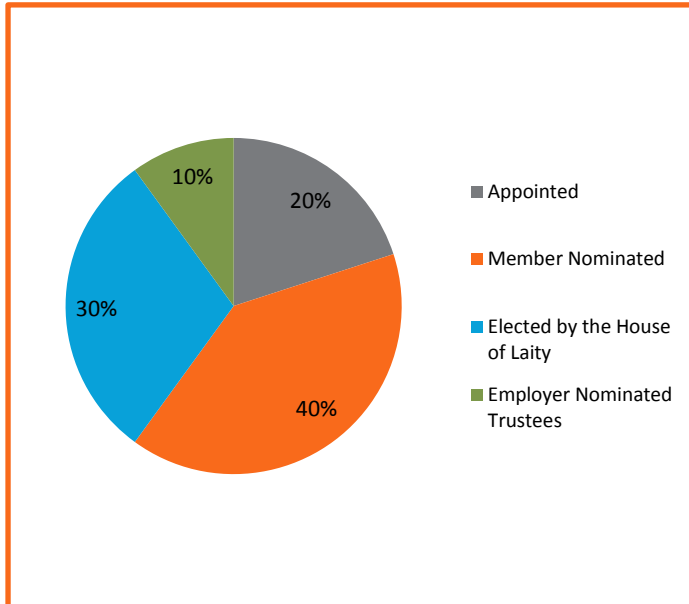
In the course of 2013, we said farewell to several members who had served on the Board. Bishop David Walker stepped down early in the year when he was asked to chair the Archbishops' Council's Remuneration and Conditions of Service Committee; Bishop Peter Hancock and James Archer left us at the end of their terms of appointment.

In 2014, our focus will include implementing any changes the Board decides to make to the CHARM rental scheme following consideration of responses to the consultation, and carrying out the actuarial valuation of the CWPF. Through both of these areas of work we will be mindful of our vision, to deliver a professional, high quality and efficient service to our customers, respecting their needs and importantly, the needs of those who provide us with the money to do this.

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 for a six-year term by the employers and members of the pension schemes, and by members of the General Synod. 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.

### 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.

Regular training sessions are provided at Board meetings on a range of subject areas.

During 2013 the Board held its fourth residential meeting. The event, held at Hartsfield Manor, Betchworth, provided members with an opportunity to examine in detail the challenges facing particular areas of their work and set priorities for the Executive Team. They also benefited from learning from each other and members of the executive.

At its residential meeting, the Board considered the themes emerging from the trustee effectiveness programme which had been conducted over the previous two years, as well as taking an in depth look at the services offered to clergy upon retirement – both housing and pensions.





The majority of members of the Board have completed either fully or partially the Pensions Regulator's Trustee Toolkit, or an equivalent qualification.

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

During 2013, we said farewell to James Archer, who had served the Board for four years including service on the Audit and Risk Committee, and the Rt Revd Peter Hancock who had been elected by the House of Bishops to serve the remainder of Bishop David Walker's term. Bishop David had stepped down in early 2013 upon his appointment as Chairman of the Archbishops' Council's Remuneration and Conditions of Service Committee (RACSC). He had joined the Board in July 2006, and during his term, had served both as the Board's Vice Chairman and Chairman of the Housing Committee.

Three co-opted members of committees stepped down during the year: Helen Simmons from the Audit and Risk Committee, Ian Bate from the Housing Committee, and Graham Shorter from the Pensions Committee. Early in 2014, we co-opted James Berrington, Jeremy Gray and Henrietta Podd to serve on the Housing Committee.

Two members stood for re-election by their various constituencies at the end of 2013 and were re-elected. These were Ian Clark and Alan Fletcher. In addition, Ian Boothroyd was elected by CWPF members, Nicolette Fisher by the House of Laity, and Rt Revd Richard Blackburn by the House of Bishops to serve on the Board. All were elected for a six-year term from 1 January 2014.

## 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 2013, it met four times.

The **Housing Committee**, chaired by the Rt Rev David Walker until the start of 2013 when Alan Fletcher succeeded him, oversees the strategic direction of the CHARM housing scheme and the supported housing schemes. In 2013 it met four times. Early in 2013 it held its first residential strategic review meeting.

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 2013 it met six 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 2013 it met five times.



## Trustees

The names of members of the Board for the period 1 January 2013 to 19 June 2014 are set out at the back of this report. The Board met six times throughout 2013, including a residential session. Members' attendance at Board and Committee meetings during 2013 is shown below.

	Board (6)	Audit & Risk (4)	Housing (4)	Investment (6)	Pensions (5)
<b>Board Members</b>					
Dr Jonathan Spencer	6	1	3	1	5
The Rt Rev David Walker	1 of 1		1 of 1		
Canon Sandra Newton	5		4		4
Clive Hawkins	5			6	
James Archer	6	4			
Simon Baynes	5			6	
The Revd Fr Paul Benfield	4				5
Jane Bisson	5	4			
The Revd Paul Boughton	6			6	
The Revd Nigel Bourne	6		3		
Dr Graham Campbell	6				
Jeremy Clack	6			2 of 2	
Ian Clark	6	4		6	5
John Ferguson	6		3		5
Alan Fletcher	6		4	6	
Canon David Froude	6	4			
The Revd Canon Ian Gooding	6		2 of 3		
The Rt Revd Peter Hancock	4 of 5				
Roger Mountford	5			2	5
Brian Wilson	5				5
<b>Co-opted Members</b>					
Ian Bate			0		
Debbie Clarke				4	
Jon Head			4		
David Hunt		3			
Peter Parker				5	
Mark Powell				4	
Graham Shorter					2 of 3
Helen Simmons		3			

## Risk Management

The Church of England Pensions Board is committed to embedding risk management good practice into its day to day operations. To assist in the achievement of this objective the Board has agreed a risk management policy.

Given the Board's role in administering pensions, housing and retirement homes for those who have retired from the Church of England and their dependants, it is important that its ability to deliver efficient and effective services is not compromised by significant adverse events occurring.

Key risks are identified according to the Board's strategic objectives. These are reviewed by the Board in addition to the high value residual operational risks.

Risks are graded by likelihood and impact; remedial and mitigation measures are set out, and the resulting residual risk assessed. Mitigation measures can include communication strategies, benchmarking of performance, customer surveys and research, training and review of governance structures, and the development and implementation of efficiency targets. Where mitigation does not bring the risk down to a low ranking, consideration is given as to what action can be taken, if any. Risks are assigned to senior staff to manage.

The Board, the Audit and Risk Committee and the Executive Team, monitor on a regular basis the strategic risk register and any movements in the scoring arising from actions taken both within the organisation or arising externally.

We regularly review the appointment of our professional advisers.

***“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 57 at the end of the year (60 at the end of 2012). In addition we employ 124 full and part-time staff (142 at the end of 2012) at our supported housing schemes, including managers, nurses, activities staff and gardeners. We draw on shared services such as information technology, records management and financial accounting provided by the Church Commissioners, and legal, communications and human resources provided by the Archbishops’ Council. The Board manages the Internal Audit shared service.

A survey of the staff was carried out during the year as to their views on working within the National Church Institutions. Following the survey, the Executive Team drew up a plan to address particular issues which had been raised.

After 25 years’ service, Sally Cornforth, the Legacies and Appeals Officer, left the staff in early 2014.

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, use SAP as their shared financial platform. The system also underpins the work carried out by our Housing Department where it is used as the main property database and management system. The Pensions Department uses Universal Pensions Management as its administration system.

During 2013, a working group reviewed the IT systems throughout Church House, and concluded that the NCIs needed to invest significantly in reliable, resilient IT infrastructure. Work will begin in 2014 to deliver a phased approach of investment and change across the NCIs.

## Investments

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

The Board administers a number of pension schemes and 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 funds, the Board operates a “Return Seeking” pool, comprising equities, property unit trusts, Global Tactical Asset Allocation (GTAA) funds, infrastructure, 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.

2013 was a year of very good returns for equities, with only emerging markets posting a disappointing performance. Major fixed interest markets were flat over the year, as they were in 2012.

### The Return Seeking Pool

#### Investment management

Most of our investment activity in 2013 was focused on the Return Seeking Pool.

We increased our allocation to property, managed by CBRE, in the spring and at the same time moved the portfolio’s balance to be 50:50 between UK property and overseas property. Property will make up 10% of the Return Seeking Pool once the new commitment has been drawn down by CBRE.

We continued our work on infrastructure and made a commitment to a second manager, Antin Infrastructure Partners. We reviewed our plans for the asset class again, and decided to focus on just two managers, rather than three. Once the commitments we have made are drawn, we will have allocated 8% of the Return Seeking Pool to Infrastructure.

We allocated 8% of the Return Seeking Pool between two new ‘high conviction’ equity mandates, moving the funds from actively managed global equity. The new mandates, which are managed by Edinburgh Partners and Longview Partners, seek high returns from conventional large cap equities by taking relatively concentrated portfolio positions.

Investigating emerging market debt and other forms of debt investment (referred to as ‘credit’ in our asset allocation target) for the Return Seeking Pool took up a lot of our time in 2013, but with the onset of the Federal Reserve tightening, or at least ‘tapering’, of US monetary policy towards the middle of the year, we felt we would hold back from investing. We will continue to follow the asset class in 2014.

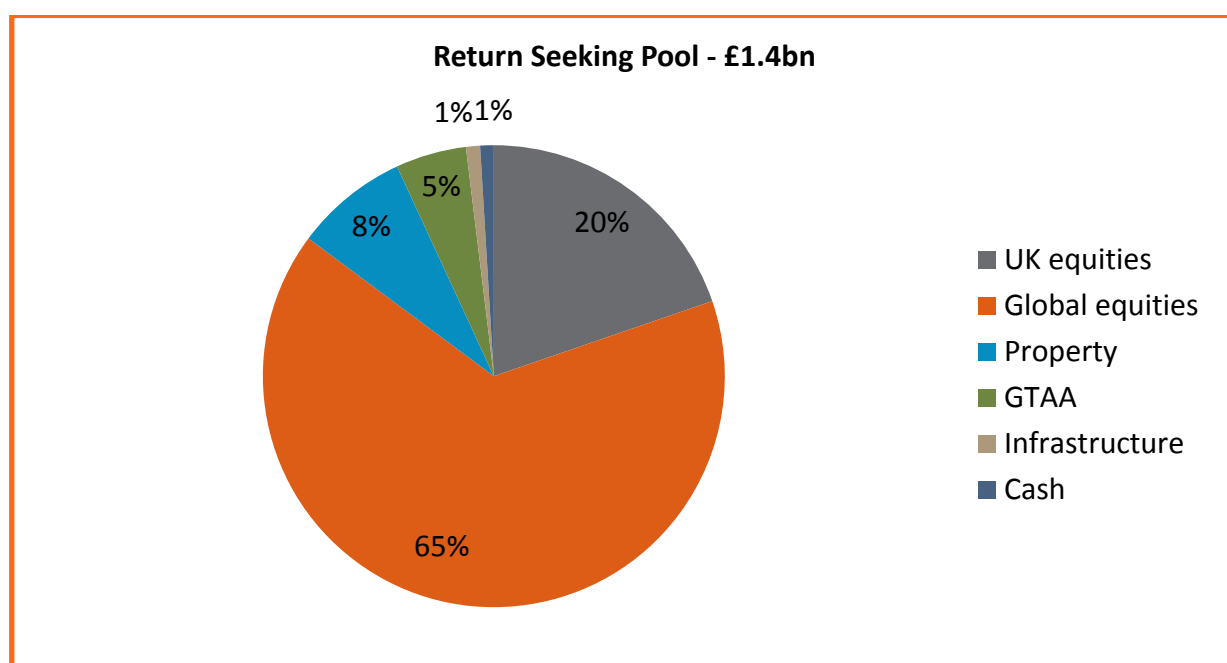
We tidied up our GTAA allocation mid-way through the year, redeeming the investment in one fund that had failed to perform and reallocating the proceeds between our other two investments in this area.

We terminated the global equity mandate managed by RCM, which had accounted for around 20% of the Return Seeking Pool's assets, and reallocated the proceeds between the high conviction mandates mentioned above and the global equity tracker managed by Legal & General.

At the end of December 2013 the management of the Pool was split between 13 managers:

- 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
- 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

At the year end, the asset mix in the Return Seeking Pool was as set out below:



## Investment Performance

The longer term returns to 31 December 2013 from the broad asset classes invested in by the Return Seeking Pool are set out below. The comparison is made with the benchmarks used to

monitor the Board's managers. The returns are quoted after the deduction of fund management fees.

	1 year % pa	3 years % pa	5 years % pa	10 years % pa
<b>Return Seeking Asset Pool return</b>	<b>18.6</b>	<b>8.5</b>	<b>11.2</b>	<b>7.1</b>
<i>Pool benchmark (consolidation of manager benchmarks)</i>	17.6	7.5	11.1	7.8
<i>RPI + 3% - comparator</i>	5.7	6.5	6.5	6.3
<b>UK Equities</b>	<b>20.7</b>	<b>8.2</b>	<b>13.4</b>	<b>7.5</b>
<i>UK Equity benchmark (ethically adjusted)</i>	20.9	8.1	13.5	8.2
<b>Non-UK Equities (hedged from 2010)</b>	<b>23.0</b>	<b>10.2</b>	<b>11.0</b>	<b>7.5</b>
<i>Consolidated non-UK Equity benchmark (not ethically adjusted)</i>	20.7	8.0	11.4	8.7
<b>Property</b>	<b>9.8</b>	<b>6.4</b>	<b>5.7</b>	-
<i>Consolidated Property benchmark</i>	9.2	5.7	4.9	-
<b>Global Tactical Asset Allocation</b>	<b>5.1</b>	-	-	-
<i>3 month UK LIBOR</i>	0.5	-	-	-
<b>Infrastructure</b>	<b>10.2</b>	-	-	-
<i>European CPI + 5%</i>	6.4	-	-	-

The Pool generated a return of 18.6% over the year, which was 1.0% better than the consolidated return of the individual benchmarks used to monitor its managers. The Pool's good relative returns over the last three years now put it ahead of its consolidated benchmarks for all but the rolling 10 year period. The Return Seeking Pool's returns relative to the Board's broad target of RPI+3% continue to improve, and they are now comfortably ahead over all time frames.

The Board's equities returned 22.5% over the year and we have benefitted from our overseas bias, with our UK equity tracker, with its 20.7% return, beaten by the MSCI World Index tracker with a 24.4% return. Emerging market equities have been disappointing, losing 6.1% over the year, but the allocation to global small cap equity has worked very well indeed, and returning 37.7% in 2013.

In comparison, returns from other asset classes are bound to look a little lacklustre, but over the year our property has returned 9.8%, infrastructure 10.2% and GTAA 5.1%, which are still good figures, particularly as these asset classes are less volatile than equities.

The Board is fully committed to its ethical policies, which are described elsewhere in this report. The effect on equity returns of our ethical restrictions was very small over 2013. For example, the return on the MSCI World Index was 21.8% over 2013, but that basket of stocks excluding the companies restricted because of the Board's ethical policies returned 21.7% for the same period.

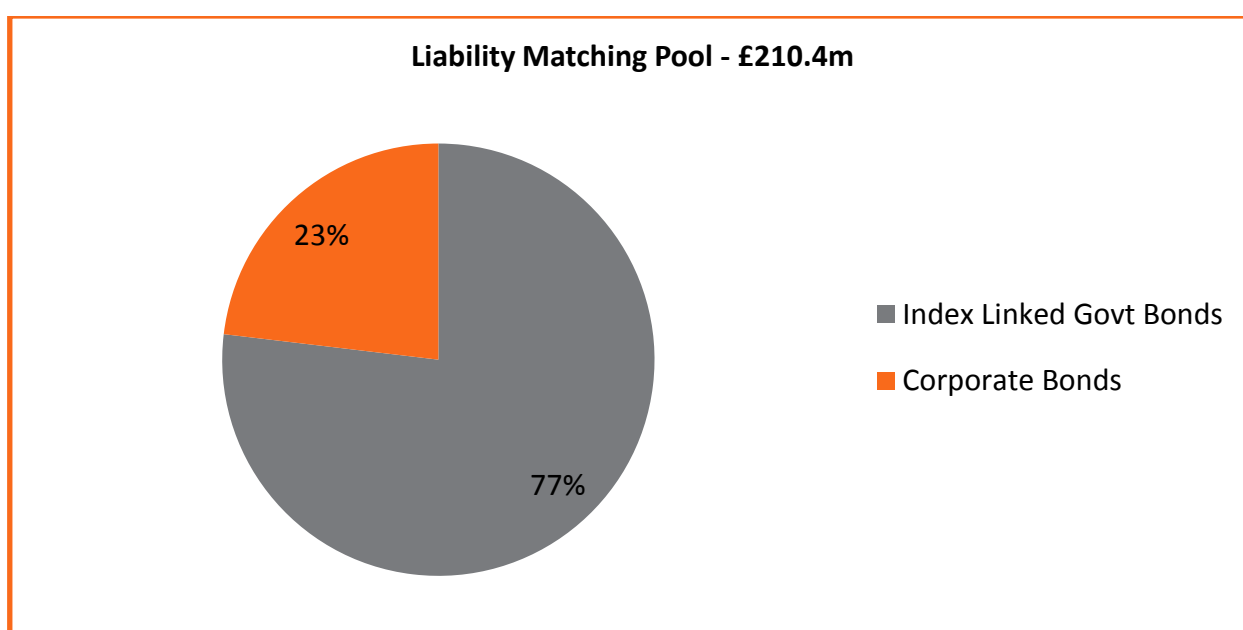
The benchmarks of the Board's segregated mandates have been set to take its ethical policies into account where this has been possible. In any case, though, the managers of the segregated accounts will not hold stocks that are restricted from investment by the Board's ethical policies.

## Liability Matching Pool

The Liability Matching Pool, which is solely managed by Insight, returned 0.6% over 2013, which was 0.1% ahead of its benchmark.

Concerned by the historically high valuations of UK gilts, the Board made an allocation to corporate bonds for the Pool during 2012 and a further small allocation was made during 2013. No index-linked gilts were bought during the year.

The Pool's asset mix at the year end was as set out below:



The Pool's longer term returns to 31 December 2013, after the deduction of fund management fees, are set out below:

	1 year % pa	3 years % pa	5 years % pa	10 years % pa
<b>Liability Matching Pool return</b>	<b>0.6</b>	<b>7.6</b>	<b>8.2</b>	<b>8.5</b>
<i>Pool benchmark (FTSE UK Government Over 5-Year Index-Linked Gilt Index)</i>	<i>0.5</i>	<i>7.6</i>	<i>7.5</i>	<i>7.7</i>

## 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 which relates to pensioner liabilities. 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 (PBS)*

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

*Specifically:*

*25% of the PBS 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 holding of cash on deposit. The latter is sufficient to provide for a further 16 months of benefit payments (from January 2014).

### **Statement of Investment Principles**

A new Statement of Investment Principles (SIP) and associated documents were approved by the Board on 29 January 2014. The SIP covers the pension funds for which the Board is corporate trustee as well as for the common investment fund. 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 2013 these fees (including those charged by Northern Trust as custodian) were £4m. This equated to 0.3% of the average value of the funds under management.

## Ethical Investment

The Pension Board is an ethical investor. The way it invests forms an integral part of the Church of England's witness and mission. Its policy and practice is shaped by expert advice from the Church's Ethical Investment Advisory Group (EIAG), which is an independent body sponsored by the three national investing bodies of the Church of England. In all areas of investment, we seek to avoid profiting from, or providing capital to, activities that are materially inconsistent with Christian values. Ethical investment, however, is not just about what we do not invest in. It is as much, if not more, about how we do invest. 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

### *2013 highlights*

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

- Voted on 26,979 resolutions at 2,308 company meetings globally
- Advocated reform of executive remuneration, supporting only 30% of UK remuneration reports at company AGMs (excluding investment trusts and investment companies)
- Held engagement meetings with 42 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
- Pressed for responsible alcohol marketing and retailing under its new alcohol policy, achieving engagement successes with all three major UK-listed supermarkets - Tesco, Sainsbury's and Morrisons - who issued new alcohol policy statements in 2013 acknowledging the harm that alcohol misuse causes

### *Ethical investment agenda 2014*

In 2014, the EIAG will continue to focus on its major review of its policy recommendations on climate change and investment.

The implementation of the alcohol policy agreed by the Board in 2011 will also remain a high priority. The Board will receive recommendations from the EIAG on which UK-listed companies should, and should not, be eligible for investment under the new policy.

Finally, the Board will receive advice from the EIAG about the use of pooled funds. There are some asset classes and investment strategies in which the Board cannot invest directly in underlying assets. In these circumstances we use pooled funds and, as one investor among many, we are unable to insist upon adherence to our ethical investment policies. We therefore take advice from EIAG on how to assess the ethical suitability of pooled funds, monitor them, and control their overall use in our portfolio. The great majority of our portfolio comprises direct investments, not pooled funds.

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.

The responsible investment work of Church of England Pensions Board, Church Commissioners and EIAG was recognised in 2013 when the Church of England was nominated for Best Responsible Investment Report for a medium and small pension fund by Responsible Investor.

## 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 preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable towards each Pension Fund by or on behalf of the employer and the active members of the 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 Funds and for monitoring whether contributions are made to the Pension Funds by the employer in accordance with the schedule of contributions. 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

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 households



### **Shared Ownership**

Assisting around 120 households

In 2013, 8 new properties acquired at a cost of £0.7m



### **Rental Property**

Assisting around 1,200 households

In 2013, 61 new properties acquired at a cost of £12m



### **Supported Living**

Assisting around 250 people in seven  
Christian retirement communities



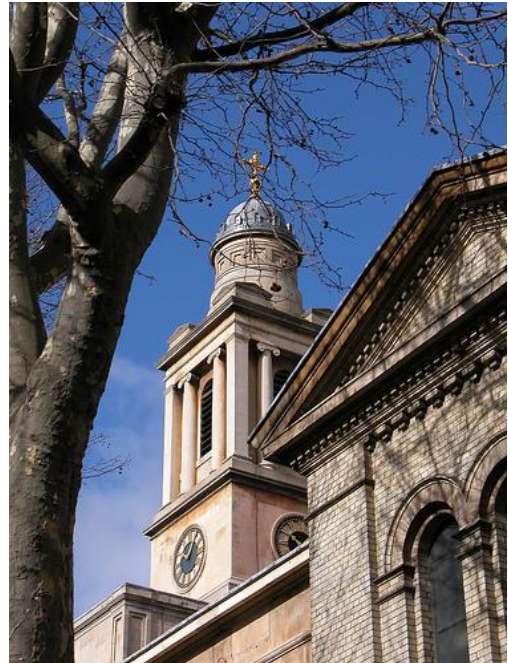
## Public Benefit

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

Imagine that when you retire, you have to leave the home where you have lived for several years. Now imagine that in addition to this you have to leave the community too – you can't move to the next street or close by. You have played a pivotal and central role in the community, and this is now ending.

How would you feel?

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 who on retirement 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
- 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 Manorhead 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 2014, 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 2013 was £3.77m.

Information on eligibility and access to the housing scheme is available on our website, [www.cepb.org.uk](http://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.

	2013	2012
Number of new properties	8	16
Board’s total capital contribution	£0.72m	£1.54m
Average capital contribution	£89,700	£96,500

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 2.6% per annum from 1 April 2013.

## 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 61 properties were purchased in 2013.

	2013	2012
Number of new properties	61	57
Total Purchase Price	£12.0m	£10.6m
Average Purchase Price	£195,967	£186,825

Stock condition surveys carried out by Sanctuary Housing Association 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 been planned and are taking place.



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.

During 2013, we undertook a consultation into proposed changes to the CHARM rental offer. We received a large number of responses and expect to announce changes in July 2014.

## 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. 10 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. 978 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. Throughout 2013, we continued to focus on this and have approved some operational changes at Dulverton Hall. These changes transferred emergency cover to a local specialised call centre rather than have staff sleeping on-site each night.

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 2013 these amounted to £0.6m (£1.2m in 2012).



## 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 Manorhead 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, contributes £3.77m to the provision of retirement housing.

The charitable funds hold investments of £37.2m, the majority of which is invested in the CBF Church of England Funds. The Investment Committee maintains a watching brief to ensure that this money is appropriately invested. Detailed information on the performance of these funds is set out on the following page. Total investment income for the year was £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 2013 these amounted to £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.

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Donations from parishes and individuals	100	109
Charitable trusts	104	90
Legacies	356	454
<b>Total</b>	<b>560</b>	<b>653</b>

In particular, the Board would like to thank the following for their generous support -

- the Home of Devenish for its continued support and other trusts who have asked to remain anonymous; and,
- the estates of the late Miss Mildred Caulfield, Miss Joan Tate, Mrs Mary Higgins, and the Reverend Guy Gold.

## Investments

The Board's charitable funds are managed by CCLA Investment Management through holdings in the CBF Church of England Investment Fund for Pensions, which is a common investment fund established by the Church Funds Measure 1958.

The CBF Investment Fund for Pensions is well diversified and aims through active management to generate capital appreciation and rising income over time.

Performance is reported in relation to a composite benchmark, which is 45% FTSE All-Share, 30% FTSE World ex-UK, 5% IPD All Properties, 15% FTSE UK Government All Stocks, and 5% 1 Month LIBOR.



The performance to the end of December 2013 of the CBF Investment Fund is set out in the table below:

	Value £m	1 year % pa	3 years % pa	5 years % pa
CBF Investment Fund	36.2	17.3	10.2	11.6
Composite benchmark		16.9	8.7	12.2

In addition, the Board holds a number of investment properties which are valued at £1.0m. These were revalued at 31 December 2013.

## 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 £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 (£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:

- 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 clergy
- land and buildings and investments held in trusts

A further £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 £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***

#### **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 2013 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 2013;
- 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.

## **Independent auditors' report to the Church of England Pensions Board and the General Synod of the Church of England (continued)**

### ***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 a body 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  
19 June 2014

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 for the year ended 31 December 2013

Notes	2013					2012
	Unrestricted			Restricted funds	Total	Total
	CHARM	Other charitable	Total unrestricted			
	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	2	-	560	-	560	653
Investment income	3	-	1,517	-	1,517	1,440
Total incoming resources from generated funds		-	2,077	-	2,077	2,093
<b>Incoming resources from charitable activities</b>						
Grants receivable	4	3,786	-	-	3,786	3,726
Contributions from residents and mortgagees	5	9,631	2,354	2,701	14,686	13,780
Total incoming resources from charitable activities		13,417	2,354	2,701	18,472	17,506
<b>Other incoming resources</b>						
Gains on disposal of fixed assets held for the Charity's own use		-	2,270	-	2,270	1,577
Exceptional item	20	-	-	-	-	(776)
Total other incoming resources		-	2,270	-	2,270	801
<b>TOTAL INCOMING RESOURCES</b>		<b>13,417</b>	<b>6,701</b>	<b>2,701</b>	<b>22,819</b>	<b>20,400</b>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Costs of generating voluntary income	6	-	(90)	-	(90)	(89)
Investment management costs	6	-	(11)	-	(11)	(14)
Total costs of generating funds		-	(101)	-	(101)	(103)
<b>Charitable activities</b>						
Grants payable	7	-	(116)	-	(116)	(117)
Housing costs	8	(16,574)	(3,088)	(2,455)	(22,117)	(19,349)
Total charitable activities		(16,574)	(3,204)	(2,455)	(22,233)	(19,466)
Governance costs	10	-	(212)	-	(212)	(211)
<b>TOTAL RESOURCES EXPENDED</b>		<b>(16,574)</b>	<b>(3,517)</b>	<b>(2,455)</b>	<b>(22,546)</b>	<b>(19,780)</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		<b>(3,157)</b>	<b>3,184</b>	<b>27</b>	<b>273</b>	<b>620</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Gains on revaluation of fixed assets for the Charity's own use	14		1,879	-	1,879	-
Gains/(losses) on revaluation of investment assets	13		4,486	-	4,486	2,817
Total other recognised gains and losses			6,365	-	6,365	2,817
<b>NET MOVEMENT IN FUNDS</b>			<b>6,392</b>	<b>246</b>	<b>6,638</b>	<b>3,437</b>
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward at 1 January			105,365	295	105,660	102,223
Net movement in funds in year			6,392	246	6,638	3,437
<b>Total funds carried forward at 31 December</b>			<b>111,757</b>	<b>541</b>	<b>112,298</b>	<b>105,660</b>

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

### as at 31 December 2013

	Notes	Consolidated		Charity	
		2013	2012	2013	2012
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investment assets	13	37,184	32,670	37,184	32,670
Fixed assets	14	212,644	208,166	204,053	199,143
Total fixed assets		249,828	240,836	241,237	231,813
CURRENT ASSETS					
Debtors	15	940	1,121	9,613	9,869
Short term deposits		7,714	8,914	7,714	8,914
Cash at bank and in hand		2,486	2,506	2,404	2,243
Total current assets		11,140	12,541	19,731	21,026
LIABILITIES					
Creditors: amounts falling due within one year	16	(5,263)	(3,341)	(5,263)	(2,803)
Net current assets		5,877	9,200	14,468	18,223
Total assets less current liabilities		255,705	250,036	255,705	250,036
Creditors: amounts falling due after more than one year	16	(143,407)	(144,376)	(143,407)	(144,376)
NET ASSETS		112,298	105,660	112,298	105,660
FUNDS OF THE CHARITY					
Unrestricted funds					
General	17	35,577	31,487	35,577	31,487
Designated	17	76,180	73,878	76,180	73,878
Total unrestricted funds		111,757	105,365	111,757	105,365
Restricted funds	17	541	295	541	295
TOTAL FUNDS CARRIED FORWARD		112,298	105,660	112,298	105,660

These financial statements were approved by the trustees on 19 June 2014 and signed on their behalf by:

Dr Jonathan Spencer  
Chairman

## Consolidated cash flow statement for the year ended 31 December 2013

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

	Notes	2013 £'000	2012 £'000
<b>Net incoming resources before other gains and losses</b>		273	620
Add back:			
Depreciation charged of fixed assets	14	878	876
Exceptional item: increase in loan from Church Commissioners	20	-	1,052
Less:			
Exceptional item: increase in fixed assets	20	-	(660)
Gains on disposal of fixed assets held for the Charity's own use		(2,270)	(1,577)
Movement in debtors	15	181	(93)
Movement in creditors		2,037	(828)
<b>Net cash flow from operating activities</b>		<b>1,099</b>	<b>(610)</b>

### Cash flow statement

	Notes	2013 £'000	2012 £'000
<b>Net cash flow from operating activities</b>		1,099	(610)
Capital expenditure and financial investment:			
Fixed assets: CHARM additions	14	(12,672)	(12,186)
Fixed assets: CHARM sale proceeds		11,996	13,582
Fixed assets: supported housing additions		(505)	-
Fixed assets: other assets additions	14	(26)	(54)
Investment assets: additions	13	(28)	(2,000)
<b>Net cash flow relating to capital expenditure and financial investment</b>		<b>(1,235)</b>	<b>(658)</b>
<b>Cash flow before management of liquid resources and financing</b>		<b>(136)</b>	<b>(1,268)</b>
<b>Management of liquid resources</b>			
Cash in from short term deposits		1,200	762
<b>Net change in short term deposits</b>		<b>1,200</b>	<b>762</b>
<b>Financing</b>			
Cash paid to/received from Church Commissioners:			
Sales of CHARM properties		(7,584)	(10,468)
Loan from Santander	16	6,500	11,000
<b>Net cash flow from financing</b>		<b>(1,084)</b>	<b>532</b>
<b>Movement in cash</b>		<b>(20)</b>	<b>26</b>

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

	2013 £'000	2012 £'000
Movement in cash in the year	(20)	26
Cash movement from change in short term deposits	(1,200)	(762)
Movement in net funds in the year	(1,220)	(736)
Net cash and short term deposits at 1 January	11,420	12,156
Net cash and short term deposits at 31 December	<b>10,200</b>	<b>11,420</b>

### 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 2013	2,506	8,914	11,420
Movement in cash	(20)	(1,200)	(1,220)
At 31 December 2013	<b>2,486</b>	<b>7,714</b>	<b>10,200</b>

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 1. Accounting policies

#### a) Legal status

The Charitable Funds and Trusts of the Church of England Pensions Board ("the Board") is a registered charity, established by the Clergy Pensions Measure 1961, and registered as a charity in 1964.

#### 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 Charity and its subsidiary undertakings (CEPB Developments Ltd and CEPB Mortgages Ltd) for each year ended 31 December consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation.

The Board does not present its non-consolidated SOFA in these financial statements but provides a summary in note 21.

#### 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 2013

### 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 12. 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.

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 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. Until 31 December 2012 depreciation was charged on leasehold properties over the shorter of 100 years or the life of the lease. There is no effect from this change in accounting policy as the difference between the brought forward net book value and the cost is not material.

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).

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

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:

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

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 1. Accounting policies (continued)

#### 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.

#### 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 are not related parties as defined in the SORP or FRS 8. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements.

#### 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 and restricted funds is provided in note 17.

#### k) Exceptional items

The exceptional items in the previous year are non-recurring items within the normal scope of the Charity's ordinary activities that are material and unusual in nature. Such items are disclosed on a separate row within the activity to which they relate, in accordance with FRS 3: Reporting Financial Performance and the SORP. More detail is given in note 20.

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 2. Voluntary income

	2013 £'000	2012 £'000
Donations	204	199
Legacies	356	454
<b>Total</b>	<b>560</b>	<b>653</b>

### 3. Investment income

	2013 £'000	2012 £'000
Dividends receivable from investments	1,452	1,377
Rental income	28	41
Bank interest	37	22
<b>Total</b>	<b>1,517</b>	<b>1,440</b>

### 4. 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.

The Church Commissioners make contributions towards the Charity's grants payable to augment the income of those retired clergy and clergy widow(er)s whose income falls below a certain standard (see note 7).

	2013 £'000	2012 £'000
Grants from the Archbishops' Council	3,765	3,586
Grants from the Church Commissioners	-	96
Other grants	21	44
<b>Total</b>	<b>3,786</b>	<b>3,726</b>

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 5. Incoming resources from charitable activities

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.

	2013				2012	
	Unrestricted			Restricted funds	Total	Total
	CHARM	Other charitable	Total unrestricted			
	£'000	£'000	£'000	£'000	£'000	£'000
Rental properties	5,947	-	5,947	-	5,947	5,795
Mortgages	3,188	-	3,188	-	3,188	2,755
Shared ownership properties:						
rent	496	-	496	-	496	457
service charge	-	-	-	182	182	171
Supported housing schemes and nursing home fees	-	2,354	2,354	2,519	4,873	4,602
<b>Total</b>	<b>9,631</b>	<b>2,354</b>	<b>11,985</b>	<b>2,701</b>	<b>14,686</b>	<b>13,780</b>

### 6. Cost of generating funds

	Notes	2013 £'000	2012 £'000
Cost of generating voluntary income (support costs)	9	90	89
Investment management costs (direct costs)		11	14
<b>Total cost of generating funds</b>		<b>101</b>	<b>103</b>

### 7. Charitable activities: grants payable

	2013 £'000	2012 £'000
Augmentation grants	116	117
<b>Total grants payable</b>	<b>116</b>	<b>117</b>

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.

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 8. Charitable activities: housing costs

	Notes	2013				2012
		Unrestricted			Restricted funds	Total
		CHARM	Other charitable	Total unrestricted		
		£'000	£'000	£'000	£'000	£'000
Rental properties	19(a)					
Direct costs and financing		10,799	-	10,799	-	10,799
Support costs	9	1,393	-	1,393	-	1,393
Depreciation		35	-	35	-	35
		12,227	-	12,227	-	12,227
Mortgage loans	19(b)					
Direct costs and financing		3,257	-	3,257	-	3,257
Support costs	9	296	-	296	-	296
		3,553	-	3,553	-	3,553
Shared ownership	19(c)					
Direct costs and financing		408	-	408	71	479
Support costs	9	386	-	386	-	386
		794	-	794	71	865
Supported housing schemes and nursing home	19(d)					
Direct expenditure		-	1,466	1,466	2,384	3,850
Support costs	9	-	890	890	-	890
Depreciation		-	732	732	-	732
		-	3,088	3,088	2,384	5,472
<b>Total housing costs</b>		<b>16,574</b>	<b>3,088</b>	<b>19,662</b>	<b>2,455</b>	<b>22,117</b>
						<b>19,349</b>

Financing includes interest payable on the loan from the Church Commissioners (see note 16) and the cost of the loan facility with Santander (see note 16). The cost of the Santander loan includes commitment fees, interest and the amortisation charge of the arrangement fee of £500,000 which the Board incurred in 2010. The arrangement fee charged was 1% of the loan facility and is being amortised over the 15 year length of the facility.

Direct costs and financing for rental properties includes costs relating to the re-financing of the CHARM scheme of £234,000 (2012: £279,000).

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 9. Support costs

	Notes	2013			2012
		Housing	Management and shared services	Total	Total
		£'000	£'000	£'000	£'000
Properties let under licence	8	703	690	1,393	1,266
Mortgage loans	8	149	147	296	282
Shared ownership	8	195	191	386	422
Supported housing schemes and nursing home	8	449	441	890	844
Costs of generating funds	6	-	90	90	89
<b>Total</b>		<b>1,496</b>	<b>1,559</b>	<b>3,055</b>	<b>2,903</b>

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.

Centrally incurred management and shared service costs are allocated between Pensions Funds and Charitable Funds on a 'per head' basis. The Charitable Funds' 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

	2013	2012
	£'000	£'000
External audit	90	118
Internal audits	80	72
Other costs	32	11
Board and committee meetings	10	10
<b>Total</b>	<b>212</b>	<b>211</b>

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, including VAT, for external audit services during the year was £162,000 (2012: £176,000) for both the Pension Funds and Charitable Funds; the portion allocated to Charitable Funds and reflected within governance costs was £90,000 (2012: £118,000), which included additional fees for previous years of £30,000 (2012 £36,000).

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 2013, 19 members (2012: 20 members) claimed a total of £18,906 (2012: £16,507). This cost is apportioned to both the Charitable Funds and the Pension Schemes.

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 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; as such it is the managing employer of those staff directly involved in the Board's activities and the shared service Internal Audit Department. The Board is also sole employer of staff working in the residential schemes and the nursing home. The cost of staff for whom the Board is managing and sole employer was:

	2013			2012	
	Total cost	Internal Audit charged to other NCIs	Charged to pension schemes	Net cost to Charitable Funds	Net cost to Charitable Funds
	£'000	£'000	£'000	£'000	£'000
Salaries	4,555	(185)	(973)	3,397	3,380
National Insurance contributions	421	(21)	(109)	291	286
Pension costs	851	(45)	(157)	649	555
<b>Total</b>	<b>5,827</b>	<b>(251)</b>	<b>(1,239)</b>	<b>4,337</b>	<b>4,221</b>

The Board's staff costs which are recharged to the Pensions Schemes are the cost of the Pensions Department and a share of centrally incurred management and shared service costs.

The average number of staff for whom the Board was managing and sole employer during the year was:

	2013 Number	2012 Number	2013 FTE	2012 FTE
As sole employer:				
Residential schemes and nursing home (all relating to charitable activities)	124	142	83	94
As managing employer:				
Pensions department	20	23	20	20
Investment department	2	2	2	2
Housing: all relating to charitable activities	29	29	29	26
Fundraising: all relating to charitable activities	1	1	1	1
Management and secretarial support: 3 FTE (2012: 3) relating to charitable activities	5	5	4	4
Internal Audit: 1 FTE (2012: 1) relating to charitable activities	6	6	6	6
	63	66	62	59
<b>Total</b>	<b>187</b>	<b>208</b>	<b>145</b>	<b>153</b>

The number of staff whose emoluments, excluding pension contributions, for the year exceeded £60,000 were:

	2013 Number	2012 Number
£60,001-£70,000	2	3
£70,001-£80,000	1	-
£80,001-£90,000	2	1
£140,001-£150,000	1	1

All staff above were members of the Church Administrators Pension Fund. Of these, 5 (2012: 2) accrue benefits under a defined contributions scheme for which contributions for the year were £63,000 (2012: £30,000). The remaining 1 (2012: 3) staff accrued benefits under a defined benefit scheme for which the contributions for the year were £12,000 (2012: £26,000).



## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 11. *Staff numbers and costs (continued)*

The highest paid member of staff's annual salary was £146,000 (2012: £143,000), which was 12 (2012: 12) times the salary earned by the lowest paid member of staff and 6 (2012: 7) times the median salary paid in the year. These figures include the full time equivalent salaries paid to domestic workers based in the seven residential homes and the nursing home operated by the Board, who are employed on an 'as and when' basis.

#### **Shared service costs**

The Board shares the costs of the shared service departments managed by the Archbishops' Council (AC) and the Church Commissioners (CC) on behalf of the NCIs until 31 March 2014. Those departments provided finance and resources (CC), communications (AC), information technology (CC), human resources (AC), legal (AC), records (CC) and office services (CC) to the NCIs.

The average number of staff employed in shared service departments managed by The Archbishops' Council and the Church Commissioners was 123 (2012: 123) and the Board's share of these departments' costs was £1,347,000 – 15.8% of the total costs (2012: £1,269,000 – 15.3%).

This cost is included in support costs (note 9).

### 12. *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 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 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 will be £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 £265,000 (2012: £252,000).

The participating employers are responsible for making contributions of £210,000 (2012: £200,000) towards the administration costs of the scheme and the cost of Pension Protection Fund levies of £46,000 (2012: £33,000). The Board's share of these costs was £29,000 (2012: £27,000).

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 12. Staff pensions (continued)

#### 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 79-80. 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 2010, showed an overall deficit of £40.3m (2007: £23.7m). 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 £69,000 (2012: £75,000).

### 13. Investment assets

	At 1 January	Additions	Unrealised gains	At 31 December
	£'000	£'000	£'000	£'000
<b>Charity and group</b>				
UK investment funds	32,383	28	3,759	<b>36,170</b>
UK government stock	16	-	-	<b>16</b>
UK properties	271	-	727	<b>998</b>
<b>Charity's total investment assets</b>	<b>32,670</b>	<b>28</b>	<b>4,486</b>	<b>37,184</b>

Investment funds of £36.2m were managed by CCLA Investment Management Limited (2012: £32.4k). A majority of these funds are invested in UK and overseas equities.

The Board owns 100% of CEPB Developments Ltd, a company limited by shared capital of £2 (2012: £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 with the exception of one property which was sold in January 2014 and is stated at its net sale proceeds.

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 14.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 16) 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 16) 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 16).

#### Consolidated:

	CHARM					Supported housing schemes				IT systems	Total
	Rental properties (freehold)	Rental properties (leasehold)	Shared ownership	Mortgages	Total	Land (freehold)	Buildings (freehold)	Fixtures, fittings, plant and equipment	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or revaluation</b>											
At 1 January	107,645	10,659	10,714	54,591	183,609	4,654	21,116	3,144	28,914	926	213,449
Additions	11,179	775	718	-	12,672	-	-	505	505	26	13,203
Disposals	(4,948)	(1,004)	(759)	(3,186)	(9,897)	-	-	(371)	(371)	-	(10,268)
Unrealised gains	-	-	-	-	-	145	678	-	823	-	823
At 31 December	113,876	10,430	10,673	51,405	186,384	4,799	21,794	3,278	29,871	952	217,207
<b>Depreciation</b>											
At 1 January	(83)	(1,162)	-	-	(1,245)	-	(528)	(2,843)	(3,371)	(667)	(5,283)
Disposals	-	171	-	-	171	-	-	371	371	-	542
Net revaluation surplus	-	-	-	-	-	-	1,056	-	1,056	-	1,056
Charge for the year	(33)	(4)	-	-	(37)	-	(528)	(125)	(653)	(188)	(878)
At 31 December	(116)	(995)	-	-	(1,111)	-	-	(2,597)	(2,597)	(855)	(4,563)
<b>Net book value</b>											
At 1 January	107,562	9,497	10,714	54,591	182,364	4,654	20,588	301	25,543	259	208,166
At 31 December	113,760	9,435	10,673	51,405	185,273	4,799	21,794	681	27,274	97	212,644

#### Charity:

	CHARM					Supported housing schemes				IT systems	Total
	Rental properties (freehold)	Rental properties (leasehold)	Shared ownership	Mortgages	Total	Land	Buildings	Fixtures, fittings, plant and equipment	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or revaluation</b>											
At 1 January	107,645	10,659	10,714	45,568	174,586	4,654	21,116	3,144	28,914	926	204,426
Additions	11,179	775	718	-	12,672	-	-	505	505	26	13,203
Disposals	(4,948)	(1,004)	(759)	(2,754)	(9,465)	-	-	(371)	(371)	-	(9,836)
Unrealised gains	-	-	-	-	-	145	678	-	823	-	823
At 31 December	113,876	10,430	10,673	42,814	177,793	4,799	21,794	3,278	29,871	952	208,616
<b>Depreciation</b>											
At 1 January	(83)	(1,162)	-	-	(1,245)	-	(528)	(2,843)	(3,371)	(667)	(5,283)
Disposals	-	171	-	-	171	-	-	371	371	-	542
Net revaluation surplus	-	-	-	-	-	-	1,056	-	1,056	-	1,056
Charge for the year	(33)	(4)	-	-	(37)	-	(528)	(125)	(653)	(188)	(878)
At 31 December	(116)	(995)	-	-	(1,111)	-	-	(2,597)	(2,597)	(855)	(4,563)
<b>Net book value</b>											
At 1 January	107,562	9,497	10,714	45,568	173,341	4,654	20,588	301	25,543	259	199,143
At 31 December	113,760	9,435	10,673	42,814	176,682	4,799	21,794	681	27,274	97	204,053

The valuers of the supported housing schemes were Knight Frank LLP, who carried out a desktop review as at 31 December 2013.

## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 15. Debtors

	Consolidated		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade debtors	468	407	466	403
Subsidiary undertakings	-	-	8,675	8,752
Prepayments and accrued income	273	575	273	575
Other debtors	199	139	199	139
<b>Total</b>	<b>940</b>	<b>1,121</b>	<b>9,613</b>	<b>9,869</b>

### 16. Creditors

Amounts falling due within one year:

	Consolidated		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade creditors	3,996	2,438	3,996	2,013
Accruals and deferred income	1,265	635	1,265	621
Other creditors	2	268	2	169
<b>Total</b>	<b>5,263</b>	<b>3,341</b>	<b>5,263</b>	<b>2,803</b>

Amounts falling due after more than one year:

	Consolidated		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Loan from the Church Commissioners for:				
rental properties	57,655	61,524	57,655	61,524
shared ownership properties	5,826	6,425	5,826	6,425
mortgages	50,140	53,256	50,140	53,256
	113,621	121,205	113,621	121,205
Loan from Santander	28,500	22,000	28,500	22,000
Dioceses and other creditors	1,286	1,171	1,286	1,171
<b>Total</b>	<b>143,407</b>	<b>144,376</b>	<b>143,407</b>	<b>144,376</b>

The loan from the Church Commissioners is described in more detail in note 14. 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 262 properties (2012: 265) owned by the Charity, with occupied market value of £44.7m (2012: £45.5m). The loan is repayable from the 10<sup>th</sup> 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 2013

### 17. 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	31,487	17,402	(18,615)	4,476	827	35,577
Designated funds						
CHARM properties	37,751	1,390	-	-	693	39,834
Supported housing	25,125	-	-	1,731	418	27,274
Trust funds	9,702	1,326	(394)	158	(2,938)	7,854
Property maintenance	1,300	-	(1,082)	-	1,000	1,218
Total designated funds	73,878	2,716	(1,476)	1,889	(827)	76,180
Total unrestricted funds	105,365	20,118	(20,091)	6,365	-	111,757
Restricted fund: service charges	295	2,701	(2,455)	-	-	541
<b>Total funds</b>	<b>105,660</b>	<b>22,819</b>	<b>(22,546)</b>	<b>6,365</b>	<b>-</b>	<b>112,298</b>

#### 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:

- £39.8 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);
- £27.3m representing the value of the supported housing assets;
- £7.9m amount representing the properties, assets and liabilities of the trust funds; and
- £1.2m for future property maintenance costs.

Transfers within the year include the effect of a Charity Commission scheme to merge some older trusts with the general funds of the Charity.

#### 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.

### 18. Capital commitments

The Board did not have any commitments to purchase CHARM properties as at 31 December 2013 (2012: £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 2013

### 19. Housing schemes

#### a) Rental properties

	Notes	2013 £'000	2012 £'000
<b>Income</b>			
Grants receivable			
Archbishops' Council	4	3,765	3,586
Other grants	4	21	44
Total grants receivable		3,786	3,630
Rent receivable	5	5,947	5,795
Total income for scheme		9,733	9,425
<b>Expenditure</b>			
Direct costs and financing			
Direct costs (repairs, insurance and other costs)		(6,386)	(3,502)
Interest on financing		(4,413)	(4,634)
Total direct costs and financing	8	(10,799)	(8,136)
Other expenses			
Support costs		(1,393)	(1,266)
Depreciation		(35)	(27)
Total other expenses	8	(1,428)	(1,293)
Total expenditure		(12,227)	(9,429)
<b>Net cost to the Charity</b>		<b>(2,494)</b>	<b>(4)</b>
Number of properties		1,157	1,171

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 2013

### 19. Housing schemes (continued)

#### b) Mortgage loans

		2013	2012
	Notes	£'000	£'000
<b>Income</b>			
Interest receivable	5	3,188	2,755
Total income for scheme		3,188	2,755
<b>Expenditure</b>			
Direct costs and financing			
Direct expenditure		(125)	(26)
Interest on financing		(3,132)	(2,745)
Total direct costs and financing	8	(3,257)	(2,771)
Support costs	9	(296)	(282)
Total expenditure		(3,553)	(3,053)
<b>Net cost to the Charity</b>		<b>(365)</b>	<b>(298)</b>
Number of loans		978	1,045

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 2013, the number of loans in place was 10 (2012: 12).

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

#### c) Shared ownership

		2013			2012
	Notes	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
<b>Income</b>					
Rent receivable		496	-	496	457
Service charge receivable		-	182	182	171
Total income for scheme	5	496	182	678	628
<b>Expenditure</b>					
Direct costs and financing					
Legal and professional costs		(49)	-	(49)	(43)
Property costs: restricted funds		-	(71)	(71)	(94)
Interest on financing		(359)	-	(359)	(487)
Total direct costs and financing	8	(408)	(71)	(479)	(624)
Support costs	9	(386)	-	(386)	(422)
Total expenditure		(794)	(71)	(865)	(1,046)
<b>Net cost to the Charity</b>		<b>(298)</b>	<b>111</b>	<b>(187)</b>	<b>(418)</b>
Number of properties				115	112

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 2013

### 19. Housing schemes (continued)

#### d) Supported housing and nursing home

		2013			2012
	Notes	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
<b>Income</b>					
Fees received	5	2,354	2,519	4,873	4,602
Total income for scheme		2,354	2,519	4,873	4,602
<b>Expenditure</b>					
Direct expenditure					
Staff costs		(1,029)	(1,610)	(2,639)	(2,674)
Food		(43)	(301)	(344)	(395)
Repairs, maintenance and other costs		(389)	(473)	(862)	(1,082)
Contribution to beneficiaries' fees in other homes		(5)	-	(5)	(17)
Total direct costs	8	(1,466)	(2,384)	(3,850)	(4,168)
Other expenses					
Support costs	9	(890)	-	(890)	(844)
Depreciation		(732)	-	(732)	(809)
Total other expenses		(1,622)	-	(1,622)	(1,653)
Total expenditure for scheme		(3,088)	(2,384)	(5,472)	(5,821)
<b>Net cost to the Charity</b>		<b>(734)</b>	<b>135</b>	<b>(599)</b>	<b>(1,219)</b>

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.

### 20. Exceptional item

During 2012 a project was undertaken to investigate a number of historic balances within the balance sheet. As a result, a number of adjustments were made to balances that arose in periods prior to 2012 where the accounting treatment was inconsistent with the Board's accounting policies.

The Trustees considered these adjustments and concluded that they were exceptional items as defined in the accounting policies: non-recurring items within the normal scope of the Charity's ordinary activities that are material and unusual in nature. As such, and as required in FRS 3: Reporting Financial Performance and the SORP, the exceptional items were disclosed in the SOFA in 2012 on a separate row within the activity to which they related.

The adjustments are summarised in the table below:

	Notes	2013	2012
		£'000	£'000
Increase in fixed assets	14	-	660
Decrease in debtors		-	(384)
Increase in creditors: amounts due after one year		-	(1,052)
<b>Total exceptional items</b>		<b>-</b>	<b>(776)</b>

The largest single item, within creditors: amounts due after one year, related to the difference between the loan balance due to the Church Commissioners and the assets to which they related.



## Notes to the financial statements of the Charitable Funds and Trusts for the year ended 31 December 2013

### 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 (2012: £2), held to undertake property and building development at the supported housing schemes and nursing home. CEPB Finance Ltd, a dormant company wholly owned by the Board, was struck off during 2013. Both remaining companies are registered at 29 Great Smith Street, London, SW1P 3PS.

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

	<b>CEPB Mortgages</b>		<b>CEPB Developments Ltd</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	444	431	-	-
Cost of sales and expenses	(444)	(438)	1	(1)
<b>Profit or loss</b>	<b>-</b>	<b>(7)</b>	<b>1</b>	<b>(1)</b>

A summary of the Charity only SOFA is shown below:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Total incoming resources	22,375	20,400
Total resources expended	(22,103)	(19,773)
<b>Net incoming resources</b>	<b>272</b>	<b>627</b>
Other gains and losses	6,365	2,817
<b>Net movement in funds</b>	<b>6,637</b>	<b>3,444</b>

## The Church of England Pensions Board Pension Funds

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

It acts as

- Administrator of the clergy pensions scheme and trustee of the fund providing benefits in respect of service from 1 January 1998;
- Trustee and administrator of
  - the Clergy (Widows and Dependants) Pension Fund
  - the Church Workers Pension Fund
  - the Church Administrators Pension Fund
- Administrator under the Ordination of Women (Financial Provisions) Measure 1993.

Assists over 35,000 people across  
more than 250 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. Pension benefits arising from service prior to 1998 continue to be financed wholly 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.

The volatility in markets and difficult economic climate led the Archbishops of Canterbury and York to reconvene the Pensions Task Group in 2009. Their task was to consult stakeholders to ensure that adequate provision for the retired clergy was made in a manner that was financially sustainable in the long term. Their recommendations were accepted by the Archbishops’ Council and by the General Synod in February 2010. The recommended changes to benefits for future service were subject to a statutory consultation period with scheme members, following which the Archbishops’ Council made certain amendments.

#### Scheme Rules

There were no changes to the Scheme Rules during 2013.

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 2013.

<b>Full service pension</b>	<b>1 April 2014 (1/2 of NMS)</b>	<b>1 April 2014 (2/3 of NMS)</b>	<b>1 April 2013 (1/2 of NMS)</b>	<b>1 April 2013 (2/3 of NMS)</b>
Archbishops of Canterbury and York	22,340	29,786	21,900	29,201
Bishop of London	20,106	26,807	19,710	26,280
Other diocesan bishops	16,755	22,339	16,424	21,900
Suffragan bishops, deans and archdeacons	13,962	18,616	13,687	18,251
All clergy, other than those mentioned above, deaconesses and licensed lay workers	11,170	14,893	10,950	14,600
Full service retirement lump sum (3 x basic pension)	33,510	44,680	32,850	43,801
Surviving spouse or civil partner pension on death in service (2/3 of member's prospective pension)	7,447	9,929	7,300	9,734
Lump sum on death in full time pensionable service before age 65 (3 x NMS for previous year)	67,020	67,020	65,700	65,700

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 2013 was 3.2%. Pensions in payment on 1 April 2014 increased therefore by 3.2%.

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 2013 were £27.3m (2012: £25.0m). A further £121.1m (2012: £119.9m) was paid by the Church Commissioners in respect of pensionable service up to 31 December 1997.

## Membership Statistics

	At 31 December 2013	At 31 December 2012
Active Members	8,516	8,612
Deferred Members (ie, scheme members below retirement age but not in pensionable service)	1,903	1,871
Pensions in payment*	10,118	9,917
• Retired at or after the pension age	6,218	5,112
• Retired on ill health pension	1,067	982
• Retired on reduced pension	2,467	2,208
Widow(er)s pensions in payment	3,870	3,914

\*Total number of clergy pensioners receiving pensions from both the CEFPS and the pre-1998 scheme. In 2013, 6,315 members received benefits under the post-1997 CEFPS scheme (2012: 5,294)

## Death benefits

These lump sum benefits, introduced in 1988, are payable in three circumstances, as set out in the table below. The number of deaths in 2013 was below the ten-year average of 17.5 per annum.

	2013	2012
Death in service under pension age	11	11
Death in service over pension age	2	-
Death after disability retirement	3	2
Total	16	13

## 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 assets of £896m. There was therefore a deficiency 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 £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 £1m.

The value of the fund at the year end was £1,113.5m (£909.8m in 2012).

The Scheme’s assets are pooled with the other pension funds’ assets in the Church of England Investment Fund for Pensions. At the end of 2013, the CEFPS held 94.7% of its assets in the return-seeking pool comprising equities, property unit trusts, active currency, corporate bonds and cash; with the remaining 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 12 to 18, and full details of the financial position are shown in its financial statements which are set out on pages 84 to 91.

## **Members’ voluntary contributions**

Voluntary contributions are not invested in the pooled investment fund; 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 2013, 1,477 had contributions invested under the voluntary arrangements of whom 1,292 were current contributors.

### **Supplementary pensions**

At 31 December 2013 there were 165 supplementary pensions in payment to pensioners on low incomes compared with 179 in 2012. The total amount in payment at the year end was £361k (£387k in 2012). 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 personal 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 our website ([www.cepb.org.uk](http://www.cepb.org.uk)).



## **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 1,178 pensions in payment (2012: 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 £1,406 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 2013 were £1.3m (£1.4m in 2012).

The value of the fund's assets at the year end was £24.8m (£23.7m in 2012).

The fund's investment strategy is to hold 25% of its assets in the return-seeking pool comprising equities, property unit trusts, active currency, corporate bonds and cash, and 75% in 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 12 to 18, and full details of the financial position are shown in its financial statements which are set out on pages 84 to 91.

## Ordination of Women (Financial Provisions) Measure

The Ordination of Women (Financial Provisions) Measure came into effect in February 1994. The Board was appointed to administer the provision “as to the relief of hardship incurred by persons resigning from ecclesiastical service by opposition to the ordination of women as priests, and for connected purposes”, and authorised the Church Commissioners to meet the costs.

The Measure defined those who are entitled to apply for three types of pension –

- Housing assistance
- A resettlement grant
- Periodical payments, of specified duration and amount.

It also contained discretionary powers covering the possibility either of additional payments to those eligible for the specific provisions or of payments to those not so eligible. Applications for assistance had to be made by 21 February 2004.

Payments under the Measure cease, in accordance with its provisions, as a result of:

- income from new employment,
- reaching pension age, or
- expiry of the period determined by the stated formula.

Of the 441 cases set up since the Measure came into effect, there are no cases (2012: 4) that still receive periodical payments.

The housing assistance under the Measure is the same as that available in the Board’s CHARM scheme. The numbers seeking assistance with alternative accommodation have continued to be at a low level. When the individual starts to draw their Church pension, they are transferred to the CHARM scheme. On death, the widow or civil partner would continue to be housed under the CHARM scheme.

## 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.

The overall number of employers was 264, with 64 participating in the defined benefits section, 200 in the Pension Builder section; of these 51 employers participate in both sections.

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 of the previous section in April 2014.

In early 2014, the Board purchased a buy-in policy (£101m) for a proportion of the pension liabilities of the Life Risk Section (LRS) of the Defined Benefit Section of the Fund.

### Scheme Rules

The Trust Deed and Scheme Rules were revised during the course of 2013; the first major review for a number of years. As part of the revision –

- The name of the Defined Contributions Section was renamed the Pension Builder Scheme.
- In the light of the Marriage (Same-sex couples) Act 2013, equal treatment was ensured for spouses when death service benefits became payable

Later in the year, the rules were changed further to introduce the Pensions Builder 2014 Scheme.

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 2012 was 3.2%. Pensions in payment on 1 January 2013 increased therefore by 3.2% for service prior to April 2006 and by 2.5% for service thereafter; except where the participating employer had decided specifically not to limit increases to 2.5%, where the increase was 3.2% for all service.

### *Pension Builder Scheme (formerly Defined Contributions Scheme)*

The Pension Builder scheme provides increases to pensions in payment in the form of bonuses as decided by the Board. Certain benefits though carry guarantees depending on the period during which contributions were received. For contributions received between April 1997 and March 2006 pensions increase in line with RPI up to 3.2%. Pensions 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.

On the advice of the actuary, no bonus was awarded from 1 January 2013 or 1 January 2014.

Deferred pensions for members who have not yet retired were not increased from 1 January 2013.

## Benefits payable

The total benefits payable under the CWPF were £13.1m (£11.8m in 2012).

## Membership statistics

Details of the membership of CWPF at 31 December 2013 are set out in the table below, together with details at 31 December 2012 for comparative purposes.

	At 31 December 2013	At 31 December 2012
Active Members	2,518	2,498
Deferred Members (ie, scheme members below retirement age but not in pensionable service)	3,155	2,983
Pensions in payment	3,071	2,933

## Actuarial Valuation

The last triennial valuation of the scheme was carried out as at 31 December 2010 and completed in the first part of 2012. 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 Retail Prices Index plus 1.5%;
- The expected return on equities being 6.2% per annum and the return on gilts being 4.2%.

Work on the valuation as at 31 December 2013 is expected to be completed during the autumn of 2014. As part of the valuation exercise, workshops are being held regionally in the spring 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 2010 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 £261.0m at the valuation date, compared with a market value of £220.7m. There was therefore a deficiency of £40.3m.

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 £6.7m. 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 2012.

### *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 2010 revealed that the Pension Builder Scheme's "technical provisions" amounted to £66.3m at the valuation date, compared with a market value of £68.6m. There was therefore a small surplus.

## **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 had generally ceased accepting transfers into the Scheme.

### Financial Review

Total contributions for 2013 amounted to £16.7m (£24.3m for 2012). There are 256 employers participating in the scheme of which 243 pay by direct debit.

Transfers out of the Scheme totalled £0.4m.

The total value of the fund (all sections) at the year end was £384.6m (£339.9m in 2012).

The Scheme's assets are pooled with the other pension funds' assets in the Church of England Investment Fund for Pensions.

Each section of the CWPF aims to hold its assets in the following proportions:

	Return-Seeking Pool	Liability-Matching Pool
Defined Benefits Scheme (employer section)	100%	-
Defined Benefits Scheme (Life Risk Section)	25%	75%
Pension Builder Scheme	75%	25%

Detailed information on the performance and management of the Church of England Investment Fund for Pensions is set out on pages 12 to 18, and full details of the financial position are shown in its financial statements which are set out on pages 84 to 91.

## Church Administrators Pension Fund (CAPF)

This scheme was established in 1985 to provide pensions for the lay staff of the General Synod.

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. All liabilities in respect of benefits payable from their pensionable service up to 31 December 1999 remain with the Church Commissioners.

There are two distinct sections –

- 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 2013 was 3.2%; CPI increased by 2.7% 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                      2.7%
- Service from 6 April 1997                         3.2%

### ***Benefits Payable***

The total benefits payable under the CAPF were £2.5m (£2.2m in 2012).

### ***Membership Statistics***

Details of the membership of the CAPF at 31 December 2013 are set out in the table below, together with details at December 2012 for comparative purposes.

	At 31 December 2013	At 31 December 2012
Active Members		
• Defined Benefits Section	217	246
• Defined Contributions Section	316	287
Deferred Members (ie, scheme members below retirement age but not in pensionable service)	356	354
Pensions in payment	445	422

### ***Actuarial Valuation***

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 assets of £67m. There was therefore a deficiency of £32.5m.

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 to be 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 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.

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 2013 amounted to £5.8m (£5.2m for 2012).

Transfers into the scheme totalled £102k (2012: £8k). Transfers out of the CAPF totalled £70k (2012: £9k).

The value of the fund at the year end was £93m at 31 December 2013 (£79.2m at 31 December 2012).

The scheme’s assets (other than those in relation to the Defined Contributions section) are pooled with the other pension funds’ assets in the Church of England Investment Fund for Pensions. The CAPF’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 separately 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 12 to 18, and full details of the financial position are shown in its financial statements which are set out on pages 84 to 91.

## Pension Funds – 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 Funds during the year ended 31 December 2013, 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 Pension Scheme, the Clergy (Widows and Dependants) Pension Fund, the Church Workers Pension Fund, the Church Administrators Pension Fund ("the Pension Funds") 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 2013;
- 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 (continued)

### 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 Funds' 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.

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.

### *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 and the General Synod 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.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

19 June 2014

## The Church of England Funded Pension Scheme

### Fund Account for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Contributions</b>			
Members' contributions - additional voluntary		2,479	1,866
Employers			
Normal		43,253	42,710
Deficit funding	4	27,022	26,727
Augmentations	4	94	106
Transfers in - individual		877	920
Other Income		351	-
		<b>74,076</b>	<b>72,329</b>
<b>Benefits and other outgoings</b>			
Pensions		(17,773)	(15,298)
Lump sums:			
Retirement		(8,620)	(8,596)
Death		(951)	(1,101)
Transfers out		(984)	(1,097)
Purchase of annuities from AVC policies		-	(168)
Administration expenses	5	(2,505)	(2,165)
		<b>(30,833)</b>	<b>(28,425)</b>
<b>Net additions from dealing with members</b>		<b>43,243</b>	<b>43,904</b>
<b>Return on Investments</b>			
Bank deposit interest		23	10
Appreciation of units in CEIFP	2	158,527	80,205
Change in market value of AVCs	3	1,871	946
<b>Net return on investments</b>		<b>160,421</b>	<b>81,161</b>
<b>Net increase in fund during the year</b>		<b>203,664</b>	<b>125,065</b>
Net assets at the start of the year		909,827	784,762
<b>Net assets at the end of the year</b>		<b>1,113,491</b>	<b>909,827</b>

### Net Assets statement as at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Investments</b>			
Value of units in CEIFP	1	1,089,527	889,634
AVC investments	3	17,603	14,139
		<b>1,107,130</b>	<b>903,773</b>
<b>Current assets and liabilities</b>			
Debtors	7	1,082	438
Cash		7,134	7,774
Creditors	8	(1,855)	(2,158)
<b>Net assets at the end of the year</b>		<b>1,113,491</b>	<b>909,827</b>

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. See note 1 on page 89 for the link to the actuarial position of the scheme, which does take into account such obligations.

The notes on pages 75-76 and 89-91 form part of these Accounts.

## The Church of England Funded Pension Scheme

### Notes

1. The assets of the Church of England Funded Pensions Scheme (CEFPS) are invested in the Church of England Investment Fund for Pensions (CEIFP), which was established for the pooling of investments of pension funds administered by the Board. The proportion of CEIFP units attributable to the scheme as at 31 December 2013 was 68.93% (2012: 67.25%).
2. 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.
3. 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.

	Value at 1 January 2013 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 December 2013 £'000
Legal & General Group AVC Scheme	3,774	3,494	(921)	724	7,071
Legal & General Company Sponsored	5,329	-	(342)	839	5,826
Prudential	3,450	-	(432)	239	3,257
Equitable Life	1,586	-	(206)	69	1,449
	<u>14,139</u>	<u>3,494</u>	<u>(1,901)</u>	<u>1,871</u>	<u>17,603</u>

4. 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.

5. 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 Dependents) Pension Fund. See note 3 on page 90.
6. 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.
7. Debtors

	2013 £'000	2012 £'000
Contributions - Employer	115	118
Other CEPB Pension Schemes	808	-
Other	159	320
	<u>1,082</u>	<u>438</u>

8. Creditors

	2013 £'000	2012 £'000
Unpaid benefits	212	663
Tax Payable	1,480	1,411
Other	163	84
	<u>1,855</u>	<u>2,158</u>

## The Church of England Funded Pension Scheme

### Notes (continued)

9. 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 2007. The Board paid the following benefits on behalf of the Church Commissioners in respect of service prior to 1 January 1998:

	2013	2012
	£'000	£'000
Clergy pensions (inc supplementary pensions)	84,610	82,775
Widows' and children's pensions	28,112	27,894
Lump sums on retirement	8,375	9,237
	<u>121,097</u>	<u>119,906</u>



## Clergy (Widows and Dependants) Pension Fund

### Fund Account for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Benefits and other outgoings</b>			
Pensions		(1,345)	(1,411)
Net withdrawals from dealing with members		(1,345)	(1,411)
<b>Return on Investments</b>			
Appreciation of units in CEIFP	4	2,485	1,354
Change in market value - other investments	3	(31)	(30)
Income from index linked securities		40	1
Interest on cash deposits		3	64
Investment management fees		(2)	(3)
Net return on investments		2,495	1,386
Net increase/(decrease) in fund during the year		1,150	(25)
Net assets at the start of the year		23,688	23,713
<b>Net assets at the end of the year</b>		<b>24,838</b>	<b>23,688</b>

### Net Assets statement as at 31 December 2013

	Notes	2013 £'000	2012 £'000
Investments - CEIFP	1 & 2	22,631	20,646
Investments - Other	3	1,935	2,842
Current assets - Debtors		3	26
Cash		327	232
Current liabilities – Creditors		(58)	(58)
<b>Net assets at the end of the year</b>		<b>24,838</b>	<b>23,688</b>

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. See note 1 on page 89 for the link to the actuarial position of the scheme, which does take account of such obligations.

The notes on pages 78 and 89-91 form part of these Accounts.

## Clergy (Widows and Dependants) Pension Fund

### Notes

- The analysis of the fund's investments in the Church of England Investment Fund for Pensions (CEIFP) is as follows:

	Value at 1 January 2013	Purchases at cost	Sales proceeds	Change in market value	Value at 31 December 2013
	£'000	£'000	£'000	£'000	£'000
Return Seeking Pool	13,959	-	(4,100)	2,513	12,372
Liability Matching Pool	6,687	3,600	-	(28)	10,259
	<u>20,646</u>	<u>3,600</u>	<u>(4,100)</u>	<u>2,485</u>	<u>22,631</u>

- The proportion of the CEIFP units attributable to the fund as 31 December 2013 was 1.43% (2012: 1.56%).
- The analysis of the fund's investments held outside the CEIFP is as follows:

	Value at 1 January 2013	Purchases at cost	Sales proceeds	Change in market value	Value at 31 December 2013
	£'000	£'000	£'000	£'000	£'000
Index Linked Securities (UK Quoted)	2,521	-	(2,490)	(31)	-
Investment Funds on Deposit	321	3,085	(1,471)	-	1,935
	<u>2,842</u>	<u>3,085</u>	<u>(3,961)</u>	<u>(31)</u>	<u>1,935</u>

- Appreciation and depreciation in the value of the units in the CEIFP takes account of investment income, including tax recoverable and income due but not yet received, as well as realised and unrealised investment gains and losses and investment management expenses.
- No pension scheme contributions have been receivable since 1 December 1988.
- The administration costs in relation to the fund have not been separately identified from those of the Church of England Funded Pensions Scheme and are borne by that scheme.
- 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 2013

	Notes	Pension Builder Scheme £'000	Defined Benefits Scheme £'000	2013 Total £'000	2012 Total £'000
<b>Contributions and benefits</b>					
Members' contributions					
Normal		515	294	809	836
Additional voluntary	3	699	-	699	634
Employers' contributions					
Normal		4,128	5,923	10,051	11,080
Deficit funding	4	-	4,741	4,741	11,630
Augmentation	4	35	184	219	122
Transfers in - individual		1	112	113	-
Other income		33	49	82	2
		<u>5,411</u>	<u>11,303</u>	<u>16,714</u>	<u>24,304</u>
Pensions		(3,148)	(6,949)	(10,097)	(9,418)
Lump sums					
Retirement		(715)	(2,138)	(2,853)	(2,320)
Death		(82)	(24)	(106)	(108)
Early Leavers - refunds of contributions		(12)	(1)	(13)	(5)
Transfers out - individual		(235)	(145)	(380)	(331)
Administration expenses	5	(774)	(664)	(1,438)	(1,156)
		<u>(4,966)</u>	<u>(9,921)</u>	<u>(14,887)</u>	<u>(13,338)</u>
<b>Net additions from dealing with members</b>		<u>445</u>	<u>1,382</u>	<u>1,827</u>	<u>10,966</u>
<b>Return on Investments</b>					
Bank deposit interest		-	6	6	4
Appreciation of units in CEIFP	2	10,747	32,161	42,908	21,836
Net return on investments		<u>10,747</u>	<u>32,167</u>	<u>42,914</u>	<u>21,840</u>
Net increase in fund during the year		11,192	33,549	44,741	32,806
Net assets at the start of the year		<u>75,944</u>	<u>263,951</u>	<u>339,895</u>	<u>307,089</u>
<b>Net assets at the end of the year</b>		<u>87,136</u>	<u>297,500</u>	<u>384,636</u>	<u>339,895</u>

### Net Assets statement as at 31 December 2013

	Notes	Pension Builder Scheme £'000	Defined Benefits Scheme £'000	2013 Total £'000	2012 Total £'000
<b>Investments</b>					
Value of units in CEIFP	1	87,327	296,434	383,761	338,821
<b>Current assets and liabilities</b>					
Debtors	7	433	1,368	1,801	1,981
Cash		26	(14)	12	44
Creditors	8	(650)	(288)	(938)	(951)
<b>Net assets at the end of the year</b>		<u>87,136</u>	<u>297,500</u>	<u>384,636</u>	<u>339,895</u>

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. See note 1 on page 89 for the link to the actuarial position of the scheme, which does take account of such obligations.

The notes on pages 80 and 89-91 form part of these Accounts.

## Church Workers Pension Fund

### Notes

1. The assets of the fund are invested in The Church of England Investment Fund for Pensions (CEIFP), which was established for the pooling of the investments of pension schemes administered by the Board. The proportion of the CEIFP units attributable to the fund as at 31 December 2013 was 24.28% (2012: 25.61%).
2. Appreciation and depreciation in the value of units in the CEIFP takes account of investment income, tax recoverable and income due but not yet received, as well as realised and unrealised gains and losses and investment management expenses.
3. The Additional Voluntary Contributions Scheme operates on a deferred annuity basis whereby Additional Voluntary Contributions by members are invested in the defined contributions scheme of the fund. Accordingly, the assets held in this respect are pooled with the main fund assets and are not separately identifiable from these assets.
4. 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 payments of back dated service contributions £206k (2012 : £52k) (defined contributions scheme £22k (2012 : £Nil) and defined benefits scheme £184k (2012 : £52k) and to augment the benefits of retiring members of the defined benefits scheme £Nil (2012 : £31k) and defined contribution scheme of £Nil (2012:£12k) as well as top up payments to cover extra hours worked by defined contribution members £13k (2012 : £27k).

5. Administration expenses include charges made by the Church of England Pensions Board to administer the fund. See note 3 on page 90.
6. 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.
7. Debtors

	<b>Pension Builder Scheme £'000</b>	<b>Defined Benefit Scheme £'000</b>	<b>2013 Total £'000</b>	<b>2012 Total £'000</b>
Contributions - Employer	425	858	<b>1,283</b>	1,406
Other	8	510	<b>518</b>	575
	<b>433</b>	<b>1,368</b>	<b>1,801</b>	1,981

Contributions due at the year end were received by the due date in accordance with the Schedule of Contributions.

8. Creditors

	<b>Pension Builder Scheme £'000</b>	<b>Defined Benefit Scheme £'000</b>	<b>2013 Total £'000</b>	<b>2012 Total £'000</b>
Unpaid benefits	170	97	<b>267</b>	261
Other CEPB Pension Schemes	462	167	<b>629</b>	-
Other	18	24	<b>42</b>	690
	<b>650</b>	<b>288</b>	<b>938</b>	951

## Church Administrators Pension Fund

### Fund Account for the year ended 31 December 2013

	Notes	Defined Contributions Scheme £'000	Defined Benefits Scheme £'000	2013 Total £'000	2012 Total £'000
<b>Contributions and benefits</b>					
Members' contributions					
Normal		-	124	124	137
Additional voluntary	4	272	93	365	324
Employers' contributions					
Normal		1,316	1,267	2,583	2,255
Deficit funding	5	-	2,584	2,584	2,463
Augmentation	5	-	123	123	25
Transfers in - normal		102	-	102	8
Other contributions	6	7	262	269	208
		<u>1,697</u>	<u>4,453</u>	<u>6,150</u>	<u>5,420</u>
Pensions		-	(1,822)	(1,822)	(1,681)
Lumps Sums - Retirement		(105)	(564)	(669)	(506)
Early Leavers - refunds of contributions		-	(4)	(4)	(1)
Purchase of Annuities		(65)	-	(65)	(55)
Transfers out		(70)	-	(70)	(9)
Administration expenses	7	-	(339)	(339)	(389)
		<u>(240)</u>	<u>(2,729)</u>	<u>(2,969)</u>	<u>(2,641)</u>
<b>Net additions from dealing with members</b>		<u>1,457</u>	<u>1,724</u>	<u>3,181</u>	<u>2,779</u>
<b>Return on Investments</b>					
Bank deposit interest		-	1	1	1
Appreciation of units in CEIFP	2	-	9,340	9,340	4,967
Appreciation of units in DC Scheme	3	1,221	-	1,221	454
Appreciation in value of other AVC policies		-	34	34	21
		<u>1,221</u>	<u>9,375</u>	<u>10,596</u>	<u>5,443</u>
Net return on investments		<u>1,221</u>	<u>9,375</u>	<u>10,596</u>	<u>5,443</u>
Net increase in fund during the year		2,678	11,099	13,777	8,222
Net assets at the start of the year		5,284	73,965	79,249	71,027
<b>Net assets at the end of the year</b>		<u>7,962</u>	<u>85,064</u>	<u>93,026</u>	<u>79,249</u>

### Net Assets statement as at 31 December 2013

	Notes	Defined Contributions Scheme £'000	Defined Benefits Scheme £'000	2013 Total £'000	2012 Total £'000
<b>Investments</b>					
Value of units - In CEIFP	1	-	84,751	84,751	73,709
Invested with Legal and General (including DC AVC's)	3	7,940	-	7,940	5,282
Other AVC policies	4	-	324	324	282
		<u>7,940</u>	<u>85,075</u>	<u>93,015</u>	<u>79,273</u>
Debtors	8	55	289	344	-
Cash		7	167	174	162
Creditors	9	(40)	(467)	(507)	(186)
<b>Net assets at the end of the year</b>		<u>7,962</u>	<u>85,064</u>	<u>93,026</u>	<u>79,249</u>

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. See note 1 on page 89 for the link to the actuarial position of the scheme, which does take account of such obligations.

The notes on pages 82-83 and 89-91 form part of these Accounts.

## Church Administrators Pension Fund

### Notes

1. The assets of the defined benefits scheme of the fund are invested in The Church of England Investment Fund for Pensions (CEIFP), which was established for the pooling of the investments of pension schemes administered by the Board. The proportion of the CEIFP attributable to the fund at 31 December 2013 was 5.36% (2012 : 5.58%).
2. Appreciation and depreciation in the value of units in the CEIFP takes account of investment income, tax recoverable and income due but not yet received, as well as realised and unrealised investment gains or losses and investment management expenses.
3. The investments of the defined contributions scheme are held with Legal & General Investment Management. The movements in investments during the year were:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Market value at 1 January	5,282	3,635
Purchases at cost	1,697	1,330
Disposals	(260)	(137)
Change in market value of investments	<u>1,221</u>	<u>454</u>
Market value at 31 December	<u>7,940</u>	<u>5,282</u>
Allocated to members	7,935	5,277
Not allocated to members	<u>5</u>	<u>5</u>
	<u>7,940</u>	<u>5,282</u>

The Defined Contributions scheme's investments at 31 December 2013 were invested in the following Legal & General managed funds:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Global Equity MW(30:70)	6,415	4,280
UK Equity Index	233	147
Ethical UK Equity Index	280	198
Ethical Global Equity Index	126	54
Overseas Equity Consensus Index	382	219
Over 15y Gilts Index	13	14
Over 5y Index- linked	288	220
Property	123	91
Cash	<u>80</u>	<u>59</u>
	<u>7,940</u>	<u>5,282</u>

The investment held in Legal and General's Global Equity MW (30:70) fund represents 6.9% of total assets held by the CAPF (2012: 5.4%).

Investments purchased by the DC scheme are allocated to provide benefits to individuals on whose behalf corresponding contributions are paid. The Investment Manager, Legal & General Investment Management, holds the investments 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.

## Church Administrators Pension Fund

### Notes (continued)

4. Additional Voluntary Contributions 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. Additional Voluntary Contributions by members of the defined benefits scheme consist of contributions paid for the purchase of added years £85k (2012 : £97k) and contributions of £8k (2012 : £8k) paid by certain members into separate AVC policies with Equitable Life Assurance Society, Scottish Widows plc and Standard Life Assurance Limited. Contributions for added years are pooled with the main fund assets and are not separately identifiable from those assets.

	Value at 1 January 2013 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 December 2013 £'000
<b>Defined benefit AVC's (excluding added years) comprise:</b>					
Standard Life	178	8	-	25	211
Scottish Widows	79	-	-	8	87
Equitable Life	25	-	-	1	26
	<u>282</u>	<u>8</u>	<u>-</u>	<u>34</u>	<u>324</u>

5. 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 £184k p.a. from 1 January 2010 until 31 December 2016 adjusted each 1 January in line with the change in the Retail Price Index. £211k was paid in 2013 (2012: £203k). Augmentation contributions by employers relate to payments to augment the benefits of retiring members.
6. Other contributions consists of payments by employers for administration expenses and in respect of the pension protection fund levy.
7. Administration expenses include charges made by the Church of England Pensions Board to administer the fund. See note 3 on page 90. All administration costs for both the DB and DC sections of the Church Administrators Pension Fund are borne by the DB section.
8. Debtors

	2013 £'000	2012 £'000
National Church Institution Debtors	287	-
Other CEPB Pension Schemes	55	-
Other	2	-
	<u>344</u>	<u>-</u>

9. Creditors

	2013 £'000	2012 £'000
Unpaid benefits	142	4
Tax Payable	90	91
Other CEPB Pension Schemes	234	-
Other	41	91
	<u>507</u>	<u>186</u>

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

	2013 £'000	2012 £'000
Pensions	4,967	4,911
Lump sums on retirement	409	400
	<u>5,376</u>	<u>5,311</u>

11. 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.

## The Church of England Investment Fund for Pensions

### Fund Account for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Net receipts from member schemes</b>			
Church Workers Pension Fund			
Defined Benefits Scheme		664	12,308
Defined Contributions Scheme		<u>1,369</u>	<u>(1,479)</u>
		<b>2,033</b>	<b>10,829</b>
Church Administrators Pension Fund		1,702	1,633
Clergy (Widows & Dependants) Pension Fund		(500)	-
The Church of England Funded Pensions Scheme		<u>41,371</u>	<u>44,539</u>
Net receipts from member schemes		<b>44,606</b>	<b>57,001</b>
<b>Return on investments</b>			
Dividends receivable		22,278	21,190
Index-linked interest receivable		2,767	1,952
Income from managed funds		4,604	3,708
Interest on cash deposits		<u>633</u>	<u>748</u>
<b>Total Investment Income</b>		<b>30,282</b>	<b>27,598</b>
Changes in market value of investments	3	187,011	83,808
Investment management fees	2	<u>(4,039)</u>	<u>(3,045)</u>
		<b>213,254</b>	<b>108,361</b>
<b>NET INCREASE IN THE FUND DURING THE YEAR</b>		<b>257,860</b>	<b>165,362</b>
<b>INVESTMENT FUND AT 1 JANUARY</b>		<b>1,322,810</b>	<b>1,157,448</b>
<b>INVESTMENT FUND AT 31 DECEMBER</b>		<b>1,580,670</b>	<b>1,322,810</b>

### Net Assets statement as at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Investments</b>			
Investment assets	3	1,582,623	1,326,230
Investment liabilities	3	<u>(733)</u>	<u>(2,730)</u>
		<b>1,581,890</b>	<b>1,323,500</b>
<b>Current assets and liabilities</b>			
Creditors	8	<u>(1,220)</u>	<u>(690)</u>
<b>TOTAL NET ASSETS</b>	10	<b>1,580,670</b>	<b>1,322,810</b>

The notes on pages 85-88 form part of these Accounts.

Each of the above financial statements of the Pension Funds and the CEIFP have been signed on behalf of the Board:

Jonathan Spencer  
Chairman

June 2014



## The Church of England Investment Fund for Pensions

### Notes

1. The fund was established to allow the pooling of investments of pension funds 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 2013	Purchases at cost and derivative payments	Sale proceeds and derivative receipts	Change in market value	Value at 31 Dec 2013
		£000	£000	£000	£000	£000
Equities	3(a)	724,081	580,972	(428,013)	139,826	1,016,866
Index-linked/Fixed income securities	3(b)	185,842	246,907	(226,212)	(1,484)	205,053
Pooled investment vehicles	3(c)	227,607	45,733	(94,091)	7,607	186,856
Derivatives	3(d)	1,933	23,238	(55,049)	41,916	12,038
		<u>1,139,463</u>	<u>896,850</u>	<u>(803,365)</u>	187,865	<u>1,420,813</u>
Cash		161,824			(843)	132,596
Other investment balances	3(e)	<u>22,213</u>			<u>(11)</u>	<u>28,481</u>
		<u>1,323,500</u>			<u>187,011</u>	<u>1,581,890</u>

#### Investment assets and liabilities:

	Notes	Assets at 31 Dec 13 £000	Liabilities at 31 Dec 13 £000	Total value at 31 Dec 13 £000
Equities	3(a)	1,016,866	-	1,016,866
Index-linked/Fixed income securities	3(b)	205,053	-	205,053
Pooled investment vehicles	3(c)	186,856	-	186,856
Derivatives	3(d)	12,223	(185)	12,038
Cash		132,596	-	132,596
Other investment balances	3(e)	<u>29,029</u>	<u>(548)</u>	<u>28,481</u>
		<u>1,582,623</u>	<u>(733)</u>	<u>1,581,890</u>

#### 3(a) Equities

	2013 £000	2012 £000
UK quoted	326,910	246,478
Overseas quoted	<u>689,956</u>	<u>477,603</u>
	<u>1,016,866</u>	<u>724,081</u>

#### 3(b) Index-Linked/Fixed Income Securities

	2013 £000	2012 £000
UK public sector - Index linked	152,848	153,431
Overseas public sector - Index linked	1,395	-
UK non-public sector - Index linked	514	525
UK non-public sector - Fixed income	15,628	7,607
Overseas non-public sector - Index linked	2,737	2,725
Overseas non-public sector - Fixed income	<u>31,931</u>	<u>21,554</u>
	<u>205,053</u>	<u>185,842</u>

## The Church of England Investment Fund for Pensions

### Notes (continued)

#### 3(c) Pooled Investment Vehicles

	2013 £000	2012 £000
UK managed funds - property	105,279	82,975
UK managed funds - bonds	-	68,448
Overseas managed funds - other	81,306	75,926
UK managed Funds - other	271	258
	<u>186,856</u>	<u>227,607</u>

#### 3(d) Derivatives

	Assets £000	Liabilities £000	2013 Total £000	Assets £000	Liabilities £000	2012 Total £000
Forward foreign currency contracts	6,713	(17)	6,696	2,515	(582)	1,933
Futures - equities	5,510	(168)	5,342	565	(565)	-
	<u>12,223</u>	<u>(185)</u>	<u>12,038</u>	<u>3,080</u>	<u>(1,147)</u>	<u>1,933</u>

#### Forward Foreign Currency Contracts:

Currency Bought/Sold	Value of Currency Bought £000	Value of Currency Sold £000	Assets at 31 Dec 13 £000	Liabilities at 31 Dec 13 £000
GBP/AUD	2,156	(2,121)	35	-
GBP/EUR	61,031	(60,782)	260	(11)
GBP/HKD	1,739	(1,710)	29	-
GBP/JPY	32,520	(29,828)	2,692	-
GBP/USD	187,739	(184,069)	3,670	-
Other	2,705	(2,684)	27	(6)
	<u>287,890</u>	<u>(281,194)</u>	<u>6,713</u>	<u>(17)</u>

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 at 31 Dec 13 £000	Assets £000	Liabilities £000
US S&P 500 E-mini	70,142	2,691	-
FTSE 100	11,788	537	-
JAP Topix	11,149	410	-
LIFFE Gilt	8,205	-	(168)
CAN S&P 60	5,591	215	-
Euro CAC 40	5,400	288	-
Euro DAX Index	5,394	316	-
Other	11,835	1,053	-
	<u>129,504</u>	<u>5,510</u>	<u>(168)</u>

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 2013 were with Citigroup, Goldman Sachs, Merrill Lynch, Morgan Stanley, 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.

## The Church of England Investment Fund for Pensions

### Notes (continued)

#### 3(e) Other Investment Balances

	2013 £000	2012 £000
<u>Assets</u>		
Cash margin	25,386	20,485
Accrued investment income	3,643	3,311
	<u>29,029</u>	<u>23,796</u>
<u>Liabilities</u>		
Outstanding trades	(548)	(1,583)
	<u>(548)</u>	<u>(1,583)</u>
	<u>28,481</u>	<u>22,213</u>

#### 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. In addition to this list, there a number of investments in UK Government index linked bonds held by the fund.

Equity Holding	%	£000
ROYAL DUTCH SHELL	1.6	25,700
HSBC HLDGS	1.4	22,800
VODAFONE GROUP	1.3	21,200
BP	1.0	16,000
GLAXOSMITHKLINE	0.9	13,700
BHP BILLITON PLC	0.6	9,800
RIO TINTO LIMITED	0.6	9,100
BG GROUP	0.6	9,100
LLOYDS BANKING	0.5	8,600
ASTRAZENECA	0.5	8,200
APPLE	0.5	7,700
BARCLAYS	0.5	7,600
EXXON MOBIL CORP	0.4	6,600
GOOGLE INC	0.4	6,000
PRUDENTIAL	0.4	6,000
MICROSOFT CORP	0.4	5,900
WELLS FARGO & CO	0.4	5,600
RECKITT BENCKISER	0.3	5,400
TESCO	0.3	5,400
UNILEVER PLC	0.3	5,300

- 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 £894k (2012 : £480k). In addition to the transaction costs, indirect costs are incurred through the bid-offer spread on investment within pooled investment vehicles.
- 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).
- 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-ended 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.
- Commitments  
As at 31 December 2013, the Board had made commitments to invest £20.7 million (2012:£6 million) in a pooled infrastructure fund managed by First State Investments, and £32.8 million (2012: £Nil) with Antin Infrastructure Partners.

## The Church of England Investment Fund for Pensions

### Notes (continued)

#### 8. Creditors

	2013	2012
	£'000	£'000
Accrued investment management expenses	1,220	690
	<b>1,220</b>	<b>690</b>

#### 9. Unitisation

The Church of England Investment Fund for Pensions ('CEIFP') is a common investment fund for the Church of England's pension funds. 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 funds 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.

#### 10. Participation in the fund as at 31 December 2013

	RETURN SEEKING POOL		LIABILITY MATCHING POOL		TOTAL
	Units	£'000	Units	£'000	£'000
Church Workers Pension Fund					
Defined Benefits Scheme	90,183	200,989	40,855	95,445	296,434
General Fund	72,895	162,459	-	-	162,459
Life Risk	17,288	38,530	40,855	95,445	133,975
Defined Contributions Scheme	30,541	68,066	8,245	19,261	87,327
Total Church Workers Pension Fund	120,724	269,055	49,100	114,706	383,761
Church Administrators Pension Fund	25,808	57,518	11,658	27,233	84,751
Clergy (Widows & Dependants) Pension Fund	5,551	12,372	4,391	10,259	22,631
The Church of England Funded Pensions Scheme	462,772	1,031,365	24,896	58,162	1,089,527
	<b>614,855</b>	<b>1,370,310</b>	<b>90,045</b>	<b>210,360</b>	<b>1,580,670</b>

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 Investment and Pension Funds

### 1. Basis of preparation of financial statements

The individual pension schemes that comprise the 'Pension Funds' 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 Funds 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 Funds 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 94-99 of the annual report and in the reports on the various activities of the Board within pages 56-70, 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 funds are wholly invested in the Church of England Investment Fund for Pensions, except for the Clergy (Widows and Dependants) Pension Fund, which also had its own segregated investments in index linked bonds and 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 funds with other insurance companies.

##### (a) Valuation

The investments are valued on the following bases:

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 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.

##### (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.

## Notes to the Financial Statements of the Investment and Pension Funds

### 2 Statement of accounting policies (continued)

#### 2.1 Investments (continued)

##### (c) 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.

##### (d) Investment management expenses

Investment management expenses are accounted for on an accruals basis.

#### 2.2 Pension Funds

##### (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 funds, 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 Funds. 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.

### 3. Administration expenses

Expenses incurred by the Board for administering the Pension Funds 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:

	2013	2012
	£'000	£'000
Church of England Funded Pensions Scheme *	2,505	2,165
Church Workers Pension Fund – defined benefits scheme	664	691
Church Workers Pension Fund – pension builder scheme	774	465
Church Administrators Pension Fund**	339	389
	<b>4,282</b>	<b>3,710</b>

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

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

## Notes to the Financial Statements of the Investment and Pension Funds

### 4. Audit fees

The fee, including VAT, for audit services during the year was £162k (2012: £183k) for both the Pension Funds and Charitable Funds; the portion allocated to the Pension Funds was £72k (2012: £65k). This is included in the charges to the Pension Funds in Note 3 above.

### 5. Employer related investments

Other than the late contributions not exceeding £633k (2012: £441k) in total across the pension schemes, there were no other employer related investments.

### 6. Related party transactions

Three Board members (2012: three members) who have retired from service under the Pension Funds are in a receipt of a pension on normal terms.

Five Board members (2012: five Board members) are active members of the Pension Funds.

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 December 2013, 19 members claimed a total of £18,906 (2012: £16,507). This cost is apportioned to both the Charitable Funds and the Pension Funds. The Pension Funds' portion is included in the charges to the Pension Funds 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" (2012:£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 2013 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 2013, which has been prepared by Church of England Pensions Board, is set out on the following page.

#### **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 Funds under the schedule of contributions and the timing of those payments.

### ***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 for each Pension Fund and for monitoring whether contributions are made to the Pension Funds 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.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
19 June 2014



## Church of England Pensions Board

### Summary of Contributions Payable in the year ended 31 December 2013

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

	Members £'000	Employers £'000
<b>The Church of England Funded Pension Scheme</b>		
<b>Required by the schedule of contributions</b>		
<b>Certified by the scheme actuary on 30th December 2010</b>		
Normal contributions	-	43,253
Deficit contributions	-	27,022
<b>Total required by the schedule of contributions</b>	<b>-</b>	<b>70,275</b>
<b>Other contributions payable</b>		
AVCs	2,479	-
Augmentations of individual members' benefits	-	94
<b>Total (as per Fund Account)</b>	<b>2,479</b>	<b>70,369</b>

	Members £'000	Employers £'000
<b>Church Administrators Pension Fund</b>		
<b>Required by the schedule of contributions</b>		
<b>certified by the scheme actuary on 26th March 2010 and 26th March 2013</b>		
Normal contributions – DB	124	1,267
Normal contributions – DC	-	1,316
Deficit contributions	-	2,584
<b>Total required by the schedule of contributions</b>	<b>124</b>	<b>5,167</b>
<b>Other contributions payable</b>		
AVCs – DB	93	-
AVCs – DC	272	-
Augmentations of individual members' benefits	-	123
<b>Total (as per Fund Account)</b>	<b>489</b>	<b>5,290</b>

	Members £'000	Employers £'000
<b>Church Workers Pension Fund</b>		
<b>Required by the schedule of contributions</b>		
<b>certified by the scheme actuary on 21st December 2012, 26th March 2013, 27th June 2013, and 4th October 2013</b>		
Normal contributions – DB	294	5,923
Normal contributions – Pension Builder	515	4,128
Deficit contributions	-	4,664
<b>Total required by the schedule of contributions</b>	<b>809</b>	<b>14,715</b>
<b>Other contributions payable</b>		
Deficit contributions	-	77
AVCs	699	-
Augmentations of individual members' benefits	-	219
<b>Total (as per Fund Account)</b>	<b>1,508</b>	<b>15,011</b>

Jonathan Spencer  
Chairman  
19 June 2014

## Appendix One

### Actuarial Certificates

2257474

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#### *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



2142999

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## *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 2010 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 28 March 2012.

Signature:  .....

Date: 28 March 2012

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



2142123

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## 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 2010 to be met by the end of the period specified in the recovery plan dated 28 March 2012.

### 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 28 March 2012.

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: 28 March 2012

Name: Aaron Punwani

Qualification: FIA

Address: 30 Old Burlington Street  
London. W1S 3NN

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 28 March 2012 and their Recovery Plan dated 28 March 2012 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

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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 30 December 2010. I have also taken account of a further £4.3m of contributions paid to the Fund before 1 April by certain of the employers.



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 &amp; 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

Ethical investment considerations form an integral part of the Church of England's witness and mission. Through its ethical investment policy, the Church of England seeks a constructive engagement with the corporate world in order that responsible business practices and high standards of corporate behaviour are encouraged and supported. The Church of England is also mindful of the need to avoid undermining the credibility, effectiveness and unity of the Church's witness by profiting from, or providing capital to, activities that are materially inconsistent with Christian values.

The Ethical Investment Advisory Group (EIAG) of the Church of England carries out ethical investment research on behalf of the three national investment bodies of the Church of England, the Church Commissioners for England, the CBF Church of England Funds, and the Church of England Pensions Board ("the national Church investment bodies"). It develops policy recommendations, which once agreed by the national Church investment bodies, are then communicated to the wider Church. The General Synod, the Archbishops' Council and the Mission and Public Affairs Council are also represented on the EIAG to provide counsel and wider expertise. The legal authority for investment decisions rests solely with the national Church investment bodies, as well as individual parishes, cathedrals, dioceses and other associated Church of England organisations.

The national Church investment bodies are supportive of companies that seek to develop their businesses successfully and sustainably in the interests of shareholders. The use of positive ethical criteria in assessing companies is firmly incorporated within the ethical investment policy through a process of constructive engagement with business. Criteria have been identified across five broad areas as:

- responsible employment practices
- best corporate governance practice
- conscientiousness with regard to human rights
- sustainable environmental practice
- sensitivity towards the communities in which business operates

Companies are monitored according to this Statement of Ethical Investment Policy and, where appropriate, by developing an ongoing dialogue and engagement with them. The national Church investment bodies believe this to be the best means of exercising responsible stewardship and shareholder responsibility and of communicating Church concerns. Disinvestment, if recommended, remains the preserve of each national Church investment body, and is only considered if a company's activities fall outside of the Church's ethical investment policy or if, after sustained dialogue, it does not respond positively to the Church's concerns.

The EIAG recommends against investment in any company involved in indiscriminate weaponry. It recommends against investment in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover; and in companies deriving more than 10% of their turnover from the production or sale of non-military firearms or ammunition, excepting



companies specialising exclusively in products specifically designed for hunting or sporting purposes.

The EIAG recommends against investment in any company that derives more than 3% of revenues from the production or distribution of pornography. It recommends against investment in any company, a major part of whose business activity or focus (defined as more than 25% of group turnover) is tobacco, gambling, alcoholic drinks, high interest rate lending or human embryonic cloning.

Individual policy documents are published separately – or are under development – setting out the criteria employed in each area to determine whether companies breach the Church's policy and to explain the theology, ethics and reasoning underlying the policies.

The national Church investment bodies also reserve the right to avoid investment in companies whose management practices they judge to be unacceptable. Given the complexity of many companies, some will have business interests in areas the national Church investment bodies seek to avoid, and these are closely monitored to ensure they meet the Church's broader criteria. Advice may be offered in respect of all classes of asset under management including domestic and international securities, land and real estate.

## **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 2013 to 19 June 2014)

<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 (from 1 January 2014)
<i>Appointed by the Archbishops of Canterbury and York</i>	The Rt Revd Peter Hancock, Bishop of Bath and Wells (from 1 February to 31 December 2013)
Roger Mountford	The Rt Revd David Walker, Bishop of Manchester (to 31 January 2013) (Vice Chairman to 31 January 2013)
<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 from 1 February 2013)	James Archer ACA (to 31 December 2013)
<i>Elected by the members of the Church Workers Pension Fund</i>	Simon Baynes
Ian Boothroyd (from 1 January 2014)	Jane Bisson
Ian Clark	Dr Graham Campbell FCA
	Nicolete Fisher (from 1 January 2014)
	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 Finance Officer)

## Committee Members

### Audit and Risk Committee

Canon David Froude ACIB (Chairman)  
James Archer ACA (to 31 December 2013, co-opted from 1 January 2014)  
Jane Bisson  
Ian Clark  
David Hunt (co-opted)  
Helen Simmons (co-opted to 31 October 2013)

### Investment Committee

Clive Hawkins (Chairman)  
Simon Baynes  
The Revd Paul Boughton  
Jeremy Clack (from 1 January 2014)  
Ian Clark (to 31 December 2013)  
Debbie Clarke (co-opted)  
Alan Fletcher FCII  
Roger Mountford (from 24 January 2013)  
Peter Parker TD DIA (co-opted)  
Mark Powell (co-opted)

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

### Housing Committee

The Rt Revd David Walker (Chairman to 31 January 2013)  
Alan Fletcher FCII (Chairman from 1 February 2013)  
Ian Bate (to 30 November 2013)  
James Berrington (co-opted from 1 April 2014)  
The Rt Revd Richard Blackburn (from 1 April 2014)  
The Revd Nigel Bourne  
John Ferguson  
Nicolette Fisher (from 1 April 2014)  
Jeremy Gray (co-opted from 1 April 2014)  
The Revd Canon Ian Gooding (from 20 March 2013)  
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 Clark  
John Ferguson  
Canon Sandra Newton  
Ben Preece-Smith (observer from 1 December 2013)  
Graham Shorter (co-opted to 31 July 2013)  
Brian Wilson FIA

## Professional Advisers

Actuaries  
Bankers  
Independent Auditors  
Investment Advisers  
Investment Custodians  
Investment Managers – Charitable Funds  
Investment Managers – Pension Funds

Lane Clark and Peacock LLP  
Royal Bank of Scotland  
PricewaterhouseCoopers LLP  
Mercer Ltd  
Northern Trust Company Ltd  
CCLA Investment Management Ltd  
Antin Infrastructure Partners  
Bridgewater Associates LP Ltd  
CB Richard Ellis Investors (CBREI)  
Copper Rock Capital Partners LLC  
Edinburgh Partners  
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

