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The Archbishops' Council

Annual Report and Financial Statements
for the year ended 31 December 2013

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From the Presidents



We are pleased to present the Archbishops' Council's fifteenth annual report.

The Archbishops' Council provides within the Church of England both a focus for leadership and executive responsibility and a forum for strategic thinking and planning. Within an overall vision for the

Church set by the House of Bishops, the Council's task is to propose an ordering of priorities in consultation with the House of Bishops and the General Synod and takes an overview of the Church's financial needs and resources.

Our work in 2013 has been guided by the three main priorities approved by the General Synod and the House of Bishops in February 2011, namely: promoting the spiritual and numerical growth of the Church, contributing to the Common Good, and seeking to re-imagine, reshape, and re-energise both lay and ordained ministry. It is through this lens that the report should be read.

You will find a brief overview of what Council is and does, and how it is funded on pages 4-5 a more substantial report on its activities over the year on pages 6-13 including some reflections on what it is like to be a member of the Council on page 13, and some more detailed financial information on pages 16-21. These are exciting and challenging times for the Church of England. Churches are everywhere engaged, alongside their local communities, in work to support the poor and those on the margins of society, especially those who are struggling in hard financial times. At the same time many are planting new mission units, congregations and fresh expressions of Church, reaching those who have lost touch with the Christian faith, or who have never until now encountered it. This asks of all of us in leadership, lay and ordained, that we be focused and visionary in our thinking, and, of the Council's officers, for much hard work, for which we are indeed most thankful.

We hope that this report will provide you with an insight into the part the Council plays on behalf of the wider Church. We also invite its readers to pray and to support members of the Council and staff as we seek to exercise effectively the stewardship entrusted to us.

✠ **Justin Cantuar:**

✠ **Sentamu Ebor:**

Joint Presidents
22 May 2014

The Archbishops' Council

at a glance

Set up in 1999 following 1994 report
Working as One Body

One of eight National Church
Institutions (NCIs).

Has 19 members, whose statutory object is
to 'co-ordinate, promote, aid and further the work
and mission of the Church of England'.

Focuses work under **three broad goals**:

1. contributing to the common good;
2. promoting the spiritual and numerical growth of the Church; and
3. seeking to re-imagine, reshape and re-energise lay and ordained ministry Staff

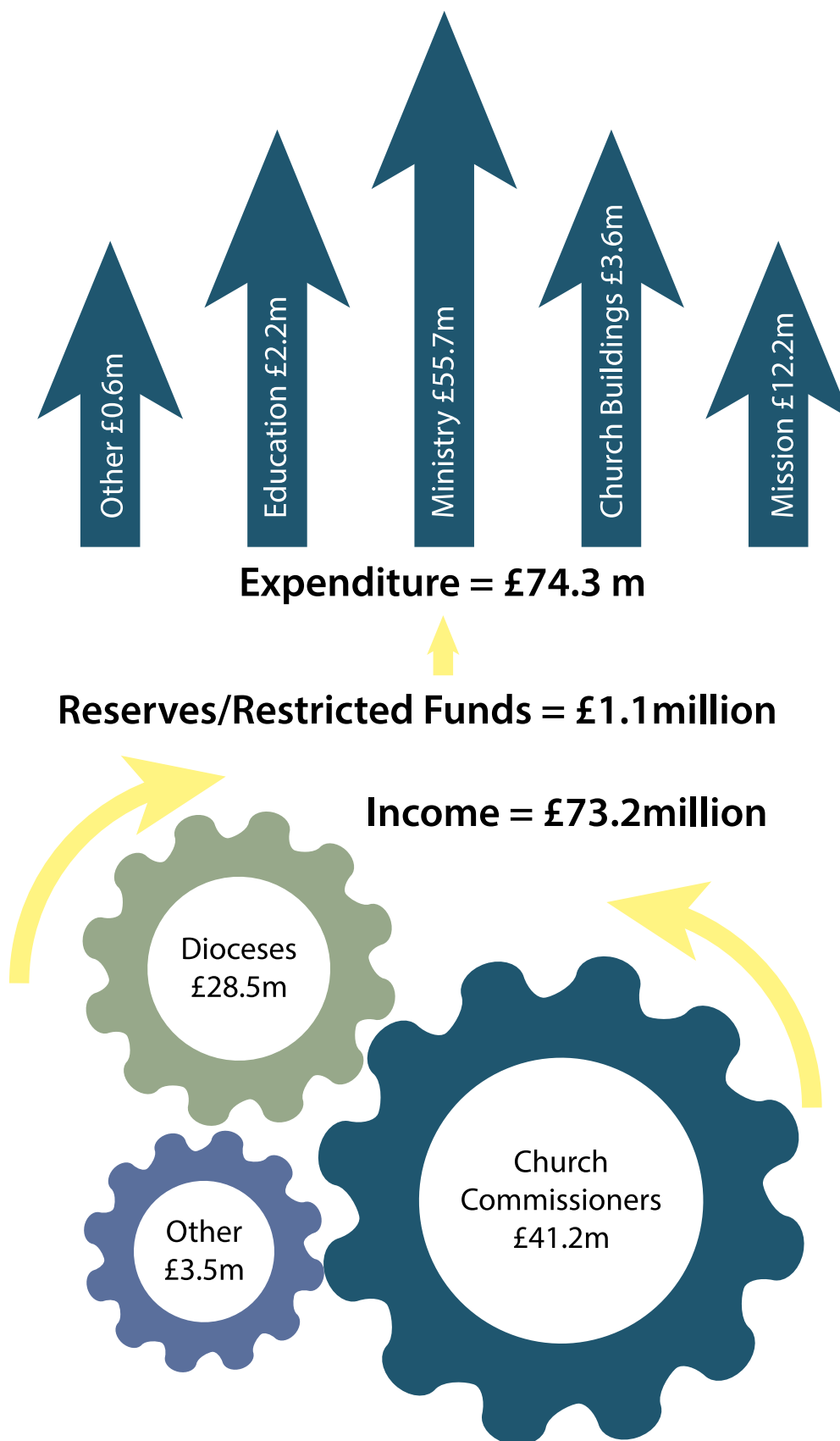
Its work is principally resourced by contributions from Church of England dioceses and by funds made available to it by the Church Commissioners.

Its **principal responsibilities** on behalf of the wider Church are:

- ✓ **distributing funds** received annually from the Church Commissioners for the support of ministry and mission in the dioceses of the Church of England;
- ✓ resourcing the **selection and training** of people to carry out public ministry, both lay and ordained;
- ✓ resourcing engagement with issues of **social justice** and public debate, promoting church growth and social cohesion;
- ✓ **sustaining and developing** work in education, lifelong learning and discipleship;
- ✓ supporting the maintenance and development of the Church's built **heritage**;
- ✓ supporting and promoting the Church's liturgy and forms of **worship**;
- ✓ supporting the Church's **ecumenical engagement** both nationally and internationally;
- ✓ promoting the Church's understanding of itself through **research** and statistical analysis; and
- ✓ **supporting** the Church's main debating and decision-making bodies.

Summary

Income and Expenditure



Contributing to the Common Good

Education

CHURCH OF ENGLAND SCHOOLS AND ACADEMIES ARE ATTENDED BY NEARLY ONE MILLION CHILDREN AND YOUNG PEOPLE

Church of England schools and academies are all managed locally by the dioceses and supported nationally by the Archbishops' Council's Education Division. In July, Archbishop Justin hosted a conference for diocesan bishops and the Chairs of Diocesan Boards of Education to enable them to better assess their performance in providing education and other opportunities for children and young people. The Secretary of

State for Education Michael Gove addressed the conference. The Education Division's **Going for Growth** initiative (www.going4growth.org.uk) has the objective of enabling every child and young person to have a life enhancing encounter with the Christian faith and the person of Jesus Christ and the capacity of children and young people to be agents of change for themselves and for others. The initiative offers small grants (of

up to £1,000) to new projects or ventures which directly support the aims of Going for Growth. The first round of grants funded 17 parish based projects across 10 dioceses, supporting a very diverse range of projects. All Church of England schools and academies and other youth and children's work are open to the whole community and play an important role in building and maintaining social cohesion, not least in areas of deprivation.

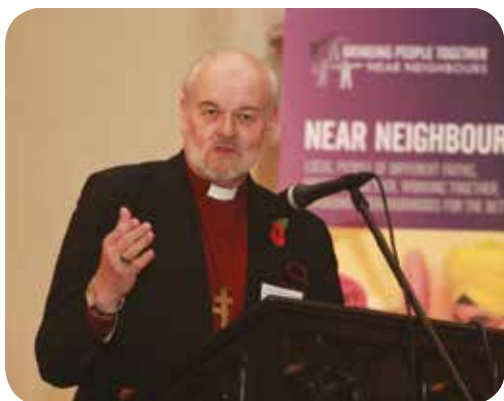


All Church of England schools and academies and other youth and children's work are open to the whole community.

Community cohesion and support

Staff from the Archbishops' Council's Mission and Public Affairs (MPA) Division took part in formal and informal meetings with senior civil servants, including a multi-Departmental meeting on Credit Unions and worked closely during the year with ecumenical partners to facilitate the establishment of the Churches' Mutual Credit Union (www.cmcu.org.uk). Those responsible for the Union are aiming to have all the financial and regulatory checks in place to 'go live' in the second half of 2014.

Near Neighbours continues to be a successful partnership between the Archbishops' Council and the Church Urban Fund. Established three years ago, it is funded by the Department for Communities and Local Government and originally worked in four main locations in England (parts of Birmingham, Bradford, East London and Leicester). Those areas are now being extended with a further government grant of £3 million to build on the success of its current projects over the next two years. The project supports key partner organisations working in these areas and offers a small grants fund to help community groups of different faiths, or none, deliver its two main objectives: to develop positive relationships in multi-faith areas (i.e. to help people from different faiths get to know and understand each other better); and to encourage people of different faiths, or no faith, to come together for initiatives that improve their local neighbourhood.



Legislative and social issues

The Council engages with Government consultations wherever it feels the Church of England has something to say, either on its own behalf or for the sake of the communities it serves.

Over the past year, the Council has contributed to consultations on such diverse issues as the NHS constitution, minimum unit pricing for alcohol and the future of Legal Aid. It is often possible to see how the Council's submissions or lobbying have affected the outcome of consultations. One example

during the year was the Scrap Metal Dealers Act which was introduced to regulate the sale of scrap metal and protect churches from theft. The Cathedral and Church Buildings (CCB) Division of the Archbishops' Council had lobbied Government on this issue.

Much attention has been focused on the commemoration of the centenary of the outbreak of the First World War. Local churches will be marking this in many different ways with an emphasis not only on those who died for their country in that war, but in all wars past and present.

The Church will be thinking not only about those who died and the sacrifice they and their families made, but also about those who survived, their families and the communities who support them. With that in mind, the MPA Council has been discussing a covenant between the Church of England and the Armed Forces and hopes that the General Synod and the wider Church will welcome it enthusiastically. The Communications Office has set up a dedicated website: www.churchofengland.org/ww1

www.going4growth.org.uk
www.cmcu.org.uk
www.churchofengland.org/ww1



Going For Growth

‘Experience Christmas’ was run by an ecumenical partnership of churches in Truro diocese and enabled 110 children and 50 adults from rural schools to explore a display of ‘Christmas stations’ exploring the true meaning of Christmas.

For small isolated rural communities, the grant enabled a high quality experience that single communities and churches could not have mounted on their own.

Enthusiastic feedback from both adults and children showed the value of the event and a number of children who went on their own returned with their parents to see the displays. Other members of the community and the Lanteglos Churches Choir also visited, and took time to explore and enjoy the stations.

Promoting spiritual and numerical growth

The Council has worked to develop aspects of its reports on growth and mission in order to develop knowledge about what makes church congregations grow and how local churches can strengthen their mission and draw more people to Christ.

Indicators for Growth

appeared in 2012 and proposed ways in which we might be able to measure growth across the Church. There is a longer term perspective to some of the indicators recommended in the report, but the Council is keeping the data collection under review and is planning to draw together some of the conclusions to help target resources better.

The working group chaired by the Bishop of St Albans which produced *Making New Disciples: the Growth of the Church of England* is continuing its work on helping dioceses, deaneries and parishes develop mission strategies. This is also being picked up by a new task force for evangelism established following the November Synod in 2013 and a task group considering how Fresh Expressions can be better integrated into the life of the Church.

These two pieces of work fed into the 18 month Growth and Research Programme which was completed at the end of 2013. This comprised three strands: data analysis, profiling of 1,700 churches across a range of contexts and traditions and structures (cathedrals, Fresh

Expressions, Church Planting, Amalgamations, Team Ministry and United / Group Benefices). The key findings were announced at a special Faith in Research conference in January 2014 and can be found at: www.churchgrowthresearch.org.uk/report

The Young Adults Round Table

supported by the Council's MPA Division, has been carrying out its own research into what is working to reach and retain young adults within the Church family. The group is now actively seeking to work with dioceses to help them encourage and enable growth in the number of young adults attending church and church activities. The group are all practitioners working in this area with established church contacts and members are seeking to create a much wider network.

The Council provided seed corn funding for the *Pilgrim* study series, launched in October at Lambeth Palace and published by Church House Publishing (www.chpublishing.co.uk). It is designed to help people explore and strengthen their Christian faith and to be more confident in telling their story to their colleagues, friends and family. This should prove a useful tool in

helping people of all ages explore and strengthen their faith. Follow on twitter @pilgrimcourse.

Partners & mission agencies

The Council continued to support work with partners in the Methodist Church on the spirituality and learning needs of older people, an age group which is often overlooked.

In July, the MPA Council presented a report to the Synod on World-shaped Mission, focusing on the Church's engagement with Anglican mission agencies and how that relationship can be developed and enhanced.

Internationally, the Council also worked with partner Churches in Europe to help reform and redefine the work and structure of the Council of European Churches, with a greater focus on mission and effective engagement with the European Institutions. And at home, the Council worked closely with partner Churches to reshape Churches Together in England to make the organisation sharper and more effective in mission across ecumenical boundaries.

Seeking to re-imagine, reshape and re-energise lay and ordained ministry

Work to identify and train candidates for ordained ministry occupies a great deal of the Council's time and resources and those of the dioceses and training institutions.

A major review was launched at the end of the year into the funding and effectiveness of training to meet the future needs of the Church. The Council expects to have some initial proposals for consideration during the latter part of 2014, but any changes agreed will probably not start working through until the academic year 2016/17 and the budget year 2017.

The Council has had success in increasing the numbers of younger candidates coming forward for ordination and these remained stable in 2013/14 at 113, although as a percentage of those recommended for training the number increased slightly (from 22.2% in 2012/13 to 22.6% in 2013/14). The Ministry Division worked with the Communications Office to roll out the story which

resulted in a positive news feature in the *Independent* and the *Times* on young people entering ministry. It has also focused on making ordained ministry more easily accessible to all who are called.


The Council has now reached agreement with Durham University on a suite of Common Awards for training ordinands; programmes and their constituent modules were approved in October. Since November, participating training institutions have been undergoing validation processes with the University to ensure they have the legal, financial and academic capacity to deliver the Common Awards. No major issues have arisen so far in relation to the capacity of any of the training institutions to deliver the Common Awards. Fifteen theological education institutions will be delivering the Awards – some of them as partnerships of several institutions – with students embarking on training from September 2014.

A Common Awards virtual learning environment is in development and will be operational from April


2014. This will offer opportunities for web-based learning, serve as a virtual learning community within and among training institutions, and provide a student management system simplifying academic administrative processes.

Developing and motivating clergy throughout their ministry continues to be a priority and the review of ministerial training (see above) will help the Council identify how that might be done more effectively.

Developing the gifts and discipleship of lay people is also an important focus. The *Pilgrim* course (see above) will play an important role, but the Council has commissioned more work, which it will be considering during 2014.



Ministry Experience Scheme



The Church of England Ministry Experience Scheme is designed to give a greater number and more diverse group of young people aged 18-29 the opportunity to get a taste of life as a priest in the Church of England. The scheme was launched at General Synod in November 2013 and there are currently 14 young people engaged in four dioceses – Newcastle, Sodor and Man, Peterborough and London (in the Stepney Episcopal Area).

Applications to be part of the scheme for 2015-16 are coming in now and the signs are that up to 10 dioceses may apply. The scheme is already proving useful as a stepping stone to help young people gain the necessary experience and confidence to offer for ministry and has the potential to make a significant contribution in increasing the number of young ordinands.

Reviewing and simplifying



he Council is committed to ensuring that resources can be made to work more efficiently and effectively, easing the financial burden on dioceses and parishes.

The Council continued to simplify processes and remove unnecessary legislative burdens to give dioceses and parishes more energy and time for ministry and mission. This included work on the Church Representation Rules to simplify the requirements for how parochial church councils (PCCs) exercise their governance responsibilities, and the faculty system. Both are currently making their way through the legislative process in Synod.

The Simplification Task Group (which consisted entirely of members of the Council) is now expanding to include members of the Church Commissioners' Board of Governors, a Diocesan Secretary and members of the Council's Finance and Remuneration and Conditions of Service Committees. The Bishop of Willesden chairs this task group which is charged with reporting back to the Council and

the Board of Governors by the end of 2014.

THE PARISH BUYING SCHEME

(www.parishbuying.org.uk), which aims to save parishes time and money by providing a range of deals for areas of parish expenditure from energy to office products continued to expand its offer and attract new customers. In 2013 the target of increasing registrations by at least 50% to over 6,000 was met. Scheme users achieved savings of around £1.25 million in 2013.

The Council also agreed to provide funding to facilitate the national roll-out of the Parish Giving Scheme, which began in the Diocese of Gloucester and helps parishes with their tax-efficient giving. Three dioceses were active participants in the scheme during 2013. In April 2014, the scheme passed more than £0.5m of gifts and accompanying Gift Aid on to parishes for the first time.

REVIEW OF RESOURCES

Ministerial education funding represents a significant – and growing – proportion of the Council's budget. At the end of 2013 the Council began a review to identify the most effective

ways of training the Church's future leaders and to propose ways to align more closely the allocation of resources to the needs of the dioceses and the church as a whole, especially in the context of mission and growth. The review will also consider the mechanisms for funding ministerial education and what that funding should cover. Initial conclusions are expected by autumn 2014 so that the outcome of decisions can start working through in the 2017 budget year (see Ministry section p.10).

The Council also initiated a review - to be carried out by the Resourcing the Future Task Force - of the way that the Church allocates its resources. Against a background of continuing attendance decline and a reduction in clergy numbers, the review is concerned to align the Church's resources more explicitly with its goals of mission and growth. The Council's objective is to reach some conclusions by summer 2015 with the outcomes having an impact from the 2017 budget year.

Both of these reviews form an important part of the Council's

ongoing work to improve its oversight of the allocation of resources available to it and to ensure that resources are used wisely and directed where they can be most effective to advancing mission and growth.

Working with the Church Commissioners, the Council agreed the allocation of funds for ministry in dioceses and parishes to support research and development into church growth. Feedback from the projects that are supported by this funding is vital in helping assess what is working on the ground and form policies for growth.



New to THE COUNCIL

I have been amazed at the amount of work that the Council gets through ”

“I joined the Council in March 2013, when I was elected Prolocutor for the Province of York early in 2013. The two Prolocutors are ex officio members of the Council.

I have been amazed at the amount of work that the Council gets through and the ways in which that work is done. There is a clear commitment to fulfil its remit and also a genuine desire to listen to and learn from those at the ‘coal face’ in parishes and dioceses so that the Council’s work can be better focussed. The make up of the Council allows many voices to be heard and a broad range of experience to be shared. This enriches its discussions and brings something of the breadth of the Church of England into its decision making.

The Council sees its role as carrying out at a national level ‘only those functions that cannot be done coherently, economically and well in parishes or dioceses’ and it is always looking for ways to do this that free, support and enable rather than control or stifle. It works intentionally within the framework of the Quinquennial Goals and spends time reflecting on its own work and development to ensure it can carry out its task as well as possible.

Being part of the Council can be inspiring and humbling as well as demanding and challenging. It asks a huge amount of its members in terms of the scale and range of the business it deals with. But as someone who is still a relative newbie, it feels good to be part of it.”

The Venerable Cherry Vann
Archdeacon of Rochdale

Fingertip Facts:

Conducts on average more than a thousand weddings a week

Provides activities outside church worship in the local community for 470,000 children and young people (aged under 16 years)

Conducts on average more than three thousand funerals a week

85% of the British population visit a church each year

25% of all primary schools and 1 in 16 secondary schools are Church of England, many in deprived areas

Church of England schools educate almost a million students

At Christmas 35% of the population attend a church service

More than 1.6 million people a month attend a Church of England service

Congregations give £49 million a year to other charities

Churchgoers contribute 23.2 million hours each month outside their local church to voluntary work in their local community

Conducts on average more than two thousand baptisms a week

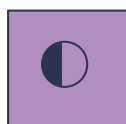
Released in March 2013 ahead of the enthronement of Justin Welby as Archbishop of Canterbury

The Council's plans for 2014:

Some of the Council's objectives for 2014, several of which are unlikely to be fully completed by the year end are set out below:

- 1 Develop national policies and governance, training and audit processes to enable the Dioceses to achieve the 'Towards a Safe Church' Safeguarding programme.
- 2 Support the work of the Task Groups for Resourcing the Future, Resourcing Ministerial Education, Intentional Evangelism, Leadership and on the financial sector.
- 3 Continue to support and resource the Lords Spiritual, including induction for new Lords Spiritual, briefing on Bills, building Parliamentary relationships and setting up clusters around key issues.
- 4 Advancing as rapidly as possible the draft legislation and related instruments on Women in the Episcopate, with a view to being in a position to secure Final Approval in 2014.
- 5 Build and develop the Fresh Expressions (FX) working group and establish relationship with the new FX Team leader and other stakeholders.
- 6 In respect of the Christenings and Funerals projects, complete the research and testing of new resources and training in pilot dioceses
- 7 Publish the remaining volumes of Church House Publishing's Pilgrim Course.
- 8 Deliver the Anglican Voices Project and year long "@Ourcofe" Twitter project with 52 users from across the Church tweeting local life from a Church of England perspective.
- 9 Broaden support for Diocesan Boards of Education and school chaplains.
- 10 Develop an online faculty applications system and national church heritage database and deliver training for Archdeacons and Diocesan Advisory Committee Secretaries

Overview



One of the Council's objectives is to bring together policy and resources at national level, to ensure good stewardship, transparency and effective and efficient use. It keeps all areas of its work and costs under review with the aim of improving its service to the wider Church wherever possible. Under the terms of the National Institutions Measure 1998, the Council distributes grants received annually from the Church Commissioners. The two main funding streams are mission and ministry grants for low income dioceses and mission funding. In 2013 this funding amounted to £41.2 million (2012: £38.9 million). See *Use of Resources*.

It also requests voluntary contributions from the dioceses of the Church of England (known

as 'the apportionment') using a formula which takes diocesan resources into account. An arrangement is in place to ensure that no diocese in any one year is asked for an increase that is more than a fixed amount (currently set at two percentage points) above the overall change in the apportionment. In 2013 these voluntary contributions amounted to £28.5 million, 1.3% above the 2012 level of £28.2 million. The Council would like to express its gratitude that in 2013, as in recent years, all dioceses paid their apportionment in full.

The funds are requested for five main purposes, called 'Votes'. The General Synod is required under the terms of the National Institutions Measure 1998 to approve the Council's budget.

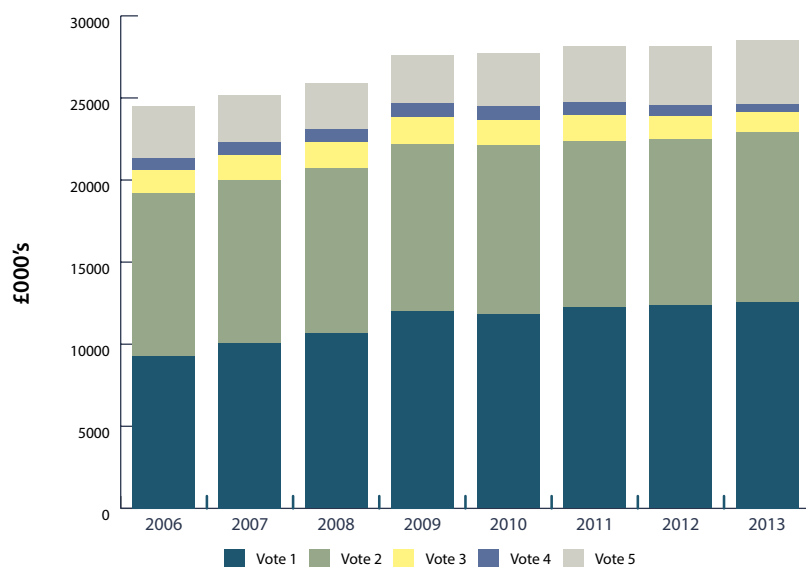
It votes separately on each of the

following five areas:

1. Training for Ministry (Vote 1)
2. National Church Responsibilities (Vote 2)
3. Grants (Vote 3)
4. Mission Agencies pension contributions (Vote 4)
5. Clergy Retirement Housing subsidy (Vote 5).

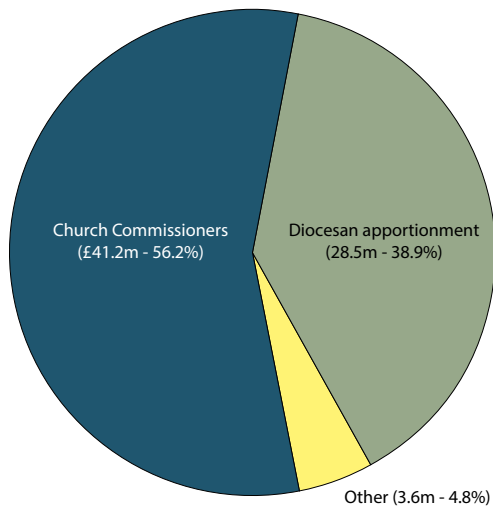
The sums requested from dioceses for each Vote since the introduction of Vote 5 in 2005 are shown in the chart below. Over the period there has been a marked change in the balance between the areas of expenditure. At the start of the period, Vote 2 was the largest at 40.2%. But since 2007 Training for Ministry has been the largest area of expenditure and in 2013 this represented 45.0% of the funds requested from the dioceses, compared with 36.1% for Vote 2. The sum requested from dioceses in 2013 was 2.9% more than in 2010 and within this sum the Vote 2 increase was 0.2%.

**Diocesan Contributions by Vote
2005 - 2013**



The Council aims to provide cost effective support to dioceses and parishes in their charitable purposes. It continues to operate within the parameters of the spending priorities for 2010-2015 (GS 1731) under which it committed itself to requesting below-inflation increases in the apportionment from dioceses over the period. The 2015 budget, in common with budgets over the rest of the strategy review period, will be consistent with this framework.

Incoming resources



Analysis of 2013 incoming resources of £73.3 million

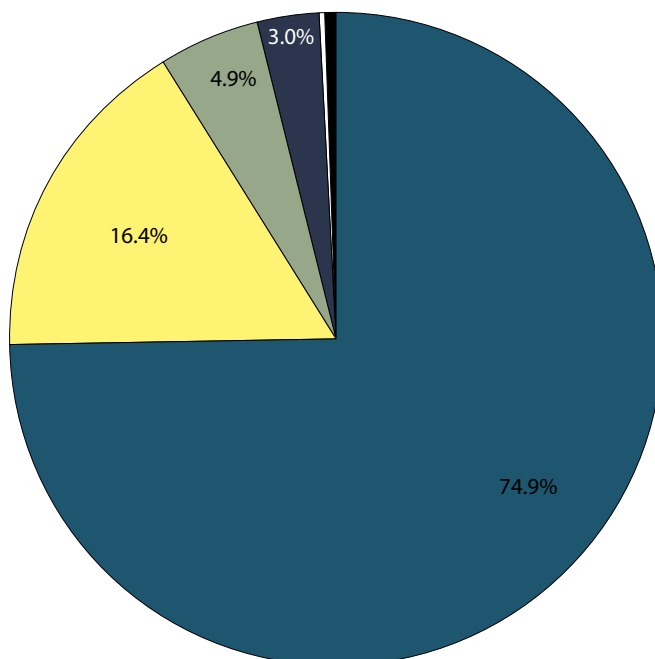
The Council's incoming resources in 2013 were **£73.3 million**, 2.9% above the 2012 level of **£71.2 million**.

The Council's two main income streams – voluntary contributions from dioceses and grants from the Church Commissioners – accounted for **95.2% (2012: 94.2%)** of incoming resources.

Use of resources

In 2013 resources expended or distributed by the Council totalled £74.3 million (2012: £71.0 million). Net outgoing resources were £1.0 million in 2013 compared with net incoming resources of £0.2 million in 2012. The difference between the two years was largely as reserves and designated funds were used, as planned, in 2013 whereas in 2012 these funds were increased.

The greatest proportion of the Council's expenditure in 2013 was in relation to selecting and resourcing for public ministry and enhancing mission. These represented 74.9% (2012: 74.8%) and 16.4% (2012: 15.9%) respectively of the total resources expended by the Council.



2013 resources expended (£74.3m) by activity

- Selecting & resourcing for public ministry (£55.7m - 74.9%)
- Enhancing Mission (£12.2m - 16.4%)
- Development of Church buildings for worship and service (£3.6m - 4.9%)
- Advancing Education and lay discipleship (£2.2m - 3.0%)
- Church House Publishing (£0.3m - 0.4%)
- Governance (£0.3m - 0.4%)

MINISTRY FUNDING

There are two main grant streams for selecting for and resourcing public ministry:

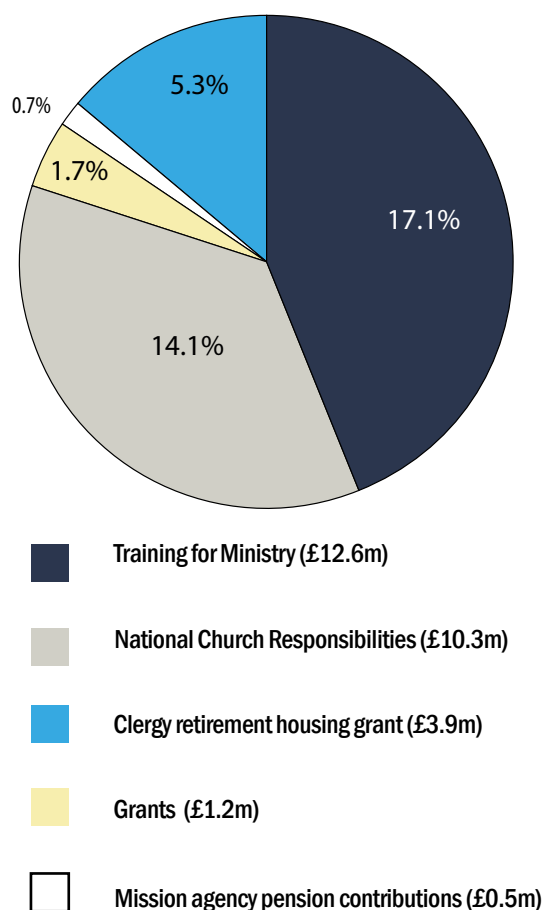
- **Ministry support grants**

to low income dioceses (from funds made available to the Council by the Church Commissioners for distribution). In 2013 grants totalling £34.4 million (2012: £33.1 million) were made to the 28 (2012: 28) dioceses calculated as having below average resources per stipendiary minister, taking into account church attendance, local personal incomes and diocesan and parish investment income. 16 (2012: 16) of these dioceses received more than £1 million from this source in 2013. Dioceses use these grants to help fund parish mission and ministry in the parishes where financial support is most needed.

- **Training for Ministry**

(from the Council's budget and collected via the apportionment). In 2013 grants totalling £12.3 million (2012: £11.7 million) were provided for training for ordained ministry. This included payments to the training institutions that provide approved residential, non-residential and context-based training based on the number of ordinands in training at each institution, grants to support those individuals undertaking training and university validation fees.

Analysis of diocesan contributions



Other grant expenditure funded via the apportionment under Votes 3, 4 and 5 included:

- Grants towards the work of the Anglican Communion Office, national and international ecumenical agencies (including Churches Together in England, the Conference of European Churches and the World Council of Churches) and the Church Urban Fund.
- Grants that fund the pension contributions of those clergy employed by qualifying mission agencies.
- Grants towards the subsidy required for the Clergy Retirement Housing scheme administered by the Church of England Pensions Board.

In 2011 to 2013 the Council worked with the Church Commissioners on the distribution of £12 million earmarked for research and development to help the Church understand better which of its parts are growing and why and to seek to develop that growth. Further details can be found in the Commissioners' annual report in whose accounts this expenditure is recorded.

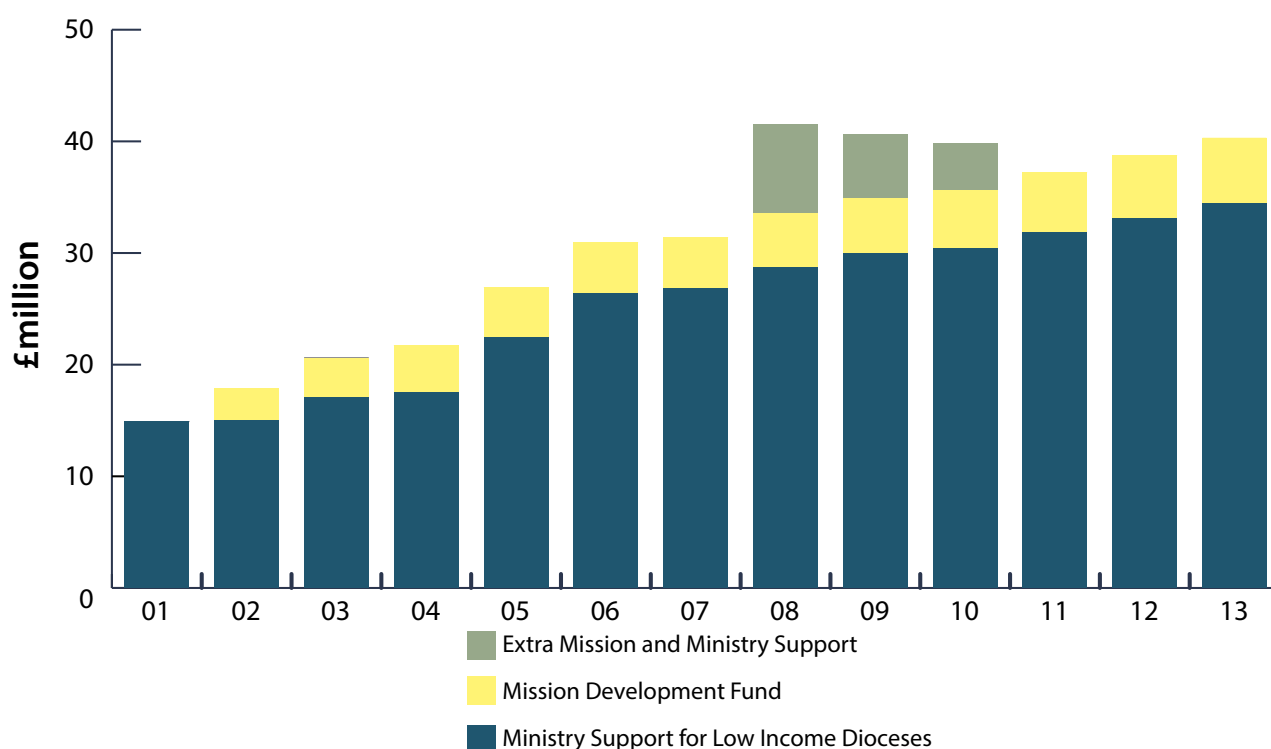
MISSION FUNDING

In 2013, the Council distributed a total of £5.9 million (2012: £5.7 million) between all dioceses under the mission development funding stream. Each year dioceses provide details of how this money has been spent to demonstrate accountability and transparency and also to facilitate sharing of information and learning between them. The Council publishes a paper each year, including on the Church of England website, showing how the funding has been applied.

Given the purposes for which the funding is provided, the Council is keen to ensure that it is spent. To that end, the Council seeks information from those dioceses which appear to have a significant sum of unspent grant. It did so in 2013 and was reassured to learn that the majority of the unspent funds had been allocated or that there was a process in hand for their use.

The graph (overleaf) shows the level of parish mission and ministry support grants the Council has distributed to dioceses since 2001 (the figures exclude payments made directly to parish clergy by the Church Commissioners). In 2013 the amount distributed as ministry support for poorer dioceses was more than double the amount distributed ten years previously, representing an increase of 7.9% p.a. The average annualised growth for mission funding has been 6.7% p.a. since 2002 when the scheme was introduced.

Total Grants to Dioceses for Parish Mission and Ministry Support by Type



Use of legacies

The priority under the Council's legacies policy is for unrestricted legacies is to support new, time-limited, mission initiatives. In addition, the Council has agreed that legacy funding may be used, where necessary, to support ordination training and retired clergy. The Council decides this expenditure on a case-by-case basis.

In recent years, legacy funding has been pivotal to the Weddings Project – see www.yourchurchwedding.org. The Council intends to use remaining unrestricted legacy money to support projects which aim to enhance the Church of England's national ministry around birth and death.

Comment by the trustees about going concern

The Council has identified no material uncertainties that cast significant doubt on its ability to continue as a going concern. In reaching this conclusion, it considered its role in funding the Church's mission and ministry, the record of dioceses in meeting the apportionment requested from them, its reserves policy for each area of expenditure and the level of each of those reserves, the existence of certain restricted funds and, since the year end, confirmation from the Church Commissioners that, in 2014, the expected monies will be made available for distribution. The Council has concluded that it has a reasonable expectation that it will have adequate resources and cash flows to meet its spending commitments for the foreseeable future.

Reserves policy

The Council holds reserve funds for each of its five areas of expenditure to enable it to meet its obligations and commitments which span more than one accounting period, to assist in cashflow management and to help reduce the risk of needing to ask dioceses for a substantial increase in apportionment funding in any one year. In 2013 the Council reaffirmed its reserves policy to hold between one and a half and three months net monthly expenditure as reserves for each of its five Votes (this excludes designated funds). Four of these Votes are held for specific purposes and one – Vote 2 – is unrestricted.

During 2013, it reviewed its medium term target levels for each Vote which had been set the previous year. It agreed that the target levels should be the mid point of the policy range for all Votes apart from Vote 5 where a higher level was deemed necessary in view of the higher likelihood of unexpected calls for additional financial support for the clergy retirement housing scheme.

At the end of 2013 the cash reserves for Vote 2 were £94,000 above the maximum of the Council's policy range. The reserves for the remaining Votes were within the policy ranges. In setting its 2014 budget, the Council took steps to begin to bring the Vote 2 reserve into line with its policy range. Furthermore, it planned to draw on reserves broadly evenly over 2014-2016 with the objective of reserves reaching their medium term target by the end of this period.

Investment policy and use of restricted funds

The Council's investment policy for its restricted funds – based on the planned distribution strategies for each – is summarised as follows:

For funds that are planned to be spent out within five years, the focus is on capital preservation with a target return of at least bank deposit rates. The ability to withdraw funds at relatively short notice is also imperative.

For settlements planned to be retained beyond five years, the Council's annualised long term target is to achieve a total return of at least 2% above RPI after all costs. The Investment Committee is empowered to set target rates of return and its priority is to achieve its target return over the long term. Investment for funds planned to be retained beyond five years is made in two Common Investment Funds diversified between and within asset classes.

The Council's Investment Committee is responsible for reviewing and overseeing the management of the Council's investments and reports regularly to the Council and its Finance Committee. 2013 was the first full year of the revised investment management arrangements which were implemented over the previous two years. The Investment Committee regularly reviews performance of the Council's investments and in 2013 this included two formal meetings with its main investment managers. It has set a long term total return target for longer term investments of

RPI +3% p.a.; this was 5.7% in 2013. The aggregate total return from its investments held for settlements with a time horizon of beyond five years was 14.8% in 2013.

The Council's cash resources are held in its current account or in the Central Board of Finance Church of England Deposit Fund (although its Treasury Management Policy, which is reviewed annually, does permit investment with certain other specified institutions). The Council's average return on its cash holdings in 2013 was 0.5%.

The Council also acts as custodian trustee for several funds. At the end of 2013 the assets of these funds, which are held in investments and cash separately from those of the Council, were valued at £3.1 million (end 2012: £2.8 million).

Ethical Investment

The Archbishops' Council participates in the work of the Church's Ethical Investment Advisory Group (EIAG), which develops and co-ordinates ethical investment policy on behalf of the three main central Church investment bodies. Its membership includes members of the Council and its Mission and Public Affairs Council. The EIAG makes policy recommendations based on thorough research, but responsibility for whether and how these are implemented rests with each investing body. The EIAG publishes an annual report of its work which is available, together with other related publications including its sector based policies, on the Church of England website.

During the year the Council joined the ecumenical Church Investors Group.

The Common Investment Funds in which the Council invests have ethical investment policies. The Council complies with the EIAG's guidance on pooled funds and the Council and its Investment Committee regularly monitor compliance with this policy.

Public Benefit

The Archbishops' Council has an enabling role in support of the ministry of the Church of England which, through its 13,000 parishes and the dioceses and through other means, seeks to provide spiritual care for all people in England.

In particular:

- the Church of England is a focus for community activity in 13,000 parishes and 16,000 church buildings and, through the resources at its disposal, provides activities that support community development and social cohesion. Typically this includes projects that support children, families and the elderly through clubs, social gatherings and outreach activities;
- the Church of England provides education in the Christian faith and encourages personal and spiritual growth and wellbeing;
- through its engagement in local communities and public debate the Church of England promotes values that it believes are beneficial to society as a whole;
- through its network of schools and academies, the Church of England provides an education for around 20%

of children of primary school age and 8% of young people of secondary school age that is rooted in Christian values and available to families of all faiths and none.

The Council has had regard to the requirements of the Charities Act 2011 and published advice issued by the Charity Commission in relation to public benefit.

Presidents' postscript

This report brings together the many different opportunities, issues and challenges that are before the Church of England in our time. Some of these are continuing themes that have been the substance of Church deliberations for centuries, but there are the particular matters of our own generation that need to be faced.

Our experience of the Archbishops' Council is of a body that is seeking to bring a Gospel-centred edge to its deliberations. It is here that the many different facets of our Church governance are subjected to an overview. We welcome the determination to simplify processes, and very much look forward to the reporting back of the Simplification Task Group at the end of 2014.

We are also conscious that this document reflects an enormous amount of dedicated service to the Church. This is service which is both paid and voluntary, but it is service to the parishes, institutions, projects and work of the whole Church as we seek to be faithful to God. It is right to express our gratitude for all that is represented here that supports the proclamation of the Good News of Jesus Christ to our generation.

We pray that we can use all the resources that are available to our Church wisely and well and ask your prayers for the Archbishops' Council as it seeks to be faithful to that task.

 **Justin Cantuar:**

 **Sentamu Ebor:**

Joint Presidents

Church House
Westminster SW1P 3AZ

22 May 2014

Structure and accountability

Compliance

The work of the Council and its supporting bodies is underpinned by openness to God, worship, service, and a desire to promote growth, partnership, unity, integrity and transparency. The Council carries out its work in compliance with relevant legislation and best practice. In carrying out its work, the Council aims to maintain and support a skilled and motivated staff and to ensure effective systems of organisation and governance.

Governance

In 2013, the Council continued its new pattern of two 24-hour residential meetings and two one-day meetings. It also met on the date reserved for urgent business. This continues to demand critical consideration of the Council's agendas to ensure more efficient use of the Council's time.

The Council is in the process of reviewing how it goes about its business. The Council has agreed new patterns of working in relation to reporting, business planning and risk management and is undertaking further work in some other areas.

It is also in the process of reviewing the constitutions and reporting arrangements for its Boards, Councils and Committees (see below). The last such exercise in 2009-10 reduced the membership of these bodies by a third overall. The changes introduced then are still settling down, so the current review is focussing only on necessary minor adjustments. The one exception is the Board of Education, where the Council is in discussion with the National Society to determine how the work for which the Board has oversight is best delivered.

Alongside the work of the Spending Plans Task Group (a joint body with the Church Commissioners to determine how the money the Church Commissioners make available to the Council for distribution to the dioceses in the period 2014-16 should be allocated), the Council has also agreed reviews of the totality of resources available to it and of its provision in relation to ministerial education. There is a high degree of cross-membership of these review groups to ensure that strategic thinking is co-ordinated across the piece.

Boards, Councils and Committees of the Archbishops' Council

The following bodies undertake work as committees of the Archbishops' Council:

- *Audit Committee of the Archbishops' Council (chair: Mary Chapman)
- Board of Education (chair: the Bishop of Oxford)
- Committee for the Ministry of and among Deaf and Disabled People (chair: the Bishop of Salisbury)
- Committee for Minority Ethnic Anglican Concerns (chair: the Venerable Daniel Kajumba)
- Council for Christian Unity (chair: the Bishop of Peterborough)
- Remuneration and Conditions of Service Committee (chair: the Bishop of Manchester)
- *Finance Committee (chair: Andrew Britton (until September 2013); John Spence (from October 2013)).
- *Ministry Council (chair: the Bishop of Sheffield)
- *Mission and Public Affairs Council (chair: Philip Fletcher)

*the chair of the bodies marked with an asterisk must be a member of the Archbishops' Council

The National Church Institutions and other key working relationships

The Archbishops' Council works in close partnership with the other National Church Institutions (NCI): the Church Commissioners, the Church of England Pensions Board, the offices of the Archbishops of Canterbury and York, the National Society and Lambeth Palace Library. During the year the Council agreed, together with the Church Commissioners and Church of England Pensions Board, to form Church of England Central Services (ChECS). This new National Church Institution (NCI) will facilitate the provision of cost-effective shared financial, legal and other services to the NCIs and provide payroll and other services to dioceses and other charities with a Church ethos. On 1 April 2014, 124 staff, including 29 for whom the Council was the managing employer, transferred to Church of England Central Services.

The directors of ChECS are the Chair of the Council's Finance Committee, the First Church Estates Commissioner and the Chair of the Pensions Board.

In particular:

Church Commissioners

Under the terms of the National Institutions Measure 1998, the Council and the Commissioners work closely to develop spending plans, reflecting Council's priorities for the coming period. The Council receives reports annually on the uses to which that funding has put to enable it to confirm to the Church Commissioners that the money has been used for the purposes for which it was given.

General Synod

The Council is not a body of the General Synod, but a statutory body established under the National Church Institutions Measure 1998. All of its members are either drawn from the General Synod or become members of the General Synod through their appointment to the Archbishops' Council.

This helps to ensure that there is a close relationship between the Council and the Synod, not least because the Council and its committees undertake work on behalf of the Synod and report to the Synod on that and other work as it progresses and on completion.

Members of the General Synod may ask questions of the Council and its committees when the General Synod meets and the General Synod approves the Council's annual budget and receives the Council's annual report.

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

Dioceses

The Archbishops' Council is largely funded by the dioceses of the Church of England (see p.16). This gives the Council a responsibility to demonstrate that the money it receives is spent effectively and to work on behalf of the dioceses to provide a central source of advice, a resource for the development of policy and legislation and a focus of engagement with government and other agencies on behalf of the Church.

The Council also distributes to the dioceses a significant sum of money received from the Church Commissioners under the terms of the National Institutions Measure 1998 to support mission and ministry in the dioceses (see p.19).

Trustee recruitment, appointment and induction

Members of the Archbishops' Council have responsibilities as trustees. They hold office in a variety of ways: ex officio (the two Archbishops; the First Church Estates Commissioner; the Chair and Vice-Chair of the House of Laity; and the two Prolocutors); elected (two members each of the Houses of Bishops, Clergy and Laity of the General Synod); or appointed (by the Archbishops with the approval of the General Synod after an extensive public recruitment process).

See p.28 for list of members.

All new members of the Council receive a handbook setting out basic details about the Council and their responsibilities as trustees. Both new and existing members have the opportunity to meet head of department and other staff for briefing on the organisation as a whole, on particular areas of work and on their responsibilities as members of the Archbishops' Council.

Members also have the opportunity to learn about the Council and contribute to its development at close hand as members of committees and working parties looking into specific areas of the Council's work and operation.

Trustee responsibilities in relation to the financial statements

As trustees, members of the Archbishops' Council are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales requires the Archbishops' Council to prepare financial statements each 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 the period. In preparing the financial statements, the trustees are required to:

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

They are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the National Institutions Measure 1998. They are also responsible for safeguarding the assets of the Archbishops' Council and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk Management

The Archbishops' Council has established processes to identify, assess and manage major risks to the achievement of its objectives. The Archbishops' Council considers the risk management arrangements and the major risks identified by management, annually, supported by regular review by the Audit Committee and Finance Committee.

Individual divisions and risk advisers are responsible for the identification and assessment of the risks identified in their respective areas and for ensuring that current mitigation and planned additional activities to manage the risks are undertaken. Risks are prioritised using an agreed scoring methodology and are assessed at an inherent and residual level. Any additional actions to further mitigate or manage the risks are identified and progress monitored. The risk management process is facilitated and monitored by the Audit and Risk department.

Major risks, which are subject to monitoring and review, reflect issues around operational, financial, reputational, legal and regulatory risks.

The following areas contain inherent risks, which are subject to management actions:

- efficient and effective use of funding received from dioceses
- delivery of grants to fund mission development and growth
- influencing of policy in areas such as education, Church conservation and support for the Lord Spiritual
- providing advice and support for dioceses in areas such as safeguarding

These risks are subject to a range of management actions and processes to reduce both the impact and likelihood of occurrence. These include: specific processes and systems; experienced and capable staff; the use of experienced third party partners; and regular and accurate management information. The adequacy of controls and actions is subject to review and evaluation by both Trustees and management.

Staff

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

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

Almost all staff are employed jointly by the NCIs, but managed by one of them. The average number of staff for whom the Council was the managing employer during 2013 was 125 (2012: 120), approximately half men and half women.

12% of the staff were from a UK minority ethnic background (2012: 11%).

Equal opportunities

The National Church Institutions are committed to equal opportunities in employment. They are a 'Two Ticks' employer.

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

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

Professional advisers

The Archbishops' Council advisers are listed on p.29. Their performance is critical to the effective operation of the Archbishops' Council as a charity and the Council has a policy of regularly reviewing all professional adviser appointments.

Administrative information

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

Membership of the Archbishops' Council from 1 January 2013 and up to the date of this report was as follows:

Joint Presidents

The Most Revd and Rt Hon Justin Welby, Archbishop of Canterbury (from March 2013)	(3)
The Most Revd and Rt Hon Dr John Sentamu, Archbishop of York	(3)

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

The Ven Christine Hardman (Canterbury)	(5)
The Ven Cherry Vann (York) (from February 2013)	(4)

Officers of the House of Laity (ex officio)

Dr Philip Giddings (Chair, House of Laity)	(5)
Tim Hind (Vice-Chair, House of Laity)	(5)

Elected by the House of Bishops

The Rt Revd Dr Steven Croft	(4)
The Rt Revd Trevor Willmott	(4)

Elected by the House of Clergy

The Revd Canon Robert Cotton	(4)
The Revd Mark Ireland	(5)

Elected by the House of Laity

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

Appointed by the Archbishops with the approval of the General Synod

Andrew Britton (until September 2013)	(4)
Mary Chapman	(5)
Professor John Craven (until July 2013)	(2)
Philip Fletcher	(4)
The Revd Dr Rosalyn Murphy	(4)
John Spence (from October 2013)	(1)
Rebecca Swinson	(5)

A Church Estates Commissioner

Andreas Whittam Smith, First Church Estates Commissioner	(2)
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(The figures in brackets indicate the number of meetings each member attended in 2013; the Archbishops' Council met on five occasions during the year.)

Staff Directors of the Archbishops' Council

William Fittall, Secretary General to the Council and the General Synod
The Revd Janina Ainsworth, Chief Education Officer
The Revd Arun Arora, Director of Communications
The Revd Dr Malcolm Brown, Director of Mission and Public Affairs
Janet Gough, Director of Cathedral and Church Buildings
The Ven Julian Hubbard, Director of Ministry
Su Morgan, Director of Human Resources (until April 2014)
Dr Jacqui Philips, Clerk to the Synod and Director, Central Secretariat and Ecumenical Relations (from April 2013)
Dr Colin Podmore, Clerk to the Synod and Director, Central Secretariat and Ecumenical Relations (until March 2013)
Stephen Slack, Head of the Legal Office and Chief Legal Adviser to the Archbishops' Council

Senior staff of Shared Services managed by other NCIs

Michael Cole, Director of Risk Management and Internal Audit
Declan Kelly, Director of Libraries, Archives and Information Services
Ian Theodoreson, Chief Finance Officer

Website

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

Offices and advisers

Registered office:	Church House, Great Smith Street, London SW1P 3AZ Tel: 020 7898 1000 Fax: 020 7898 1558
Investment managers:	CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC2V 4ET Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Bankers:	National Westminster Bank plc, City of London Office, 1 Princes Street, London EC2R 8BP
Solicitors:	The Legal Office of the National Church Institutions of the Church of England, Church House, Great Smith Street, London SW1P 3AZ
Auditors:	BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Financial Statements

for the year ended 31 December 2013

Independent auditors' report to the Trustees of The Archbishops' Council

We have audited the financial statements of The Archbishops' Council for the year ended 31 December 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2013, and of its incoming resources and application of resources, 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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Statutory Auditor
Gatwick
United Kingdom
Date: June 2014

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2013

	Notes	Unrestricted Funds (note 16) £000	Restricted Funds (note 17) £000	Total 2013 £000	2012 £000
INCOMING RESOURCES					
Voluntary income					
Church Commissioners		-	41,197	41,197	38,874
Diocesan contributions		10,322	18,209	28,531	28,151
Grants receivable	3	-	687	687	596
Other voluntary income	4	16	149	165	547
Incoming resources from charitable activities	5	2,429	84	2,513	2,710
Investment income	6	32	129	161	278
Total incoming resources		12,799	60,455	73,254	71,156
RESOURCES EXPENDED					
Charitable activities					
Enhancing mission	7(a)	3,791	8,392	12,183	11,286
Advancing education & lay discipleship	7(a)	2,192	26	2,218	2,495
Selecting & resourcing for public ministry	7(a)	4,106	51,563	55,669	53,091
Development of Church buildings for worship & service	7(a)	2,841	806	3,647	3,521
		12,930	60,787	73,717	70,393
Church House Publishing	7(b)	304	-	304	317
		13,234	60,787	74,021	70,710
Governance costs	8	274	-	274	276
Total resources expended		13,508	60,787	74,295	70,986
Net (outgoing)/incoming resources before exceptional items and transfers		(709)	(332)	(1,041)	170
Net transfers between funds	16,17	355	(355)	-	-
Net incoming/(outgoing) resources		(354)	(687)	(1,041)	170
Surpluses/(Deficits) on revaluation and realisation of assets					
Investments - Unrestricted		-		-	10
Restricted - Income Funds	11		13	13	11
Restricted - Expendable Endowment Funds	11		3,762	3,762	2,083
Restricted - Permanent Endowment Funds	11		197	197	245
NET MOVEMENTS IN FUNDS FOR THE YEAR		(354)	3,285	2,931	2,519
Total funds at 1 January	16,17	10,279	36,765	47,044	44,525
Total funds at 31 December	16,17	9,925	40,050	49,975	47,044

All the above results in the year are derived from continuing activities. All gains and losses recognised in the year and prior year are included above.

BALANCE SHEET
as at 31 December 2013

	Notes	2013 £000	2012 £000
FIXED ASSETS			
Investments	11	32,475	29,009
Properties	12	3,225	3,225
Other fixed assets	13	420	557
		36,120	32,791
CURRENT ASSETS			
Stocks		9	24
Debtors: amounts falling due within one year	14	1,857	2,277
Debtors: amounts falling due after more than one year	14	215	253
Short term deposits		11,988	11,986
Cash at bank and in hand		2,409	1,665
		16,478	16,205
CREDITORS: amounts falling due within one year	15	(2,623)	(1,952)
NET CURRENT ASSETS		13,855	14,253
NET ASSETS		49,975	47,044
ACCUMULATED FUNDS			
<u>Unrestricted Funds</u>			
- General	16	2,673	2,810
- Designated	16	7,252	7,469
		9,925	10,279
<u>Restricted Funds</u>			
Income funds	17	6,506	5,947
Expendable endowment funds	17	31,019	28,566
Permanent endowment funds	17	2,525	2,252
		49,975	47,044

The financial statements were approved by The Archbishops' Council on 21 May 2014 and signed on its behalf by:

The Most Reverend and Rt Hon Justin Welby, Archbishop of Canterbury

Chairman of the Finance Committee, Canon John Spence

CASH FLOW STATEMENT
for the year ended 31 December 2013

		Total	
	Notes	2013	2012
		£000	£000
Net cash inflow/(outflow) from operating activities	18	<u>174</u>	<u>(751)</u>
Returns on investment and servicing of finance			
Investment income		161	278
Net cash inflow from returns on investment and servicing of finance		<u>161</u>	<u>278</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(95)	(167)
Purchase of fixed asset investments		(150)	(13,684)
Sale of fixed asset investments		656	12,560
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>411</u>	<u>(1,291)</u>
Management of liquid resources			
(Increase)/decrease in short term deposits	19	(2)	291
Net cash inflow/(outflow) from management of liquid resources		<u>(2)</u>	<u>291</u>
Increase/(decrease) in cash in the year	20	<u>744</u>	<u>(1,473)</u>

1 Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with the recommendations set out in the Statement of Recommended Practice 2005 'Accounting and Reporting by Charities' (the SORP), applicable United Kingdom accounting standards and the Charities Act 2011.

These financial statements comprise all the Council's designated and restricted funds, including the Church and Community Fund and trusts for which the Council is custodian trustee and has control) drawn up to 31 December each year.

Unrestricted Funds – General

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

Unrestricted Funds – Designated

Designated Funds are funds which the Council has earmarked for a particular purpose. There are no legally binding restrictions on them and the Council is free to redesignate these funds should this be appropriate. The purpose of each designated fund is disclosed in the Statement of Unrestricted Funds (note 16).

Restricted Funds

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council.

The Council has responsibility for a number of funds, which are disclosed in the Statement of Restricted Funds (note 17) and the Statement of Other Funds (note 24). Where the Council has control over the funds, including with regard to the application of their income to support the activities of the Council, these funds are shown as Restricted Funds in the financial statements (note 17). Where the Council acts as custodian trustee for funds which have trustees separate and independent from the Council, these funds are not included in the financial statements but are disclosed in the Statement of Other Funds (note 24).

Income Funds

Income funds are sums of money given for a specific purpose, which may be spent in their entirety on the specified purposes within a reasonable period. The duration of a 'reasonable' timescale will vary depending on the nature of the funds.

Expendable Endowment Funds

Expendable endowment restricted funds are sums of money which may be spent in their entirety on the specified purposes, but do not have to be spent on those purposes within a reasonable period. One such expendable endowment fund is held within the Church and Community Fund (note 17), for which there is absolute discretionary power to expend in accordance with its trust deed.

Permanent Endowment Funds

Permanent endowment restricted funds are created when a sum of money is received from a donor who specifies that it must not be spent as if it were income. Usually the donor will instruct that the sum of money must be invested, and the income generated must be spent on certain specified purposes.

Fund transfers

The Council makes transfers of surpluses arising within General Unrestricted Funds to specific Designated Funds. The Council makes transfers from Restricted Funds to Unrestricted Funds only where such restricted funds are being applied in accordance with the object, purpose and restrictions of the underlying fund or charity.

2 Principal Accounting Policies

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

(a) Incoming resources

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

(b) Resources expended

All expenditure is accounted for on the accruals basis.

(c) Grants payable

Grants are recognised as a liability when the grant is notified to the recipient. Any ministry training maintenance grants for the Lent term of the following year, paid in the current year, are accounted for as prepayments (please refer to notes 14 and 23a for further details).

(d) Governance costs

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

(e) Support costs

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

(f) Fixed assets

Investments: stated at bid price. Surpluses or deficits on the revaluation and disposal of investments are taken directly to the statement of financial activities. All investments held with Ruffer and Sarasin (except for Permanent endowment restricted funds), are invested on an accumulation basis, where dividends received are reinvested as new units within the fund.

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

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

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

Office equipment	20 to 25%
Leasehold improvements	10%

(g) Pension costs

As set out in Pensions (note 21), The Archbishops' Council participates in two defined benefit pension schemes and one defined contribution scheme - set up in 2006 for employees commencing service after 30 June 2006. The defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17: Retirement Benefits. As employees are jointly employed by the National Church Institutions (NCIs), and move between NCIs, the Council is unable to identify its share of the underlying assets and liabilities. Paragraph 10(b) of the Standard requires the Council to account for pension costs on the basis of contributions payable to the schemes in the year. These are shown in Staff Numbers and Costs (note 10).

(h) Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

3. GRANTS RECEIVABLE

	2013	2012
	£000	£000
Department of Culture Media and Sport (DCMS) Capital Grant	411	370
Pilgrim Trust	250	120
Other	26	106
	687	596

DCMS grant award

A one-off capital grant of £781,000 (to be spent by 31st March 2013) was awarded by the DCMS, for the benefit of improving facilities in some of our most challenged listed church buildings. £370,000 of this grant award was recognised as at 31st December 2012, which reflects the level of grant paid out at that date. The remaining £411,000 of income has been recognised in 2013.

4. OTHER VOLUNTARY INCOME

	2013	2012
	£000	£000
Legacies	49	193
Donations	116	354
	165	547

At the time The Archbishops' Council is notified of legacies there is often uncertainty about the final amount which will be received. This income is not recognised until there is reasonable certainty over the amount. The estimated value of legacies which have been notified but not recognised at 31 December 2013 was £35,000 (2012: £52,000).

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2013	2012
	£000	£000
Accommodation - Income from Sub-tenants	1,320	1,368
Church House Publishing	383	384
Conferences & Courses	638	487
Other	172	471
	2,513	2,710

6. INVESTMENT INCOME

	2013 £000	2012 £000
Dividends	88	162
Other Interest	73	116
	161	278

The dividend figures reflect the decision to hold all Common Investment Funds managed by Sarasin and Ruffer in relation to endowment funds and income funds, within accumulation units. The change in valuation of investments is shown in Note 11.

7. CHARITABLE ACTIVITIES

(a) by objective	Notes	Enhancing	Advancing	Selecting &	Development	2013	2012
		mission	education & lay discipleship	resourcing for public ministry	of Church buildings for worship & service	Total	Total
		£000	£000	£000	£000	£000	£000
Grants payable	9	8,308	139	51,213	713	60,373	57,507
<i>Direct Costs</i>		1,626	658	1,969	1,039	5,292	5,300
<i>Support Costs</i>							
Management		976	617	1,079	822	3,494	3,141
Finance		293	185	325	247	1,050	1,008
Libraries, Archives, Information & Office Services		189	120	209	160	678	669
Human Resources		122	77	135	103	437	502
Accommodation		669	422	739	563	2,393	2,266
Charitable Activities by Objective 2013		12,183	2,218	55,669	3,647	73,717	-
Charitable Activities by Objective 2012		11,286	2,495	53,091	3,521	-	70,393

(b) Church House Publishing

The Archbishops' Council has an agreement with Hymns Ancient & Modern to publish liturgy, key reference titles and other resources for the Church.

Under the agreement the Council will ensure that a range of titles is published to support the ministry and mission of the Church, under its Church House Publishing imprint, with Hymns Ancient and Modern. Expenditure incurred by the Council in 2013 was £304,000 (2012: £317,000).

8. GOVERNANCE COSTS

	2013 £000	2012 £000
Internal and external audits	106	108
Legal and support costs (including supporting General Synod)	159	160
Membership and committees	9	8
	274	276

The fee for audit services for the year was £34,500 (2012: £38,000). Fees paid to the external auditors for non-audit services were £2,227 (2012: £500).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

9. GRANTS PAID

(a) Grants paid to dioceses

The Council applied £40,436,000 of the income received from the Church Commissioners as shown below. Ministry support for low income dioceses and stipend allocations are allocated in accordance with the current Selective Allocations formula. A full list of grants paid by Institution can be obtained by sending a written request to the Chief Finance Officer at our head office.

	2013	2012
	£000	£000
Ministry support for low income dioceses	34,444	33,090
Mission development funding	5,892	5,666
Other	100	118
	40,436	38,874

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

Vote 1 provides funds towards training for ordained ministry. Colleges, courses and schemes receive funding towards the cost of training the number of ordinands at the institution. Ordinands in residential training receive standard allowances towards the cost of maintenance, and their travel expenses. Ordinands training non-residentially are eligible for grants towards the cost of books and travel expenses. Ordinands training on local ministry schemes are funded in partnership with the sponsoring diocese. Total grants paid in 2013 were £12,343,000 (2012: £11,723,000).

(c) Grants (Vote 3)

Vote 3 provides funds towards the work of the Anglican Communion Office, the national and international ecumenical agencies, and the Church Urban Fund. Total grants paid in 2013 were £1,187,000 (2012: £1,172,000).

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

The Church Commissioners are statutorily required under the Pensions Measure 1997 to meet the pension costs of clergy who are employed by those mission agencies which were Church of England members of the Partnership for World Mission at the time the Measure was passed. By agreement, the Council met the full cost of this liability, which was £725,000 in 2013 (2012: £674,000). The contribution was made in respect of an average number of clergy of 87 in 2013 (2012: 79).

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

Vote 5 provides funds towards the repair, maintenance and other costs associated with housing provided for clergy retiring from stipendiary ministry, under the CHARM scheme administered by the Church of England Pensions Board. It is a grant towards the cost of the subsidy provided within the rental arm of the scheme, together with the administrative costs of the scheme. The costs met by the Council were £3,766,000 (2012: £3,586,000). The balance of the subsidy was met from the charitable funds of the Church of England Pensions Board.

(f) Other grants payable

	Unrestricted Funds	Restricted Funds	Total	
			2013	2012
			£000	£000
Church and Community Fund		442	442	439
Training for the Ministry		490	490	118
DCMS Grant		411	411	370
Pilgrim Trust		250	250	120
Church Schools Fund	100		100	100
Other	74	149	223	331
	174	1,742	1,916	1,478

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

10. STAFF NUMBERS AND COSTS

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

	2013	2012
	£000	£000
Salaries	5,484	5,335
National Insurance contributions	591	607
Pension costs (note 21)	1,669	1,598
	7,744	7,540
Recharges for Shared Services	(933)	(918)
Net cost incurred by The Archbishops' Council	6,811	6,622

The average number of staff for whom the Council was the managing employer during the year was:

	2013	2012
	Number	Number
<i>Charitable activities:</i>		
Mission & Public Affairs	19	14
Education	12	11
Ministry	21	20
Cathedrals & Church Buildings	16	14
Fundraising	2	2
Support	55	59
	125	120

Support comprises staff in the Central Secretariat, Communications, Human Resources and Legal Departments.

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

	2013	2012
	Number	Number
£60,001 to £70,000	9*	8
£70,001 to £80,000	3	4
£80,001 to £90,000	2	1
£110,001 to £120,000	2*	2*
£120,001 to £130,000	2*	-
£150,001 to £160,000	1	1
	19	16

*The 2013 figures include redundancy payments made to 5 individuals who would not otherwise have been included in the table (2012: 1). 2 individuals are included in the £60k to £70k banding; 2 individuals are included in the £110k to £120k banding (1 in 2012); and 1 individual is included in the £120k to £130k banding.

The highest paid member of staff earned £156,000 (2012: £153,000) in the year to 31 December 2013, which was 7 times (2012: 7 times) the salary earned by the lowest paid full-time member of staff and 4 times (2012: 4 times) the median salary paid in the year.

All staff whose emoluments were more than £60,000 are accruing retirement benefits, 16 under defined benefit schemes (5 of whom received redundancy payments in the year) and 3 under the defined contribution scheme. The Council's contribution in respect of these employees was £174,199 in 2013 (2012: £156,629).

Until 31 March 2014, the Archbishops' Council were the managing employer for staff working in the following shared service departments: Legal, Human Resources, and Communications. From 1 April 2014 the employment of these staff was transferred to another NCI, Church of England Central Services (a company limited by guarantee and registered charity number 1155158) which provides central services for the Church of England.

Members of the Council

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

Expenses incurred in attending Council and committee meetings and on other business of the Council were reimbursed to members of the Council. There were claims from 14 members (2012: 13) amounting to £9,160 (2012: £8,285). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

£1,384 (2012: £2,772) paid to the Rt Revd Steven Croft in regards Church House Publishing book royalties.

£1,312 (2012: £765) paid to Three O Clock Productions Ltd for Communications training services. Mr Chris Rees, husband of Council member Mrs Christina Rees, is a Director of this charitable company

£17 (2012: £38) paid to the Revd Mark Ireland in respect of Church House Publishing book royalties.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

11. INVESTMENTS

	2013	2012
	£000	£000
FIXED ASSETS		
At 1 January	29,009	25,546
Additions	150	13,684
Disposals	(656)	(12,560)
Net (deficit)/surplus on revaluation	3,972	2,339
At 31 December	32,475	29,009

Investments held with:

	2013	2012
	£000	£000
Sarasin	17,405	15,316
Ruffer	14,815	13,454
CCLA	157	140
Other	98	99
	32,475	29,009

The structure of the asset allocation of the underlying funds under the control of the Council at 31 December 2013 was:

	2013	2012
	£000	£000
UK Equities	7,514	6,308
Overseas Equities	13,032	12,629
Property	1,218	1,203
Fixed Interest/Index Linked	6,622	6,397
Infrastructure	1,464	1,209
Cash	2,625	1,263
	32,475	29,009

12. PROPERTIES

Programme Related Investment Properties

	2013	2012
	£000	£000
At 1 January	3,225	3,225
Net deficit on disposals and revaluation		-
At 31 December	3,225	3,225

At 31 December 2013, properties comprised:

a) The freehold interest in Parkstead.

The Whitelands College Foundation holds two long leases. The freehold was valued as at 31 December 2013 by DTZ at £3 million.

b) The freehold interest in St Katherine's College, Childwall, Wavertree, Liverpool.

Liverpool Hope University holds a long leasehold interest in the college. The property was valued as at 31 December 2013 by DTZ at £225,000.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

13. OTHER FIXED ASSETS

	Capital Under Construction £000	Office equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 January	-	1,514	2,439	3,953
Additions	95	-	-	95
Transfers	(95)	95		-
At 31 December	<u>-</u>	<u>1,609</u>	<u>2,439</u>	<u>4,048</u>
Depreciation				
At 1 January	-	1,097	2,299	3,396
Charge for the year		<u>199</u>	<u>33</u>	<u>232</u>
At 31 December	<u>-</u>	<u>1,296</u>	<u>2,332</u>	<u>3,628</u>
Net book value				
At 31 December 2013	<u>-</u>	<u>313</u>	<u>107</u>	<u>420</u>
At 31 December 2012	<u>-</u>	<u>417</u>	<u>140</u>	<u>557</u>

14. DEBTORS

	2013 £000	2012 £000
Amounts due within one year		
Trade debtors	133	397
Prepayments - Ministry training maintenance grants	-	1,195
Prepayments - other	212	71
Amounts due from NCIs	994	207
Amounts due from Colleges and Schools	43	42
Other debtors	475	365
	<u>1,857</u>	<u>2,277</u>
Amounts due after more than one year		
Amounts due from Colleges and Schools	<u>215</u>	<u>253</u>

15. CREDITORS

	2013 £000	2012 £000
Amounts due within one year		
Trade creditors	979	692
Grants payable	1,527	1,127
Other creditors	20	10
Accruals and deferred income	97	123
	<u>2,623</u>	<u>1,952</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

16. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2013 £000	Income £000	Expenditure £000	Other movements £000	At 31 December 2013 £000
GENERAL FUNDS	2,810	12,764	(13,280)	379	2,673
DESIGNATED FUNDS					
CBF Lump Sum Pension Fund (note 21c)	77	-	-	-	77
Church Schools Fund	643	-	(100)	-	543
Church House Planned Maintenance	1,602	-	-	-	1,602
Unrestricted Legacies	546	-	-	-	546
General Synod Sundry Fund	152	-	(15)	-	137
Staff Retirement Fund	242	-	-	-	242
Clergy Retirement Housing Fund	411	-	-	-	411
People & Pay Project	444	-	(70)	-	374
Young Vocations	63	-	-	(24)	39
2011 to 2015 Quinquennium Projects	41	-	(9)	-	32
Other	23	35	(34)	-	24
	4,244	35	(228)	(24)	4,027
Properties	3,225	-	-	-	3,225
DESIGNATED FUNDS TOTAL	7,469	35	(228)	(24)	7,252
TOTAL UNRESTRICTED FUNDS	10,279	12,799	(13,508)	355	9,925

(a) General funds

These funds represent the Unrestricted Funds of the Council for general use in meeting national Church responsibilities, which are not designated for particular purposes.

(b) Designated funds

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

The CBF Lump Sum Pension Fund represents provision for the deferred benefits detailed in note 21(c).

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

The Church House Planned Maintenance Fund comprises accumulated amounts set aside to meet periodic maintenance costs as required under the lease of Church House.

The Unrestricted Legacies fund is to be used for funding new project initiatives.

The General Synod Sundry Fund comprises funds to meet expenditure incurred in respect of quinquennial inaugurations of General Synod.

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

The Clergy Retirement Housing Fund was established to supplement the CHARM (Vote 5) Restricted Fund, which provides a grant towards the subsidy for the Clergy Retirement Housing Scheme administered by the Church of England Pensions Board.

The People & Pay Fund comprises funds to meet The Archbishops' Council share of the costs of the IT system established to meet the 'People & Pay' needs of the National Church Institutions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

The Young Vocations Fund was established to support the work of encouraging young ordinands to train for ordained ministry.

The 2011 to 2015 Quinquennium Projects fund was established to meet the initial costs associated with publishing materials to deliver projects to meet the challenges of the current quinquennium.

Property comprises the valuation of the Parkstead and St Katherine's freeholds, which are subject to long leases (please see note 12 for further details).

(c) Transfers

The major transfers during the year were:

Restricted Expendable Funds to General Funds

£240,000 was transferred from the Church and Community Fund

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

17. STATEMENT OF RESTRICTED FUNDS

	At 1 January	Income	Expenditure	Other movements	At 31 December
	£000	£000	£000	£000	£000
INCOME FUNDS					
Training for Ministry Fund (Vote 1)	2,628	12,584	(12,595)		2,617
Grants and Provisions Fund (Vote 3)	339	1,223	(1,221)	(50)	291
Mission Agencies Pensions Contributions (Vote 4)	329	526	(725)		130
CHARM (Vote 5)	238	3,906	(3,766)		378
Dioceses Fund	190	41,198	(40,436)		952
Legal Costs	1,580	8	(69)	50	1,569
Cathedral & Church Buildings Sundry Funds	215	18	(99)	15	149
Train a Priest Fund	137	83	(72)		148
Sundry funds	291	743	(747)	(15)	272
Total Restricted Income Funds	5,947	60,289	(59,730)	-	6,506
EXPENDABLE ENDOWMENT FUNDS					
The Archbishops' Council Ministerial Training Trust Fund	2,342	110	(302)	322	2,472
Church Colleges of Education Fund	3,081	20	(31)	361	3,431
Jenkinson Legacy	411	2	(35)	(83)	295
Cathedral & Church Buildings Sundry Funds	26	-	-	(1)	25
Mission & Public Affairs Sundry Funds	572	1	(26)	72	619
Church & Community Fund	17,373	9	(510)	2,179	19,051
Church of England Special Purposes Fund	2,223	-	-	304	2,527
Women's Continuing Ministerial Education Trust	1,400	-	(61)	190	1,529
Theological Colleges and Training Houses Fund	458	2	(65)	2	397
Sundry Funds	680	3	(9)	(1)	673
Total Expendable Endowment Funds	28,566	147	(1,039)	3,345	31,019
PERMANENT ENDOWMENT FUNDS					
The Archbishops' Council Ministerial Training Trust Fund	1,332	-	-	135	1,467
Church Colleges of Education Fund	335	-	-	58	393
Stephen Furness Trust	343	11	(8)	36	382
Sundry Funds	242	8	(10)	43	283
Total Permanent Endowment Funds	2,252	19	(18)	272	2,525
TOTAL RESTRICTED FUNDS	36,765	60,455	-60787	3,617	40,050
	Fixed assets	Cash & short-term deposits	Debtors	Creditors	Net assets
	£000	£000	£000	£000	£000
Income funds	141	6,366	1,029	(1,030)	6,506
Expendable Endowment funds	29,898	1,774	151	(804)	31,019
Permanent Endowment funds	2,429	97	-	(1)	2,525
TOTAL RESTRICTED FUNDS	32,468	8,237	1,180	(1,835)	40,050

17. STATEMENT OF RESTRICTED FUNDS (continued)

Purpose of Restricted Funds

The Training for Ministry Fund (Vote 1) provides funds towards training for ordained ministry. This fund covers the tuition costs, university fees, college fees, personal maintenance and books and travel costs of sponsored ordinands prior to ordination.

The Grants and Provisions Fund (Vote 3) provides funds towards the work of the Anglican Communion Office, the national and international ecumenical agencies, Church Urban Fund, and the Legal Costs Fund.

The Mission Agencies Pensions Contributions Fund (Vote 4) provides for pension contributions in respect of clergy who are employed by the mission agencies.

The Church's Housing Assistance for the Retired Ministry (CHARM Vote 5) fund was established to provide a grant towards the subsidy for the scheme administered by the Church of England Pensions Board to provide housing for those retiring from stipendary ordained & lay ministry.

The Dioceses Fund is the vehicle by which money is received from the Church Commissioners and distributed to the dioceses in accordance with the Allocations formula.

The Legal Costs Fund includes the Legal Aid Fund. General Synod is required by Measure to maintain a Legal Aid Fund, which is held by the Council on its behalf, to meet the costs of ecclesiastical legal aid awarded by the Legal Aid Commission.

The Cathedral & Church Buildings Sundry Funds are for specified church conservation works.

The Train a Priest Fund is to support those training for the priesthood.

The Archbishops' Council Ministerial Training Trust Fund supports the training and maintenance of persons undergoing training for ordained ministry in the Church of England.

The Church Colleges of Education Fund's purpose is to advance education by promoting the effectiveness of Church of England Colleges of Higher Education and Universities.

The Jenkinson Legacy comprises funds bequeathed to support the training of Ordination candidates.

The Mission and Public Affairs Sundry Funds are for missionary work of the Church of England.

The Church and Community Fund promotes the charitable work of the Church of England (primarily by making grants to church and community projects).

The Church of England Special Purposes Fund exists to provide for the advancement of religion in accordance with the doctrine of the Church of England.

The Women's Continuing Ministerial Education Trust Fund exists to further the continuing ministerial education of those women in the Church of England and the Scottish Episcopal Church who are in need of financial assistance.

The Theological Colleges and Training Houses Fund makes grants and loans for capital works, furniture or equipment at colleges or courses recognised by the House of Bishops for Ordination Training. In between 2006 and 2011 this was held in the Training for Ministry Income Fund.

The Stephen Furness Trust fund provides for the repair and maintenance of the fabric, fixtures & fittings and furniture within six churches named in the trust deed

Transfers:

The most significant transfers during the year were:

Expendable Endowment Funds to General Funds

£240,000 was transferred from the Church and Community Funds (See also note 16c)

Between Restricted Funds

£50,000 was transferred from Vote 3 to the Legal Costs Fund

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

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

	2013	2012
	£000	£000
Net incoming/(outgoing) resources during the year	(1,041)	170
Depreciation	232	171
Investment income	(161)	(278)
Decrease in current asset Investments	-	217
Decrease in stocks	15	40
(Increase)/decrease in debtors	458	(1,515)
Increase/(decrease) in creditors	671	444
Net cash inflow / (outflow) from operating activities	174	(751)

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

	2013	2012
	£000	£000
Increase/(decrease) in cash in the year	744	(1,473)
Increase/(decrease) in short term deposits	2	(291)
	746	(1,764)
Net funds at 1 January	13,651	15,415
Net funds at 31 December	14,397	13,651

20. ANALYSIS OF CHANGE IN NET FUNDS

	At 1		At 31
	January		December
	2013	Cash flows	2013
	£000	£000	£000
Cash at bank and in hand	1,665	744	2,409
Short term deposits	11,986	2	11,988
	13,651	746	14,397

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

21. PENSIONS

Pension benefits to staff employed within the National Church Institutions are provided either through two defined benefit pension schemes - the Church Administrators Pensions Fund (CAPF) and the Church of England Funded Pensions Scheme - or through the CAPF defined contribution scheme which was established for employees commencing service after 30 June 2006. The schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the two defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed in notes (a) and (b) below.

(a) The Church Administrators Pension Fund

i) Defined Benefits Section (closed to new members from 30 June 2006)

Costs shared between the National Church Institutions

The most recent full valuation of the Fund, as at 31 December 2011, showed an overall deficit of £32,400,000 (2008: £30,200,000). Despite the increase in scheme deficit no adjustment to the existing recovery plan was deemed necessary by the Trustees of the Fund. The level of additional contributions made by the participating employers was £2,373,000 in 2013 (2012: £2,260,000). These contributions are subject to an annual increase on 1st January each year of 5% per annum, and are payable until 30 June 2025. The deficit contributions paid by The Archbishops' Council in 2013 were £677,000 (2012: £645,000).

Contributions Paid

In 2013 the Council paid contributions (exclusive of the additional contributions) to the Fund totalling £351,000 (2012: £346,000). The participating employers are also responsible for making contributions towards the administration costs of the scheme at £210,000 per annum (with effect from 1 January 2013) and the cost of Pension Protection Fund levies.

Costs specific to The Archbishops' Council

Based on the historic valuation at 31 December 2002, there was a shortfall of the market value of the assets compared to the amount required to cover the benefits that had accrued to members after allowing for expected future increases in salaries. In the light of these results the Council paid an additional contribution of £211,000 in 2013 (2012: £203,000). These additional contributions, which are expected to be paid until 31 December 2016, will increase in line with retail price inflation.

ii) Defined Contribution Section

Following the closure of the defined benefit contribution section of the Fund on 30 June 2006 a defined contribution section was set up for those commencing service after this date. The Council paid contributions of £323,000 in 2013 (2012: £267,000).

(b) The Church of England Funded Pensions Scheme

The Council participates in the Church of England Funded Pensions Scheme

The last full valuation of the scheme was carried out as at 31 December 2012. Following this review, with effect from 1 January 2015, the total contribution for past and future service will increase to 39.9% from the current 38.2% of pensionable stipends. In 2013 the Council paid contributions to the Fund totalling £50,000 (2012: £59,000).

Membership

The average number of Archbishops' Council employees within each scheme was

	CAPF		Funded
	Defined Benefit	Defined Contribution	Defined Benefit
2013	51	67	6
2012	56	58	6

(c) Central Board of Finance Lump Sum Scheme

A sum of £77,000 (2012: £77,000) (note 16) has been set aside within Designated Funds to meet the Council's liabilities for deferred benefits under the former Central Board of Finance Lump Sum Scheme. The Scheme provides for lump sum payments to 31 (2012: 31) former CBF employees upon reaching retirement age. The Scheme has Inland Revenue approval under section 20 of the Finance Act 1970. In 2013 payments of £nil (2012: £1,448) were made from this fund.

22. OBLIGATIONS UNDER OPERATING LEASES

The amount payable for land and buildings within the next 12 months, on a lease with the Corporation of Church House, is £1,259,000 (2012: £1,221,000). The cost is shared with the other National Church Institutions.

23. COMMITMENTS AND CONTINGENCIES

(a) Training for Ministry candidates

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

No accrual is normally made in the accounts for the future funding to be provided to the end of the current academic year (ending in May/June 2014) or any of the remaining two years. In so doing the Council matches grants payable with the income agreed by General Synod under Vote 1- Training for Ministry, which is agreed on a calendar year basis rather than academic year basis.

(b) Joint Employer Scheme

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

(c) TUPE

The Council has a contingent liability for potential severance costs in respect of 2 (2012: 3) former NCI employees whose employment has been transferred to other organisations under TUPE.

24. STATEMENT OF OTHER FUNDS

Other funds with separate and independent trustees

The Council acts as custodian trustee for a number of funds which have trustees separate and independent from the Council but where the Council holds the trusts' investments on their behalf. The funds had a combined income of £231,000 (2012: £91,000) and expenditure of £239,000 (2012: £463,000) and, after a surplus on revaluation of £309,000 at 31 December 2013, net assets of £3,092,000 (2012: £2,791,000).

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



THE CHURCH
OF ENGLAND