Church Administrators Pension Fund

Annual Report and Financial Statements 2017

Contents

Trustee's report

The Church of England Pensions Board ("the Board"), as Trustee of the Church Administrators Pension Fund ("CAPF", or "the Scheme") is pleased to present the Scheme's annual report for the year ended 31 December 2017.

Scheme constitution and management
The Scheme was established in 1985, under the provisions of Section 27 of the Clergy Pensions Measure 1961, to provide pensions for the lay staff of the General Synod and The Central Board of Finance of the Church of England (who transferred to the Archbishops' Council on its establishment in 1999). It was established to provide similar pension benefits to those staff as provided by the Church Commissioners Superannuation Scheme ("CCSS") for employees of the other National Church Institutions (ie the Church Commissioners and the Board). It was approved, from 1 January 1985, as a retirement benefits scheme for the purposes of Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988.

With effect from 1 January 2000, the staff of the national church bodies and episcopal staff who had previously been covered under the CCSS were transferred to this Scheme (the CCSS was established under Section 17 of the Church Commissioners Measure 1947). Benefits arising from service prior to 2000 are wholly funded by the Church Commissioners. The Board administers the CCSS on behalf of the Church Commissioners and from the members' perspective, runs the CAPF and the CCSS seamlessly, so that those with pension benefits earned from both schemes have a single point of contact and on retirement receive a single lump sum and consequently a single pension payment each month. The CAPF makes these payments on behalf of the Church Commissioners and is fully reimbursed by them in respect of the pre-2000 element of the payment they are responsible for funding. These accounts are not included in the financial statements of the CAPF.

The Board as Trustee is responsible for setting the overall strategy and managing the Scheme. The Board's structure and management is shown in Appendix 1.

There are two sections of the Scheme: a Defined Benefit section and a Defined Contribution section.

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

Other than the Scheme's liability driven investments ("LDI"), the Scheme's Defined Benefit investments are principally held in a common investment fund, The Church of England Investment Fund for Pensions ("CEIFP"). The CEIFP was established in 1985 as a common investment fund for the Board's pension schemes. The Scheme has been a member of the CEIFP since 1985. The CEIFP pools assets to take advantage of economies of scale and reduce risk through diversification, to which the smaller schemes would not have access on their own. The CEIFP's annual report and financial statements are attached at Appendix 3.

The CEIFP has two pools with differing risk and return characteristics: the Return Seeking Pool and the Liability Matching Pool. See the investment strategy section and the investment risk disclosures in Appendix 3 for more information.

Members of the defined benefit scheme can also make additional voluntary contributions. More information is given in the AVC section on page 5 regarding these arrangements.

Defined Contribution
New staff who join the Scheme join the Defined Contribution section. These contributions are managed by Legal and General Investment Management ("Legal and General") who offer members a range of investment funds depending on their requirements.

Rule changes
There were no changes to the Scheme rules during 2017. A full copy of the Scheme rules is available on request.

Financial developments
There were no significant financial developments within the Defined Benefit or Defined Contribution sections of the Scheme during the year.

Information about the CEIFP's own financial developments in the year are set out in its Trustee's Report in Appendix 3.

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under Sections 41(1) and (6) of that Act.

Trustee's report (continued)

Membership
The change in membership during the year is as follows:

Defined Benefit	Active	Deferred	Pensioners	Beneficiaries	Total
At 1 January	149	475	816	102	1,542
Members retiring	(16)	(18)	34	-	-
Members leaving prior to pension age	(8)	8	-	-	-
Deaths	(1)	(2)	(36)	(8)	(47)
New spouse and dependent pensions	-	-	-	4	4
Transfers out	-	(1)	-	-	(1)
Total at 31 December	**124**	**462**	**814**	**98**	**1,498**

Note: Total number of pensioners receiving pensions and deferred members in the table above include both CAPF and the CCSS.

Defined Contribution	Active	Deferred	Total
At 1 January	447	343	790
New members joining	141	-	141
Members retiring	(3)	(1)	(4)
Members leaving prior to pension age	(67)	67	-
Transfers out	(3)	(12)	(15)
Deaths	(1)	-	(1)
Total at 31 December	**514**	**397**	**911**

Pension Increases
Increases to pensions in payment in the Defined Benefit section of the CAPF are made in line with the Retail Prices Index ("RPI"). The changes in RPI for the period September to September is the reference period for pension increases from 1 April in the following year.

The increase in RPI in the year to 30 September 2017 was 3.9% (2016: 2.0%). Pensions in payment on 1 April 2018 increased therefore by 3.9% (2017: 2.0%). There were no discretionary increases.

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

With effect from 1 April 2009, the Board ceased accepting transfers into the Defined Benefit section of the Scheme.

Actuarial liabilities
As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Section 34, the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions determined by the Trustee,after considering actuarial advice and having consulted with the National Church Institutions, and is set out in the Statement of Funding Principles, which is available to Scheme members on request.

These liabilities are considered by the Scheme's Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Scheme and the level of contributions payable.

A full actuarial valuation of the Scheme as at 31 December 2017 is currently underway. The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2014. This showed that on that date:

- the value of the technical provision was £121.4 million; and
- the value of the net assets of the Defined Benefit section was £96.3 million
- the deficit was £25.1 million

The method and significant actuarial assumptions used to determine the technical provisions are set out below (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method
The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Trustee's report (continued)

Actuarial liabilities (continued)

Significant actuarial assumptions

Discount rate	2.4% p.a
RPI	3.3% p.a.
CPI (before retirement)	2.9% p.a.
CPI (after retirement)	3.1% p.a.
Pension increases:	
Increasing in line with RPI (capped at 5%)	3.1% p.a.
Increasing in line with CPI (capped at 5%)	2.4% p.a.
Post-retirement mortality	75% of S2NA mortality tables projected from 2007 in line with the CMI 2013 core projections with long-term annual rate of improvement of 1.5% p.a. for both males and females

As a result of this actuarial valuation as at 31 December 2014, the Trustee set the recovery period (the period over which the identified deficit is targeted to be eliminated) at 11.5 years. The employer contribution rate was increased from 16.0% to 19.1% of pensionable salary with effect from 1 January 2016.

In addition to the future service contributions, the employers are paying contributions towards the Scheme deficit of £2.5 million per annum from 1 January 2016 to 30 June 2025, increasing by 3.3 p.a.%. This sum is being made by each employer in proportion to pensionable salaries. The Archbishops' Council is required to pay a further contribution of £184,000 per annum from 1 January 2010 until 31 December 2016, increased each year in line with RPI. This relates to the Scheme deficit in respect of benefits accrued before 1 January 2000.

The Summary of Contributions and certificate are set out from page 22.

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

- This is a closed Scheme with a much reduced active membership since the last valuation;
- The modifications to the benefit structure of the defined benefit section implemented on 1 July 2010;
- Increasing life expectancy, with the adoption of the most up to date mortality tables, and additional provision for some continuing improvement in the future;
- An assumption that, over the long term, pensionable salaries will increase by CPI plus 1.2%;
- The anticipated rate of return on return-seeking assets being 4.5% per annum in the calculation of the technical provisions and in the recovery plan.

Investment management

Investment strategy and principles
The Trustee has delegated the responsibility for the management of investments to an Investment Committee, which is supported by professional in-house staff and external investment managers and advisors. The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's Investment Advisor. The Trustee has put in place investment mandates with its investment managers which implement this strategy.

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared for the Scheme by the Trustee. This incorporates the investment strategy and is supported by documents that set out how the investment strategy is implemented. Copies of the SIP may be obtained from the contact details listed in Appendix 1. The investment risks and the strategies in place to mitigate them are described in the notes to the financial statements.

Defined Benefit
Management and custody of investments
The Scheme holds £38.5m (2016: £37.5m) of its liability matching assets outside the CEIFP in its own LDI account. Apart from a cash reserve (held to meet the monthly pension commitments), all other assets other than AVC investments are held in the CEIFP return seeking or liability matching pools.

The CEIFP's custody arrangements are described in the CEIFP's Trustee Report in Appendix 3. The Trustee has appointed The Northern Trust Company Limited ("Northern Trust") to keep custody of the Scheme's investments, other than pooled investment vehicles, where the manager makes its own arrangements for the custody of underlying investments.

Investment performance
At the end of 2017, the Defined Benefit section held 61.0% (2016: 59.5%) of its net assets in the CEIFP Return Seeking Pool, which comprises public equities, private infrastructure equity, private debt, emerging market sovereign debt, property unit trusts, hedge funds and cash; and 8.0% (2016: 8.3%) in the CEIFP's Liability Matching Pool, which consists solely of corporate bonds. Detailed information on the performance, management and investment risks of the CEIFP is set out in Appendix 3.

The remaining investments, representing 29.6% (2016: 31.2%) of the Defined Benefit section's net assets, were in its own LDI account. Index-linked Gilts posted modest returns over the year, with the FTSE Over 5-Year Index-linked Gilt index appreciating by 2.5% in 2017. The Scheme's LDI returns were 2.6%. The LDI was implemented less than three years ago so longer term returns are not available.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Trustee's report (continued)

Additional Voluntary Contributions (AVCs)

AVC contributions to the Defined Benefit section are paid into one of the following arrangements:

- Church Workers Pension Fund – Pension Builder Classic section, where they are converted into guaranteed pension when they are received;
- CAPF Defined Benefits section – where they purchase added years; or
- Standard Life policy – where they are used to purchase investment units.

At the end of 2017 9 (2016: 36) Defined Benefit members were paying AVCs.

Defined Contribution
The Board has appointed Legal and General to manage its Defined Contribution investments. A range of funds are available to the members and there are three main types of investments: equities; bonds and gilts; and cash.

The default investment strategy is a lifestyle arrangement that means a member is invested wholly in global equities (30% in the UK and 70% overseas) in the early years, before de-risking into index-linked gilts and cash five years prior to the member's selected retirement age, until at retirement the member is invested 75% in index-linked gilts and 25% in cash.

The performance of the Defined Contribution section assets will vary depending on each member's units selected. Therefore, performance of the section has not been separately disclosed.

Additional Voluntary Contributions (AVCs)
AVC contributions are used to purchase units in the investment funds offered by Legal and General.

At the end of 2017 277 (2016: 243) members were paying AVCs.

Employer-related investments
Details of employer-related investments are given in note 14 to the financial statements.

Further Information
Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be made to the contact listed in Appendix 1.

Approval
The Trustee's Report and the Statement of Trustee's Responsibilities set out on page 9 were approved by the Trustee on 27 June 2018 and signed on its behalf by:

Jonathan Spencer
Chairman of the Church of England Pensions Board

Defined Contribution Governance statement for the year ended 31 December 2017

Introduction
Governance requirements apply to defined contribution ("DC") pension arrangements like the DC section of the Church Administrators Pension Fund ("CAPF" or "the Scheme"), to help members achieve a good outcome from their pension savings. This statement has been prepared by the Church of England Pensions Board as Trustee of the CAPF. The Trustee is required to produce a yearly statement to describe how the governance requirements have been met in relation to:

- the default arrangement;
- the requirements for processing financial transactions;
- charges and transaction costs borne by members;
- a value for members assessment; and
- Trustee knowledge and understanding.

Default investment arrangement
The default arrangement is designed for members who join the DC section and do not choose an investment option. The Trustee is responsible for investment governance, and this includes settling and monitoring the investment strategy for the default arrangement.

When deciding on the investment strategy, the Trustee recognises that the majority of members do not take active investment decisions and instead invest in the default option. The default option is currently a lifestyle strategy, whereby members' assets are automatically moved between different investment funds as they approach their retirement date.

Details of the objectives and the Trustee's policies in regards to the default arrangement are set out in a document called the Statement of Investment Principles ("SIP"). The DC section's SIP is available on the Church of England Pensions Board's website.

The aims and objectives of the default arrangement, as stated in the SIP, are as follows:

- to provide a prudent default arrangement for those that do not wish to make a choice;
- provide an investment that should be easy to buy and sell;
- reduces risk and cost to members by offering a passively invested fund; and
- to review the arrangement to make sure it is fit for purpose.

The default arrangement is reviewed at least every three years. The most recent review commenced in 2017 and is currently ongoing. The default arrangement was reviewed to ensure that the return on the investment components (after deduction of any charges relating to those investments) is consistent with the aims and objectives of the Trustee in respect of the default arrangement. This is to check that the default arrangement continues to be suitable and appropriate given the risk profiles and demographics of the whole of the DC section's membership. As a result of this review, the Trustee has decided to change the default arrangement to a Target Date Fund, which is due to be implemented over the next 12 months.

Requirements for processing core financial transactions
Processing of core financial transactions (eg investment of contributions, transfers within and into/out of the DC section, and payments to members/beneficiaries) is carried out by the administration team of the Church of England Pensions Board.

The administration team have confirmed to the Trustee that there are adequate internal controls to ensure that core financial transactions relating to the DC section are processed promptly and accurately.

The Scheme has a service level agreement ("SLA") in place with the administration team which covers the accuracy and timeliness of all core transactions. The key processes adopted by the administration team to help them meet the SLA are as follows:

- process management within the administration system detailing time outstanding to complete tasks within their assigned SLA;
- weekly reporting to senior managers detailing any SLA failures and reason for failure;
- daily monitoring of emails by an assigned member of staff;
- daily monitoring of bank accounts; and
- two person checking of investment and banking transactions.

The Trustee receives annual reports about the administration team's performance, and based on information provided by them, is satisfied that over the year covered by this statement:

- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed within a reasonable timeframe.

Charges and transaction costs
For the purpose of this section "charges" are defined as the ongoing charges figures (also known as total expense ratios), which are the annual fund management charges plus additional fund expenses (for example for custody, but excluding transaction costs). The stated charges exclude administration costs since these are not met by the members.

The transaction costs stated are those incurred as a result of trading by the investment managers within each fund (for example buying and selling of securities). The transaction costs quoted do not include the costs to members of investing into and switching between funds.

The charges and transaction costs have been supplied by the DC section's investment managers, Legal & General ("L&G").

Defined Contribution Governance statement (continued)

Charges and transaction costs (continued)
The Trustee's advisers, on behalf of the Trustee, have sought to obtain a breakdown of the underlying transaction costs over the year covered by this Defined Contribution Governance Statement from Legal & General (both in the default and self-select funds). L&G have confirmed that they are unable to provide this information because there is currently no consistent and standardised methodology across the industry for identifying and calculating total transaction costs. We have consequently been unable to include it in this Defined Contribution Governance Statement . L&G continue to engage with the Department for Work and Pensions and the Financial Conduct Authority to agree a methodology and the Trustee and its advisers will continue to press Legal & General for this information.

Default arrangement
The default arrangement has been set up as a lifestyle approach, whereby members' assets are automatically moved between different investment funds as they approach their retirement date. Therefore, the level of charges and transaction costs vary according to each member's proximity to retirement and the underlying funds they are invested in. More specifically, the annual charges ranged from 0.10% to 0.16% during the year covered by this statement.

Self select options
In addition to the default lifestyle, members also have the option to invest in an ethical lifestyle strategy. The annual charges for this lifestyle ranged between 0.25% and 0.11% during the year covered by this statement.

The level of charges for each self-select fund (including those used in the default arrangement) over the year covered by this statement are set out in the following table.

Manager – fund name	Annual charge
LGIM Ethical UK Equity Index	0.200%
LGIM Ethical Global Equity Index Fund	0.300%
LGIM UK Equity Index Fund	0.100%
LGIM Overseas Equity Consensus Index Fund	0.250%
LGIM Global Equity Market Weights (30:70) Index Fund*	0.160%
LGIM Over 5 years UK Index-Linked Gilts Fund*	0.100%
LGIM Over 15 years Gilts Index Fund	0.100%
LGIM Managed Property Fund	0.910%
LGIM Cash Fund*	0.125%
LGIM AAA-AA-A Corp Bond All Stocks Index Fund	0.150%

* The underlying funds used within the default arrangement.

Value for members assessment
The Trustee is required to consider the extent to which the investment options and the benefits offered by the DC section represent good value for members, compared to other options available in the market. There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. The general policy of the Trustee in relation to value for member considerations is set out below.

It is the Trustee's policy to review all member borne charges (including transactions costs where these are available) on a regular basis, with the aim of ensuring that members are obtaining value for money given the circumstances of the DC section. The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has been taken into account in the 'value for members' assessment. The Trustee's advisers have confirmed that the fund charges are competitive for the types of fund available to members.

The Trustee's assessment included a review of the performance of the DC section's investment funds (after all charges) in the context of their investment objectives. The returns on the investment funds members can select during the year covered by this statement have been consistent with their stated investment objectives.

The Trustee also considers the other benefits members receive from the DC section, which include: the design of the default arrangement and how this reflects the interests of members; the range of investment options and strategies; the efficiency of administration processes and the extent to which the administration team met and exceeded its service level standards for the year; the quality of communications delivered to members; and the quality of support services and scheme Governance. As detailed in the previous section covering processing of financial transactions, the Trustee is comfortable with the quality and efficiency of the administration processes.

Overall, the Trustee believes that members of the DC section are receiving good value for money.

Trustee knowledge and understanding
The Church of England Pensions Board is corporate Trustee of the Scheme and therefore of the DC section. Collectively, the individual members of the Board constitute the governing body of the Church of England Pensions Board and are responsible for all decisions made by the Board. The members of the Board delegate some of its business and decision-making to sub committees, which include the Pensions Committee and the Investment Committee. In line with Sections 247 and 248 of the Pensions Act 2014, members of the Board and co-opted members of the Pensions Committee and the Investment Committee are required to maintain appropriate levels of knowledge and understanding about pensions, trusts, the funding of occupational pensions, investment of Scheme assets, and other matters to enable them fulfil their roles properly.

During the year covered by this statement, they have taken personal responsibility for ensuring their knowledge and understanding is up to date by:

- Completing the Pension Regulator's Trustee Toolkit;
- Receiving formal and informal training at relevant Board and Committee meetings; and
- Where appropriate, completing self-assessments of training needs.

Defined Contribution Governance statement (continued)

Trustee knowledge and understanding (continued)
Taking into account the combined knowledge and expertise of the members of the Board, the Pensions Committee and the Investment Committee, together with the specialist advice received from the appointed professional advisors (investment consultants, legal advisors), the Board believes it is well placed to properly exercise its functions as Trustee of the CAPF DC section.

Approval
The DC Governance Statement was approved by the Trustee on 27 June 2018 and signed on its behalf by:

Jonathan Spencer
Chairman of the Church of England Pensions Board

Statement of Trustee's Responsibilities

The Church of England Pensions Board is Trustee of the Church Administrators Pension Fund.

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions
The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

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

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

Independent Auditors' report to the Trustee of the Church Administrators Pension Fund and the General Synod of the Church of England

Report on the audit of the financial statements

Opinion
In our opinion, the Church Administrators Pension Fund's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2017, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the statement of net assets available for benefits as at 31 December 2017; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our responsibilities in accordance with these requirements.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Reporting on other information
The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements
As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent Auditors' report to the Trustee of the Church Administrators Pension Fund and the General Synod of the Church of England (continued)

Use of this report

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

2018

Fund Account
for the year ended 31 December 2017

	Notes	Defined Contribution	Defined Benefit	**2017 Total**	Defined Contribution	Defined Benefit	**2016 Total**
		£000	£000	**£000**	£000	£000	**£000**
Contributions							
Employer contributions	4	2,249	4,171	**6,420**	1,918	4,212	**6,130**
Employee contributions	4	521	170	**691**	455	200	**655**
Transfers in		26	-	**26**	89	-	**89**
Other income	4	598	-	**598**	184	-	**184**
Total contributions and other income		3,394	4,341	**7,735**	2,646	4,412	**7,058**
Benefits							
Benefits paid or payable	5	(694)	(2,949)	**(3,643)**	(303)	(2,753)	**(3,056)**
Payments to and on account of leavers	6	(83)	(13)	**(96)**	(190)	-	**(190)**
Transfers out		(1,210)	(355)	**(1,565)**	(72)	-	**(72)**
Administrative expenses	7	-	(491)	**(491)**	-	(464)	**(464)**
Total benefits and other expenses paid		(1,987)	(3,808)	**(5,795)**	(565)	(3,217)	**(3,782)**
Net additions from dealings with members		1,407	533	**1,940**	2,081	1,195	**3,276**
Returns on investments							
Deposit interest		-	2	**2**	-	15	**15**
Change in market value of investments	8	2,622	9,362	**11,984**	2,327	20,105	**22,432**
Investment management expenses		-	(23)	**(23)**	-	-	**-**
Net returns on investments		2,622	9,341	**11,963**	2,327	20,120	**22,447**
Net increase in the fund		4,029	9,874	**13,903**	4,408	21,315	**25,723**
Opening net assets		17,241	120,394	**137,635**	12,833	99,079	**111,912**
Closing net assets		21,270	130,268	**151,538**	17,241	120,394	**137,635**

The notes 1 to 16 form part of these financial statements.

Statement of Net Assets available for benefits
as at 31 December 2017

	Notes	Defined Contribution	Defined Benefit	**2017 Total**	Defined Contribution	Defined Benefit	**2016 Total**
		£000	£000	**£000**	£000	£000	**£000**
Investments							
Pooled investment vehicles (CEIFP)	8	-	89,984	**89,984**	-	81,648	**81,648**
Pooled investment vehicles (other)	8	20,801	38,539	**59,340**	17,224	37,544	**54,768**
AVC investments	8	-	457	**457**	-	417	**417**
Total investments		20,801	128,980	**149,781**	17,224	119,609	**136,833**
Current assets	9	1,027	1,396	**2,423**	19	973	**992**
Current liabilities	10	(558)	(108)	**(666)**	(2)	(188)	**(190)**
Net current assets		469	1,288	**1,757**	17	785	**802**
Total net assets available for benefits		21,270	130,268	**151,538**	17,241	120,394	**137,635**

The financial statements summarise the transactions of the Scheme and deal with the net assets available for benefits at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the defined benefit section of the Scheme, which does take into account such obligations, is described in the report on actuarial liabilities on page 3, and these financial statements should be read in conjunction with this report.

The notes 1 to 16 form part of these financial statements.

These financial statements were approved by the Trustee on 27 June 2018 and signed on its behalf by:

Jonathan Spencer
Chairman of the Church of England Pensions Board

Notes to the financial statements

1. Legal status

The Church Administrators Pension Fund (the "Scheme") is an occupational pension scheme established under trust. The Scheme was established in 1985 under the provisions of Section 27 of the Clergy Pensions Measure 1961, to provide retirement benefits to staff of the General Synod and the Church of England Central Board of Finance (who transferred to the Archbishops' Council on its establishment in 1999), and subsequently most staff of the National Church Institutions.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

There are two sections of the Scheme: a Defined Benefit section and a Defined Contribution section.

2. Basis of preparation

The individual financial statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised November 2014) (the "SORP").

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Contributions

Employer contributions, which consist of both normal and deficit contributions, are accounted for on the accruals basis in the payroll month to which they relate.

Employer contributions towards supplementary pension payments are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, when received.

Employee contributions are accounted for on the accruals basis in the payroll month to which they relate.

Employee contributions for AVCs are accounted for on the accruals basis, in the payroll month to which they relate. Employers contribute an element of matching AVC contributions.

Other income contributions made by employers to reimburse administration costs and levies payable by the Scheme are accounted for on the same basis as the corresponding expense.

Insurance claims for death in service claims are accounted for on the accruals basis on the date death.

b) Benefits

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

Pensions in payment are accounted for in the period to which they relate. Other benefits are accounted for on the accruals basis on the date of retirement, death or leaving the Scheme, as appropriate.

c) Transfers to/from other pension schemes

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

d) Administrative and other expenses

Administrative and investment management expenses are accounted for on the accruals basis.

e) Investment income and expenditure

Most of the Scheme's Defined Benefit investments are units in the CEIFP, which is an accumulation fund. The CEIFP's net investment income, after paying management and transaction fees is retained within the fund for reinvestment. The value of the Scheme's holding in CEIFP units consequently is affected by the change in market value of investments, comprising all profits and losses realised on sales of investments and unrealised changes in market value, income and expenditure.

The Scheme's Defined Contribution and AVC investments are also invested in accumulation funds, which do not pay out investment income.

Investment income

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

Income from bonds, cash and short term deposits is accounted for on the accruals basis and includes income bought and sold on purchases and sales of bonds.

Withholding taxes are included in investment income and are accrued on the same basis. Where withholding tax is not recoverable, this is shown as a separate expense within investment income.

Investment expenditure

Transactions costs are included in the cost of purchases and sales proceeds. These include commissions, stamp duty and other fees.

Notes to the financial statements (continued)

3. Accounting policies (continued)

f) Investment valuation

The Scheme values its units in the CEIFP at the unit prices for the Return Seeking Pool and the Liability Matching Pool, provided by the custodian Northern Trust. These prices are calculated using the number of units held and the fair value of the CEIFP's underlying investment assets and liabilities. Where separate bid and offer prices are available for the underlying investment assets and liabilities, the bid price is used for investment assets and offer prices for investment liabilities. Otherwise the closing single price or most recent transaction price is used.

The Scheme's Defined Contribution and AVC investments are valued based on prices provided by the investment managers.

Investment assets and liabilities are measured at fair value. Where an active market is unavailable, the Trustee adopts valuation techniques appropriate to the class of investments. The methods for determining fair value for the principal classes of investments are:

Pooled investment vehicles: Unitised investment vehicles which are not traded on an active market are estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation. The net asset value is determined by the fund manager by applying fair value principles to the underlying investments of the pooled arrangement.

Bonds: Bonds are included at the 'clean' price i.e. excluding any accrued income. Any accrued income is included in current assets.

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

g) Foreign currencies

The Scheme's functional currency and presentational currency is pounds sterling.

4. Contributions

Year ended 31 December 2017	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Employer contributions			
Normal	1,946	1,096	**3,042**
Deficit	-	2,587	**2,587**
AVC	303	-	**303**
For supplemental pensions	-	211	**211**
Employer contributions for administration costs	-	277	**277**
Total employer contributions	2,249	4,171	**6,420**
Employee contributions			
Normal	-	86	**86**
AVC	521	84	**605**
Total employee contributions	521	170	**691**
Other income			
Insurance claims for death in service payments	598	-	**598**
Total other income	598	-	**598**

Year ended 31 December 2016	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Employer contributions			
Normal	1,668	1,181	**2,849**
Deficit	-	2,737	**2,737**
AVC	250	-	**250**
For supplemental pensions	-	27	**27**
Employer contributions for administration costs	-	267	**267**
Total employer contributions	1,918	4,212	**6,130**
Employee contributions			
Normal	-	93	**93**
AVC	455	107	**562**
Total employee contributions	455	200	**655**
Other income			
Insurance claims for death in service payments	184	-	**184**
Total other income	184	-	**184**

Supplemental contributions by employers relate to payments to supplement the benefits of retiring members.

The default period relating to deficit contributions is explained in more detail in the Trustee's Report.

Notes to the financial statements (continued)

5. Benefits paid or payable

Year ended 31 December 2017	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Pensions	-	2,370	**2,370**
Commutations of pensions and lump sum	85	554	**639**
Lump sum death benefits	609	25	**634**
Total benefits paid	694	2,949	**3,643**

Year ended 31 December 2016	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Pensions	-	2,298	**2,298**
Commutations of pensions and lump sum	71	421	**492**
Lump sum death benefits	232	34	**266**
Total benefits paid	303	2,753	**3,056**

6. Payments to and on account of leavers

Year ended 31 December 2017	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Purchase of annuities	83	-	**83**
Return of contributions on retirement	-	13	**13**
Total payments on account of leavers	83	13	**96**

Year ended 31 December 2016	Defined Contribution	Defined Benefit	**Total**
	£000	£000	**£000**
Purchase of annuities	190	-	**190**
Return of contributions on retirement	-	-	**-**
Total payments on account of leavers	190	-	**190**

7. Administrative expenses

All costs relating to the administration of the Scheme are paid by the Board in the first instance and recovered from the Scheme by way of an administration charge. This covers professional fees, staff costs and shared service costs. A breakdown of the costs is shown below:

	2017	2016
	£000	£000
Actuarial fees	105	133
Audit fees	8	12
Pension levy	66	57
Investment services	31	86
Legal advice	8	16
Administration costs	273	160
Total administrative expenses	491	464

Administrative expenses for both the Defined Benefit and the Defined Contribution sections are borne by the Defined Benefit section.

8. Investments

The table below shows the movement in investments in the year:

Defined contribution:	At 1 January 2017	Additions	Disposals	Change in market value	**At 31 December 2017**
	£000	£000	£000	£000	**£000**
Pooled investment vehicles					
Equities	15,691	2,333	(1,499)	2,365	**18,890**
Bonds	909	242	(170)	166	**1,147**
Property	272	72	(51)	47	**340**
Cash	352	94	(66)	44	**424**
Total investments	17,224	2,741	(1,786)	2,622	**20,801**

The Defined Contribution section's holdings also include AVC investments.

Notes to the financial statements (continued)

8. Investments

Defined benefit:	At 1 January £000	Additions £000	Disposals £000	Change in market value £000	**At 31 December £000**
Pooled investment vehicles (CEIFP)					
Return Seeking Pool	71,599	-	-	7,905	**79,504**
Liability Matching Pool	10,049	-	-	431	**10,480**
Total pooled investment vehicles (CEIFP)	81,648	-	-	8,336	**89,984**
Pooled investment vehicles (other)					
Bonds	37,544	-	-	995	**38,539**
Total LDI investments	37,544	-	-	995	**38,539**
AVC investments					
Standard Life	281	9	-	23	**313**
Scottish Widows	109	-	-	5	**114**
Equitable Life	27	-	-	3	**30**
Total AVC investments	417	9	-	31	**457**
Total investments	119,609	9	-	9,362	**128,980**

The Scheme did not directly incur transaction costs. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustees to quantify such indirect transaction costs. Custody charges are negligible. See Appendix 3 for detail about the CEIFP.

The Blackrock managed *Aquila Life over 5 years Index Linked Fund* is registered in the UK.

9. Current assets

At 31 December 2017	Defined Contribution £000	Defined Benefit £000	**Total £000**
Debtors			
Trustee	-	299	**299**
Total debtors	-	299	**299**
Cash	1,027	1,097	**2,124**
Total current assets	1,027	1,396	**2,423**

At 31 December 2016	Defined Contribution £000	Defined Benefit £000	**Total £000**
Debtors			
Trustee	-	97	**97**
Other debtors	-	1	**1**
Total debtors	-	98	**98**
Cash	19	875	**894**
Total current assets	19	973	**992**

Defined contribution current assets are not allocated to members and arise due to timing differences between event dates, receipt and payment dates. Amounts owed from the Trustee represent money charged by the Board in advance towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

10. Current liabilities

At 31 December 2017	Defined Contribution £000	Defined Benefit £000	**Total £000**
Creditors			
Unpaid benefits	558	16	**574**
Tax payable – PAYE and NI	-	92	**92**
Total current liabilities	558	108	**666**

At 31 December 2016	Defined Contribution £000	Defined Benefit £000	**Total £000**
Creditors			
Unpaid benefits	2	85	**87**
Tax payable – PAYE and NI	-	97	**97**
Other creditors	-	6	**6**
Total current liabilities	2	188	**190**

Defined contribution current liabilities are not allocated to members and arise due to timing differences between event dates, receipt and payment dates. Unpaid benefits relate to death in service benefits which had not been paid.

Notes to the financial statements (continued)

11. Fair Value of Investments

Paragraph 3.22.5 of the Pensions SORP allows schemes that participate in a common investment fund to reference to its investment fair value hierarchy. As such, the fair value hierarchy of the Scheme's investment in the CEIFP is shown in Appendix 3.

The fair value of investments has been determined using the following hierarchy:

Category	Description
1	Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
2	Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
3	Inputs are unobservable, i.e. for which market data is unavailable.

The Scheme's investment assets and liabilities have been included at fair value within these categories as follows:

Defined contribution:

At 31 December 2017	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (equities)	-	18,126	764	**18,890**
Pooled investment vehicles (bonds)	-	1,147	-	**1,147**
Pooled investment vehicles (property)	-	-	340	**340**
Pooled investment vehicles (cash)	424	-	-	**424**
Total investments	424	19,273	1,104	**20,801**

At 31 December 2016	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (equities)	-	14,880	811	**15,691**
Pooled investment vehicles (bonds)	-	909	-	**909**
Pooled investment vehicles (property)	-	-	272	**272**
Pooled investment vehicles (cash)	352	-	-	**352**
Total investments	352	15,789	1,083	**17,224**

Defined benefit:

At 31 December 2017	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	(see hierarchy in the CEIFP in Appendix 3)			**89,984**
Pooled investment vehicles (bonds)	-	38,539	-	**38,539**
AVC investments	-	-	457	**457**
Total investments	-	38,539	457	**128,980**

At 31 December 2016	**1**	**2**	**3**	**Total**
	£000	**£000**	**£000**	**£000**
Pooled investment vehicles (CEIFP)	(see hierarchy in the CEIFP in Appendix 3)			**81,648**
Pooled investment vehicles (bonds)	-	37,544	-	**37,544**
AVC investments	-	-	417	**417**
Total investments	-	37,544	417	**119,609**

Notes to the financial statements (continued)

12. Investment risk disclosures

The investment objective of the Scheme is to maintain an investment portfolio with appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the Trust Deed and Rules as they fall due. The Trustee sets the investment strategy for the Scheme as detailed in the Statement of Investment Principles (SIP). FRS 102 requires the disclosure of information in relation credit and market risk:

- **Credit risk**: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk**: this comprises currency risk, interest rate risk and other price risk.
  - **Currency risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
  - **Interest rate risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
  - **Other price risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The table below summarises the extent to which the various classes of investments are affected by financial risks:

	Credit risk	Market risk			**Total 2017 £000**	**Total 2016 £000**
		Currency	Interest rate	Other price		
Defined Contribution section						
Pooled investment vehicles (equities)	○	◑	○	●	18,890	15,691
Pooled investment vehicles (bonds)	●	◑	●	●	1,147	909
Pooled investment vehicles (property)	◑	◑	○	●	340	272
Pooled investment vehicles (cash)	●	◑	○	○	424	352
Total Defined Contribution section					20,801	17,224
Defined Benefit section						
Pooled investment vehicles: CEIFP						
Return seeking pool	(see Investment Risks for the CEIPF in Appendix 3)				79,504	71,599
Liability matching pool					10,480	10,049
Pooled investment vehicles (bonds)	●	○	●	●	38,539	37,544
AVCs	(not considered significant in relation to overall Scheme risks)				457	417
Total Defined Benefit section					128,980	119,609

In the table above, the risk noted affects the asset class [●] significantly, [◑] partially or [○] hardly / not at all.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described below which is determined after taking advice from professional investment advisors. The Trustee manages the Scheme's investment risks, including credit and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives for its directly held investments and through the CEIFP for its pooled CEIFP investments, which are described in Appendix 3.

These investment objectives and risk limits for directly held investments are implemented through the investment management agreement in place with the Scheme's investment manager. The agreement sets out the guidelines for the underlying investments held and the day to day management is the responsibility of the manager, including direct management of credit and market risks.

The Trustee monitors the investment manager through day to day monitoring of the portfolio, quarterly written updates from the manager and annual meetings. In addition, the Trustee performs due diligence procedures before taking on a new investment manager and the Trustee's Investment Consultant also independently assesses and monitors the fund managers.

The AVC investments are not considered significant in relation to the overall investments of the Scheme.

Defined Benefit section

Investment strategy

The investment objective of the Defined Benefit section is to maintain a portfolio of assets to generate income and capital growth, which together with new contributions from members and their employers, will meet future pension benefits as they become liable. The Defined Benefit section was closed to new members in 2006.

The Trustee therefore has a long term objective for the Scheme to be fully funded on a basis that incorporates gradual de-risking from the current strategy, to reduce the reliance on the Scheme's sponsors for additional contributions. The Trustee currently targets 30 June 2025 for reaching full funding.

Notes to the financial statements (continued)

12. Investment risk disclosures (continued)

Most of the liability matching investments are held in a separate LDI account, which is constructed to match future expected beneficiary payments. A small proportion of the liability matching investments remain in the CEIFP. All of the return seeking investments continue to be held wholly within the CEIFP. The investment risks faced by the CEIFP are described in Appendix 3.

Credit Risk
The section is subject to credit risk through its investment in a pooled investment vehicle gilt fund and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicle.

	2017	**2016**
	£000	£000
Pooled investment vehicles (bonds)	38,539	37,544
Total investments exposed to credit risk	38,539	37,544

The section's holdings in pooled investment vehicles are unrated, although 99.89% of the underlying investments are AA rated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets being ring fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee monitors the investment managers through assessing investment performance, as reported by the custodian, and meeting with the manager annually.

Cash is held with financial institutions which are at least investment grade credit rated.

Currency Risk
The section is not subject to currency risk because all of its investments are held in sterling.

Interest rate risk
The section is subject to interest rate risk due to its investment in a pooled investment vehicle gilt fund. If interest rates fall, the value of the gilts will rise to help match the increase in actuarial liabilities arising from a fall in discount rate. Similarly if interest rates rise the values of the gilts will fall, as will the actuarial liabilities because of an increase in discount rate.

Other price risk
The section's investments are subject to price risk which principally relates to gilts. The Scheme manages this exposure to other price risk by accessing the CEIFP's diverse portfolio of investments across various markets.

Defined Contribution section

Investment strategy
The Trustee's objective is to make an appropriate range of investment options available to members, which are designed to generate income and capital growth, which together with new contributions from members and their employers, will provide a retirement amount with which the member can purchase a pension annuity (or other type of retirement product).

The Trustee has investment management agreements in place with Legal and General to manage the Defined Contribution section investments. A variety of funds are offered to members who can select an investment strategy depending on their personal risk appetite. The funds, managed by Legal and General include equities, bond interest, and other (including property and cash).

Credit Risk
The section's holdings in pooled investment vehicles are not credit rated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets being ring fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee monitors the investment managers through assessing investment performance, as reported by the custodian, and meeting with the investment manager annually.

Currency risk
The section is subject to currency risk because some of the underlying funds are held in overseas markets. The Trustee decides not to actively manage this risk but 75% of the currency risk of the equity default investment fund is hedged back to sterling by the investment manager. The other funds with currency exposure are unhedged.

Other price risk
The pooled investment vehicles are subject to price risk which principally relates to indirect equity holdings, bonds, equity futures and investment properties. The Trustee manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

Notes to the financial statements (continued)

13. Concentration of investments

The following investments account for more than 5% of the Scheme's net assets at the year end:

	2017		2016	
	£000	**%**	**£000**	**%**
Defined Contribution section:				
Legal and General pooled investment vehicle:				
Global Equity MW (30:70) 75% GBP	15,703	10.4	13,178	9.6
Defined Benefit section:				
CEIFP return seeking pool	79,504	52.5	71,599	52.0
Aquila Life over 5 years Index Linked Fund	38,539	25.4	37,544	27.3
CEIFP liability matching pool	10,480	6.9	10,049	7.3

14. Employer related investments

There were no employer-related investments during the year.

15. Additional voluntary contributions (AVC) investments

AVC investments relate to the Defined Benefit section and are held in separate policies with Equitable Life Assurance Society, Scottish Widows plc and Standard Life Assurance Limited, or are paid into the Church Worker Pension Fund – Pension Builder Classic section. AVCs for members purchasing Added Years are paid directly into the CAPF Defined Benefit section and are not separately distinguishable.

AVCs by members of the Defined Contribution section are co-invested with other Defined Contribution assets with Legal and General Investment Management and are not separately distinguishable.

16. Related party transactions

One Board member (2016: one) who has retired from service under the Scheme is in receipt of a pension on normal terms.

Independent Auditors' statement about contributions to the Trustee of the Church Administrators Pension Fund

Statement about contributions

Opinion
In our opinion, the contributions required by the schedule of contributions for the Scheme year ended 31 December 2017 as reported in the Church Administrators Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the Scheme Actuary on 30 October 2015.

We have examined the Church Administrators Pension Fund's summary of contributions for the Scheme year ended 31 December 2017 which is set out below.

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

Responsibilities for the statement about contributions

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

Auditors' responsibilities in respect of the statement about contributions
It is our responsibility to provide a statement about contributions and to report our opinion to you.

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2018

Summary of Contributions
for the year ended 31 December 2017

During the year, the contributions payable by the employers and the employees were as follows:

	Employer contributions	Employee contributions	Total
Contributions required by the schedule of contributions	**£000**	**£000**	**£000**
Defined Contribution – normal	1,946	-	**1,946**
Defined Benefit – normal	1,096	86	**1,182**
Defined Benefit – deficit	2,587	-	**2,587**
Defined Benefit – for administration costs	277	-	**277**
Total contributions required by the schedule of contributions	5,906	86	**5,992**
Other contributions			
AVC	303	605	**908**
For supplemental pensions	211	-	**211**
Total other contributions	514	605	**1,119**
Total contributions	6,420	691	**7,111**

This summary of contributions has been prepared by, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the Scheme Actuary on 30 October 2015 in respect of the Scheme year ended 31 December 2017. The Scheme Auditor reports on contributions payable under the Schedule in the Auditors' Statement about Contributions.

Approved by the Trustee of the Church Administrators Pensions Fund and signed on its behalf by:

Jonathan Spencer
Chairman
27 June 2018

Church Administrators Pension Fund

Adequacy of rates of contribution

3076156

Actuary's certification of schedule of contributions

Page 1 of 1

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

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

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2014 to be met by the end of the period specified in the recovery plan dated 30 October 2015.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 October 2015.

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

Signature: ..... **Date:** 30 OCTOBER 2015

Name: Aaron Punwani **Qualification:** FIA

Address: Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

Name of employer: Lane Clark & Peacock