

The Archbishops' Council
Annual Report and Financial Statements
for the year ended 31 December 2005

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Introduction by the Archbishops

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

2005 was a significant year of transition for the Archbishops' Council, marking the final year of the mandate for those elected to serve by the General Synod that first met in November 2000. The Church owes a debt of gratitude to those who have given generously of their time and energies over the past few years to the work of the Council and the range of other bodies for which it is responsible. We also warmly welcome those who have joined the Council in recent months.

We continue to be supported by a team of staff who are professional, hard-working and loyal. The need to vacate Church House in November, in preparation for the refurbishment work there, added to their burdens. It is greatly to their credit that the move to Elizabeth House was accomplished with minimum fuss and disruption.

This year's annual report is the first to reflect the approach advocated in the latest Charity Commission Statement of Recommended Practice. Like other charities, we shall now be producing annual reports that focus more on outcomes and major achievements during the year, rather than reporting at length on activities and events. As a result reports are likely to be somewhat sharper, and perhaps more readable, than their predecessors.

The Council has paid particular attention over the past year to the value and effectiveness of the services it provides. A team led by the Bishop of Birkenhead scrutinised the work of the Council for Christian Unity, Legal Office, Ministry Division and Mission and Public Affairs Division, in the first phase of a comprehensive review. In December, the Council endorsed the review team's recommendations and these are now being implemented.

In partnership with the House of Bishops, the Church Commissioners, and the Pensions Board, the Council produced for the first time a document setting out a five year work programme for the new Synod and each of the National Church Institutions. *Into the New Quinquennium* sets out what the Council and the other national bodies will be seeking to achieve between now and 2010.

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

✠ ROWAN CANTUAR:

✠ SENTAMU EBOR:

Church House, Westminster
15 June 2006

The Archbishops' Council in 2005

Review of activities

1. 2005 was another active and, at times, pressured year for the Archbishops' Council and its staff. The amount and quality of the work which is done by the Boards, Councils and Committees which report to the Archbishops' Council bear witness to the efforts that are made on behalf of the Council to 'co-ordinate, promote, aid and further the work and mission of the Church of England'.

2. The Archbishops' Council aims to co-ordinate issues of policy and resources, taking an overview of the work being done on its behalf, planning a forward programme of work and responding to impulses from within and outside the Church. Increasingly, these impulses include consultations and legislation emanating from various Government departments, all of which make heavy demands on staff, particularly in the Legal Office and those Divisions which help to inform the discussions, not least the Education and Mission & Public Affairs Divisions. We are grateful for all the efforts made on the Council's behalf.

New faces; new places; new challenges

3. 2005 marked the end of the Synodical quinquennium 2000-2005 and the beginning of the new quinquennium 2005-2010. It also marked a watershed in the life of the Council itself: the end of the Council's first full quinquennium and, following the General Synod elections, the largest turnover of membership in the lifetime of the Council. Following David Hope's resignation as Archbishop of York in February, the Council was delighted towards the end of the year to welcome his successor, Dr John Sentamu. The Council also saw the departure of eight of its other members. Between December 2005 and January 2006, seven new members were elected. In addition, the term of office of one of the appointed members – Dr Kenneth Stevenson – came to an end on 31 December and, at the time of writing, preparations are in hand for identifying his replacement.

4. On the senior staff team, 2005 saw the appointment of the Ven Christopher Lowson as the new Director of Ministry to succeed the Ven Gordon Kuhrt, and the appointment of Declan Kelly as the new Director of Libraries, Archives and Information Services. The Council wishes Gordon Kuhrt well in his retirement and welcomes Christopher and Declan to the team.

5. In November, staff of the Archbishops' Council (and the Church of England Pensions Board) vacated Church House and moved to temporary accommodation in Waterloo to allow the total refurbishment of Church House to be carried out. It is intended that Church House will be ready for re-occupation in time for the February 2007 Group of Sessions when for the first time the National Church Institutions will be under one roof.

6. In conjunction with the beginning of the new quinquennium, the Council developed with the House of Bishops a programme of work for the National Church Institutions and the General Synod for the next five years. Building upon the Presidential Address made by the Archbishop of Canterbury at the inaugural Group of Sessions of the General Synod in November, this is a real expression of the relationship between the various parts of the national Church envisioned in the Turnbull Report *Working as One Body*. The General Synod endorsed the programme in February 2006.

Service reviews

7. During 2005 the Council instigated a review of the range of services it provides to the Church. Four areas of the Council's activities were reviewed during the year – the Legal Office,

Mission & Public Affairs Division, Ministry Division and the Council for Christian Unity. The outcome was largely positive and work is in hand to implement the recommendations in the report. The main area of change was in respect of the Legal Office. In the light of the report, the Church Commissioners decided that it would be in their and the Church's interests if the rural and residential property transactional work carried out by the Legal Office on its behalf was contracted out. A tendering process was initiated towards the end of the year.

8. Reviews will be carried out in 2006 of the Cathedral & Church Buildings Division, the Central Secretariat (including the Research & Statistics Unit), Church House Publishing, Human Resources and the Communications Office. The remainder of the Council's activities will be reviewed in a third phase.

Bookshop

9. In line with the Council's ongoing review of its activities and its desire to focus on core functions, the Council and its Publishing Board carried out a review of the operation of Church House Bookshop. This concluded that there was no fundamental reason why the Council should be running a shop in central London and the decision was therefore made to sell Church House Bookshop as a going concern. The sale was agreed, subject to contract, with Hymns Ancient and Modern Ltd towards the end of the year and finalised in April 2006. The Bookshop will continue to trade under the name of Church House Bookshop from its current premises and its staff will transfer to the new owner.

Documentary Heritage

10. The Council, together with the Church Commissioners and Lambeth Palace Library, accepted the recommendation of the Documentary Heritage Review Group that a new post of Director of Libraries, Archives and Information Services be created, with the goal of creating an integrated National Library and Archive for the Church of England. Declan Kelly took up the post, of which the Church Commissioners fund nearly 85%, at the beginning of November.

11. The key operations affected by the Documentary Heritage review are Lambeth Palace Library (which is funded by the Commissioners), the Church of England Records Centre at Bermondsey (which is funded by each of the NCIs according to use and falls within the Council's responsibilities) and the library of the Council for the Care of Churches and the Cathedral Fabric Commission (which, again, is the Council's responsibility, though there are no funded posts). Work is in hand to rationalise and improve the administration of each of the bodies involved.

Safeguarding

12. It was agreed that the post of Child Protection Adviser would be given an expanded remit to cover both children and vulnerable adults and be renamed the Safeguarding Adviser. Putting further flesh on the bones of the Anglican-Methodist Covenant, it was also agreed that this would be a joint post for the Methodist Church and the Church of England. The Revd Pearl Luxon, a minister in the Methodist Church and the Methodist Church's Safeguarding Adviser, will take up the post in September 2006 on the retirement of Janet Hind.

The wider Church

13. The Archbishops' Council carries out a great deal of work which impacts directly on the life of the wider Church. In 2005, the Council was particularly active in developing the agenda of ***Mission-shaped Church*** (published as GS 1523 and debated by the General Synod in February 2004) and in encouraging a more efficient regulatory framework for the Church.

14. Much of the *Mission-shaped Church* agenda can only work if the framework in which it is to operate is flexible enough to accommodate it. With this in mind, work has continued on the

Dioceses, Pastoral and Mission Measure through 2005. This work will continue into 2006 with input from across the Divisions and the NCIs.

15. Work also continues on two pieces of work which directly affect the clergy: the review of **clergy terms of service**, which involves significant input not only from the Legal Office, but also from Human Resources and the Ministry Division; and the area of **clergy discipline**, for which Rules were approved for the Appeals Panel at the November Group of Sessions.

16. Forty-nine **selection conferences** were held during the year from which 578 candidates were recommended for ordination training (82% of those attending). This was the highest total since 1998. Following the lead of *Mission-shaped Church*, guidelines for the selection and training of **Ordained Pioneer Ministers** were developed. A number of candidates have already been recommended for this type of training.

17. The Ministry Division continued work on progressing the Hind agenda for the formation of the clergy and continued to be actively engaged in assisting the development of **Regional Training Partnerships** (RTPs).

18. At the request of the General Synod and on behalf of the Ministry Division, the Research & Statistics Unit carried out an exercise to audit **diversity** across all licensed clergy, with the exception of those who have retired from stipendiary ministry. The response rate at 86% was very good. The results from the audit will be available in 2006, and the intention is to monitor diversity across the clergy regularly as the information is updated on a rolling basis through the Crockford clergy database.

19. Work also continued, with significant input from the Mission & Public Affairs Division and the Education Division, on promoting the agreed strategies in respect of **children and young people**. The Board of Education reported to General Synod on the implementation of the Bishops' guidelines on the admission of baptised children to Holy Communion. The draft Regulations were given First Consideration at the November 2005 Group of Sessions, and received Final Approval by General Synod in February 2006 after revision by the House of Bishops.

20. After the success of a trial in the dioceses of Chelmsford, Chichester, Norwich and Manchester, the Council agreed the establishment of the **Youth Evangelism Fund**, which seeks, by making seed corn grants available, to help resource local initiatives and evangelistic activity to help young people who are outside the Church connect relevantly with the Gospel and help build, encourage and nurture faith. The Mission & Public Affairs Division leads in this work.

21. The Cathedral & Church Buildings Division worked through 2005 on developing Rules to implement the Care of Cathedrals (Amendment) Measure.

22. On the financial front, the Financial Policy Unit actively encouraged the updating and development of **accounting guidelines for parishes and dioceses**. This is work in progress. The **allocations formula** was also reviewed and some adjustments made to make better allowance for deprivation in dioceses.

The Church in society

23. A major area of the Council's involvement in society is the development of Church and Trust **schools**. By the end of 2005, the Dearing target of 100 additional secondary schools by 2008/2009 looked readily achievable. 30 new or considerably expanded Church of England secondary schools were open and by the end of the year there were either detailed plans or promising discussions which could lead to a total so far of 115 schools, of which around 44 would be Academies. These developments were backed by substantial fund-raising.

24. The Education Division, together with diocesan directors of education and RE advisers, was also closely involved in the development of guidance on religious education (including collective worship) in schools.
25. At the other end of the educational scale, but to support the aims of the Church in education more broadly, a great deal of work was done with institutions of **Higher and Further Education** to develop chaplaincy, RE training and the Christian identity of the Church Colleges and Universities, many of which train teachers.
26. The Education Division and the Mission & Public Affairs Division, through the Archbishops' Adviser for Evangelism amongst Children and the National Children's Officer, continued to develop an understanding of and support for the **spiritual needs of children**. *Loved into knowing, loved into being*, a framework for the nurture of children's faith, is forming a focus for training in the dioceses. *Children in the Midst*, published in 2005, is a theological reflection and outline curriculum for working with children.
27. *Building Faith in our Future*, a strategy for **church buildings**, was further developed and promoted in 2005. Much work was done by the Cathedral & Church Buildings Division and the Research & Statistics Unit to map the amount of repair work which is needed to the large number of ancient church buildings in England. Awareness is high of the unique place of church buildings in the national landscape and their contribution to the communities around them, but much work remains to be done with Government departments to encourage increased state support to maintain them.
28. The Mission & Public Affairs Division was active in supporting bishops in the House of Lords and in resourcing Synod debates and raising awareness in areas of **public concern**. Particular areas of involvement this year have included the environment, genetics, trade justice and rural and urban concerns.
29. **Marriage and family life** also continued to be areas where a great deal of work was necessary to put the Church's view and to safeguard its position. During 2005, guidelines were being developed on addressing issues of domestic abuse and workshops were set up for a major conference on fatherhood. Work continued to train clergy in preparing couples for marriage and, with input from the Central Secretariat and the Legal Office, draft legislation was in the process of development for introduction to Synod in July 2006 to increase a couple's choice of churches where they can marry.

Government consultations and legislation

30. A growing amount of the Council's time is spent considering how to respond to Government consultations and draft legislation. During 2005, the Council has considered issues arising from proposals in respect of the Equality Act, the Racial and Religious Hatred Act, the Civil Partnerships Act, the Education Act 2005, the Education and Inspections Bill, the Joffe Bill on Assisted Dying for the Terminally Ill, the Terrorism Act, the Serious Organised Crime and Police Act, the Charities Bill and on the continuation of the 'ecclesiastical exemption' amongst others. All of this demands a great deal of the staff of the Legal Office and the Divisions into whose remit these pieces of legislation fall.

Getting the message out

31. Getting the message out about the Council's activities and achievements is handled by the Communications Office. The Communications Office provides media relations and internal and website communications services not only to the Council, but also to the Synod, the House of Bishops, the Church Commissioners, the Pensions Board and the dioceses. It leads the Church's representations on broadcasting policy (and has been closely involved in the discussions about the BBC's Charter renewal) and answers enquiries from the public.

On behalf of the Archbishops' Council

✠ ROWAN CANTUAR:

✠ SENTAMU EBOR:

Joint Presidents
Church House, Westminster
15 June 2006

Governance

32. The Archbishops' Council is established under the National Institutions Measure 1998. Its purpose is to 'co-ordinate, promote and further the work and mission of the Church of England'.

33. Supported by its Boards, Councils and Divisions, the Archbishops' Council aims to hold together issues of policy and resources by co-ordinating and taking an overview of the work already being done on its own behalf and on behalf of the wider Church, by planning a forward programme of work and by responding to impulses from within and outside the Church.

Staff

34. The Council's Human Resources Panel exists to review progress of its Human Resources strategy. It meets annually with representatives of the Council's staff to discuss matters affecting the staff; acts for the employer on occasions (e.g. provides members for disciplinary appeal panels) and provides advice and guidance to the HR Director when necessary.

35. The Joint Employment and Common Services Board (JECBSB) was established specifically to take operational responsibility for the joint employment relationship between the NCIs and to manage common services. The First Church Estates Commissioner, the Chair of the Pensions Board, the Chair of the Council's Finance Committee and the Chief Executives of the Archbishops' Council and the other main National Church Institutions make up its membership.

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

Equal opportunities

37. The National Church Institutions (which include the Archbishops' Council) are committed to equal opportunities in employment.

38. The NCIs are also in the process of agreeing diversity targets (to ensure that the NCIs comply with the recommendations of the Stephen Lawrence follow-up report – *Called to Act Justly*). The Equality for All Group monitors progress and is involved in designing proactive initiatives. Equal Opportunities advisers are in post to support staff who may feel harassed or bullied and there is an established complaints procedure for dealing with claims of discrimination. All staff are required to undergo training in Equal Opportunities awareness and all appointing managers must undertake Fair Selection training before being permitted to interview for staff.

Environment

39. The Archbishops' Council is fully committed to an active environmentally aware policy. In addition to the Archbishops' Council's policy, individual departments are encouraged by the Environmental Working Group to produce their own policies for their specific areas of work.

Health and safety

40. Together with the other National Church Institutions, with whom the Archbishops' Council is a common employer, the Council has duties under the Health and Safety at Work etc. Act 1974 and associated legislation to protect the wellbeing of its staff and others affected by its work. During 2005, the NCIs further developed and implemented a comprehensive occupational health and safety management system to reduce the risks of accidents and work related ill health.

Trustee training

41. New and existing members of the Archbishops' Council have the opportunity to meet heads of department and other staff for briefing on the organisation as a whole, on particular areas of work and on their responsibilities as members of the Archbishops' Council. Members also have the opportunity to learn about the Council and contribute to its development at close hand as members of Boards and Councils and of committees and working parties looking into specific areas of the Council's work and operation.

Trustee responsibilities

42. The members of the Archbishops' Council are required to prepare for each financial year consolidated financial statements which give a true and fair view of the state of affairs of the Archbishops' Council and of the results for the year. In preparing the financial statements, the Archbishops' Council has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards without any material departures; and
- prepared the financial statements on the going concern basis.

43. They are responsible for safeguarding the assets of the Archbishops' Council, and for taking reasonable steps for the prevention and detection of fraud and other irregularities and providing reasonable assurance that:

- the organisation is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used internally or for publication is reliable; and that
- relevant laws and regulations are met.

Internal control

44. The members of the Archbishops' Council have overall responsibility for ensuring that appropriate systems of control, financial and otherwise, exist. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Archbishops' Council and for ensuring that the financial statements comply with the Charities Act 1993 and applicable accounting standards and requirements.

45. The systems of internal financial control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a comprehensive annual planning and budgeting process;
- regular review of management accounts, variances from budget and non-financial management information;
- delegation of authority and segregation of duties; and
- identification and management of risks.

Risk Management

46. In line with the recommendations of the Statement of Recommended Practice for Accounting and Reporting by Charities, the Archbishops' Council has approved a risk management programme to assess business risk and implement risk management strategies. A process of identifying risks and implementing a continuous programme of activities to monitor and mitigate risks has been undertaken and is regularly reviewed by the senior management team and the Finance Committee and considered at least annually by the Archbishops' Council. This work entails:

- clarifying management responsibility for the risks in each activity;

- prioritising risks in terms of potential likelihood of occurrence and impact;
- adopting suitable counter measures to mitigate the risks; and
- monitoring the management of risk, with regular reports to the Archbishops' Council.

Internal Audit

47. The Internal Audit department carries out a programme of risk-based reviews. Regular reports are given to the Audit Committee and the Joint Employment and Common Services Board. Management action on audit recommendations is regularly monitored.

Audit Committee

48. The Audit Committee is a committee of the Archbishops' Council, constituted in accordance with the Standing Orders of the General Synod. It is answerable to the Synod through the Archbishops' Council. Each year a report on the discharge of the Committee's functions is put before the Archbishops' Council and the General Synod. Its principal duties are:

- External audit: to consider all matters relating to the appointment and removal of the external auditors, to discuss with them the nature and the scope of their audit, and to review their management letter to the Council and its response;
- Annual accounts: to review the annual accounts, looking in particular at changes in accounting policies and practices, compliance with legal requirements and accounting standards, adjustments arising from the audit and significant areas of judgement;
- Internal controls: to keep under review the effectiveness of the governance, risk management and internal control systems;
- Other National Church Institutions: to liaise with the Audit Committees of the Church Commissioners and the Church of England Pensions Board on matters of mutual concern;
- Representations: to consider representations made to it generally.

Finance Committee

49. The Finance Committee is the financial executive of the Archbishops' Council. It is the focus for work formerly undertaken by the CBF as the financial executive of the General Synod and for work formerly undertaken by the Church Commissioners concerning financial provision for the clergy, including the allocation of monies made available by the Church Commissioners to support the needier dioceses.

50. The Finance Committee is responsible for the day-to-day management of the financial business of the Archbishops' Council. This includes the raising and administration of money voted by the General Synod for the Archbishops' Council and for other purposes; the apportionment of those costs between dioceses; the preparation of financial statements and the preparation of the annual budget. It is responsible for the provision of accounting services and financial control.

Investment: the CBF Church of England Funds

51. The Archbishops' Council has the same membership as the CBF.

52. Under the provisions of the Church Funds' Investment Measure 1958 (as amended), the CBF is the trustee of the CBF Church of England Funds. There are five separate funds with a combined total value at 31 December 2005 of £1,846 million invested in cash, equities, bonds and direct property.

53. The CBF has delegated the administration and management of the Funds to CCLA Investment Management Limited (CCLA). The CBF Church of England Investment Fund owns 60% of CCLA's share capital.

54. As trustee, the CBF is ultimately responsible for the CBF Church of England Funds and, through its Executive Committee (whose membership is the same as the Archbishops' Council's Finance Committee), has appointed an Investment Committee to act on its behalf and to advise and report on all matters relating to the Measure.

55. Detailed reports on the CBF Church of England Funds are available from CCLA and may be accessed from the company's website, www.ccla.co.uk.

Ethical investment

56. The Archbishops' Council supports the work of the Church's Ethical Investment Advisory Group (EIAG), which develops and co-ordinates ethical investment policy on behalf of the three central Church investment bodies. The EIAG makes recommendations based upon considered research, but responsibility for accepting and implementing these rests with the Archbishops' Council (functioning as the CBF), the Church Commissioners and the Church of England Pensions Board respectively.

57. The EIAG publishes an annual report of its work and this is available, together with other related publications, from the Socially Responsible Investment Unit at CCLA and is also available on the Church of England website.

Review of the consolidated statement of financial activities for 2005

58. The Consolidated Statement of Financial Activities is shown on page 27 of the financial statements. The overall results were in line with expectations, and the Council is satisfied that they reflect accurately the performance of activities in pursuance of its purpose to co-ordinate, promote, aid and further the work and mission of the Church of England.

59. Income of £27.1 million from the Church Commissioners under the National Institutions Measure 1998 was used to pay selective allocations to dioceses.

60. The Vote 1 spend for ordination training costs of £9.7 million was higher than in 2004 largely due to the return to dioceses of £573,000 of unspent income from previous years.

61. Vote 3 income of £1.3 million was fully disbursed in payments of grants towards the work of the Anglican Communion office, the national and international ecumenical initiatives, legal aid and towards the administrative costs of the Church Urban Fund.

62. Vote 4 expenditure of £658,000 relates to the pension contributions for clergy who are employed by Church of England members of the Partnership for World Mission. This was lower in 2005 mainly because of a return to dioceses in 2004 of £100,000 of income from previous years and as the numbers of clergy employed by mission agencies fell significantly.

63. Responsibility for paying the revenue costs for Church Housing Assistance for the Retired Ministry (CHARM) was taken over from the Church Commissioners in January 2005. This has become Vote 5. Of the £3.1 million contributed by dioceses, a small amount was not expended.

64. Unrestricted income includes diocesan contributions under Vote 2, National Church Institutions' contributions to costs of the common services departments, grants receivable, including those from the National Society for the work of the Education Division and from Quintel towards the aeriels work of the Cathedrals and Church Buildings Division, investment income and trading income from publishing and the bookshop.

65. Unrestricted expenditure is largely the Vote 2 budget, the main component of which is the cost of activities in furtherance of the Council's objectives through the divisions of the Council

and a number of common service departments which serve all the NCIs. Details of income and related expenditure for each department are shown in note 10 to the financial statements.

66. Support costs are mainly those relating to the Human Resources, Accounts and Information Technology departments.

67. The cost of managing and administering the Council includes the cost of company administration and audit fees.

68. The costs of generating funds are primarily those relating to the publishing and bookshop trading activities. These were higher than in 2004 due to a higher level of publishing activity.

69. There was a considerable increase in Unrestricted Funds in 2005. This has been generated by a valuation of £3 million of the freehold held by the CBF at Parkstead, the new site of Whitelands College, as shown in note 14, and the reclassification of two funds from restricted to unrestricted as designated funds. Unrestricted funds of £3.5 million have been designated by the Council for specific purposes, details of which can be found in note 19 to the financial statements.

70. Restricted funds, which can only be used for the purposes for which they were given, increased by £8.6 million in 2005 to £36 million. Of this £2.9 million arises from the increase in market value of the investments held. It has now been confirmed that a number of trusts for which the CBF acts as the custodian trustee are within the control of the Council. As a result the funds controlled of £5.5 million have been brought into the financial statements this year. The main restricted fund is the Central Church Fund, which contributes to the activities of the Archbishops' Council and also makes grants to parish and diocesan projects, particularly where community needs can be addressed. Full details of restricted funds can be found in note 20 to the financial statements.

Reserves policy

71. The Archbishops' Council holds funds to enable it to meet its continuing obligations and commitments which span more than one accounting period and to assist cashflow management. For Votes 1 and 2 the reserves policy levels are a minimum of 1.5 and a maximum of 3 times net monthly expenditure (excluding designated funds and the Vote 1 rolling reserve), and for Votes 3, 4 and 5 a maxima of £300,000, £200,000 and £250,000 respectively. The balances at 31 December 2005 were within these ranges.

Professional advisers

72. The Council's advisers are listed on page 19. Their performance is critical to the effective operation of the Archbishops' Council as a charity and the Council has a policy of regularly reviewing all professional adviser appointments.

Administrative information

Archbishops' Council

The Archbishop's Council was established under the National Institutions Measure 1998 to 'coordinate, promote, aid and further the work and mission of the Church of England'. It oversees the activities of the national Boards, Councils and Divisions. The Council works closely with the General Synod, the House of Bishops, the other National Church Institutions and the wider Church. Members function as Trustees of the Archbishops' Council and are trustees and directors of the Central Board of Finance of the Church of England. The Council met six times in 2005; the figures in brackets indicate the number of meetings each member attended in 2005. Membership from 1 January 2005 and up to the date of this report was as follows:

Ex officio Joint Presidents

The Most Revd and Rt Hon Dr Rowan Williams, Archbishop of Canterbury	(6)
The Most Revd and Rt Hon Dr David Hope, Archbishop of York (until February 2005)	(-)
The Most Revd and Rt Hon Dr John Sentamu, Archbishop of York (from February 2006)	(1)

Elected by the House of Bishops

The Rt Revd John Gladwin, Bishop of Chelmsford (until 11 December 2005)	(4)
The Rt Revd Michael Nazir-Ali, Bishop of Rochester (until 11 December 2005)	(4)
The Rt Revd Graham James, Bishop of Norwich (from 12 December 2005)	(-)
The Rt Revd Timothy Stevens, Bishop of Leicester (from 12 December 2005)	(-)

Prolocutors of the Lower Houses of the Convocations

Elected by the Convocations of Canterbury and York

The Revd Canon Bob Baker (Canterbury) (until 11 December 2005)	(3)
The Ven Norman Russell (Canterbury) (from 12 December 2005)	(-)
The Revd Canon Glyn Webster (York)	(4)

Elected by the House of Clergy

The Revd Dr Richard Turnbull (until 6 October 2005)	(5)
The Revd Prebendary David Houlding (until 11 December 2005)	(5)
The Revd Simon Bessant (from 18 January 2006)	(-)
The Revd Prebendary Kay Garlick (from 18 January 2006)	(-)

Elected by the House of Laity

Canon Dr Christina Baxter (Chair of the House of Laity) (ex officio)	(6)
Mr Brian McHenry (Vice-Chair of the House of Laity) (ex officio) (until 6 October 2005)	(2)
Dr Philip Giddings (Vice-Chair of the House of Laity) (ex officio)	(6)
Mr Ian Garden (until 6 October 2005)	(3)
Mr Paul Boyd-Lee (from 12 December 2005)	(-)
Mrs Christina Rees (from 12 December 2005)	(-)

Appointed by the Archbishops with the approval of the General Synod

Mr Michael Chamberlain	(6)
Mrs Katherine McPherson	(5)
Mr Mark Russell (from February 2005)	(5)
Mrs Anne Sloman	(6)
The Rt Revd Kenneth Stevenson, Bishop of Portsmouth (until 31 December 2005)	(2)
Professor Peter Toyne	(5)

A Church Estates Commissioner

Mr Andreas Whittam Smith, First Church Estates Commissioner	(6)
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The Archbishops' Council is a charity registered under no. 1074857.

Membership of the Archbishops' Council is the same as that of the Central Board of Finance of the Church of England. The Archbishops' Council met three times as the CBF during 2005.

The CBF is a trustee body with ultimate responsibility for the CBF Church of England Investment, Fixed Interest Securities, Property and Deposit Funds, for the Central Church Fund and for a number of smaller trusts. In practice, this responsibility is discharged through the Finance Committee, acting as the CBF Executive Committee.

The CBF is a charity registered under no. 248711 and a company registered under no. 136413. Its registered office is the same as that of the Archbishops' Council.

Staff Directors of the Archbishops' Council

Mr William Fittall, Secretary General to the Council and the General Synod

Mr John Clark, Director of Mission & Public Affairs Division

Mr Peter Crumpler, Director of Communications

Mrs Paula Griffiths, Head of Cathedral and Church Buildings Division

The Revd Canon John Hall, Chief Education Officer and General Secretary, National Society

Mr Declan Kelly, Director of Libraries, Archives and Information Services (from 1 November)

The Ven. Dr Gordon Kuhrt, Director of Ministry Division (until February 2006)

Mrs Gill Laver, Director of Finance and Central Services and CBF Company Secretary (until April 2006)

The Ven Christopher Lowson, Director of Ministry Division (from February 2006)

Mrs Su Morgan, Director of Human Resources

Mr Stephen Slack, Head of Legal Office and Chief Legal Adviser to the General Synod

Mr David Williams, Clerk to the Synod and Director of Central Secretariat

Bodies answerable to the General Synod through the Archbishops' Council

Audit Committee of the Archbishops' Council (chair: Mr Tony Hesselwood)

Board of Education (chair: the Bishop of Portsmouth)

Committee for Minority Ethnic Anglican Concerns (chair: the Revd Rose Hudson-Wilkin)

Council for Christian Unity (chair: the Bishop of Peterborough)

Council for the Care of Churches (chair: the Bishop of Sodor & Man)

Finance Committee (chair: Mr Michael Chamberlain)

Committee for Ministry of and among Deaf and Disabled People (chair: the Bishop of Sheffield)

Deployment, Recruitment and Conditions of Service Committee (chair: the Bishop of Ripon & Leeds)

Theological Education and Training Committee (chair: the Revd Canon Dr Judith Maltby)

Vocation, Recruitment and Selection Committee (chair: the Bishop of Tewkesbury)

Mission and Public Affairs Council (chair: Dr Philip Giddings)

The Cathedrals Fabric Commission for England is an autonomous body, established by statute (Care of Cathedrals Measure 1990) but similar in many ways to those listed above. It is funded by the Archbishops' Council and staffed by the Cathedral & Church Buildings Division.

Other bodies

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

National Church Institutions

The Archbishops' Council works in close partnership with the other National Church Institutions: the Church Commissioners, the Church of England Pensions Board and the offices of the Archbishops of Canterbury and York.

Website

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

Offices and advisers

Registered office:	Church House, Great Smith Street, London SW1P 3NZ Tel: 020 7898 1000 Fax: 020 7898 1558
Investment managers:	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ Tel: 020 7489 6000 Fax: 020 7489 6126
Bankers:	National Westminster Bank plc, City of London Office, 1 Princes Street, London EC2R 8BP
Solicitors:	The Head of the Legal Office of the Archbishops' Council
Auditors:	Deloitte & Touche LLP, Hill House, 1 Little New Street, London EC4A 3TR

Financial Statements
year ended 31 December 2005

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

for the year ended 31 December 2005

We have audited the consolidated financial statements of the Archbishops' Council for the year ended 31 December 2005 which comprise consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Council, as a body, in accordance with Regulation 6 of The Charities (Accounts and Reports) Regulations 1995. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members of the Council and auditors

As described in the statement of trustee responsibilities, the members of the Council are responsible for the preparation of the financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under s43 of the Charities Act 1993 and report in accordance with regulations made under s44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2000 and the trust deed.

We read the trustees' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the charity's state of affairs, in accordance with United Kingdom Generally Accepted Accounting Practice as at 31 December 2005 and of its incoming resources and application of resources in the year then ended;
- the financial statements have been properly prepared in accordance with the Charities Act 1993, Regulation 3 of the Charities (Accounts and Reports) Regulations 2000 and the trust deed.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

15 June 2006

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended Error! Reference source not found.5

	Notes	Unrestricted Funds (notes 10 & 19) £000	Restricted Funds (note 20) £000	Total	
				2005 £000	2004 £000
INCOMING RESOURCES					
Incoming resources from charitable activities					
Church Commissioners	3	-	27,080	27,080	21,926
Diocesan contributions:					
- Training for Ministry (Vote 1)	4	-	9,177	9,177	9,050
- National Church Responsibilities (Vote 2)	4	9,580	-	9,580	9,228
- Grants (Vote 3)	4	-	1,273	1,273	1,194
- Mission Agencies Clergy Pension Contributions (Vote 4)	4	-	675	675	675
- CHARM (Vote 5)	4	-	3,058	3,058	-
National Church Institutions' contributions to costs	5	4,362	-	4,362	4,090
Voluntary income					
Grants receivable	6	342	738	1,080	1,001
Other income	7	324	665	989	606
Activities for generating funds					
Income from activities for generating funds	8	2,567	-	2,567	2,196
Investment income					
	9	180	1,277	1,457	1,426
Total incoming resources		17,355	43,943	61,298	51,392
RESOURCES EXPENDED					
Charitable activities					
Grants payable:					
- Dioceses	11a	-	27,000	27,000	21,914
- Training for Ministry (Vote 1)	11b	-	9,695	9,695	8,938
- Grants (Vote 3)	11c	-	1,272	1,272	1,194
- Mission Agencies Clergy Pension Contributions (Vote 4)	11d	-	658	658	893
- CHARM (Vote 5)	11e	-	2,955	2,955	-
- Other	11f	-	775	775	1,076
Cost of providing charitable activities		11,051	1,328	12,379	11,227
Support costs		3,639	-	3,639	3,424
Costs of generating funds					
Other costs of generating funds		1,959	84	2,043	1,886
Costs of managing and administering the Council					
		214	-	214	226
Total resources expended		16,863	43,767	60,630	50,778
Net incoming resources before exceptional items and transfers					
		492	176	668	614
Exceptional grant payable	11g	(3,700)	-	(3,700)	-
Recognition of other funds	20	-	5,600	5,600	-
Recognition of Church colleges loan interest receivable	2a,20	-	863	863	-
Net transfers between funds	19,20	845	(845)	-	-
Net incoming/(outgoing) resources		(2,363)	5,794	3,431	614
Surpluses on revaluation and realisation of assets					
Investments	13	39	2,859	2,898	1,271
Properties	14	6,700	-	6,700	-
Equity sharing loans	15	-	3	3	35
NET MOVEMENTS IN FUNDS FOR THE YEAR		4,376	8,656	13,032	1,920
Total funds at 1 January	19,20	5,425	27,385	32,810	30,890
Total funds at 31 December	19,20	9,801	36,041	45,842	32,810

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

CONSOLIDATED BALANCE SHEET
as at Error! Reference source not found.5

	Notes	Unrestricted Funds £000	Restricted Funds (note 20) £000	Total	
				2005 £000	2004 £000
FIXED ASSETS					
Investments	13	-	26,942	26,942	18,771
Properties	14	3,250	-	3,250	250
Equity sharing loans	15	-	460	460	457
Other fixed assets	16	1,177	-	1,177	1,148
		<u>4,427</u>	<u>27,402</u>	<u>31,829</u>	<u>20,626</u>
CURRENT ASSETS					
Investments	13	294	-	294	255
Stocks		387	-	387	456
Debtors: amounts falling due within one year	17	3,327	300	3,627	6,889
Debtors: amounts falling due after more than one year	17	232	1,915	2,147	1,547
Short term deposits		-	5,200	5,200	4,904
Cash at bank and in hand		2,668	2,988	5,656	3,663
		<u>6,908</u>	<u>10,403</u>	<u>17,311</u>	<u>17,714</u>
CREDITORS: amounts falling due within one year	18	(1,534)	(1,764)	(3,298)	(5,530)
NET CURRENT ASSETS		<u>5,374</u>	<u>8,639</u>	<u>14,013</u>	<u>12,184</u>
NET ASSETS		<u>9,801</u>	<u>36,041</u>	<u>45,842</u>	<u>32,810</u>
ACCUMULATED FUNDS					
Unrestricted Funds					
- General	19	6,261	-	6,261	2,752
- Designated	19	3,540	-	3,540	2,673
		<u>9,801</u>	<u>-</u>	<u>9,801</u>	<u>5,425</u>
Restricted Funds					
	20	-	36,041	36,041	27,385
		<u>9,801</u>	<u>36,041</u>	<u>45,842</u>	<u>32,810</u>

The financial statements were approved by the Archbishops' Council on 15 June 2006 and signed on its behalf by:

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

Chairman of the Finance Committee, Michael Chamberlain

CONSOLIDATED CASH FLOW STATEMENT
for the year ended Error! Reference source not found.5

		Total	
	Notes	2005	2004
		£000	£000
Net cash inflow/(outflow) from operating activities	22	<u>6,481</u>	<u>(465)</u>
Returns on investment and servicing of finance			
Investment income		1,457	1,120
Net cash inflow from returns on investment and servicing of finance		<u>1,457</u>	<u>1,120</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(337)	(65)
Purchase of fixed asset investments		(39)	(500)
Transfer of fixed asset investments		(5,460)	-
Sale of fixed asset investments		187	-
Purchase of current asset investments		-	(239)
Increase in equity sharing loans		-	(70)
Sale of property		-	300
Net cash outflow from capital expenditure and financial investment		<u>(5,649)</u>	<u>(574)</u>
Management of liquid resources			
Increase in short term deposits	23	(296)	(498)
Net cash outflow from management of liquid resources		<u>(296)</u>	<u>(498)</u>
Increase/(decrease) in cash in the year	23	<u>1,993</u>	<u>(417)</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

1. BASIS OF PREPARATION AND CONSOLIDATION

The Archbishops' Council of the Church of England (the Council) was established as a body corporate under the National Institutions Measure 1998. Its objects are to co-ordinate, promote, aid and further the work and mission of the Church of England. It is a registered charity, number 1074857. The Council came into existence on 1 January 1999 on which date it took over responsibility from the Central Board of Finance of the Church of England (the CBF) for the funds provided by the dioceses pursuant to certain votes of the General Synod.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with the recommendations set out in the Statement of Recommended Practice 'Accounting and Reporting by Charities' (October 2000) (the SORP), applicable United Kingdom accounting standards and the Charities Act 1993.

These financial statements consolidate the financial statements of the Council (comprising all of the Council's designated and restricted funds, including the Central Church Fund) and the CBF drawn up to 31 December each year. The separate balance sheet of the Council is set out in note 30. The separate financial statements of the CBF are available from the Council's Financial Secretary. Details of the Central Church Fund are disclosed in the Statement of Restricted Funds (note 20) and in Related Parties (note 28c).

(a) Central Board of Finance of the Church of England (CBF)

Members of the Council are also members and directors of the CBF. Whilst the CBF remains a separate legal entity to fulfil certain activities (particularly related to its trustee responsibilities for the CBF Church of England Investment Funds and certain trusts, including the Central Church Fund), all significant decisions relating to the CBF are taken by members of the Council (in their capacity as the directors of the CBF) and hence the assets and liabilities held in the name of the CBF are included in the Council's financial statements. Work is in hand to wind up the CBF and transfer its activities to the Archbishops' Council or other appropriate Trustee bodies, it is anticipated that this will be achieved during 2007.

(b) Funds

The Council receives and applies funds voted to it by the General Synod and provided by the dioceses. These funds are disclosed in the financial statements by reference to the following General Synod votes:

- Training for Ministry (Vote 1) - shown within Restricted Funds;
- National Church Responsibilities (Vote 2) - shown within Unrestricted Funds. Funds for National Church Responsibilities work that have been set aside for future use are shown as Unrestricted Designated Funds;
- Grants (Vote 3) - shown within Restricted Funds;
- Mission Agencies Clergy Pension Contributions (Vote 4) - shown within Restricted Funds; and
- Church Housing Assistance for the Retired Ministry [CHARM] (Vote 5) – shown within Restricted Funds.

The Council and the CBF also have responsibility for a number of other funds, which are disclosed in the Statement of Restricted Funds (note 20) and the Statement of Other Funds (note 21). As a result of clarification of control, in cases where the CBF acts as custodian trustee and it has been established that 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 have been consolidated in 2005 as Restricted Funds in the financial statements (note 20). Where the CBF act 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 21).

Unrestricted Funds – General

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

Unrestricted Funds – Designated

Designated Funds are funds which the Council has earmarked for a particular purpose. There are no legally binding restrictions on them and the Council is free to redesignate these funds should this be appropriate. The purpose of each designated fund is disclosed in the Statement of Unrestricted Funds (note 19).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

1. BASIS OF PREPARATION AND CONSOLIDATION (continued)

Restricted Funds

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council. The purpose of each restricted fund is disclosed in the Statement of Restricted Funds (note 20).

Fund transfers

The Council makes transfers of surpluses arising within General Unrestricted Funds to specific Designated Funds. The Council makes transfers from Restricted Funds to Unrestricted Funds only where such restricted funds are being applied in accordance with the object, purpose and restrictions of the underlying fund or charity. Such transfers primarily relate to grants from the Central Church Fund, as set out in Related Parties (note 28c).

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Incoming resources

Donations are recognised on a cash basis.

Interest from church colleges of education is recognised on the accruals basis. In previous years such interest was recognised only when received, which is normally on repayment of the loan. This accounting policy has been reviewed and revised in the light of the facts that interest is paid annually by one college and is recognised as a liability in the financial statements of other colleges. Interest accrued totalled £863,000, which has been recognised as a separate item in the statement of financial activities.

Dividends and other interest are recognised on a cash received basis as the Council is satisfied that there is no material difference between the use of the cash rather than the accruals basis.

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

(b) Resources expended

All expenditure is accounted for on the accruals basis.

(c) Grants payable

Grants are recognised as a liability when a firm commitment to pay the grant is made.

(d) Fixed assets

Investments: stated at market value.

Properties: stated at valuation. 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 consider annually whether there are any indicators of impairment

Equity sharing loans: individually revalued in line with indices of second-hand house prices and then discounted by 12% to reflect expected realisation values.

Surpluses or deficits on the revaluation and disposals of investments and properties are taken directly to the statement of financial activities. The surplus or deficit arising on the disposal of a property is recognised when the disposal is considered certain.

Other fixed assets: 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:

Bookshop fixtures and fittings	25%
Office equipment	25%
Leasehold improvements	10%
Vehicles	25%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Stocks

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

(f) Pension costs

The Council participates in three main pension funds and one other employee benefit scheme, as set out in Pensions (note 25). The three main schemes are all defined benefit schemes. The defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17: Retirement Benefits. The Council is unable to identify its share of the underlying assets and liabilities. Paragraph 9(b) of the Standard requires the Council to account for pension costs on the basis of contributions payable to the schemes in the year. These are shown in Staff Numbers and Costs (note 12).

(g) Operating leases

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

(h) Taxation

The Council is a registered charity and as such is exempt from taxation on its income and gains to the extent that they are applied to its charitable purposes.

3. CHURCH COMMISSIONERS

Income received from the Church Commissioners, in accordance with the National Institutions Measure 1998, was £27,080,000 (2004: £21,926,000)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

4. DIOCESAN CONTRIBUTIONS

	Training for Ministry Vote 1 (Restricted) £000	National Church Responsibilities Vote 2 (Unrestricted) £000	Grants Vote 3 (Restricted) £000	Mission Agencies Clergy Pension Contribution Vote 4 (Restricted) £000	CHARM - Church Housing Assistance for the Retired Ministry Vote 5 (Restricted) £000	Total 2005 £000	2004 £000
Armed Forces	5	6	1	-	-	12	-
Bath & Wells	286	269	36	19	88	698	614
Birmingham	126	147	20	10	48	351	276
Blackburn	191	207	27	15	67	507	464
Bradford	42	81	11	6	26	166	170
Bristol	162	153	20	11	50	396	345
Canterbury	136	151	20	11	49	367	304
Carlisle	132	131	17	9	43	332	261
Chelmsford	336	358	48	25	116	883	776
Chester	276	328	44	23	107	778	669
Chichester	420	409	54	29	133	1,045	826
Coventry	177	169	22	12	55	435	359
Derby	136	146	19	10	48	359	341
Durham	121	139	19	10	45	334	268
Ely	102	169	22	12	55	360	341
Exeter	271	229	31	16	75	622	547
Gloucester	209	203	27	14	66	519	449
Guildford	291	311	41	22	101	766	624
Hereford	133	108	14	8	35	298	265
Leicester	104	138	18	10	45	315	284
Lichfield	270	293	39	21	96	719	641
Lincoln	259	216	29	15	70	589	523
Liverpool	216	198	26	14	65	519	440
London	585	736	98	52	240	1,711	1,399
Manchester	234	241	32	17	79	603	556
Newcastle	103	106	14	7	35	265	202
Norwich	216	185	25	13	60	499	429
Oxford	561	588	78	41	192	1,460	1,190
Peterborough	175	171	23	12	55	436	377
Portsmouth	129	125	17	9	41	321	249
Ripon & Leeds	135	136	18	10	44	343	320
Rochester	291	272	36	19	29	647	576
St Albans	373	361	48	25	118	925	786
St Edmundsbury & Ipswich	168	169	22	12	55	426	386
Salisbury	315	297	39	21	97	769	696
Sheffield	141	132	18	9	43	343	281
Sodor & Man	13	20	3	1	6	43	45
Southwark	374	425	56	30	138	1,023	811
Southwell & Nottingham	117	136	18	10	44	325	242
Truro	104	104	14	7	34	263	220
Wakefield	163	135	18	10	44	370	308
Winchester	261	300	40	21	97	719	533
Worcester	155	159	21	11	52	398	358
York	184	223	30	16	72	525	429
Europe	(21)	-	-	-	-	(21)	(33)
	<u>9,177</u>	<u>9,580</u>	<u>1,273</u>	<u>675</u>	<u>3,058</u>	<u>23,763</u>	<u>20,147</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

5. NATIONAL CHURCH INSTITUTIONS' CONTRIBUTIONS TO COSTS

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

	Unrestricted Funds (note 10)	
	2005 £000	2004 £000
Church Commissioners	3,538	3,236
Church of England Pensions Board	761	672
National Society	16	134
Other Church bodies	47	48
	<u>4,362</u>	<u>4,090</u>

6. GRANTS RECEIVABLE

Grants include £40,000 (2004: £40,000) from the National Society for the work of the Education division, and £200,000 (2004: £200,000) from Quintel towards the aerials work of the Cathedrals and Church Buildings division. Grants were also receivable from a number of government departments, Ecclesiastical Insurance Group and other Church organisations.

7. OTHER INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total	
			2005 £000	2004 £000
Legacies	323	443	766	102
Donations	1	153	154	3
Other	-	69	69	501
	<u>324</u>	<u>665</u>	<u>989</u>	<u>606</u>

8. INCOME FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	
	2005 £000	2004 £000
<i>Divisions of the Council</i>		
Ministry	27	22
Mission & Public Affairs	3	19
Financial Policy	286	130
<i>Trading</i>		
Church House Publishing	1,021	823
Church House Bookshop	754	842
<i>Central Services</i>		
Research & Statistics	13	12
<i>Common Services</i>		
	177	148
<i>Designated Funds</i>		
	286	200
	<u>2,567</u>	<u>2,196</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

9. INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2005 £000	2004 £000
Dividends from CBF Church of England funds	7	817	824	623
Interest from Church colleges of education	-	147	147	306
Other Interest	173	313	486	497
	<u>180</u>	<u>1,277</u>	<u>1,457</u>	<u>1,426</u>

10. STATEMENT OF UNRESTRICTED FUNDS - ANALYSIS BY FUNCTION

	Incoming resources 2005 £000	Incoming resources 2004 £000	Resources expended 2005 £000	Resources expended 2004 £000	Net cost to the Council 2005 £000	2004 £000
<i>Divisions of the Council</i>						
Cathedrals & Church Buildings	33	18	(652)	(582)	(619)	(564)
Education	120	210	(699)	(733)	(579)	(523)
Ministry	27	22	(1,307)	(1,336)	(1,280)	(1,314)
Mission & Public Affairs	193	243	(1,244)	(1,215)	(1,051)	(972)
Financial Policy	342	176	(775)	(672)	(433)	(496)
<i>Trading</i>						
Church House Publishing	1,021	823	(1,265)	(1,111)	(244)	(288)
Church House Bookshop	754	842	(695)	(730)	59	112
<i>Central Services</i>						
Internal Audit	136	111	(190)	(178)	(54)	(67)
Central Secretariat	-	-	(1,001)	(987)	(1,001)	(987)
Council for Christian Unity	-	-	(346)	(313)	(346)	(313)
Research & Statistics	13	12	(251)	(220)	(238)	(208)
<i>Common Services</i>						
Communications	159	-	(543)	(411)	(384)	(411)
Human Resources	312	259	(541)	(484)	(229)	(225)
Legal	923	934	(1,458)	(1,449)	(535)	(515)
Accounts	1,114	892	(1,387)	(1,321)	(273)	(429)
Information Technology	577	579	(959)	(996)	(382)	(417)
Office Services	328	352	(684)	(696)	(356)	(344)
Records Centre	238	218	(325)	(303)	(87)	(85)
<i>Rent and service charge of administrative offices</i>						
	671	668	(2,112)	(2,082)	(1,441)	(1,414)
<i>Designated Funds (note 19)</i>						
	310	263	(429)	(451)	(119)	(188)
	<u>7,271</u>	<u>6,622</u>	<u>(16,863)</u>	<u>(16,270)</u>	<u>(9,592)</u>	<u>(9,648)</u>
Diocesan contributions (note 4)	9,580	9,228	-	-	9,580	9,228
Investment income (note 9)	180	146	-	-	180	146
Other income (note 7)	324	96	-	-	324	96
	<u>17,355</u>	<u>16,092</u>	<u>(16,863)</u>	<u>(16,270)</u>	<u>492</u>	<u>(178)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

10. STATEMENT OF UNRESTRICTED FUNDS - ANALYSIS BY FUNCTION (continued)

In the Statement of Financial Activities:

- the cost of providing charitable activities in furtherance of the Council's objects mainly comprises the cost of the divisions of the Council, Central Secretariat and a number of common services departments which benefit the Church nationally;
- support costs mainly comprise the cost of the Human Resources, Accounts and Information Technology departments; and
- the cost of generating funds mainly comprises the expenditure of trading activities and investment management fees.

Sales for the year of £191,000 (2004: £158,000) between Church House Publishing and Church House Bookshop have been eliminated from incoming resources and resources expended in the statement of financial activities.

The fee for audit services for the year was £48,000 (2004: £73,500). The amount for 2004 includes £24,500 in respect of an additional fee for the 2003 audit. Fees for non-audit services due to the external auditors were £nil in both years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

11. GRANTS PAYABLE

(a) Grants payable to dioceses

The Council applied the income received from the Church Commissioners (note 3) as shown below. Selective stipend and housing support is allocated in accordance with the current Selective Allocations formula.

	Selective stipend and housing support £000	Parish mission and ministry support £000	Total 2005 £000	2004 £000
Bath & Wells	-	37	37	36
Birmingham	1,194	174	1,368	1,168
Blackburn	658	133	791	544
Bradford	841	75	916	785
Bristol	-	87	87	83
Canterbury	441	78	519	421
Carlisle	500	30	530	358
Chelmsford	1,749	310	2,059	1,403
Chester	-	132	132	124
Chichester	-	89	89	87
Coventry	-	63	63	-
Derby	874	107	981	758
Durham	2,004	185	2,189	2,025
Ely	-	40	40	41
Exeter	846	91	937	579
Gloucester	-	22	22	20
Guildford	-	34	34	38
Hereford	285	10	295	141
Leicester	710	95	805	596
Lichfield	1,613	215	1,828	1,405
Lincoln	406	75	481	317
Liverpool	993	176	1,169	1,132
London	171	279	450	674
Manchester	1,374	221	1,595	1,215
Newcastle	1,165	85	1,250	1,037
Norwich	721	63	784	546
Oxford	-	120	120	117
Peterborough	19	64	83	58
Portsmouth	12	70	82	65
Ripon & Leeds	435	77	512	343
Rochester	-	94	94	88
St. Albans	-	137	137	130
St. Edmundsbury & Ipswich	108	34	142	205
Salisbury	-	28	28	-
Sheffield	1,215	142	1,357	1,178
Sodor & Man	-	4	4	5
Southwark	-	233	233	304
Southwell & Nottingham	1,012	117	1,129	988
Truro	588	43	631	489
Wakefield	1,000	126	1,126	869
Winchester	-	90	90	84
Worcester	28	75	103	69
York	1,438	140	1,578	1,181
	<u>22,400</u>	<u>4,500</u>	26,900	21,706
Grants paid to clergy			1	38
Other benefits for clergy			99	170
			27,000	21,914

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

11. GRANTS PAYABLE (continued)

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

Vote 1 provides funds towards training for the ordained ministry. Ordinands, training on a full-time basis at a theological college, receive grants to cover college tuition fees and maintenance. Ordinands training on a part-time regional course are eligible for grants to cover course fees, books and travel expenses. Training of ordination candidates under the Ordained Local Ministry Scheme is funded in partnership with the local sponsoring diocese.

	2005	2004
	£000	£000
College costs and allowances	5,428	5,367
Course costs and allowances	3,096	2,819
Ordained Local Ministry Scheme	256	269
University fees	234	259
Other	108	28
Surplus returned to dioceses	573	196
	<u>9,695</u>	<u>8,938</u>

(c) Grants payable through Grants (Vote 3)

Vote 3 provides funds towards the work of the Anglican Communion office, the national and international ecumenical agencies, legal aid and the administrative costs of the Church Urban Fund.

	2005	2004
	£000	£000
Church Commission on mission	36	35
Churches Together in Britain and Ireland	382	381
Conference of European Churches	74	72
Grant towards administrative costs of the Church Urban Fund	180	175
Inter Anglican grant	371	360
World Council of Churches	108	108
Other	121	63
	<u>1,272</u>	<u>1,194</u>

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

The Church Commissioners are statutorily required under the Pensions Measure 1997 to meet the pension costs of clergy who are employed by Church of England members of the Partnership for World Mission. It was agreed with the Commissioners and dioceses that responsibility for funding this liability would, over a six year period 1998-2004, transfer to the Council to be met through this vote. Accordingly, the Council now meets the full cost of this liability £658,000 (2004: £793,000, with a surplus of £100,000 returned to dioceses). The contribution was made in respect of an average number of clergy of 106 (2004: 129).

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

Vote 5 provides funds towards the repair, maintenance and other costs associated with housing provided for clergy retiring from stipendiary ministry, under the CHARM scheme administered by the Church of England Pensions Board. It meets the cost of the subsidy provided within the rental arm of the scheme to limit to 30% (25% in the case of older loans) the proportion of a pensioner's income required to pay the rent set by the Pensions Board, together with the administrative costs of the scheme. These costs, which were previously met by the Church Commissioners, were met by the Archbishops' Council for the first time in 2005, as agreed by General Synod in 2002, to increase the amount of the Church Commissioners' income available for selective distribution. The costs in 2005 amounted to £2,955,000.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

11. GRANTS PAYABLE (continued)

(f) Other grants payable

	Restricted Funds	
	2005	2004
	£000	£000
Central Church Fund (note 28c)	545	409
Training for the Ministry	188	251
Other	42	416
	<u>775</u>	<u>1,076</u>

(g) Exceptional grant payable

	2005	2004
	£000	£000
Whitelands College (notes 14 and 27c)	<u>3,700</u>	-

12. 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:

	2005	2004
	£000	£000
Salaries	8,107	8,296
National Insurance contributions	683	693
Pension costs (note 25)	1,912	1,831
	<u>10,702</u>	<u>10,820</u>

The average number of staff employed during the year was:

	2005	2004
	Number	Number
<i>Divisions of the Council</i>		
Cathedrals & Church Buildings	14	14
Education	16	16
Ministry	27	28
Mission & Public Affairs	23	24
Financial Policy	10	9
<i>Trading</i>	22	24
<i>Central Services</i>	38	42
<i>Common Services</i>	114	117
	<u>264</u>	<u>274</u>

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

	2005	2004
	Number	Number
£50,001 to £60,000	8	11
£60,001 to £70,000	8	8
£70,001 to £80,000	1	1
£80,001 to £90,000	2	-
£90,001 to £100,000	1	1
£120,001 to £130,000	1	1
	<u>21</u>	<u>22</u>

All staff earning more than £50,000 are accruing retirement benefits under a defined benefit scheme.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

12. STAFF NUMBERS AND COSTS (continued)

Members of the Council

Expenses incurred in attending Council and committee meetings and on other business of the Council were reimbursed to members of the Council. There were claims from 16 members (2004: 14) amounting to £12,965 (2004: £12,058). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

13. INVESTMENTS

	Restricted Funds	
	2005 £000	2004 £000
FIXED ASSETS		
At 1 January	18,771	17,016
Additions	39	500
Transfers (note 20)	5,460	-
Disposals	(187)	-
Net surplus on revaluation	2,859	1,255
At 31 December	<u>26,942</u>	<u>18,771</u>

	Unrestricted Funds	
	2005 £000	2004 £000
CURRENT ASSETS		
Valuation		
At 1 January	255	-
Additions	-	239
Net surplus on revaluation	39	16
At 31 December	<u>294</u>	<u>255</u>

£755,000 of the investments are in Charifund, managed by M&G Securities Ltd.

All the remaining investments are held within the CBF Church of England funds managed by CCLA Investment Management Ltd. (note 28b). The Current Assets investments were passed to the CBF as part of a legacy.

The structure of the CCLA portfolio under the control of the Council at 31 December 2005 was:

	2005 %
CBF Church of England Investment Fund - Income Shares	94.4
CBF Church of England Property Fund	5.5
CBF Church of England Fixed Interest Securities Fund	0.1
	<u>100.0</u>

At 31 December 2005, the CBF Church of England Investment Fund comprised 65.0% UK equities, 17.8% overseas equities, 7.8% property, 4.3% UK bonds, 1.9% overseas bonds and 3.2% cash. The CBF Church of England Property Fund comprised 98.6% invested in commercial property in the UK, and 1.4% in cash.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

14. PROPERTIES

	Unrestricted Funds	
	2005	2004
	£000	£000
At 1 January	250	550
Additions	-	-
Disposals	-	(300)
Net surplus on disposals and revaluation	3,000	-
At 31 December	<u>3,250</u>	<u>250</u>

At 31 December 2005, properties comprised:

a) The freehold interest in St Katharine's College, Childwall, Wavertree, Liverpool. Liverpool Hope University holds a long leasehold interest in the college. At 31 December 2003, the property was valued by DTZ Debenham Tie Leung at £250,000.

b) The freehold interest in Parkstead, the new site of Whitelands College, owned by the CBF. The Whitelands College Foundation holds two 99 year leases. The freehold was valued at 31 December 2005 by DTZ Debenham Tie Leung at £3.0 million.

Sale of Whitelands College West Hill site:

The sale of the West Hill site was completed in 2005. The final sale proceeds amounted in total to £51.2 million. The CBF's one-third share amounted to £16.9 million of which £13.2 million was accounted for in previous years and the balance in 2005. The CBF's one-third share amounting to £3.7 million has been committed to the development of Parkstead and is disclosed as an exceptional grant payable (note 11g).

As the CBF's interest in Whitelands College was historically stated at a depreciated cost of £nil, the income arising from the sale does not give rise to any fixed asset accounting entries.

15. EQUITY SHARING LOANS

	Restricted Funds	
	2005	2004
	£000	£000
At 1 January	457	352
Additions	-	70
Net surplus on revaluation	3	35
At 31 December	<u>460</u>	<u>457</u>

Equity sharing loans are granted to support clergy housing. On disposal of a property the Central Church Fund is entitled to a share of the proceeds corresponding to the proportion of the original purchase price which was financed by the loan. Interest is chargeable at 5% per annum and classified as investment income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

16. OTHER FIXED ASSETS

	Bookshop fixtures and fittings £000	Office equipment £000	Leasehold improvements £000	Vehicles £000	Total £000
Cost					
At 1 January	66	547	2,097	-	2,710
Additions	16	236	77	8	337
At 31 December	<u>82</u>	<u>783</u>	<u>2,174</u>	<u>8</u>	<u>3,047</u>
Depreciation					
At 1 January	45	479	1,038	-	1,562
Charge for the year	19	51	218	2	290
Impairment	18	-	-	-	18
At 31 December	<u>82</u>	<u>530</u>	<u>1,256</u>	<u>2</u>	<u>1,870</u>
Net book value					
At 31 December 2005	<u>-</u>	<u>253</u>	<u>918</u>	<u>6</u>	<u>1,177</u>
At 31 December 2004	<u>21</u>	<u>68</u>	<u>1,059</u>	<u>-</u>	<u>1,148</u>

17. DEBTORS

	Unrestricted Funds £000	Restricted Funds (note 20) £000	Total 2005 £000	2004 £000
Amounts due within one year				
Trade debtors	703	-	703	752
Prepayments	814	-	814	525
Publishing debtors	164	-	164	337
Diocesan contributions receivable	-	-	-	2
VAT recoverable	155	-	155	82
Staff season ticket loans	264	-	264	200
Staff car loans	4	-	4	9
Amounts due from NCIs for other costs	559	-	559	723
Amounts due in respect of Whitelands College (note 14)	-	-	-	3,300
Church colleges of education - loans (note 27d)	-	74	74	-
Church colleges of education - interest (note 27d)	-	29	29	-
Church schools (interest free)	34	-	34	-
Other debtors	630	197	827	959
	<u>3,327</u>	<u>300</u>	<u>3,627</u>	<u>6,889</u>
Amounts due after more than one year				
Church colleges of education - loans (note 27d)	-	1,022	1,022	1,198
Church colleges of education - interest (note 27d)	-	863	863	-
Theological colleges (interest free)	-	30	30	36
Church schools (interest free)	232	-	232	313
	<u>232</u>	<u>1,915</u>	<u>2,147</u>	<u>1,547</u>
	<u>3,559</u>	<u>2,215</u>	<u>5,774</u>	<u>8,436</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

18. CREDITORS

	Unrestricted Funds £000	Restricted Funds (note 20) £000	Total 2005 £000	2004 £000
Amounts due within one year				
Trade creditors	662	-	662	337
PAYE, NIC & pension contributions	689	-	689	453
Grants payable	-	404	404	3,707
Other creditors	33	341	374	623
Accruals and deferred income	150	1,019	1,169	410
	<u>1,534</u>	<u>1,764</u>	<u>3,298</u>	<u>5,530</u>

19. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2005 £000	Income £000	Expenditure £000	Fixed asset surpluses £000	Transfers £000	At 31 December 2005 £000
GENERAL FUNDS	<u>2,752</u>	<u>17,045</u>	<u>(16,434)</u>	<u>3,039</u>	<u>(141)</u>	<u>6,261</u>
DESIGNATED FUNDS						
Accounting Services Review Fund	219	-	(77)	-	-	142
Aerials Project Fund	325	200	(120)	-	-	405
Church House (Exterior) Fund	635	58	-	-	128	821
Church House (Interior) Fund	79	2	-	-	26	107
Relocation Fund	732	-	(146)	-	-	586
Staff Retirement Fund	669	31	(77)	-	-	623
CBF Lump Sum Pension Fund	-	-	-	-	85	85
Church Schools Fund	-	-	-	-	747	747
Other	14	19	(9)	-	-	24
	<u>2,673</u>	<u>310</u>	<u>(429)</u>	<u>-</u>	<u>986</u>	<u>3,540</u>
TOTAL UNRESTRICTED FUNDS	<u>5,425</u>	<u>17,355</u>	<u>(16,863)</u>	<u>3,039</u>	<u>845</u>	<u>9,801</u>

(a) General funds

These funds represent the Unrestricted Funds of the Council for general use in meeting national Church responsibilities, which are not designated for particular purposes. However, £3.25 million of the general funds represent the valuations of the Parkstead and St Katharine's freeholds, which are subject to long leases (note 14).

(b) Designated funds

These funds comprise Unrestricted Funds of the Council which have been set aside for stated purposes:

The Accounting Services Review Fund comprises funds to meet the Council's share of the costs of implementing a new finance system.

The Aerials Project Fund comprises the funds received from the Approved Operator set aside to meet future direct project costs.

The Church House (Exterior) and (Interior) Funds comprise accumulated amounts set aside to meet periodic maintenance costs as required under the lease.

The Relocation Fund comprises funds from dioceses and NCIs to be used to offset future depreciation charges relating to office improvement costs incurred by the Council in 1998-9.

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

The CBF Lump Sum Pension Fund (reclassified from Restricted Funds) represents provision for the deferred benefits as detailed in note 25d.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

19. STATEMENT OF UNRESTRICTED FUNDS (continued)

The Church Schools Fund (reclassified from Restricted Funds) represents provision to meet the cost of short term loans to schools.

(c) Transfers

The major transfers during the year were:

General Funds to Designated Funds

£154,000 was transferred to the interior and exterior sinking funds to meet the Council's share of redecoration and refurbishment commitments under their lease of Church House.

Restricted Funds to Designated Funds

The principal transfers were the CBF Lump Sum Pension Fund of £85,000 and the Church Schools Fund of £747,000 following re-classification.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

20. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2005 £000	Income £000	Expenditure £000	Fixed asset surpluses £000	Transfers £000	At 31 December 2005 £000
CBF Lump Sum Pension Fund (note 25d)	81	4	-	-	(85)	-
Central Church Fund (note 28d)	16,203	1,056	(845)	2,320	2	18,736
CHARM (Vote 5)	-	3,058	(2,955)	-	-	103
Church Colleges of Education Fund	1,464	147	(1)	-	863	2,473
Church Conservation Fund	28	37	(87)	-	38	16
Church Schools Fund	728	19	-	-	(747)	-
Clergy Support Funds	3,066	291	(471)	443	-	3,329
Dioceses Fund	115	27,080	(27,000)	-	1	196
Grants and Provisions Fund (Vote 3)	165	1,273	(1,272)	-	-	166
Inter-Diocesan Support Fund (Vote 4)	24	675	(658)	-	-	41
Mission & Public Affairs Division Special Funds	341	48	(18)	44	9	424
Simon of Cyrene Theological Institute Fund	195	-	-	-	-	195
Theological Colleges and Training Houses Fund	433	22	(1)	-	-	454
Training for Ministry Fund (Vote 1)	2,708	9,395	(9,695)	-	1	2,409
Training for Ministry Special Fund	1,045	218	(188)	9	1	1,085
Sundry funds						
Council for Care of Churches sundry funds	171	11	(30)	4	(15)	141
Education Division sundry funds	156	136	(53)	-	(115)	124
General Synod sundry funds	197	-	(48)	35	-	184
Ministry Division sundry funds	80	-	(1)	-	17	96
Communication sundry funds	32	-	(17)	-	-	15
Legal Aid funds	79	55	(42)	-	1	93
Other	74	418	(385)	7	47	161
	27,385	43,943	(43,767)	2,862	18	30,441
Other funds recognised						
Alison Ley Benefaction	-	-	-	-	37	37
Charlesworth Trust	-	-	-	-	26	26
Clergy Elocution Fund	-	-	-	-	143	143
Constance Goffe Trust	-	-	-	-	44	44
Cryer Memorial Fund	-	-	-	-	69	69
Diocese of Yukon (Miss Stevens) Trust	-	-	-	-	64	64
General Ordination Exam Trust	-	-	-	-	17	17
Hawarden Fund for Ordinands	-	-	-	-	80	80
Home Bishopricks Endowment Fund	-	-	-	-	1,729	1,729
JH Jackson Trust	-	-	-	-	91	91
Miss GC Anson Trust	-	-	-	-	35	35
Miss MA Carver Trust	-	-	-	-	3	3
Musical Training Ordination Candidates Fund	-	-	-	-	36	36
Ordination Candidates Exhibition Trust Fund	-	-	-	-	159	159
Rupert Gunnis Memorial Fund	-	-	-	-	35	35
St Anselm's Endowment Trust	-	-	-	-	6	6
St Stephen's Scholarship Trust	-	-	-	-	29	29
Stanley Fund	-	-	-	-	225	225
Stephen Furness Trust Fund	-	-	-	-	354	354
The Rev Henry Dann Trust	-	-	-	-	166	166
The Rev DS Guy Trust	-	-	-	-	4	4
C/fwd	-	-	-	-	3,352	3,352

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

20. STATEMENT OF RESTRICTED FUNDS (continued)

	At 1 January 2005 £000	Income £000	Expenditure £000	Fixed asset surpluses £000	Transfers £000	At 31 December 2005 £000
B/fwd	-	-	-	-	3,352	3,352
The Wakefield Trust	-	-	-	-	138	138
Truro Training College Fund	-	-	-	-	466	466
Turvey Legacy Fund	-	-	-	-	81	81
William Temple House Fund	-	-	-	-	26	26
Women's Continuing Ministerial Trust	-	-	-	-	1,537	1,537
Total other funds recognised	-	-	-	-	5,600	5,600
TOTAL RESTRICTED FUNDS	27,385	43,943	(43,767)	2,862	5,618	36,041

Breakdown of transfers:

Transfers to Unrestricted Funds	(845)	(845)
Recognition of Church colleges loans interest	863	863
Other funds recognised	5,600	5,600
Total transfers	5,618	5,618

Income for Training for Ministry Fund (Vote 1) comprises diocesan contributions of £9,177,000 (2004: £9,050,000) and other income of £218,000 (2004: £141,000).

The restricted funds are represented by:

	Fixed assets (notes 13,14 and 15) £000	Cash and short term deposits £000	Debtors (note 17) £000	Creditors (note 18) £000	Net assets £000
Central Church Fund	18,044	1,047	55	(410)	18,736
CHARM (Vote 5)	-	1,077	-	(974)	103
Church Colleges of Education Fund	-	486	1,988	(1)	2,473
Church Conservation Fund	-	178	104	(266)	16
Clergy Support Funds	3,191	138	-	-	3,329
Dioceses Fund	-	196	-	-	196
Grants and Provisions Fund (Vote 3)	-	166	-	-	166
Inter-Diocesan Support Fund (Vote 4)	-	41	-	-	41
Mission & Public Affairs Division Special Funds	326	101	-	(3)	424
Simon of Cyrene Theological Institute Fund	-	195	-	-	195
Theological Colleges and Training Houses Fund	-	454	-	-	454
Training for Ministry Fund (Vote 1)	-	2,392	55	(38)	2,409
Training for Ministry Special Fund	68	1,004	13	-	1,085

Sundry funds

Council for Care of Churches sundry funds	44	97	-	-	141
Education Division sundry funds	-	124	-	-	124
General Synod sundry funds	218	(34)	-	-	184
Ministry Division sundry funds	-	96	-	-	96
Communications sundry funds	-	15	-	-	15
Legal Aid funds	-	135	-	(42)	93
Other	51	140	-	(30)	161
C/fwd	21,942	8,048	2,215	(1,764)	30,441

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

20. STATEMENT OF RESTRICTED FUNDS (continued)

	Fixed assets (notes 13,14 and 15)	Cash and short term deposits	Debtors (note 17)	Creditors (note 18)	Net assets
B/fwd	21,942	8,048	2,215	(1,764)	30,441
Other funds recognised					
Alison Ley Benefaction	37	-	-	-	37
Charlesworth Trust	26	-	-	-	26
Clergy Elocution Fund	118	25	-	-	143
Constance Goffe Trust	44	-	-	-	44
Cryer Memorial Fund	69	-	-	-	69
Diocese of Yukon (Miss Stevens) Trust	63	1	-	-	64
General Ordination Exam Trust	17	-	-	-	17
Hawarden Fund for Ordinands	80	-	-	-	80
Home Bishopricks Endowment Fund	1,729	-	-	-	1,729
JH Jackson Trust	88	3	-	-	91
Miss GC Anson Trust	35	-	-	-	35
Miss MA Carver Trust	3	-	-	-	3
Musical Training Ordination Candidates Fund	36	-	-	-	36
Ordination Candidates Exhibition Trust Fund	159	-	-	-	159
Rupert Gunnis Memorial Fund	29	6	-	-	35
St Anselm's Endowment Trust	6	-	-	-	6
St Stephen's Scholarship Trust	29	-	-	-	29
Stanley Fund	212	13	-	-	225
Stephen Furness Trust Fund	343	11	-	-	354
The Rev Henry Dann Trust	166	-	-	-	166
The Rev DS Guy Trust	4	-	-	-	4
The Wakefield Trust	138	-	-	-	138
Truro Training College Fund	425	41	-	-	466
Turvey Legacy Fund	81	-	-	-	81
William Temple House Fund	12	14	-	-	26
Women's Continuing Ministerial Trust	1,511	26	-	-	1,537
Total other funds recognised	5,460	140	-	-	5,600
TOTAL RESTRICTED FUNDS	27,402	8,188	2,215	(1,764)	36,041

The other funds recognised in the financial statements this year of £5,600,000 are those where the CBF acts as custodian trustee and where it has been established the Council has control. The purpose of each fund is as follows:

Fund	Purpose
Alison Ley Benefaction	Sponsorship of ordinands
Charlesworth Trust	To make provision for the training and maintenance of ordinands
Clergy Elocution Fund	To meet the cost of a scheme of training in voice production, elocution and singing to be given to ordinands or clergy
Constance Goffe Trust	The training of elderly ordination candidates or the maintenance of families or dependents of men under training
Cryer Memorial Fund	Training of candidates for ordination in the Church of England
Diocese of Yukon (Miss Stevens) Trust	For the benefit of clergy and bishops
General Ordination Exam Trust	To assist in providing training for suitable candidates desirous of becoming clergymen
Hawarden Fund for Ordinands	Towards defraying the cost of training ordination candidates for the Church of England and the Church in Wales

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

20. STATEMENT OF RESTRICTED FUNDS (continued)

Fund	Purpose
Home Bishoprics Endowment Fund	For, or towards, the endowment of a new Diocese of the Church of England or Wales
JH Jackson Trust	For the purposes of Anglo Catholic Churches and Missionary Work Overseas
Miss GC Anson Trust	To be held in trust for the CBF to be applied in or towards carrying out the objects of the Missionary Council of the Church Assembly
Miss MA Carver Trust	To be disbursed by the Board of Mission Special Funds
Musical Training Ordination Candidates Fund	The musical training of ordination candidates of the Church of England or any Church in Communion with the appropriate body of the Church Assembly
Ordination Candidates Exhibition Trust Fund	To assist in providing training for suitable candidates desirous of becoming clergymen but lacking pecuniary means
Rupert Gunnis Memorial Fund	For the upkeep of historic monuments
St Anselm's Endowment Trust	Endowment of St Anselm's Hostel for Ordinands at the University of Manchester
St Stephen's Scholarship Trust	For the training of students for the Ministry in the Church of England
Stanley Fund	Training of candidates for ordination in the Church of England
Stephen Furness Trust Fund	Repair and maintenance of six specified churches
The Rev Henry Dann Trust	Assisting in or towards the training and maintenance of candidates for holy orders in the Church of England
The Rev DS Guy Trust	To be used for the general purposes of the Board of Mission
The Wakefield Trust	For the benefit of the diocese of Birmingham
Truro Training College Fund	For the benefit of Church of England Colleges for the training of Women Teachers in Devon and Cornwall
Turvey Legacy Fund	For ordination candidates, with preference for males in the Catholic tradition
William Temple House Fund	For mission purposes
Women's Continuing Ministerial Trust	To assist ordained women

The CBF Lump Sum Pension Fund and the Church Schools Fund were reclassified as Designated Funds at the year end.

All other Restricted Funds are being reviewed to establish whether they should be classified as Restricted. Where it is established that a restriction does not apply the fund will be reclassified. It is anticipated that this review will be completed in 2006.

All Restricted Funds are for specific educational, mission, ecumenical, charitable and maintenance purposes. Explanations of the application of the main funds in the year are given in Grants Payable (note 11).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

21. STATEMENT OF OTHER FUNDS

Other funds with separate and independent trustees

The CBF acts as custodian trustee for a number of funds which have trustees separate and independent from the Council but where the CBF holds the trusts' investments on their behalf. These funds had a combined income of £126,000 (2004: £122,000) and expenditure of £106,000 (2004: £91,000) and, at 31 December 2005, net assets of £4,240,000 (2004: £3,805,000). These additional funds are:

*Anglican & Eastern Churches Association Trust Fund

*Canon WH Elliott Memorial Trust Fund

Council on Foreign Relations Fund

*Cathedral Amenities Trust Fund

*Community of the Resurrection of Our Lord Trust

English Cathedral Repairs Fund Baddeley Trust

*Montgomery Lectureship Fund

*Philip Usher Memorial Fund

*Sandford St Martin Church of England Trust

*Tindall Trust

*William Temple Memorial Fund

* Separate registered charity

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

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

	2005	2004
	£000	£000
Net incoming resources during the year	3,431	614
Depreciation	290	264
Investment income	(1,457)	(1,426)
Exceptional grant payable	3,700	-
Impairment of fixed asset	18	-
Decrease/(increase) in stocks	69	(72)
Decrease/(increase) in debtors	2,662	9,640
(Decrease)/increase in creditors	(2,232)	(9,485)
Net cash inflow/(outflow) from operating activities	<u>6,481</u>	<u>(465)</u>

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

	2005	2004
	£000	£000
Increase/(decrease) in cash in the year	1,993	(417)
Increase/(decrease) in short term deposits	296	498
	<u>2,289</u>	<u>81</u>
Net funds at 1 January	<u>8,567</u>	<u>8,486</u>
Net funds at 31 December	<u><u>10,856</u></u>	<u><u>8,567</u></u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1	Cash	At 31
	January	flows	December
	2005	£000	2005
	£000	£000	£000
Cash at bank and in hand	3,663	1,993	5,656
Short term deposits	4,904	296	5,200
	<u>8,567</u>	<u>2,289</u>	<u>10,856</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

25. PENSIONS

Pension benefits are provided principally through three defined benefit pension schemes - the Church Workers Pensions Fund, the Church Administrators Fund and the Church of England Funded Pensions Scheme - all of which are administered by the Church of England Pensions Board. The contributions to these three schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed in notes (a), (b) and (c) below. Fuller details of these schemes will be disclosed in the financial statements of the Church of England Pensions Board.

(a) The Church Workers Pension Fund

The Archbishops' Council participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

A valuation of the Fund was carried out as at 31 December 2004 and the Council's contribution rate was revised with effect from 1 January 2006. The next valuation of the scheme is being carried out as at 31 December 2007. The Council paid nil contributions in 2005 and 2004 due to a pension contribution holiday. There is one employee in the Fund (2004: one).

(b) The Church Administrators Pension Fund

A valuation of the Fund was carried out as at 31 December 2002. Based on the valuation, there was a shortfall of the market value of the assets compared to the amount required to cover the benefits that had accrued to members after allowing for expected future increases in salaries. In the light of these results and in consultation with the other NCIs, the Council paid an additional contribution of £159,000 in 2005 (2004: £154,000). With effect from 1 January 2004, the Council increased its contribution rate from 20% to 22.5% of salaries. The Council paid contributions to the Fund (exclusive of the additional contributions) totalling £1,683,000 (2004: £1,621,000) in respect of 233 employees (2004: 239). The next valuation of the scheme is being carried out as at 31 December 2005.

(c) The Church of England Funded Pensions Scheme

The Council participates in the Church of England Funded Pensions Scheme.

A valuation of the scheme was carried out as at 31 December 2003 and the Council's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005. The Council paid contributions to the Fund totalling £49,000 (2004: £43,000) in respect of 9 employees (2004: 8).

(d) Central Board of Finance Lump Sum Scheme

A sum of £85,000 (2004: £81,000) (note 19) 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 64 (2004: 64) former CBF employees upon reaching retirement age. The Scheme has Inland Revenue approval under section 20 of the Finance Act 1970.

26. OBLIGATIONS UNDER OPERATING LEASES

The amount payable for land and buildings within the next 12 months on a lease expiring after five years is £934,000 (2004: £881,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

27. COMMITMENTS AND CONTINGENCIES

(a) Training for Ministry candidates

There is a commitment in respect of those candidates who at 31 December 2005 had either started their training or had been selected for training. As such training usually involves courses lasting up to 3 years, at each year end the Council effectively has a commitment to fund candidates for the remaining one or two years of their courses. This commitment will continue to be met from Training for Ministry Funds (Vote 1) when such funds are provided by the dioceses in the future.

(b) Joint Employer Scheme

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

(c) Whitelands College

The sale of the West Hill site was completed in 2005. The sale proceeds amounted in total to £51.2million. Under a Memorandum of Understanding signed by Whitelands College Foundation and the CBF these funds were committed to help finance the development of Parkstead.

The CBF now owns all of the freehold of Parkstead subject to two 99 year leases to the Foundation. The value of the CBF's freehold interest as at 31 December 2005 is disclosed in note 14. At 31 December 2005 borrowing of £7.1million from Allied Irish Bank to the Foundation was secured on the freehold and leasehold of Parkstead. Heads of terms have been agreed in 2006 for the remaining borrowing to be secured only on the Foundation's leasehold of the residential site.

(d) Contingent assets

Repayment of grants provided to theological colleges and Church colleges of education

Over many decades, the CBF has provided conditional grants to various theological colleges and Church colleges of education. These grants enabled the colleges to provide a Christian based education and courses for their students. The grants are not repayable provided the colleges continue to fulfil certain criteria and are therefore not included in the consolidated balance sheet.

Any grant given by the CBF from the Theological Colleges and Training Houses Fund to a theological college may be retained by that college as long as the college, or a regional course based at the college, continues to be recognised for ordination training by the House of Bishops.

Any grant originally given by the CBF on behalf of the Church Assembly to a college upon condition that the property acquired thereby "shall be used for the purpose of a Church Training College" or any subsequent grant or loan from the Church Colleges of Higher Education Fund, may be retained by that college as long as:

- a majority of the members of the governing body (or of the trustees, where this is a separate body) continues to be appointed by an Anglican foundation or to be required to be communicant members of the Church of England;
- all other requirements of the trust deed (or other governing instrument) pertaining to the Anglican nature of the college (including the appointment of an Anglican chaplain) continue to be fulfilled; and
- the college continues to provide or to have a responsibility for the provision of higher education with government financial support.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

27. COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingent assets (continued)

If a college fails to meet these criteria, its grant is repayable in full to the Council. The conditional grants outstanding were:

	Conditional grants to Church colleges £'000
Christ Church, Canterbury	249
Chester College	204
University College, Chichester	176
University of Gloucestershire	292
St Martin's College, Lancaster	275
Bishop Grosseteste, Lincoln	126
St Katharine's College, Liverpool	130
St Mark & St John, Plymouth	129
Whitelands College, Putney	203
King Alfred's, Winchester	165
College of York St John	373
Total outstanding at 31 December 2005 & 2004	<u><u>2,322</u></u>

Conditional grants to theological colleges and training houses
£'000

Queen's College, Birmingham	150
Trinity, Bristol	57
Ridley Hall, Cambridge	21
Westcott House, Cambridge	16
St Chad, Durham	45
St John, Durham	46
Lincoln	24
Oakhill, London	37
St John, Nottingham	53
St Stephen House, Oxford	32
Wycliffe Hall, Oxford	22
Cuddesdon, Ripon	36
Salisbury & Wells	34
Total outstanding at 31 December 2005 & 2004	<u><u>573</u></u>

Interest receivable on loans provided to theological colleges and Church colleges of education

In addition to the grants noted above, loans have also been provided to theological colleges and Church colleges of education (see Note 17). The loans to theological colleges are interest free. The loans to Church colleges are interest bearing but payment of the interest accrued over the life of the loan does not fall due until the final repayment date.

The interest receivable for previous years of £863,000 has been recognised this year and is included under debtors as an amount due after more than one year (note 17).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

28. RELATED PARTIES

(a) CBF Church of England Funds

The CBF is the trustee of the CBF Church of England Funds (the Funds), which had a value of £1,846 million as at 31 December 2005 (2004: £1,722 million). The Funds comprise the Investment Fund, the Property Fund, the Fixed Interest Securities Fund and the Deposit Fund. The Council's share of total investments in the Funds is less than 1% and is disclosed in note 13.

(b) CCLA Investment Management Limited

Members of the Council are also members and directors of the CBF. The CBF appoints two non-executive directors to the board of CCLA Investment Management Limited (CCLA). The board of CCLA comprises 4 executive and 4 non-executive directors.

The CBF Church of England Investment Fund owns 60% of CCLA's share capital and the CBF, as trustee of the Fund, has the voting rights, amounting to 67%, in respect of these shares in CCLA. The Investment Committee of the CBF is responsible for administering and managing this shareholding.

Under CCLA's Articles of Association, operational decisions including the declaration of dividends and the variation of the funds' structure, require the agreement of all shareholders. The shareholders are the COIF Charities Investment Fund, the Local Authorities' Mutual Investment Trust and the CBF Church of England Investment Fund.

Accordingly, in the opinion of the Council, CCLA does not constitute either a subsidiary or an associated undertaking and the results of CCLA are not included in these financial statements.

(c) Central Church Fund

The CBF is the sole trustee of the Central Church Fund (CCF). Under a trust deed of 12 March 1998, the CCF was established as a formal trust to be run by a Committee acting as Administrative Trustee. The Committee consists of not less than five members, each appointed by the Executive Committee of the CBF, one of whom is appointed Chairman. Two further members may be co-opted by the Committee. The Executive Committee of the CBF has the power to fix the terms of reference of the Committee having regard to the prevailing needs of the Church.

In 2005 a grant of £250,000 (2004: £240,000) was paid to the Council and has been credited in these financial statements to the Council's unrestricted funds (note 19). Further grants of £538,000 (2004: £433,000) were agreed for Church projects throughout England. In addition, during 2005, an amount of £40,000 (2004: £283,000) was donated by the CBF to the CCF from legacies received by the CBF. The separate audited financial statements of the CCF are available from the Financial Secretary of the Council.

(d) Church Commissioners, Church of England Pensions Board and other NCIs

Under the National Institutions Measure 1998, the Church Commissioners provide funds to the Council for distribution to the dioceses of the Church of England. The income is disclosed in the consolidated statement of financial activities.

The Council manages common services in respect of accounting, communications, human resources, information technology support, legal services, office services and the Church of England Records Centre, for the other NCIs. The contributions to their costs receivable by the Council are disclosed in National Church Institutions' Contributions to Costs (note 5).

The Church of England Pensions Board is responsible for a number of pension schemes of which employees of the Council are members. The contributions paid by the Council to the Church of England Pensions Board are disclosed in Pensions (note 25).

29. POST BALANCE SHEET EVENT

On 28 April 2006, the Archbishops' Council sold the Church House Bookshop to Hymns Ancient and Modern. The Bookshop will continue to trade from Church House and the Council will maintain a close working relationship with Hymns Ancient and Modern Ltd. The financial effect is considered to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2005

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2005 £000	2004 £000
FIXED ASSETS				
Investments	-	3,898	3,898	3,504
Properties	250	-	250	-
Other assets	1,177	-	1,177	1,148
	<u>1,427</u>	<u>3,898</u>	<u>5,325</u>	<u>4,652</u>
CURRENT ASSETS				
Investments	294	-	294	-
Stock	387	-	387	456
Debtors: amounts falling due within one year	3,027	245	3,272	3,502
Debtors: amounts falling due after more than one year	232	1,915	2,147	1,547
Short term deposits	-	4,596	4,596	4,312
Cash at bank and in hand	2,517	2,408	4,925	3,118
	<u>6,457</u>	<u>9,164</u>	<u>15,621</u>	<u>12,935</u>
CREDITORS: amounts falling due within one year	(1,525)	(1,354)	(2,879)	(1,817)
NET CURRENT ASSETS	<u>4,932</u>	<u>7,810</u>	<u>12,742</u>	<u>11,118</u>
NET ASSETS	<u>6,359</u>	<u>11,708</u>	<u>18,067</u>	<u>15,770</u>
ACCUMULATED FUNDS				
Unrestricted Funds				
- General	2,819	-	2,819	1,918
- Designated	3,540	-	3,540	2,673
	<u>6,359</u>	<u>-</u>	<u>6,359</u>	<u>4,591</u>
Restricted Funds	-	11,708	11,708	11,179
	<u>6,359</u>	<u>11,708</u>	<u>18,067</u>	<u>15,770</u>