

The Church of England
Pensions Board

Annual Report

Year ended 31 December 2021

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Introduction from the Chair and Chief Executive

In 2021 we all learned what it means to live with an ongoing pandemic. The UK's vaccination programme has been remarkable in its speed, allowing the resumption of very welcome contact with family and friends. However, the pandemic has created continuing challenges, not least market volatility, but also changes to retirement patterns, and to the practicalities of how our teams work together. The Board has responded to all these challenges while continuing to develop the services we provide to the Church and our strategic agenda.

In July, a major milestone was achieved with the completion of legislative changes to simplify the Board's governance arrangements in line with best practice. Following elections, the new Board of Trustees took office from 1 July. It is smaller, nimbler, and more diverse than before with a good mix of experienced and new trustees.

We have seen another year of strong investment returns (over 18% on growth assets and 13% overall including liability matching assets), with our balanced portfolio taking advantage of market opportunities. Ethical and responsible investment is at the very heart of our investment approach, as detailed in our first Stewardship report, published in March. We were delighted to be among just 23 asset owners to be accepted by the Financial Reporting Council as a signatory of the new UK Stewardship Code.

As a result of our investment returns and the faithful contributions by the 700 or so church organisations we serve, all our pension schemes are in good shape for the long term. In 2022 we will work through the statutory valuation of the Church of England Funded Pension Scheme (which covers clergy pensions) with the expectation that this will report the scheme fully funded for the first time since its inception. This is reassuring for all our clergy members and an important step in the context of the economic outlook and also financial pressures affecting the wider Church family.

The pandemic has accelerated the pace of digital transformation across our society, and we are part of that trend. This year, we launched an online pensions portal which is being progressively delivered to members; we strongly encourage everyone to use it. We have also successfully implemented a new IT system within our housing operations, designed to improve customer service by providing a holistic view of all information on a given property.

For housing operations this has been a challenging year, starting as it did with a lockdown that limited house moves and our ability to deliver major property works. As the year went on, we were also hit by the effects of global supply issues. Nonetheless, 82 households moved into new retirement accommodation in the year – a significant increase on 2020.

It is our deep privilege and joy to serve those who work and minister for the Church of England. Looking ahead we are continuing to press forward with our strategic priorities, supporting the vision for a simpler, bolder, humbler Church.

Clive Mather
Chair

John Ball
Chief Executive Officer

Report of the trustees for the year ended 31 December 2021

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and “Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Finance Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)” (“the SORP”).

Structure and history

The Church of England Pensions Board (“the Board”) was established in 1926 by the Church Assembly (now the General Synod) by the Clergy Pensions Measure 1926, to serve as the pensions authority for the Church of England and to administer a comprehensive pension scheme for clergy. Prior to 1926 there was no proper pension system for clergy.

The Board was given powers in 1948 to provide housing for retired clergy and their widows and dependants, and in subsequent years also became trustee of various charitable funds and trusts to provide for the relief of poverty of retired clergy and their widows and dependants. In 1964 the Board became a registered charity. Since then, the funds and trusts have been amalgamated and now exist as a single restricted fund: the ‘General Purposes Fund’; and one linked charity for which the Board is corporate trustee: the ‘Clergy Retirement Housing Trust’.

In its current form, the Board is a body corporate, a registered charity, and is governed by the Church of England Pensions Measure 2018 – the main operative provisions of which came into force on 1 March 2019. Prior to the 2018 Measure, the Board was governed by the Clergy Pensions Measure 1961 (as amended from time to time). The structure of the Board was amended in 2021 by the Legislative Reform (Church of England Pensions) Order 2021. During the period covered by these accounts it was the corporate trustee of three pension schemes:

- The Church of England Funded Pensions Scheme (“CEFPS”, commonly called ‘the clergy scheme’).
- The Church Workers Pension Fund (“CWPF”).
- The Church Administrators Pension Fund (“CAPF”).

The financial statements of the three pension schemes listed above are not included in this report but are separately available.

The Board administers two other pension schemes, for which it is not a trustee: the Church of England Pensions Scheme (for clergy service prior to 1 January 1998); and the Church Commissioners Superannuation Scheme (for staff service prior to 1 January 2000). The financial affairs of these schemes can be found in the Church Commissioners’ accounts. They have no impact on the financial position of the pension schemes of which the Board is trustee.

Public Benefit

The purposes of the Board are the provision of retirement services set by the Church of England for those who have served or worked for the Church. This is carried out primarily through the provision of retirement housing and through the administration of pensions.

In accordance with the requirements of s17(5) of the Charities Act 2011, in exercising their responsibilities the Board has had regard to the Charity Commission's published advice on public benefit, especially that contained in its supplementary guidance "*The Advancement of Religion for the Public Benefit*".

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

Retired clergy and their dependants often play a role in these projects. Through the provision of comprehensive pension schemes, retirement accommodation and, where applicable, direct grants to supplement their income, the Board assists clergy in retirement to continue to play a full role in the community.

Objectives

The Board's charitable objectives are first, to provide the best possible support and care, within available resources, to those who have retired from stipendiary and lay ministry within the Church of England, and to their dependants, through the provision of retirement and supported housing, and through advice services, and discretionary grants for those most in need. Second, the Board's objective is to meet its responsibilities as administrator for the various pension schemes, as laid out in its governing documents (see Structure and History section).

The strategic objectives of the Board are:

1. Effective and efficient delivery of our pension schemes
2. Quality homes and charitable services that our customers and funders value
3. Demonstrate leadership in ethical and responsible investment
4. Understand what matters most to our customers
5. Model good governance and stewardship
6. Value our people for who they are and what they do

In December 2019 the Board agreed three strategic priorities to guide its work and the implementation of its objectives. These are:

1. Simplification

- 2. Self-sufficiency**, so that the Board can be less reliant on financial support from the wider Church in the long-term

3. Engaging in **great conversations** with those the Board serves and the companies in which it invests

These priorities together form the Board's 'Centenary Vision'.

Around one in six clergy retiring from the stipendiary ministry seek the Board's assistance with retirement accommodation. Retirement can be a stressful life event for many people and particularly so for the Church of England clergy who have lived most of their working lives in tied accommodation and for whom retirement also entails the stress of moving to a new house. The Board aims to work with clergy to assist them in this significant life transition and encourages early conversations about retirement housing and pension provision. We aim to provide an appropriate level of service over the long term, and retirement housing which is well maintained and suits its purpose.

In 2022, the Board will continue to provide these services within the resources available. We continue to shape and refine the services that are offered to ensure that they are sustainable in the future.

The charitable activities are financed by grants, gifts, legacies, and investment income. All donations are placed in the General Purposes Fund unless otherwise specified. We are very grateful to those who have given donations and left legacies over the past year.

Charitable activities of the Board

Around 2,700 individuals – primarily retired clergy and their dependants – receive housing assistance through CHARM rental, supported housing, shared ownership and the (closed) mortgage schemes.

CHARM (Church's Housing Assistance for Retired Ministry)

The CHARM scheme is the main housing provision made by the Church of England Pensions Board. It is designed to assist retiring clergy leaving tied accommodation and who have not been able to make their own provision for somewhere to live in retirement.

The provision of housing through CHARM is a discretionary facility with the Board specifying various parameters relating to the size and type of property available. The parameters are regularly reviewed.

Information on the CHARM scheme, eligibility and access to the various options is available on the Church of England websites at www.churchofengland.org/housing.

The Board also supports retirees and their households through a Welfare Advice Service which enables us to sign-post individuals to other charities and agencies through which they can access the different types of support available to them, including helping individuals to navigate the state benefit system.

Rental Property

The rental option is the Board's core service, with around 1,200 properties let across England and Wales. Customers can choose from a portfolio of available properties across the country up to five years before they intend to retire and "reserve" it for their retirement.

The Board ensures that all properties are in a good state of repair. It uses stock condition surveys to plan and carry out maintenance.

Tenants who moved into their properties after 1 April 2015 pay a "target rent" based on a social housing model; tenants who already lived in a property prior to this date pay a rent which was based on their (joint) income, which is being slowly transitioned to a target rent.

The CHARM scheme is subsidised by the wider Church of England through Vote 5 of the Archbishops' Council's budget. The total grant for 2021 was £5.4m (2020: £5.3m). This support enables the Board to continue to offer target rents at a lower level than market rents. The Trustees are grateful for the financial support from the wider Church towards this work.

Shared Ownership

The Shared Ownership option assists 99 households. Properties are bought in partnership with the customer who contributes a minimum of 25% of the property cost. The Board's maximum contribution is £150,000. Additional shares of the property can be bought by the customer who can buy outright ownership if they wish.

Customers pay a rent, based on the Board's capital share of the property, and a service charge which reflects the cost of maintaining and insuring the property. The rent is increased in line with the weighted increase in the full Church and State pension for a married couple.

Mortgage Schemes

The mortgage schemes are closed to new applicants.

A fixed-interest mortgage option was in operation until 31 December 1982. Mortgagors had the option to pay interest on the amount loaned during the life of the loan and then on redemption repay the nominal amount of the loan or pay one-half of the interest due during the life of the loan and on redemption repay the nominal amount of the loan together with the unpaid interest. Four loans were outstanding at the end of the year, two of which the mortgagor is paying the full interest amount on the mortgage advanced, and two of which the mortgagor is paying one-half of the interest due.

A value-linked mortgage option closed on 31 March 2008. Mortgagors pay an interest-only element on the advanced sum, with the rate of interest being subject to an annual uplift in line with increases in Church and State pensions. When the property is sold or the mortgage redeemed, the sale proceeds are divided between the mortgagor and the Board in the same proportions as when the loan was advanced. At the end of the year mortgage loans were outstanding on 485 properties (428 from the Charity and 57 from the subsidiary

company CEPB Mortgages Ltd) (2020: 537 properties (478 from the Charity and 59 from the subsidiary company CEPB Mortgages Ltd)).

Supported Housing

For more than 70 years, the Board has operated supported housing schemes for those retired clergy and their dependants who wish to live as independently as possible in a community of Christians. Some retired clergy, or their surviving spouses or civil partners, no longer feel comfortable living by themselves or find it increasingly difficult to maintain and manage a home of their own. Equally, some wish to continue living within a community where the liturgical and spiritual life of the Church of England is central and practical support is available to enrich older living.

The Board's seven supported housing communities provide residents with a self-contained flat and include dining facilities, meeting spaces, libraries, a chapel and communal grounds. The Board charges for the accommodation using a rent and service charge system and operate a subsidy system to assist those of its residents who are unable to pay for those support charges which are not eligible for state assistance.

The total cost of running the supported housing operation including central overheads and costs in relation to former nursing care services, is largely met by the income the Board receives through rent and service charges. The shortfall is met from grants, voluntary donations and investment income received by the General Purposes Fund. In 2021 this amounted to £1.1m (2020: £1.4m).¹

Administration of pensions

During the period covered by this report, the Church of England Pensions Board was the trustee of three pension funds – the Church of England Funded Pension Scheme, the Church Workers Pension Fund, and the Church Administrators Pension Fund.

The administration of pensions for the clergy is one of the charitable objects of the Board; this is carried out at no cost to the charitable funds since the administration costs are charged to the relevant pension fund.

In total, the pensions for more than 41,000 people, across about 700 employers are administered by the Board. Separate reports and accounts are issued for each of the pension schemes.

¹ See note 4 for further details of the shortfall between charitable income from rent and service charges, and charitable expenditure incurred.

Review of 2021 activities

Pandemic Response

In 2021, our focus has been to support our customers through the pandemic, and adapt our services to keep customers, partners, and our team safe. With the onset of the pandemic in March 2020, we deployed tried and tested business continuity plans to move our office-based staff to home-working using secure systems. This was strengthened through additional IT kit enabling the pensions and housing helplines to maintain a good level of service to our members and participating employers.

Throughout this period, the Board has followed the advice from and been in contact with the relevant regulatory bodies for its activities. It has also been supported by its professional advisers.

While some of our plans had to be changed, the Board continued to deliver most of its core services and make progress on its development plans, including all the matters identified as future plans in the 2020 Annual Report.

CHARM

The Board continues to be able to assist around 2,700 retired clergy and their dependants through the CHARM scheme (including the historic mortgage arrangements).

The Board's strategy for the main rental scheme is to build up a portfolio of suitable properties which can be held for the long term and will be suitable for re-letting when they become vacant. This requires a transition away from historic Church Commissioner funded properties, which are sold as they fall vacant. In line with this strategy, the Board purchased 19 new rental properties during the year (2020: 17 new rental properties) and was also able to re-let several existing (Pension Board funded) properties to meet demand. Given wider economic uncertainty and practical constraints on the property market, the Board continued to seek to minimise purchases, and instead worked closely with those approaching retirement to match them to available properties where possible. This approach was so successful that it will be adopted on an on-going basis. Specific properties continued to be acquired where needed – particularly in response to ill-health retirements – and surplus properties were marketed for sale. Overall, there was a net decrease in the size of the rental portfolio from 1,187 at the end of 2020 to 1,176 at the end of 2021. The proportion funded by the Pensions Board increased to 80% (2020: 79%).

In addition to rental properties, the Board continued to assist customers through the shared ownership scheme. However, there were no new shared ownership properties purchased in 2021 (2020: 1 purchase).

The Board continued to provide supported housing through its seven supported living schemes, housing 254 residents in 2021 (2020: 297). Following a necessary hiatus at the start of the year, we were pleased that viewings and moves were able to recommence with the adoption of appropriate safety procedures.

We have continued to provide support to our customers through our Welfare Advice

service. In 2021 we supported almost 350 customers (2020: 260) in accessing local authority support and benefits to which they are entitled, as well as in signposting individuals to other charities as needed.

The pandemic has not prevented the continued development and improvement of our services. Our new housing management system went live in 2021, which will reduce paperwork, improve data quality, and free up our team to spend more time with customers.

In line with the General Synod environment motion in February 2020, the Board commissioned an assessment of the technologies, costs and practical steps to achieve climate transition in its housing portfolio. The results of this work will feed into the development of the asset management strategy.

Administration of Pensions

Early in 2021 the Board completed the triennial valuations of the CWPF and CAPF, both based on valuation date of 31 December 2019. The Board carefully considered The Pensions Regulator's guidance on valuations during the pandemic as part of the valuation work. Both valuations benefited from engagement before and during the valuation process with employers, leading to the agreement of long-term funding and derisking journey plans for both schemes.

Towards the end of the year, the Board evaluated the opportunity to secure a 'buy in' of defined benefit pensioner liabilities in the CWPF. This was concluded in early 2022, with £160m buy in completed with Aviva.

We also commenced preparation for the next valuation of the CEFPS, which has a valuation date of 31 December 2021. At the end of the year, there were good indications that the valuation would confirm a funding surplus on a technical provisions basis. This would be the first time that a surplus has been recorded since the commencement of the scheme in 1998.

We continued the implementation of an upgrade to the Board's pension administration system. The Board first implemented its pensions administration software 15 years ago. The system has provided considerable resilience through the pandemic, with staff able to maintain service levels whilst working remotely from the office. The system improvements we are now implementing will further enhance the service, including through:

- online access for members,
- web access and electronic interfaces for employers, and
- greater automation of our 'back of house' processes.

In June, the first phase went live with the launch of the PensionsOnline secure portal for members. Members are being progressively invited to register for PensionsOnline, and by the end of the year, the invitation had been extended to most clergy pensioners. So far the take up has been impressive.

The total assets of the defined benefit pension schemes for which the Board is Trustee returned 13% over 2021 (2020: 9.4%). For the ten years to the end of 2021, annualised returns are 10.4%.

The results of the schemes are not reflected in those of the Board and may be found in the separate annual report and accounts produced for each scheme. The table below provides summary information for the net assets of each scheme as at 31 December 2021.

	Church of England Funded Pension Scheme £m	Church Workers Pension Fund £m	Church Administrators Pension Fund £m	Total £m
Total net assets available for benefits	2,756	717	203	3,677

The table below provides summary information for the most recent concluded actuarial valuation of each pension scheme at the date indicated. The CEFPS figures have not yet been adjusted for the 2021 valuation which is in progress at the date of signing this report.

	Church of England Funded Pension Scheme £m	Church Workers Pension Fund £m	Church Administrators Pension Fund £m
<i>Date of Valuation</i>	<i>31 Dec 2018</i>	<i>31 Dec 2019</i>	<i>31 Dec 2019</i>
Total Technical Provisions	(1,868)	(611)	(151)
Total net assets available for benefits	1,818	601	142
Total pension scheme deficit	(50)	(10)	(9)

In line with its agreed long-term asset allocation, the Board continued its programme of diversifying the assets and sources of return for the pension schemes during the year, particularly through commitments to private market and alternative investments. This additional diversification partly mitigated the volatility in equity and gilt markets throughout the year. The Board is a long-term investor well able to ride out market volatility. Our long-term plan envisages both restructuring and reducing public equity investments as a share of the total, with further investments in private markets and other assets. We can do this because, overall, our schemes are continuing to grow and are some years from maturity. This will further diversify our growth portfolio and directly supports our ethical investment agenda, by allowing us to invest in areas such as renewable energy, energy efficiency, environmental wellbeing, and technology.

The Board's Approach to Ethical Investment & Stewardship

The Board is a leading voice in ethical and responsible investment. It is globally recognised and respected for its work. The Board actively engages with companies in which it is invested and is committed to managing its funds in a way that reflects the Church's teaching and values. The Board is the only pension provider offering schemes that fully comply with the Church of England's ethical investment policies.

We are in the midst of a climate emergency. Climate change is already having a profound effect on the world around us. Investors have a significant part to play in building a more sustainable, low-carbon future. The climate transition is therefore at the heart of our investment approach, both as a risk and an opportunity that we must address on behalf of our members through engagement with our managers and with companies.

We continue to chair and lead the Transition Pathway Initiative (TPI) which has grown to be supported by 125 funds with over \$40tn in assets under management (AUM). TPI provides investors with a robust tool to assess companies' preparedness for the transition to a low-carbon economy, including those in which we are invested. 2021 marked a 'coming of age' for TPI, with the launch of the Global Climate Transition Centre, which will significantly scale the depth and breadth of TPI's coverage to 10,000 companies. The Board is one of the founder members of a new company, TPI Ltd, which will hold the TPI Brand and oversee development of TPI and the Centre, working in partnership with the London School of Economics and other partners.

A hallmark of our ethical investment approach is how we work in partnership with other pension funds and investors globally to collectively drive action. On the climate transition, we, as part of the Institutional Investors Group on Climate Change (IIGCC), led a European-wide initiative with leading investors and major oil and gas companies to agree a demanding net zero standard for the sector. This industry standard will be pivotal to enabling investors to track the success of oil and gas companies' transition plans. Importantly, it recognised that an oil and gas company can have a legitimate strategy to stop exploring for oil and gas, to wind down its assets and to return funds to shareholders. The standard is already being piloted by major industry players, including BP, Eni, Repsol, Shell and Total, and we expect it to become a global benchmark.

On behalf of the Climate Action 100+ global engagement initiative (supported by funds with more than \$60tn AUM) we continue to lead climate engagement with Shell. In June, Shell announced the acceleration of its plans to net zero; however, we are continuing to lead the calls for further action and commitments, or we will disinvest our shareholding in line with our commitment to General Synod.

The Board has continued to lead the Church's engagement on mining and extractives, in direct response to the tragic loss of 270 lives in the Brumadinho tailings disaster in 2019. Across 2021, we worked with the United Nations on the set-up of the independent Global Tailings Management Institute, which will be tasked with monitoring the implementation of the Global Industry Standard on Tailings Management.

Following the destruction by Rio Tinto of the 46,000-year-old heritage site in Juukan Gorge, we have worked closely with Australian investors to develop a clear response to the issue of indigenous rights. Last year, 67 institutional investors, led by the Australian Council of Institutional Investors and the Pensions Board, wrote to the 78 largest companies in the mining sector, seeking disclosures as to how they manage engagement with indigenous communities. This will be an important pillar of our 2030 Investor Agenda for the mining sector, which will be developed over 2022.

We are guided in our engagement activities by advice from the Church's Ethical Investment Advisory Group (EIAG). Based on their guidance, we operate exclusions on certain kinds of investments such as tobacco, gambling, and high-rate lending, or support a mixture of ethical

exclusions alongside engagement to change company behaviour. In 2022, we expect the publication of the EIAG's advice on 'big tech', which will help inform our approach to engagement across this important sector.

In our policies and engagement with companies, we coordinate closely with the other National Investing Bodies: the Church Commissioners for England and CBF Church of England Funds. For instance, we supported a collaborative engagement letter on deforestation (a big focus area for the Commissioners) in advance of COP26. The letter was eventually supported by 33 institutions with \$8.7tn AUM. This was one of the issues that saw significant progress at COP, where 110 world leaders committed to end and reverse deforestation by 2030.

Financial Review

The Board's overall result for 2021 was a net increase in funds of £4.0m (2020: decrease of £1.1m). Net expenditure before gains on investments was £1.2m (2020: net expenditure of £0.6m).

Total income for 2021 was £29.1m (2020: £29.1m), with income from charitable activities being £20.4m (2020: £21.0m), which includes income from rents and service charges for CHARM properties and the supported housing schemes along with interest received in relation to mortgage properties, which together amount to £13.6m (2020: £13.7m). The remaining income from charitable activities of £6.8m (2020: £7.4m) relates to the recovery of administrative costs in respect of the pension schemes administered by the Board.

In addition to the income received through provision of its services, the Board relies upon voluntary income sources to sustain its charitable activities. Income from grants, donations and legacies was £6.1m (2020: £6.2m). This includes support from the wider Church of England, through Vote 5 of the Archbishops' Council's budget, under which a grant of £5.4m (2020: £5.3m) was made towards the provision of retirement housing. Total income from donations and legacies in 2021 was £0.7m (2020: £0.9m) for which the Board is extremely grateful.

The Board also received investment income of £1.7m (2020: £1.4m), and profit from the sale of CHARM properties of £0.8m (9 rental and 4 shared ownership) (2020: £0.5m, 7 rental and 1 shared ownership). The Board continues to develop the portfolio through sale of unsuitable properties as they become vacant, using the proceeds of sale, along with external borrowing, to fund the purchase of new properties; however, the Board carefully managed both sales and purchases in the year given the impact of Covid on the Housing market, customer decisions and choices in the context of the pandemic and wider uncertainty.

Total expenditure for 2021 totalled £30.2m (2020: £29.7m), with expenditure on charitable activities totalling £30.2m (2020: £29.7m). The largest component of expenditure was on rental properties of £14.1m (2020: £13.5m). Expenditure on supported housing was £5.5m (2020: £4.9m). Expenditure was monitored carefully in the wake of the pandemic, with certain expenditures such as property improvement works running at lower levels than a typical year through choice (to mitigate other unplanned costs) or necessity (Covid restrictions).

Charitable expenditure also includes the cost of administering the pension schemes which was £6.8m (2020: £7.4m) – this is a figure which varies year to year in large part due to the level of work on statutory valuations within the year.

Net gains of £5.2m on investment funds (2020: losses of £0.5m), explained further below, contributed to an overall increase in total funds of £4.0m to £131.9m (2020: £127.8 m).

The value of fixed assets increased in the year to £306.0m (2020: £301.8m). The overall value of the CHARM portfolio decreased by £1.3m, reflecting acquisitions and disposals in the year, whilst the value of CEPB funded properties increased to £182.0m (2020: £179.0m).

The Board's pension deficit liability in relation to its participation in the CAPF scheme was £0.5m at the end of 2021 (2020: £0.6m).

External financing

The Board has supported the long-term financing of the CHARM scheme through the issue of two listed bonds, as well as making use of a Revolving Credit Facility.

During 2015 the Board issued a £100m Bond, of which £70m was drawn down immediately. This gave the Board access to long-term finance to purchase additional retirement properties, to secure the future of clergy housing in retirement. The Board used part of the proceeds to acquire the further economic interest in 196 CHARM rental properties which had been financed by the Church Commissioners and had previously been subject to significant restrictions. The remaining proceeds were used to repay other existing, shorter-term, borrowings.

In 2018, the Board issued a £50m fixed rate bond in April 2018, of which £30m was drawn down immediately and was predominantly used to repay existing borrowings. This reflects the continuation of the Board's long-term financing strategy.

In 2019, the Board agreed a variation to its £50m Revolving Credit Facility, extending this arrangement to 2025.

Charity Investments

The charity holds investments of £46.9m (2020: £41.7m), which generated income of £1.7m in the year (2020: £1.4m).

During 2021 the majority of investments were held with Brewin Dolphin, the Charities Property Fund (CPF, managed by Savills) and the Property Income Trust for Charities (PITCH, managed by Mayfair Capital). The CPF and PITCH funds invest wholly in UK property, principally industrial, office and retail property. They are structured as charity common investment funds, which allow investing charities to benefit from their statutory exemption from stamp duty on UK investments. The charity also holds £0.7m (2020: £0.7m) in investment properties, covering a portfolio of 3 (2020: 6) properties.

The amounts invested at the end of 2021 by the Board across the three funds are shown in

the table below, along with the return generated by each investment for the Board over the year. At times, the Board's returns may differ from the funds' own returns, because of investment or disinvestment during the year, which will affect its returns.

The Board monitored its charitable investments carefully during 2021 in the light of the pandemic and will continue to review the charity investment strategy in 2022.

	Value at end 2021 £m	Allocation %	2021 Return for the Board %
Brewin Dolphin	15.5	31	20.7
Investment Properties	0.7	1	n/a
Savills Charities Property Fund	23.9	48	14.90
Mayfair Capital Property Income Trust for Charities	10.0	20	21.4
Total	50.10	100	17.7

The charity also holds £0.8m (2020: £1.4m) in short-term cash deposits with the CBF Deposit Fund (CBFDF, managed by CCLA Management Ltd.)

Further information about the two charity property funds in which the Board is invested is provided below.

	Fund returns net of fees			Yield	Net fund size
	2021	2019- 2021	2017- 2021	End 2021	End 2021
	%	% pa	% pa	%	£m
Savills Charities Property Fund	14.9	5.9	7.0	4.0	1,277
Mayfair Capital Property Income Trust for Charities	22.9	7.4	8.5	4.1	671

Risk Management

The Church of England Pensions Board's risk management process supports management by facilitating the identification and assessment of significant risks to the achievement of objectives. There is a clearly defined Risk Management Policy which outlines the roles and responsibilities of Trustees, management, and staff.

The Trustee Board reviews the strategic risk register and risk management arrangements at least annually. The Board is supported by the Audit and Risk Committee, which regularly review the risk registers and the adequacy of arrangements in place to manage the risks. The Board has considered its appetite for different types of risk and seeks assurance that additional actions are planned where residual risk is assessed to exceed the stated appetite. The Board recognises that fulfilment of certain Pension Trustee and charitable duties requires a measure of risk taking, for example to deliver investment returns for members, and seeks to ensure that such activities are undertaken within an appropriate control environment.

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

Principal Risks

The principal risks, which Trustees consider most significant are –

Risk	Key Management Actions
Significant wider socio-economic issues resulting from events (inc. COVID-19), have a major impact on pension deficits or covenants on external financing.	<ul style="list-style-type: none"> • Regular monitoring and reporting of the external environment and scenario analysis. • Diversification of the investment portfolio. • Adoption of Asset Led Funding methodology for the CEFPS. • Engagement with scheme funders / employers. • Employer covenant monitoring arrangements. • Debt covenant monitoring arrangements. • Customer engagement. • Annual actuarial review. • Exploring further de-risking mechanisms for CWPF
Failure to meet customer needs and expectations in the context of the expected significant increase in retirements	<ul style="list-style-type: none"> • Encouraging early customer engagement. • Scenario modelling and demand surveys.
Failure to comply with Landlord regulatory responsibilities resulting in injury or death to individuals	<ul style="list-style-type: none"> • Landlord responsibilities identified. • Specific arrangements in place for Supported Housing, including third-party support. • Compliance actions for CHARM properties delivered by a range of third-party providers, managed and monitored by in-house Compliance Manager. • Specific COVID-19 management arrangements. • Improved compliance monitoring resulting from the implementation of the Housing Management System

Risk	Key Management Actions
Covenant(s) materially weakened by a significant event within the church leading to financial strain	<ul style="list-style-type: none"> • Covenant monitoring and integrated risk management. • Close liaison with Archbishops' Council on wider church financial issues, particularly during the pandemic. • Horizon scanning and ad-hoc simulation or scenario planning. • Close liaison with employers.
Legal or regulatory change resulting in a pension scheme or housing operations becoming unviable, unacceptable to employers, or unaffordable.	<ul style="list-style-type: none"> • Horizon scanning. • Engagement with regulatory bodies and policy makers. • Responsible investment programme. • Governance reforms implemented
Failure to understand and respond to the paradigm shifts caused by climate change	<ul style="list-style-type: none"> • Climate change integrated into investment decision making. Independent climate scenario analysis completed in 2020. • Property purchases consider climate and flood risk
A significant IT Security breach leads to a prolonged period of service disruption or reputational damage.	<ul style="list-style-type: none"> • Cyber resilience and Technology strategy, including Cyber Essentials Plus certification. • Dedicated IT Security Manager • IT Security Awareness Training
Failure to deliver strategic objectives in the event of a major business continuity event	<ul style="list-style-type: none"> • Testing of business continuity plans across NCIs. • Business Continuity Gap Analysis conducted in early 2021 • Defined Health and Safety procedures
Inability to attract/recruit and/or retain high quality staff with the requisite skills.	<ul style="list-style-type: none"> • Legislative Reform with key focus of trustee diversity • Regular staff surveys completed, and action plans agreed • Staff Networks • Regular Pensions Staff Forum and NCI Staff Forums • Focus on staff wellbeing with mentoring programme and sessions to support hybrid working.

With the continuing pandemic during 2021, the Board and management paid particularly close attention to risk management and developed new mitigations appropriate to the circumstances. For example, additional procedures were introduced to manage infection risks in housing activities, and there was close liaison with other NCI on the financial measures they were putting in place to support church bodies.

Going Concern

The Board meets the cost of property purchases, fit outs and other working capital requirements through its external borrowing, comprising a bank facility and two listed bond issues. The Board prepares annual budgets and regular re-forecasts, along with a three-year financial plan to ensure that it can meet its spending commitments as they fall due, and fulfil the terms and conditions associated with external borrowing. In addition, the Board has also prepared a long-term business plan to consider financial viability over a longer period than that for which formal budgets and forecasts are prepared.

The Board has considered the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. These include the level of anticipated demand for its services, the resilience of voluntary income streams and changes in economic conditions. It has modelled the impact of changes in these factors over time and has considered whether it has adequate reserves and appropriate contingency plans to deal with a range of potential adverse scenarios.

The Board has considered the continuing impact of the COVID-19 pandemic on its operations, including the impact of delayed activity (including property acquisition and non-essential maintenance) on its future obligations and commitments.

Having due regard to the above, the trustees have reasonable expectation that the Board has adequate resources to meet its spending commitments as they fall due, including the servicing and repayment of debt and compliance with loan covenants for the foreseeable future. Accordingly, the going concern basis of accounting in preparing the annual report and accounts continues to be adopted.

Approach to Taxation

In conducting its tax affairs, the Board will:

- ensure that it conducts them not only in accordance with the letter but also the spirit of the law;
- not behave in a manner that could be considered aggressive or abusive;
- endeavour to obtain all reliefs available to it as a charity;
- ensure that all tax filings are compliant with the law and that tax payments are made in a timely manner;
- engage in dialogue with Her Majesty's Revenue & Customs ("HMRC") on a regular basis to ensure that any matters where the tax treatment is uncertain or difficult are raised and discussed at an early opportunity;
- maintain suitable processes and controls to ensure that the risk of non-compliance with filing and disclosure requirements is minimised; and

- ensure appropriate compliance with any non-UK tax regimes in relation to filing and payment obligations by paying the right amount of tax in the right place at the right time and disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

Reserves

Unrestricted funds

The unrestricted funds represent expenditure incurred by the Board on salaries and working expenses subsequently recovered from the pension funds administered by the Board. The Board has no net assets in its own right as a body corporate and, consequently, no unrestricted reserves are retained.

Restricted funds

Restricted income funds are to be spent or applied within a reasonable period from their receipt to further one or more, but not all of the charity's charitable purposes.

The largest restricted fund administered by the Board is the **General Purposes Fund** ("GPF") at £119.5m (2020: £116.1m), which exists to provide for the relief of poverty among, and housing for retired clergy and church workers and their spouses/former spouses/dependants etc. This fund is considered to be restricted since the provisions for use of its resources are narrower than the statutory objects of the Board, which include the administration of pensions.

Within the GPF, the Board has earmarked funds of £4.9m (2020: £6.6m) for the provision of future property maintenance costs. The designation of this fund merely expresses the current intentions of the Trustees and has no legal effect. Legally, the funds are available for spending on any of the objects of the GPF.

The **Clergy Retirement Housing Trust** ("CRHT") is a registered charity and is a linked charity of the Board (Charity No. 236627-2). The CRHT may use its property as residences for qualified persons under the provisions of the Clergy Pensions Measure 1961 or any succeeding legislation. As a linked charity, it is accounted for as a separate restricted fund, which together with some smaller trusts is valued at £12.8m (2020: £12.0m).

Reserves policy

Reserves are held to ensure that the Board can continue to deliver services to its beneficiaries and to meet its obligations and covenants in respect of debt financing in the event of a sustained reduction in voluntary income or other adverse scenario. The Board considers annually the level of reserves that should be maintained and takes account of the requirements of the Charities SORP and the guidance issued by the Charity Commission (Charities and reserves CC19).

Whilst it is unusual for a charity to hold reserves entirely within restricted funds, in practice the breadth of the restriction placed on the General Purposes Fund means that the trustees have a reasonable expectation that they could meet all necessary charitable expenditure of

the Board from this fund, excluding the administration of pensions, the cost of which is fully recoverable from the Schemes.

For the purposes of defining an appropriate reserves policy, the Board therefore considers 'free reserves' to be the net assets of the General Purposes Fund after excluding:

- the value of programme related assets net of secured borrowings, i.e. CHARM properties (most of which are debt financed);
- other fixed assets held for charitable purposes, which cannot be quickly realised;
- the amount earmarked for property maintenance;
- and after making provision for the pension liability.

The Board holds free reserves in the region of £35m - £40m, allowing it to generate annual investment income in the region of £1.5m - £2m whilst taking an investment approach which aims to preserve capital value. This level of reserve also gives considerable cover in the case of a one-off significant financial stress event.

The Trustees have again considered the reserves policy as we emerge from the COVID-19 pandemic and the impact on the Board's activities as well as the wider economy, and believe it continues to be appropriate. Therefore, no changes have been made.

Plans for the future

The Pensions Board has been providing retirement services to the Church of England for 95 years. These services have changed over the years and will continue to develop to ensure that the needs of its customers are met. The Board will continue to regularly review these services using the information obtained from an understanding of its customers' needs and expectations, to improve delivery, whilst demonstrating value for money to those who provide the Board with the resources to operate. It will also continue to provide a working environment which motivates and develops its people to give of their best and take pride in working for the Church of England Pensions Board.

Our core work will continue to be serving a growing population of 41,000 pension scheme members and beneficiaries and 2,700 housing residents, plus working with partner employers and responsible bodies across the Church of England. This includes managing health and safety, regulatory compliance and performance monitoring.

In December 2019 the Board adopted three strategic priorities: simplification, engaging in great conversations, and seeking to become more self-sufficient over the long term. These priorities – which resonate strongly with the emerging vision for the Church of England – are manifest in various parts of our plan.

Specific activities in our Delivery Plan for 2022 include the following:

1. Conduct the triennial valuation of the clergy scheme (CEFPS), working well with Responsible Bodies.
2. Invite every scheme member to sign up to Pensions Online, and develop a version for employers.
3. Manage near-term economic uncertainty well, delivering continued financial security

- for members.
4. Publish a 2030 investor agenda for a reformed mining industry, a key sector for the transition to the low-carbon economy.
 5. Embed the benefits of our new Housing Management System, delivering a more consistent, informed service for our customers
 6. Purchase and refurbish properties for the increasing number of clergy retiring.
 7. Pilot new ways of gathering feedback from our customers, including a residents' panel and a Member "Open Day" style webinar.
 8. Work with partners across the Church, to help individuals plan well for the future.
 9. Continue to embed best practice in all we do. This includes new online tools, and continued focus on Trustee diversity and training.
 10. Invest in training for staff on mental health to better support our customers.
 11. Embed hybrid working while improving services.

Structure, governance and management

Governance

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

From 1 July 2021, the provisions of the Legislative Reform Order came into effect. This reduced the size of the Board from 20 members to 12. The Chair remains an appointment of the Archbishops with the approval of Synod. There are four member nominated trustees, two drawn from the clergy schemes and one each from the CWPF and CAPF. One member is elected by the CAPF and/or CWPF employers and one appointed by the Archbishops following consultation with the Commissioners and dioceses, as a proxy for the clergy 'employers'. The remaining members are formally appointees of the Archbishops for their skills and expertise following an open process and appropriate consultations.

The Board decides on the frequency of its meetings, which is typically five a year. For Board meetings a quorum is present when four people are in attendance, including at least one persons elected by the members of the pension schemes administered by the Board.

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

Members of the Board have completed either fully or partially the Pensions Regulator's Trustee Toolkit, or an equivalent qualification, and regular training sessions are provided at Board meetings on a range of subject areas. In 2021 trustee training topics included risk appetite, an update on trustee responsibilities, particularly in light of the Pensions Act 2021, the future shape of pension schemes, the path to net zero in its investments, and the Board's responsibilities and duties in relation to safeguarding.

The Board has committees to oversee the following areas: Audit and Risk, Housing, Investment, and Pensions. The Board has delegated authority to make decisions concerning

these areas within its terms of reference and to make recommendations to the full Pension Board on other matters.

The Board has also delegated some of the day-to-day management and operation of the schemes' affairs to professional organisations as set out on page 26.

Independent Auditors

During the year, there have not been any non-audit services performed by the external auditors Crowe U.K. LLP.

Ethical Investment Advice

The Board manages the Secretariat to the Ethical Investment Advisory Group ("EIAG") on behalf of the Church of England's national investing bodies – the Church Commissioners, the Church of England Pensions Board and the CBF Church of England funds managed by CCLA Investment Management Ltd. The work of the EIAG informs the Board's investment activities.

The Charity Code of Governance

The Church of England Pensions Board takes its governance responsibilities seriously and, as a large charity, aims to have a governance framework that is fit for purpose, compliant and efficient. In 2017 the new Charity Code of Governance was launched, with a recommendation that charities review their level of application and to explain any aspects of the code they were not applying. In our review, we carried out a detailed examination of each element of the code:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk and control
- Board effectiveness
- Diversity
- Openness and accountability

Our review found we apply the code with a few exceptions, mainly arising from the Governing documentation, which as a statutory corporation, is itself primary legislation. The main area where we differed from the recommendations related to the limitation of trustee terms. On 1 July 2021, the Legislative Reform Order came into effect. This reduced trustees' terms from six years to five and provides that no trustee may serve more than ten years. This differs slightly from the recommendation in the Code of nine years because of the overriding need to provide a measure of continuity through triennial pension scheme valuation cycles.

In recent years, the Board has also enhanced its compliance with the Code. These have included extending the gathering of feedback from customers, consideration of extending the aspects of diversity we monitor, and through a thorough review of our charitable services.

Trustees

The Board has members elected and appointed by various means, which are described below. It delegates some of its business and decision making to sub-committees.

Board members (1 January 2021 to 14 July 2022)

Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York Clive Mather (Chair)	Elected by the House of Clergy of the General Synod The Revd Fr Paul Benfield (to June 2021) The Revd Nigel Bourne (to June 2021) The Revd Peter Ould (to June 2021) The Ven David Stanton (to June 2021)
Appointed by the Archbishops of Canterbury and York Roger Boulton FIA (from July 2021) Canon Nicolette Fisher (to June 2021) Canon Emma Osborne (from July 2021) Ian Wilson (from July 2021)	Elected by the House of Laity of the General Synod Roger Boulton FIA (to June 2021) Canon Emma Osborne (to June 2021) Bill Seddon (to June 2021)
Appointed by the Archbishops of Canterbury and York after consultation with the representatives of the dioceses Nikesh Patel (to June 2021)	Appointed by the Archbishops of Canterbury and York after consultation with the Church Commissioners and the representatives of the dioceses Nikesh Patel (from July 2021)
Appointed by the Archbishops of Canterbury and York after consultation with the Chairs of the Church of England Appointments Committee and the General Synod's House of Laity Tony King The Revd Caroline Titley (to June 2021)	Appointed by the Archbishops of Canterbury and York after consultation with the Chair of the Church of England Appointments Committee and the Prolocutors of the Convocations of Canterbury and York The Revd Caroline Titley (from July 2021)
Elected by the members of the Church Workers Pensions Fund Canon Susan Pope (to June 2021) Michaela Southworth	Elected by the members of the Church Administrators Pensions Fund Maggie Rodger
Elected by the House of Bishops of the General Synod The Rt Revd Alan Wilson, Bishop of Buckingham (to June 2021)	Elected by the Employers in the Church Workers Pensions Fund and the Church Administrators Pensions Fund Richard Hubbard Canon Sandra Newton (to June 2021)

Elected by the members of the clergy pension schemes

The Revd Hugh Lee (from July 2021)

The Revd Eleanor Robertshaw (from July 2021)

Committee Members (as at 14 July 2022)

Audit and Risk Committee Maggie Rodger (Chair) Tony King Ian Wilson Helen Ashley Taylor* Canon Susan Pope* Caron Bradshaw OBE*	Pensions Committee Richard Hubbard (Chair) The Revd Hugh Lee Maggie Rodger Michaela Southworth Ian Wilson
Housing Committee The Revd Caroline Titley (Chair) Tony King The Revd Eleanor Robertshaw Jonathan Gregory* Tom Paul* Lawrence Santcross* The Rt Revd Alan Wilson*	Investment Committee Roger Boulton (Chair) Canon Emma Osborne Nikesh Patel Matthew Beesley* Jonathan Rodgers*

*Indicates members of committee who kindly give of their time and experience to the committee but are not trustees of the Pensions Board.

Attendance by Trustees at meeting of the Board and its Committee

The table below sets out the attendance of trustees at meetings of the Board and its Committees during 2021. Where a members served for part of the year, the number of meetings that they could have attended in shown in brackets.

Trustee	Board (5)	Audit and Risk (3)	Housing (5)	Investme nt (4)	Pensions (5)
Clive Mather	5		5	4	5
The Revd Fr Paul Benfield	3(3)				2(2)
Roger Boulton	4			4	Observed 1 mtg
The Revd Nigel Bourne	3(3)				2(2)
Canon Nicolette Fisher	3(3)		1(1)		
Richard Hubbard	4				5
Tony King	5	1(1)	5		
The Revd Hugh Lee	2(2)				2(3)
Canon Sandra Newton	3(3)		1(1)		
Canon Emma Osborne	5			4	
The Revd Peter Ould	3(3)	2(2)			
Nikesh Patel	5			3	
Canon Susan Pope	3(3)	3			
The Revd Eleanor Robertshaw	2(2)		2(4)		
Maggie Rodger	5	3			5
Bill Seddon	3(3)			2(2)	
Michaela Southworth	3				5
The Ven David Stanton	0(3)*				
The Revd Caroline Titley	5		5		
The Rt Revd Alan Wilson	3		3(5)		
Ian Wilson	5	2			1(3) and in addition observed 1 mtg

*The Ven David Stanton was on sabbatical for the period to June 2021 and unable, therefore, to attend.

Reference and administrative information

Charity Number	236627
Principal office	Church House 29 Great Smith Street London SW1P 3PS
Chief Executive	John Ball MA(Oxon), MSc
Actuary	Aaron Punwani, Lane Clark and Peacock LLP
Independent Auditor	Crowe UK LLP
Bankers	Lloyds Bank
Corporate financial advisor	Traderisks Ltd (part of the Gresham House Group)
Investment Advisers	Mercer Ltd
Charity Investment Managers	Brewin Dolphin Savills Investment Management Ltd Mayfair Capital Investment Management Ltd CCLA Investment Management Ltd

Enquiries

Enquiries should be addressed to

Post Church of England Pensions Board, PO Box 2026, Pershore, WR10 9BW

Email cepbfeedback@churchofengland.org

Phone 020 7898 1890

Management

The day-to-day management of the Board's activities is delegated to the Executive Team, which is led by the Chief Executive.

Staff Remuneration and Executive Pay

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

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

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

The annual salary for the highest paid member of staff was £175,000 (2020: £147,000), 13 (2020: 13) times the salary earned by the lowest paid member of staff and 4.7 (2020: 4) times the median salary.

Pensions Staff employed by the National Church Institutions are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make.

Staff employed by the Board directly, mainly in the supported housing schemes and the Board's investment team, are eligible to join the Church Workers Pension Fund.

In common with the other National Church Institutions, the Pensions Board became an accredited with the Living Wage Foundation in October 2019. This formalised an extant commitment.

Approval

The Trustees Report was approved by the Trustees on 14 July 2022 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Clive Mather', with a horizontal line underneath.

Clive Mather
Chair

Statement of Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of The Church of England Pensions Board (the "Parent Charity") and its subsidiaries (the "Group") for the year ended 31 December 2021, which comprise:

- the consolidated Statement of Financial Activities for the year ended 31 December 2021;
- the consolidated and Parent Charity only Balance Sheets at 31 December 2021;
- the consolidated Cash Flow Statement for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- the Parent Charity financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviewing the detailed paper prepared by management setting out their assessment of the Board's ability to continue as a going concern. The assessment covers the period to 31 December 2024.

We have discussed this with the Board's management in order to fully understand their assessment including the underlying assumptions applied.

In addition to this we have:

- reviewed the period used by Trustees to assess the ability of the Group to continue as a going concern;
- examined and reviewed budgets and forecasts prepared by management covering the period of the going concern assessment and challenged the key assumptions;
- reviewed the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year; and
- Reviewed any other information or documentation which the Trustees have used in their going concern assessment to identify any indications that the forecasts provided may not be appropriate.

We have no further observations arising from that evaluation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £3m, based on 1% of the Group's total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Our performance materiality was set at 70% of the financial statement's materiality, amounting to £2.1m.

Where considered appropriate, performance materiality may be reduced to a lower level, such as for related party transactions.

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £150k. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the trustees made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and component level to respond to the risks, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the group and charity financial statements. Our tests included, but were not limited to, the review of financial statement disclosures, enquiries of management and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<i>Going concern</i>	Our observations on going concern are included in the “Conclusions related to going concern” section of this report.
<p><i>Fixed asset impairment assessment</i></p> <p>The Group holds significant levels of property assets with a total of £234.2m held at 31 December 2021.</p> <p>These properties are classed as programme related investments since they generate income in furtherance of the Group’s charitable objectives. As such,</p>	<p>We reviewed management’s overall impairment assessment and performed our own audit work on the process, agreeing items to supporting evidence where possible including verification of the house price indices used within the impairment model to third party documentation.</p> <p>In addition to this, for a sample of individual properties we compared the property’s carrying value to the sale value of any similar properties in the same area.</p>

these properties are not revalued and are rather held at cost with an annual review for potential impairment.

Our audit work did not indicate that any impairment charge was required in relation to the Board's properties held at 31 December 2021.

Each year-end, management perform a full impairment review which considers whether any properties within the portfolio should be impaired. This review utilises a range of valuation sources and applies a significant element of management judgment.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Trustees' Report

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of the trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other matters which we are required to address

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill
London
EC4M 7JW

Date 15 July 2022

Consolidated statement of financial activities of the Church of England Pensions Board for the year ended 31 December 2021

		2021			2020		
	Note	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Grants, donations and legacies	2	-	6,130	6,130	-	6,172	6,172
Investment income	3	-	1,656	1,656	-	1,385	1,385
Charitable activities	4	6,832	13,604	20,436	7,367	13,675	21,042
Other income: gain on sale of fixed assets		-	844	844	-	479	479
Total income		6,832	22,234	29,066	7,367	21,711	29,078
Expenditure on:							
Charitable activities	4	(6,832)	(23,344)	(30,176)	(7,367)	(22,267)	(29,634)
Raising funds	5	-	(68)	(68)	-	(49)	(49)
Total expenditure		(6,832)	(23,412)	(30,244)	(7,367)	(22,316)	(29,683)
Total income less expenditure before gain on investments		-	(1,178)	(1,178)	-	(605)	(605)
Net gain / (loss) on investments	9	-	5,176	5,176	-	(468)	(468)
Net income / (expenditure)		-	3,998	3,998	-	(1,073)	(1,073)
Other recognised gains and (losses)							
Other gain / (losses): adjustment to pension provision	8	-	26	26	-	(18)	(18)
Total other gains		-	26	26	-	(18)	(18)
Transfers between funds	15	-	-	-	-	-	-
Net movement in funds		-	4,024	4,024	-	(1,091)	(1,091)
RECONCILIATION OF FUNDS							
Total funds brought forward at 1 January		-	127,834	127,834	-	128,925	128,925
Net movement in funds in year		-	4,024	4,024	-	(1,091)	(1,091)
Total funds carried forward at 31 December	15	-	131,858	131,858	-	127,834	127,834

The income, expenditure and other recognised gains and losses all relate to continuing operations, none of which have been acquired during the year.

The notes on pages 34 to 51 form part of these financial statements.

Note – all figures within the consolidated statement of financial activities are the same as for the charity-only statement of financial activities.

Consolidated balance sheet of the Church of England Pensions Board as at 31 December 2021

	Note	2021			2020		
		Consolidated			Consolidated		
		£'000 Funded by CC*	£'000 Funded by CEPB**	£'000 Total	£'000 Funded by CC*	£'000 Funded by CEPB**	£'000 Total
FIXED ASSETS							
Investment assets	9	-	46,858	46,858	-	41,740	41,740
Tangible assets - supported housing and IT	10	-	24,997	24,997	-	24,578	24,578
Tangible assets - CHARM	11	52,151	182,025	234,176	56,466	179,012	235,478
Total fixed assets		52,151	253,880	306,031	56,466	245,330	301,796
CURRENT ASSETS							
Debtors	12	-	1,399	1,399	-	1,815	1,815
Short term deposits		-	828	828	-	1,427	1,427
Cash at bank and in hand		-	3,546	3,546	-	4,191	4,191
Total current assets		-	5,773	5,773	-	7,433	7,433
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(5,907)	(5,907)	-	(6,385)	(6,385)
Loans repayable on sale of fixed assets	13	(52,151)	(700)	(52,851)	(56,466)	(759)	(57,225)
Total current liabilities		(52,151)	(6,607)	(58,758)	(56,466)	(7,144)	(63,610)
Net current (liabilities)/assets		(52,151)	(834)	(52,985)	(56,466)	289	(56,177)
Total assets less current liabilities		-	253,046	253,046	-	245,619	245,619
NON-CURRENT LIABILITIES							
	13	-	(120,723)	(120,723)	-	(117,161)	(117,161)
Net assets excluding pension provision		-	(120,723)	(120,723)	-	128,458	128,458
Pension deficit provision	8	-	(465)	(465)	-	(624)	(624)
NET ASSETS		-	131,858	131,858	-	127,834	127,834
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	-	-	-	-
Restricted funds (excl. pension reserve)	15	-	132,323	132,323	-	128,458	128,458
Pension reserve	15	-	(465)	(465)	-	(624)	(624)
Total restricted funds	15	-	131,858	131,858	-	127,834	127,834
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		-	131,858	131,858	-	127,834	127,834


*Funded by the Church Commissioners

**Funded by the Church of England Pensions Board

(See Note [11](#) for more details)

The notes on pages 39 to 56 form part of these financial statements.

These financial statements were approved by the trustees on 14th July 2022 and signed on their behalf by:



Clive Mather
Chair

Charity only balance sheet of the Church of England Pensions Board as at 31 December 2021

		2021			2020		
	Note	£'000	£'000	£'000	£'000	£'000	£'000
		Funded by CC*	Funded by CEPB**	Total	Funded by CC*	Funded by CEPB**	Total
FIXED ASSETS							
Investment assets	9	-	46,871	46,871	-	41,753	41,753
Tangible assets - supported housing and IT	10	-	24,997	24,997	-	24,578	24,578
Tangible assets - CHARM	11	47,112	181,620	228,732	51,266	178,607	229,873
Total fixed assets		47,112	253,488	300,600	51,266	244,938	296,204
CURRENT ASSETS							
Debtors	12	5,039	1,792	6,831	5,200	2,222	7,422
Short term deposits		-	828	828	-	1,427	1,427
Cash at bank and in hand		-	3,533	3,533	-	4,178	4,178
Total current assets		5,039	6,153	11,192	5,200	7,827	13,027
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(5,895)	(5,895)	-	(6,385)	(6,385)
Loans repayable on sale of fixed assets	13	(52,151)	(700)	(52,851)	(56,466)	(759)	(57,225)
Total current liabilities		(52,151)	(6,595)	(58,746)	(56,466)	(7,144)	(63,610)
Net current (liabilities)/assets		(47,112)	(442)	(47,554)	(51,266)	683	(50,583)
Total assets less current liabilities		-	253,046	253,046	-	245,621	245,621
NON-CURRENT LIABILITIES	13	-	(120,723)	(120,723)	-	(117,161)	(117,161)
Net assets excluding pension provision		-	132,323	132,323	-	128,460	128,460
Pension deficit provision	8	-	(465)	(465)	-	(624)	(624)
NET ASSETS		-	131,858	131,858	-	127,836	127,836
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	-	-	-	-
Restricted funds (excl. pension reserve)	15	-	132,323	132,323	-	128,460	128,460
Pension reserve	15	-	(465)	(465)	-	(624)	(624)
Total restricted funds	15	-	131,858	131,858	-	127,836	127,836
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		-	131,858	131,858	-	127,836	127,836

*Funded by the Church Commissioners

**Funded by the Church of England Pensions Board

The notes on pages 39 to 56 form part of these financial statements.

Consolidated cash flow statement of the Church of England Pensions Board for the year ended 31 December 2021

		2021	2020
		£'000	£'000
Cash flow from operating activities:			
Net movement in funds (as per the statement of financial activities)	Note	4,024	(1,091)
Adjustments for:			
Depreciation and impairment – supported housing and IT systems	10	774	601
Amortisation – Santander arrangement fee	13	33	33
Amortisation – CHARM Finance PLC bond set-up costs	13	29	29
(Gains) / losses on investments	9	(5,176)	468
Investment – arrangement fees	9	58	-
Dividends, interest and rents from investments	3	(1,656)	(1,385)
Gains on disposal of tangible assets – CHARM		(844)	(479)
Movement in pension liability	8	(159)	(151)
Movement in debtors	12	416	4,921
Movement in creditors: amounts due within less than one year	13	(478)	1,033
Net cash (used in) / generated by operating activities		(2,979)	3,979
Cash flow from investing activities:			
Cash flows from investing activities:			
Dividends, interest and rents from investments	3	1,656	1,385
Proceeds from the sale of tangible assets – CHARM properties	11	7,569	4,968
Purchase of tangible assets – CHARM properties	11	(5,423)	(5,282)
Purchase of tangible assets – supported housing and IT systems	10	(1,193)	(1,126)
Proceeds from the sale of investments	9	-	275
Purchase of investments	9	-	(338)
Net cash generated from / (used in) investing activities		2,609	(118)
Cash flows from financing activities:			
Repayment of loans from Church Commissioners	13	(4,315)	(3,544)
Repayment of dioceses' share of rental properties	13	(59)	-
Additional funding from Santander	13	3,500	500
Net cash (used in) financing activities		(874)	(3,044)
Change in cash and cash equivalents in the year		(1,244)	817
Cash and cash equivalents at the beginning of the year		5,618	4,801
Cash and cash equivalents at the end of the year		4,374	5,618
Cash and cash equivalents and net debt comprise the following balances:			
	At 1 January	Cash Flows	At 31 December
	£'000	£'000	£'000
Cash at bank and in hand	4,191	(645)	3,546
Short term deposits	1,427	(599)	828
Cash held by investment manager	-	-	-
Total cash and cash equivalents	5,618	(1,244)	4,374
Bond financing	(100,000)	-	(100,000)
Loan from Santander	(18,000)	(3,500)	(21,500)
Total net debt	(112,382)	(4,744)	(117,126)

The notes on pages 39 to 56 form part of these financial statements.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2021

1. Accounting policies

a) Legal status

The Church of England Pensions Board ("the Board") is a body corporate established in 1926 but now governed by the Church of England Pensions Measure 2018. It is a registered charity in England and Wales (Charity No. 236627) and is regulated by the Charity Commission.

The Charity's address is: 29 Great Smith Street, London, SW1P 3PS.

b) Basis of preparation

The consolidated and charity-only financial statements have been prepared in accordance with:

- Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102");
- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("the SORP"); and
- the Charities Act 2011.

The financial statements have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Board meets the definition of a Public Benefit Entity ("PBE") as set out in FRS 100, and therefore applies the PBE prefixed paragraphs in FRS 102.

The financial statements have been prepared on the historical cost basis (except for the revaluation of investments and where cost is deemed to be the revaluation amount at date of transition) and on the accruals basis.

The financial statements contain the financial information for the Church of England Pensions Board which is structured as follows:

- Unrestricted Funds - representing expenditure incurred by the Board on salaries and working expenses subsequently recovered in full from the pension funds administered by the Board.
- Restricted Funds - these funds have narrower purposes than that of the Board.

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

c) Basis of consolidation

The consolidated statement of financial activities ("SOFA") and the balance sheet include the financial information of the Board and its subsidiary undertakings (CEPB Developments Ltd, CEPB Mortgages and CHARM Finance plc). The subsidiaries have been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation.

The Board has chosen not to present its non-consolidated statement of financial activities separately as the numbers are the same as for the consolidated equivalent. The Board has also taken advantage of the exemption conferred by FRS 102 Section 1 not to prepare a charity-only cash flow statement.

The Board, together with the Archbishops' Council and the Church Commissioners are equal partners in Church of England Central Services (ChECS), a joint venture. This jointly controlled entity is included in the Board's consolidated financial statements using the equity method. The Board's share of profits or losses from ChECS is included in the SOFA and its share of net assets is included in the balance sheet.

d) Going concern

The Board meets the cost of property purchases, fit-outs and other working capital requirements through its external borrowing, comprising a bank facility and two listed bond issues. The Board prepares annual budgets and regular re-forecasts, along with a three-year financial plan in order to ensure that it can meet its spending commitments as they fall due, and fulfil the terms and conditions associated with external borrowing. In addition, the Board has also prepared a long-term business plan to consider financial viability over a longer period than that for which formal budgets and forecasts are prepared.

The Board has considered the key risks and uncertainties which impact upon immediate liquidity and longer term solvency. These include the level of anticipated demand for its services, the resilience of voluntary income streams and changes in economic conditions. It has modelled the impact of changes in these factors over time, and has considered whether it has adequate reserves and appropriate contingency plans to deal with a range of potential adverse scenarios.

The Board has considered the continuing impact of the COVID-19 pandemic on its operations, particularly with reference to the contingency plans it has put in place to respond to the emergency and the impact of delayed activity (including property acquisition and non-essential maintenance) on its future obligations and commitments.

Having due regard to the above, the trustees have reasonable expectation that the Board has adequate resources to meet its spending commitments as they fall due, including the servicing and repayment of debt and compliance with loan covenants for the foreseeable future. Accordingly, the going concern basis of accounting in preparing the annual report and accounts continues to be adopted.

e) Income

All income is recognised once the Board has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

i) Grants, donations and legacies

Donations are accounted for when received. Grants are recognised when the Board is entitled to receive them and revenue recognition criteria of entitlement, probability and measurement have been met. Gift Aid receivable is included in income when there is a valid declaration from the donor.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2021

1. Accounting policies (continued)

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted, where sufficient information has been received and are recognised on an estimated basis as follows: cash elements are recognised at monetary value, with property and other assets, including investments, valued at probate or net realisable value. Values are reviewed and, if material, adjusted up to the point of financial statement approval.

In the case of donated properties, these are valued at market value and recognised within Donations.

ii) *Investment income*

Income from investments is recognised on an accruals basis.

iii) *Income from charitable activities*

Income from charitable activities represents rent from rental properties, rent and service charge from shared ownership properties, income from mortgaged properties and fees and service charges from supported housing schemes, which are all recognised on the accruals basis.

iv) *Other income*

Other income is recognised when the Board is entitled to receive it and revenue recognition criteria of entitlement, probability and measurement have been met.

f) *Expenditure*

All expenditure is accounted for on the accruals basis. Expenditure and liabilities are recognised when a legal or constructive obligation exists as outlined in Section 7 of FRS 102. The SOFA has been presented on an activity basis. Costs have been distinguished between charitable activities and those incurred to raise funds.

i) *Charitable activities*

Direct costs and grants are allocated directly to activities. Grants payable are recognised when the grant is formally approved by the Board and has been communicated to the recipient.

ii) *Support costs*

Costs include shared service costs (finance, IT, HR, legal, internal audit), department running costs and governance costs. They are allocated across the charitable activities and raising funds as detailed in notes 4 and 5. Governance costs relate to the general running of the Board, which include costs associated with the strategic, as opposed to day-to-day, management of the Board's activities, and compliance with constitutional and statutory requirements.

g) *Pensions*

Staff pensions are described in note 8. Defined benefit schemes are considered to be multi-employer schemes as described in FRS 102 paragraph 28.11 and consequently are accounted for as if they were defined contribution schemes, where employer contributions payable in the year are charged to expenditure.

Where schemes have deficit recovery contribution plans in place, FRS 102 paragraph 28.11A requires the present value of these agreed payments to be recognised as a liability. Amounts paid during the year are charged against this liability.

h) *Fixed assets*

Rental properties, shared ownership properties, mortgaged properties and supported housing properties generate income from the furtherance of the charity's objects. As such, they are not considered to be investment properties but are classed as programme related investments, which under the SORP, do not need to be revalued.

Where fixed assets were purchased with significant restrictions as a result of agreements with the funder such that the Board has a right of use of the asset for the lifetime of a beneficiary of the charity but the risks and rewards relating to capital value accrue entirely to the lender, these assets are shown in a separate category. Proceeds on eventual sale of these properties are not accounted for by the Board as they are received as agent for the lender and are used to settle the corresponding liability.

i) *Rental properties*

Properties are held at original cost or for properties received as gifts, the notional cost equivalent to the market value. Funding arrangements are explained in note 11.

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

No depreciation is charged on long leasehold or freehold properties due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

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

ii) *Shared ownership properties*

These properties are purchased by the Board and the resident buys a 90-year lease for a share in the property (at least 25%) and pays a rent and a service charge on the proportion of the property that they do not own. Residents can purchase further shares in their property if their financial circumstances change, and the equity interests are adjusted accordingly.

The Board holds each property at its equity percentage of the original cost, subject to an impairment review. An impairment review is carried out annually and where materially different from historic cost, the Board's proportion of each property is carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2021

1. Accounting policies (continued)

No depreciation is charged on leasehold or freehold shared ownership properties due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

iii) Mortgaged properties

Mortgaged properties were purchased by the Board under a scheme that closed to new business in 2008. These mortgages operate as value linked loans, where the Board's equity interest in a property is the amount loaned to the resident (up to 95% of the property value) and the resident's equity interest is the amount funded directly by the resident. If a resident pays off part of their loan, the equity interests are adjusted accordingly.

On the sale of a property, the Board and the resident receive proceeds in the same proportion as their equity interests.

The Board's interest is therefore classified as a tangible fixed asset and not as a financial instrument, as the rights attaching are more closely linked to the ownership of a share of a property. The Board accounts for each property at its equity percentage of original cost, subject to an impairment review. An impairment review is carried out annually and where materially different from historic cost, the Board's proportion of each property is carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

iv) Supported housing schemes and nursing home

The properties and their associated land are held at deemed cost. Freehold land is not depreciated. The buildings are depreciated.

Fixtures, fittings, plant and equipment are held at original cost to the Board less depreciation.

Depreciation is charged on the following basis:

Tangible asset	Basis	Rate
Freehold buildings	Straight line	2.5% per annum
Fixtures, fittings, plant and equipment	Straight line	5-50 years following the NHF guidelines for all assets acquired after 2017

v) Investment properties

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

vi) IT systems

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

vii) Gains (or losses) from sale of fixed assets

Gains (or losses) resulting from the sale of fixed assets are recognised in income (or expenditure). Gains or losses resulting from the sale and revaluation of investment assets are recognised in the SOFA in a separate section before net income/expenditure.

i) Loans

The Board applies the measurements provisions of FRS 102 paragraphs PBE34.90-92 to all its concessionary loans. Loans from the Church Commissioners are measured at the amount received from the Commissioners. See notes 11 and 13 for more information.

The loan from Santander is a basic financial instrument and measured at transaction price (less transactions costs). Subsequently, it is measured at amortised cost using the effective interest method. Arrangement fees are deducted from the transaction price and are amortised over 15 years (July 2010 to July 2025).

The loan from CHARM Finance PLC to the Charity is a basic financial instrument and is measured at transaction price (less transactions costs). Subsequently, it is measured at amortised cost using the effective interest method. Arrangement fees are deducted from the transaction price and are amortised over the length of the facility.

The Bond liabilities relate to the corporate bonds issued by CHARM Finance PLC, and are basic financial instruments measured initially at the proceeds of issue less transaction costs directly attributable to the issue of the Bonds. After initial recognition the liabilities are measured at amortised cost using the effective interest method with transaction costs being amortised over the length of the facility.

j) Financial instruments

The Board has chosen to adopt sections 11 & 12 of FRS 102 in respect of financial instruments which are not public benefit entity concessionary loans.

Basic financial instruments

Listed and unlisted investments are initially measured at fair value. Such assets are subsequently held at fair value at each balance sheet date. The changes in fair value are recognised in the SOFA. The fair value of listed investments is determined using bid price in accordance with the practice of the appropriate stock exchange. Unlisted investments are valued by reference to latest dealing prices, valuations from reliable sources or net asset values.

k) Subsidiary undertakings

Investment in the Board's subsidiary companies are held at cost less accumulated impairment losses.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2021

1. Accounting policies (continued)

l) Taxation

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

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

m) Related parties

The Church of England comprises a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies are not related to the Board as defined in the Charities SORP or chapter 33 of FRS 102: Related parties disclosures. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements. The Church of England Pensions Board is related to ChECS, as it is a partner in this joint venture. Details are given in Note 17.

n) Funds

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

Unrestricted funds are funds received by the Board that are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity.

Restricted funds are funds received by the Board for particular purposes and are to be used in accordance with those purposes. An analysis of restricted funds is provided in note 15.

o) Significant judgements and estimates

The Board's key judgements, which have a significant effect on the amounts recognised in the financial statements, are described in the accounting policies and are summarised below:

- Carrying value of investment properties and tangible assets – judgements in respect of appropriate valuation methods used for the assets of the Charity. Further details are disclosed in notes 9 to 11.

The Board's key estimates, which have a significant effect on the amounts recognised in the financial statements, are described in the accounting policies and are summarised below:

- Residuary legacies - estimation required for residuary legacies receivable once probate has been granted.
- Pension deficit provision - estimations surrounding the methodology used in the calculation of the Charity's defined benefit pension deficit provision. Further details are disclosed in note 8.
- Support costs – estimation surrounding the methodology used in the apportionment of support costs between the restricted and unrestricted funds.

2. Income from grants, donations and legacies

		2021	2020
	Note	£'000	£'000
Grants from:			
The Archbishops' Council	4	5,431	5,299
Other grants		34	32
Total grants		5,465	5,331
Donations		68	56
Legacies		597	785
Total income from grants, donations and legacies		6,130	6,172

The Archbishops' Council makes grants from money provided by the dioceses under the General Synod Vote 5, towards the costs of the CHARM scheme. All income from grants, donations and legacies was attributable to restricted funds.

3. Investment income

	2021	2020
	£'000	£'000
Dividends	1,645	1,365
Rental income from investment properties	11	10
Interest on cash	-	10
Total income from investments	1,656	1,385

All income from investments of £1,656,000 (2020: £1,385,000) was attributable to restricted funds.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

4. Charitable activities

		Rental properties	Shared ownership	Mortgage properties	Supported housing	Other charitable activities	Total restricted funds	Unrestricted funds Pension Schemes	2021 Total	2020 Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities:										
Rent received		7,141	541	-	1,391	-	9,073	-	9,073	8,956
Service charge received		-	103	-	2,342	-	2,445	-	2,445	2,478
Income from mortgage properties		-	-	2,086	-	-	2,086	-	2,086	2,241
Support costs recharge		-	-	-	-	-	-	6,832	6,832	7,367
Total income from charitable activities		7,141	644	2,086	3,733	-	13,604	6,832	20,436	21,042
Expenditure on charitable activities:										
Financing costs (interest and commitment fee)		5,600	429	2,006	-	-	8,035	-	8,035	8,376
Grant making		-	-	-	-	107	107	-	107	101
Property costs (repairs, insurance and other costs)		6,633	17	161	-	-	6,811	-	6,811	6,167
Support costs	6	1,828	609	406	1,218	-	4,061	6,832	10,893	11,227
Amortisation of arrangement fees		62	-	-	-	-	62	-	62	62
Service charge costs		-	55	-	2,378	-	2,433	-	2,433	2,342
Nursing care costs (former residents)		-	-	-	209	-	209	-	209	172
Supported Housing and other direct costs		-	-	-	986	-	986	-	986	761
Depreciation and impairment charges	10	-	-	-	774	-	774	-	774	601
Total expenditure on charitable activities		14,123	1,110	2,573	5,565	107	23,478	6,832	30,310	29,809
Unwinding of pension deficit on charitable activities		(61)	(20)	(13)	(40)	-	(134)	-	(134)	(175)
Total expenditure including pension deficit movement in year		14,062	1,090	2,560	5,525	107	23,344	6,832	30,176	29,634

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

4. Charitable activities (continued)

For comparative purposes, details of 2020 charitable income and expenditure are set out below:

	Rental properties	Shared ownership	Mortgage properties	Supported housing	Other charitable activities	Total restricted funds	Unrestricted funds Pension Schemes	2020 Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities:								
Rent received	6,999	553	-	1,404	-	8,956	-	8,956
Service charge received	-	88	-	2,390	-	2,478	-	2,478
Income from mortgage properties	-	-	2,241	-	-	2,241	-	2,241
Support costs recharge	-	-	-	-	-	-	7,367	7,367
Total income from charitable activities	6,999	641	2,241	3,794	-	13,675	7,367	21,042
Expenditure on charitable activities:								
Financing costs (interest and commitment fee)	5,744	439	2,193	-	-	8,376	-	8,376
Grant making	-	-	-	-	101	101	-	101
Property costs (repairs, insurance and other costs)	6,052	11	104	-	-	6,167	-	6,167
Support costs 6	1,737	579	386	1,158	-	3,860	7,367	11,227
Amortisation of arrangement fees	62	-	-	-	-	62	-	62
Service charge costs	-	76	-	2,266	-	2,342	-	2,342
Nursing care costs	-	-	-	172	-	172	-	172
Supported Housing and other direct costs	-	-	-	761	-	761	-	761
Depreciation and impairment charges 10	-	-	-	601	-	601	-	601
Total expenditure on charitable activities	13,595	1,105	2,683	4,958	101	22,442	7,367	29,809
Unwinding of pension deficit on charitable activities	(80)	(26)	(17)	(52)	-	(175)	-	(175)
Total expenditure including pension deficit movement in year	13,515	1,079	2,666	4,906	101	22,267	7,367	29,634

The deficit on charitable activities is funded through a combination of specific and general voluntary income, investment income, and realised gains on disposal of investments and property. In the year ended 31 December 2021 grants of £5,431,000 were received from the Archbishops' Council towards the CHARM scheme (2020: £5,299,000). In addition, the Board's broader charitable activities were funded through voluntary income of £699,000 (2020: £873,000), Investment income of £1,656,000 (2020: £1,385,000) and gains on disposal of property of £844,000 (2020: £479,000).

Income & Expenditure from charitable activities:

Rental Properties

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

Rent from tenancies starting after 1 April 2015 are target rents based on the value of the property and are subsidised so that they are more affordable than market rents. Rent from tenancies before this are based on the occupant's ability to pay. Residents pay for moving costs, furnishings and white goods, contents insurance and on-going utility and council tax costs. The Board pays for repairs and on-going maintenance of the properties.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

4. Charitable activities (continued)

There are a small number of properties that are let on the open market at market rents during short periods when a property is not occupied by residents eligible for the CHARM scheme. At 31 December 2021 there were 19 (2020: 19) such tenancies.

All tenancies fall into the definition of operating leases as set out in FRS 102 section 20 and clarified in the Housing SORP 2014 paragraph 10.3 (which though the Board does not apply, it does look to this guidance for clarification where the Charities SORP and FRS 102 are silent on particular issues). All tenancies are cancellable, either on death or notice of the resident and are not assignable.

Shared Ownership

Residents pay rent based on the Board's share of the ownership of the property and the cost of buildings insurance.

For some properties bought before 1 April 2014, residents also pay a service charge towards the repairs and maintenance of properties. For properties bought after 1 April 2014, or where residents have opted, the responsibility for repairs and maintenance lies with the resident.

Mortgage Properties

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

A small number of loans pre-dating the 1983 CHARM mortgage scheme remain, where a fixed amount of interest is paid based on the capital advanced. At 31 December 2021, the number of such loans in place was 3 (2020: 4).

Supported Housing

Some residents in the schemes receive subsidies from the Board's charitable funds. The cost of running the schemes is not met fully by rent and service charge fees. The nursing home closed in March 2017 however the Board continues to subsidise the nursing care of former residents of the nursing home. The operating deficit is met from the Board's charitable funds.

Other charitable activities

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

5. Raising funds

	2021	2020
	£'000	£'000
Investment management costs (direct costs)	67	49
Total cost of raising funds	67	49

6. Support costs

Support costs include department running costs and governance costs, plus charges for using shared services operated by ChECS. They are included in charitable expenditure (note 4) and are apportioned to the various charitable activities to which they relate.

	Restricted funds					Unrestricted funds	Total
	Rental properties	Shared ownership	Mortgage properties	Supported housing	Total	Pension schemes	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing department	1,073	358	239	716	2,386	-	2,386
Executive and Secretariat	127	42	28	84	281	313	594
Governance costs	51	17	11	33	112	172	284
Pensions department	-	-	-	-	-	2,982	2,982
Investments department	-	-	-	-	-	1,939	1,939
Shared services	577	192	128	385	1,282	1,426	2,708
Total support costs	1,828	609	406	1,218	4,061	6,832	10,893

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

6. Support costs (continued)

For comparative purposes, details of 2020 support costs are set out below:

	Restricted funds					Unrestricted funds	Total
	Rental properties	Shared ownership	Mortgage properties	Supported housing	Total	Pension schemes	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing department	997	333	222	666	2,218	-	2,218
Executive and Secretariat	132	44	29	88	293	336	629
Governance costs	55	18	12	36	121	175	296
Pensions department	-	-	-	-	-	3,326	3,326
Investments department	-	-	-	-	-	2,121	2,121
Shared services	553	184	123	368	1,228	1,409	2,637
Total support costs	1,737	579	386	1,158	3,860	7,367	11,227

Housing department costs

These costs are allocated on a 'per head' basis: costs of housing staff are allocated 45% to rental properties, 30% to supported housing schemes, 10% to mortgages and 15% to shared ownership.

Executive and Secretariat and shared service costs

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

Governance costs

Governance costs comprise staff and non-staff costs relating to the general running of the Board, including supporting the work of the Board and its Committees. Trustees (and co-opted members) of the Board are reimbursed for travel expenses incurred whilst on official business but are not entitled to any other remuneration or allowances. In the year to 31 December 2021, 11 (2020: 12) trustees claimed a total of £953 (2020: £3,000). Governance costs other than external audit costs are allocated between pension schemes and the charity on a 'per head' basis. The charity's housing share is then allocated 45% to rental properties, 30% to supported housing schemes and nursing care, 10% to mortgages and 15% to shared ownership.

	2021	2020
	£'000	£'000
External audit (including VAT)	70	70
Internal audit	41	50
Board and committee meetings	1	1
Total governance costs	112	121

Total fees paid (excluding VAT) to Crowe U.K. LLP are shown below:

	2021	2020
	£'000	£'000
Audit of CEPB and its subsidiary undertakings	58	58
Total audit fees relating to current year for CEPB and its subsidiaries	58	58
Audit of Pension Schemes	104	97
Total audit fees relating to current year for Pension Schemes	104	97

Pensions department costs

Expenses are incurred by the Board for administering the pension schemes. These costs are recovered from the pension schemes by charging an administration fee to each scheme.

Investment department costs

Expenses are incurred by the Board for managing the investment portfolio of the Church of England Investment Fund for Pensions through which the pension schemes hold investments. These costs are recovered by the Board as part of the administration fee the Board charges each pension scheme.

Shared service costs

Shared services are provided by Church of England Central Services. Expenses incurred by the Board for administering the Pension Funds are either charged directly to the activity to which they relate or are allocated to the funds in proportion to staff costs, number of data processes or other relevant criteria.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

7. Staff numbers and costs

The Chief Executive and staff employed to work in the investment team and supported housing schemes are employed directly by the Board. The Board is joint employer, together with the other National Church Institutions (the NCIs), of most of the staff of the NCIs. In addition to staff employed directly, the work of the Board is supported by staff in shared service departments who provide finance, HR, communications, legal, IT and internal audit services. Since 1 April 2014 they have been employed by a separate NCI, Church of England Central Services (ChECS). Prior to this they had one of the three main NCIs as managing employer and their costs were shown only in the relevant NCI's financial statements.

The SORP requires that the costs of staff employed by third parties who operate on the organisation's behalf be disclosed in the financial statements. In order to comply with the spirit of the SORP, the costs of all ChECS staff are shown in aggregate in the tables below – the Board's share of which was £1,690,000 (2020: £1,644,000).

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

	Pensions Board own staff								ChECS			
	Housing		Pensions and Investments		Secretariat		Supported housing		Total		Shared services	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Average number employed	37	36	45	41	4	4	90	93	176	174	177	178
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1,521	1,390	2,234	1,997	341	352	1,326	1,389	5,422	5,128	8,504	8,189
National Insurance costs	166	151	258	228	42	44	95	97	561	520	949	911
Pension contributions	233	196	302	271	53	49	181	173	769	689	1,853	1,898
Total cost of staff	1,920	1,737	2,794	2,496	436	445	1,602	1,659	6,752	6,337	11,306	10,998
Total chargeable to Charitable Funds	1,920	1,737	-	-	206	207	1,602	1,659	3,728	3,603		

Included in staff costs is £nil (2020: £nil) paid by way of redundancy costs to nil (2020: nil) individuals for restructuring. Restructuring costs are accounted for in full in the year in which the restructure is announced.

The number of staff whose total employee benefits for the year fell in the following bands were:

	Pensions Board own staff								ChECS	
	Housing		Pensions and Investments		Secretariat		Supported housing schemes		Shared services	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
£60,001 to £70,000	2	1	4	3	1	1	-	-	17	14
£70,001 to £80,000	1	1	2	2	-	-	-	-	4	7
£80,001 to £90,000	1	1	1	1	1	1	-	-	3	2
£90,001 to £100,000	-	-	2	3	-	-	-	-	2	3
£100,001 to £110,000	-	-	-	-	-	-	-	-	7	5
£110,001 to £120,000	-	-	1	-	-	-	-	-	-	-
£120,001 to £130,000	-	-	-	1	-	-	-	-	1	1
£130,001 to £140,000	-	-	-	-	-	-	-	-	1	-
£140,001 to £150,000	-	-	-	-	1	1	-	-	-	-
£150,001 to £160,000	-	-	1	-	-	-	-	-	-	-
£170,001 to £180,000	-	-	1	-	-	-	-	-	-	-

Employee benefits include gross salaries and termination payments but do not include employer pension contributions and employer National Insurance contributions.

Most staff above were members of the Church Administrators Pension Fund. Of those directly managed by the Board, 13 (2020: 12) staff accrued benefits under a defined contributions scheme for which contributions for the year were £127,000 (2020: £125,000). The other 3 (2020: 4) staff accrued benefits under a defined benefit scheme. Of those managed by ChECS, 30 (2020: 28) staff accrue benefits under a defined contribution scheme for which contributions for the year were £330,000 (2020: £295,000). The remaining 5 (2020: 4) staff members accrue benefits under a defined benefit scheme.

Of the remaining staff managed directly by the Board, 2 (2020: 2) staff accrued benefits in the Church Workers Pension Fund under a defined contribution scheme for which contributions for the year were £42,000 (2020: £23,000), and 1 (2020: nil) staff member did not accrue benefits in any pension scheme.

The highest paid member of staff earned £175,000 (2020: £147,000). Further details of the Board's remuneration policy are included in the Management section of the Board's report, on page 29. The Board's executive leadership team comprises 10 individuals (2020: 10), 7 (2020: 7) of whom are employed directly by the Board and 3 (2020: 3) by ChECS. The aggregate remuneration for these 10 individuals, including National Insurance and pension contributions, was £1,394,966 (2020: £1,179,000).

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

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

8. Staff pensions

Staff employed jointly by the National Church Institutions

Pension benefits from Service up to 31 December 1999

These are met by the Church Commissioners for England, so no costs or liability are reflected by the Board.

Pension benefits from Service from 1 January 2000

Benefits for staff arising from service from 1 January 2000 are provided by the Church Administrators Pension Fund ("CAPF").

The participating employers are responsible for making contributions of £500,000 (2020: £390,000) towards the administration costs of the CAPF. The Board's share of these costs was £69,400 (2020: £41,000).

Staff who were in service as at 30 June 2006 are members of the defined benefit section of the CAPF. This is considered to be a multi-employer scheme as described in FRS 102 paragraph 28.11 and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure.

The contributions to the CAPF are assessed by an independent qualified actuary using the projected unit method of valuation. A valuation of the scheme is carried out once every three years, the most recent having been carried out as at 31 December 2019. This revealed a deficit of £9.1m. Deficit contributions of £2,400,000 per annum from January 2021 are payable until 31 December 2023. At 31 December 2020, payments were made under the previous Schedule of Contributions, where the deficit recovery contributions of £2,667,723 per annum from 1 January 2018 were subject to an annual increase on 1 January each year of 3.3% per annum.

The Board's share of this agreed deficit recovery plan is provided for. The provision is measured at its net present value. The table below shows the movement on the provision:

	CEPB staff	Share of ChECS staff	2021	CEPB staff	Share of ChECS staff	2020
Provision at 1 January	379	245	624	477	298	775
Contributions Paid	(104)	(30)	(134)	(114)	(61)	(175)
Interest charged on provision	1	-	1	4	2	6
Adjustment to net present value of provision	(20)	(6)	(26)	12	6	18
Provision at 31 December	256	209	465	379	245	624

Staff who joined after 20 June 2006 are members of the defined contributions section of the CAPF. Employer contributions payable in the year are charged to expenditure.

Staff employed directly by the Board (mainly in supported housing schemes)

Pension benefits for staff in supported housing managerial positions are provided for by a defined benefit section of the Church Workers Pension Fund ("CWPF"). The scheme is considered to be a multi-employer scheme as described in FRS 102 paragraph 28.11 and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure.

The contributions to the Fund are assessed by an independent qualified actuary using the projected unit method of valuation. The last full valuation of the Fund, as at 31 December 2019, showed there is no more deficit (2016: £29.4m). There is no deficit recovery needed from each participating employer in the scheme from 2021.

Pension benefits for other staff are provided for by a defined contribution scheme in CWPF, where employer contributions payable in the year are charged to expenditure.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

9. Investment assets

GROUP	At 1 January 2021	Additions	Disposals	Gains/(losses)	Cash movements	At 31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
UK investment funds	40,780	-	-	5,176	-	45,956
Cash held by investment managers	222	-	-	-	(58)	164
Total UK investment funds	41,002	-	-	5,176	(58)	46,120
UK investment properties	738	-	-	-	-	738
Consolidated total investment assets	41,740	-	-	5,176	(58)	46,858

CHARITY	At 1 January 2021	Additions	Disposals	Gains/(losses)	Cash movements	At 31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
UK investment funds	40,780	-	-	5,176	-	45,956
Cash held by investment managers	222	-	-	-	58	164
Total UK investment funds	41,002	-	-	5,176	(58)	46,120
UK investment properties	738	-	-	-	-	738
Investment in subsidiary	13	-	-	-	-	13
Charity's total investment assets	41,753	-	-	5,176	(58)	46,871

Funds were managed by Savills, Mayfair and Brewin Dolphin. Investment funds were held as follows:

	2021	2020
	£'000	£'000
Savills	22,032	19,997
Mayfair	9,551	8,136
Brewin Dolphin	14,537	12,869
Total	46,120	41,002

Subsidiaries

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

The Board also owns 100% of CHARM Finance PLC, a company limited by share capital of £50,000 (of which £12,500 has been paid up by the Board), held as a special purpose vehicle which in August 2015 provided £70m of funds to the Board via the issue of £100m of 3.126% Secured Bonds (including £30m in principal amount of Retained Bonds) due August 2048. In April 2018 CHARM Finance PLC provided a further £30m of funds to the Board via the issue of £50m of 3.509% Secured Bonds (including £20m in principal amount of Retained Bonds) also due in 2048. These funds are being used to secure current and future obligations for clergy housing in retirement.

The financial results of the Subsidiaries are detailed in Note 16.

Joint ventures

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

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

The Board's share of net assets and net income of ChECS was £nil (2020: £nil). As at 31 December 2021, £357,000 was owed by ChECS to the Board (2020: £323,000 owed by ChECS to the Board) representing amounts loaned to ChECS by the Board. In addition, £84,000 was owed by the Board to ChECS for services rendered in December 2021, which has been included within trade creditors and accrued expenditure.

The Pensions Board have no associated undertakings.

UK investment properties

The valuers of the investment properties were Savills LLP.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

10. Tangible assets – Supported housing and IT systems

Consolidated and charity	At 1 January 2021 £'000	Additions £'000	Disposals £'000	Charge in year £'000	Impairment £'000	At 31 December 2021 £'000
<i>Supported Housing land and buildings</i>						
Cost	27,292	-	-	-	-	27,292
Depreciation	(5,265)	-	-	(507)	-	(5,772)
Net book value	22,027	-	-	(507)	-	21,520
<i>Fixtures and fittings</i>						
Cost	4,446	34	-	-	-	4,480
Depreciation	(3,253)	-	-	(113)	-	(3,366)
Net book value	1,193	34	-	(113)	-	1,114
<i>IT systems</i>						
Cost	1,358	1,159	-	-	-	2,517
Depreciation	-	-	-	(154)	-	(154)
Net book value	1,358	1,159	-	(154)	-	2,363
Total supported housing and IT systems	24,578	1,193	-	(774)	-	24,997

IT systems represents the capitalised costs incurred in respect of the construction of the new Housing Management System and a major upgrade to the Pensions Administration System. Depreciation is now being charged for the Housing Management System and for the first completed phase of the Pension Administration system. No depreciation is charged for the second phase of Pensions Administration System whilst the assets are under construction.

11. Tangible assets – CHARM properties

The Board owns a number of different types of properties which it uses to fulfil its charitable objective: to provide retirement housing for retired clergy (CHARM).

Consolidated	Book value at 1 January 2021 £'000	Additions £'000	Disposals £'000	Book value at 31 December 2021 £'000	No. of properties at 1 January 2021	Additions	Disposals	No. of properties at 31 December 2021
Rental properties								
Funded by CC	23,875	-	(1,779)	22,096	252	-	(21)	231
Funded by PB	171,820	5,423	(2,004)	175,239	935	19	(9)	945
Rental properties total	195,695	5,423	(3,783)	197,335	1,187	19	(30)	1,176
Shared ownership properties								
Funded by CC	3,476	-	(122)	3,354	36	-	(1)	35
Funded by PB	6,350	-	(397)	5,953	68	-	(4)	64
Shared ownership properties total	9,826	-	(519)	9,307	104	-	(5)	99
Mortgaged properties								
Funded by CC	29,116	-	(2,415)	26,701	522	-	(51)	471
Funded by PB	841	-	(8)	833	15	-	(1)	14
Mortgaged properties total	29,957	-	(2,423)	27,534	537	-	(52)	485
Totals								
<i>Properties with significant restrictions (funded by Church Commissioners)</i>	56,467	-	(4,316)	52,151	810	-	(73)	737
<i>Properties without significant restrictions (funded by the Pensions Board)</i>	179,011	5,423	(2,409)	182,025	1,018	19	(14)	1,023
Total	235,478	5,423	(6,725)	234,176	1,828	19	(87)	1,760

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

11. Tangible assets – CHARM properties

Charity Only	Book value at 1 January 2021	Additions	Disposals	Book value at 31 December 2021	No. of properties at 1 January 2021	Additions	Disposals	No. of properties at 31 December 2021
	£'000	£'000	£'000	£'000				
Rental properties								
Funded by CC	23,875	-	(1,779)	22,096	252	-	(21)	231
Funded by PB	171,821	5,422	(2,004)	175,239	935	19	(9)	945
Rental properties total	195,696	5,422	(3,783)	197,335	1,187	19	(30)	1,176
Shared ownership properties								
Funded by CC	3,476	-	(122)	3,354	36	-	(1)	35
Funded by PB	6,350	-	(397)	5,953	68	-	(4)	64
Shared ownership properties total	9,826	-	(519)	9,307	104	-	(5)	99
Mortgaged properties								
Funded by CC	23,915	-	(2,253)	21,662	467	-	(49)	418
Funded by PB	436	-	(8)	428	11	-	(1)	10
Mortgaged properties total	24,351	-	(2,261)	22,090	478	-	(50)	428
Totals								
<i>Properties with significant restrictions (funded by Church Commissioners)</i>	51,266	-	(4,154)	47,112	755	-	(71)	684
<i>Properties without significant restrictions (funded by the Pensions Board)</i>	178,607	5,422	(2,409)	181,620	1,014	19	(14)	1,019
Total	229,873	5,422	(6,563)	228,732	1,769	19	(85)	1,703

The fixed assets shown in the Charity-only table above include only those mortgage loans made directly by the Board, for which CC-funding was received. Loans made by the Board to CEPB Mortgages Ltd, but ultimately funded by CC, are reflected in current debtors. See note 12. The related mortgages issued by CEPB Mortgages Ltd are shown in the Consolidated fixed assets table.

Financing and restriction

Historically, the Board's own properties were funded from trusts and legacies. From 1983 until July 2010 most of the rental, shared ownership and mortgaged properties purchased were financed by loans from the Church Commissioners. Under this arrangement, the legal ownership of each property lay with the Board but a significant part of the economic interest lay with the Commissioners. In the case of mortgaged and shared ownership properties, the Commissioners' economic interest was in the same proportion as the amount of financing they provided compared to the purchase price. Purchases were recognised at cost and the loan from the Commissioners recognised at an equal amount within creditors. If the property were sold, an amount equal to the proceeds (for mortgaged and shared ownership properties, in the same proportion as the financing they provided compared to the purchase price) would be repayable. This arrangement meant that the Commissioners retained a significant degree of financial control over the properties they funded, and on a property becoming vacant, determined if and when it was sold and for how much.

Since the end of the Commissioners' funding arrangement, financing for purchases of new rental or shared ownership properties has been provided through three sources. Firstly in 2010 the Board put in place a loan facility with Santander. Secondly in 2015 the Board was loaned £70,000,000 from its subsidiary CHARM Finance PLC, which raised funds through the issue of a listed bond. Thirdly in 2018 the Board was loaned £30,000,000 from its subsidiary CHARM Finance PLC, which raised funds through the issue of a second listed bond. Further details of both facilities are provided in Note 13.

Of the £70,000,000 loaned to the Board in 2015, £41,841,000 was used to purchase the economic interest in 196 properties which had originally been funded by the Commissioners. The Commissioners have retained a right to receive any profit on disposal of any of the 196 properties up to August 2025, over the agreed purchase price of that property, and in 2021 one (2020: two) properties were sold by the Board, with £39,369 (2020: £20,030) paid to the Church Commissioners as a result of this agreement. In the opinion of the trustees however, as the remainder of these properties have been identified for long-term use by the Charity, it is not expected that many further payments will accrue to the Church Commissioners as a result of this arrangement.

In addition to these arrangements, 48 rental properties were purchased with contributions from dioceses and others, where the contributions are repayable when the property is sold, as either a simple repayment or in the same proportion as the original contribution to the purchase price, depending on the agreement made. The Board recognises the full cost of the property and also recognises a liability for the amount contributed (see note 13).

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

12. Debtors

	Consolidated		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	215	512	215	509
Subsidiary undertakings	-	-	5,444 *	5,608
Prepayments and accrued income	770	835	758	835
Joint venture (ChECS)	384	323	384	325
Other debtors	30	145	30	145
Total	1,399	1,815	6,831	7,422

* Loans from the Church of England Pensions Board to CEPB Mortgages Ltd are repayable when the properties associated with them are sold. This is categorised as a current debtor for the Charity in line with FRS 102 section 4.7. See Note 13 for more details.

13. Creditors

Current liabilities:	Consolidated		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	981	2,610	981	2,610
Accruals and deferred income	3,337	2,596	3,325	2,596
Tax creditor	22	4	22	4
Other creditors	1,567	1,175	1,567	1,175
Total amounts falling due within one year:	5,907	6,385	5,895	6,385

Concessionary loans repayable on sale of fixed assets

Loans from Church Commissioners for:

- rental properties	22,096	23,873	22,096	23,874
- shared ownership properties	3,354	3,476	3,354	3,476
- mortgage properties	26,701	29,117	26,701	29,117
Diocesan and other creditors	700	759	700	758
Total loans repayable on sale of fixed assets	52,851	57,225	52,851	57,225
Total current liabilities	58,758	63,610	58,746	63,610

Loans from the Church Commissioners are repayable when the properties associated with them are sold. The trigger for the repayment is the sale of the property and the proceeds are passed in full to the Church Commissioners. Properties are sold when residents vacate rented properties, shared ownership properties are sold and mortgages are redeemed. These assets are classified as fixed assets and are included in note 11.

FRS 102 section 4.7 states that where the repayment of a creditor cannot unconditionally be deferred for more than a year, it must be classed as a current liability. Even though experience has shown that loans from the Church Commissioners will be repaid steadily over a timeline substantially longer than one year, they meet this definition and as a result are included within current liabilities.

The terms of these concessionary loans are: for loans granted prior until 31 March 1993 the initial interest rate was 3%, increasing in line with RPI each April; for loans granted from 1 April 1993 the initial interest rate was 4%, increasing in line with RPI each April.

The same current liability classification has been applied to the Diocesan loans to the Pensions Board.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

13. Creditors (continued)

	Consolidated		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Non-current liabilities:				
Bond liabilities – 2015 Bond	70,000	70,000	-	-
Bond liabilities – 2018 Bond	30,000	30,000	-	-
Bond liabilities – capitalised bond set-up costs	(660)	(689)	-	-
Intra-group liability – loan repayable to CHARM Finance PLC	-	-	100,000	100,000
Intra-group liability – capitalised bond set-up costs	-	-	(660)	(689)
Loan from Santander	21,500	18,000	21,500	18,000
Loan from Santander - capitalised set-up costs	(117)	(150)	(117)	(150)
Total	120,723	117,161	120,723	117,161

The two bonds, issued by subsidiary undertaking CHARM Finance plc, were issued to finance the growth and development of the CHARM scheme. Transaction costs of £509,000 were incurred in respect of the 2015 bond, and £306,000 in respect of the 2018 bond. At 31 December 2021, the amortised cost of the set-up fees incurred (predominantly legal and financial advice fees) for both bonds was £660,000 (2020: £689,000).

For the 2015 bond, interest due up to August 2017 was based on the initial interest rate of 3.126% adjusted for changes in CPI (subject to a 4% cap and a floor of zero). Since August 2017 the applicable interest rate has risen to 3.154%. Repayment of the bond is due in five equal instalments of £14m due in August of 2038, 2041, 2043, 2045 and 2048 respectively. The bond is secured by a fixed charge over 437 properties held by the Charity.

For the 2018 bond, interest due is based on the fixed interest rate of 3.509%. Repayment of the bond is due in three instalments on 12 November 2044, 12 November 2046 and 12 April 2048. The bond is secured by a fixed charge over 209 properties held by the Charity.

The following table details the maturity of the bond-related contractual payments as at 31 December 2021:

Period	<u>2015 Bond</u>		<u>2018 Bond</u>	
	Interest due	Capital repayment	Interest due	Capital repayment
	£'000	£'000	£'000	£'000
Due to end December 2021	809	-	140	-
Due within one year (to end December 2022)	2,355	-	1,053	-
Due within five years (to end December 2026)	9,476	-	5,126	-
Due after five years	39,480	70,000	19,823	30,000
Total	52,120	70,000	26,142	30,000

The intra-group liability due by the charity to CHARM Finance plc mirrors the terms of the bonds noted above.

The charity has a loan facility with Santander through Abbey National Treasury Services PLC which at December 2021 was secured by fixed charges over 249 properties (2020: 254 properties) owned by the charity, with occupied market value of £62,000,000 (2020: £61,000,000). The loan is repayable, subject to terms and conditions, at June 2025.

The cost of the Santander arrangement fee of £500,000 (1% of the loan facility) is offset against the loans and is being amortised over 15 years. At 31 December 2021, the amortised cost was £117,000 (2020: £150,000).

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

14. Financial Instruments

		Consolidated		Charity	
	Note	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Financial assets at fair value through statement of financial activities					
Listed non-current investments	9	46,858	41,739	46,871	41,752
Total financial assets		46,858	41,739	46,871	41,752

15. Funds

Consolidated and charity	Balance at 1 January 2021 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Other gains £'000	Transfers £'000	Balance at 31 December 2021 £'000
Unrestricted funds	-	6,832	(6,832)	-	-	-	-
Total unrestricted funds	-	6832	(6,832)	-	-	-	-
Restricted funds:-							
General Purposes Fund:							
- General Funds	109,489	21,637	(19,711)	4,886	-	(1,700)	114,601
- Earmarked – Property Maintenance	6,567	-	(3,369)	-	-	1,700	4,898
Clergy Retirement Housing Trust & other trusts	12,402	597	(465)	290	-	-	12,824
Total restricted funds (excl. pension reserve)	128,458	22,234	(23,545)	5176	-	-	132,323
Pension reserve	(624)	-	133	-	26	-	(465)
Total funds	127,834	29,066	(30,244)	5,176	26	-	131,858

For comparative purposes, the table below shows the movement on funds for the year ending 31 December 2020:

Consolidated and charity	Balance at 1 January 2020 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Other gains £'000	Transfers £'000	Balance at 31 December 2020 £'000
Unrestricted funds	-	7,367	(7,367)	-	-	-	-
Total unrestricted funds	-	7,367	(7,367)	-	-	-	-
Restricted funds:-							
General Purposes Fund:							
- General Funds	109,890	21,166	(18,411)	(556)	-	(2,650)	109,489
- Earmarked – Property Maintenance	7,838	-	(3,921)	-	-	2,650	6,567
Clergy Retirement Housing Trust & other trusts	11,972	545	(203)	88	-	-	12,402
Total restricted funds (excl. pension reserve)	129,700	21,711	(22,485)	(468)	-	-	128,458
Pension reserve	(775)	-	169	-	(18)	-	(624)
Total funds	128,925	29,078	(29,683)	(468)	(18)	-	127,834

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

15. Funds (continued)

Unrestricted funds

The **unrestricted funds** represent expenditure incurred by the CEPB on salaries and working expenses subsequently recovered from the pension funds administered by the Board. The CEPB has no net assets or liabilities in its own right as a body corporate.

Restricted funds

The **General Purposes Fund ("GPF")** is the largest charitable fund administered by the Church of England Pensions Board, covering the provision, maintenance & management of homes of residence for retired clergy and church workers and their spouses/former spouses/dependants, etc.

Within restricted funds, the Trustees have earmarked an amount for property maintenance. £1.7m (2020: £2.6m) was transferred from the restricted general fund to the earmarked Property Maintenance fund to allow for additional property maintenance work.

The **Clergy Retirement Housing Trust ("CRHT")** is a registered charity (Charity No. 236627-2) and is a linked charity of the Board. As a linked charity, it is accounted for as a restricted fund. The charitable object of the CRHT is to use its property as residences for those persons who are qualified for such residence by virtue of the provisions of the Clergy Pensions Measure 1961 or any succeeding legislation.

Below is a summary of the assets and liabilities of each fund as at 31 December 2021:

FUND	Fixed Assets	Current Assets	Current Liabilities	Non-Current Liabilities	SUB TOTAL	Provision for Pension Liability	NET ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	673	953	(1,626)	-	-	-	-
Restricted Funds:							
General Purposes Fund	294,463	2,838	(57,079)	(120,723)	119,499	(465)	119,034
Clergy Retirement Housing Trust & other trusts	10,895	1,982	(53)	-	12,824	-	12,824
Total	306,031	5,773	(58,758)	(120,723)	132,323	(465)	131,858

For comparative purposes, the table below provides a summary of the assets and liabilities of each fund as at 31 December 2020:

FUND	Fixed Assets	Current Assets	Current Liabilities	Non-Current Liabilities	SUB TOTAL	Provision for Pension Liability	NET ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	525	1,241	(1,766)	-	-	-	-
Restricted Funds:							
General Purposes Fund	290,501	4,820	(62,107)	(117,161)	116,053	(624)	115,429
Clergy Retirement Housing Trust & other trusts	10,770	1,372	263	-	12,405	-	12,405
Total	301,796	7,433	(63,610)	(117,161)	128,458	(624)	127,834

16. Subsidiary results

The Board owns 100% of CEPB Developments Ltd, a dormant company limited by shares, held to undertake property and building development at the supported housing schemes, and CEPB Mortgages Ltd, a company limited by guarantee, held to administer mortgages on behalf of the Board. Both companies are registered at 29 Great Smith Street, London, SW1P 3PS.

The Board also owns 100% of CHARM Finance PLC (incorporated and acquired 17 July 2015), a company limited by share capital of £50,000 (of which £12,500 has been paid up by the Board), held as a special purpose vehicle which in August 2015 provided £70m of funds to the Board via the issue of £100m of 3.126% Secured Bonds (including £30m in principal amount of Retained Bonds) due August 2048. In April 2018 CHARM Finance PLC provided a further £30m of funds to the Board via the issue of £50m of 3.509% Secured Bonds (including £20m in principal amount of Retained Bonds) also due in 2048. These funds are being used to secure current and future obligations for clergy housing in retirement.

Summaries of the Board's significant subsidiaries' results are shown below:

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2021

16. *Subsidiary results (continued)*

	CEPB Mortgages		CHARM Finance PLC	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Revenue	338	343	3,488	3,442
Expenditure	(338)	(343)	(3,488)	(3,442)
Result	-	-	-	-
Total Assets	5,445	5,609	100,973	100,285
Total Liabilities	(5,444)	(5,608)	(100,960)	(100,272)
Net Assets	1	1	13	13

17. *Related Parties*

Subsidiary companies

The Board received £338,000 from CEPB Mortgages (2020: £343,000) in respect of mortgage interest received by the Company. At the balance sheet date, CEPB Mortgages owed the Board £5,445,000 (2020: £5,609,000) in respect of mortgage loans repayable.

The Board paid £3,437,555 to CHARM Finance PLC in 2021 in respect of bond interest paid by the Company (2020: £3,381,000). At the balance sheet date, the Board owed CHARM Finance PLC £99,340,000 (2020: £99,311,000) in respect of loans repayable in relation to the 2015 and 2018 bonds.

Joint ventures

Church of England Central Services (ChECS) is a joint venture between the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board, and therefore a related party of the Board. More information can be found in Note 9.

Pension Schemes

Details of amounts paid to the pension schemes are disclosed in note 8.