THE CHURCH COMMISSIONERS FOR ENGLAND ANNUAL REPORT 2025

The Church Commissioners
Annual Report 2025

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OVERVIEW AND WELCOME FROM THE ARCHBISHOPS OF YORK AND CANTERBURY

We are delighted to introduce the Church Commissioners' annual report for 2025.

The Church Commissioners is vital to supporting the ministry of the Church of England and all those who work so hard in the dioceses and parishes to make the good news of Jesus Christ known and shared in the communities of our nation.

2025 was the year that the 2026-28 triennium funding round was agreed: featuring an unprecedented uplift from the previous period and a record distribution of £1.6bn which was announced in June 2025, generated by the Commissioners and to be partially delivered through the Archbishops' Council.

But the Commissioners is more than an investment fund. It is also critical to the day-to-day work of the Church of England – sharing expertise, providing services, ensuring our cathedrals are properly looked after, and caring for clergy during their ministry and after.

During the past year, work has continued towards the readiness of the Redress Scheme launch. The Scheme is the Church's acknowledgement of the harm caused by abuse within the Church of England and is its way of offering meaningful recognition to victims and survivors. It is also a demonstration of how truly sorry the Church is for past safeguarding failings. The Scheme will be open to applicants in the latter part of 2026.

The commitment to seek justice and address the failings of the past extends into the important work that is being done to address the Church Commissioners' predecessor funds' links to transatlantic chattel enslavement, through investments and bequests.

We are grateful for everyone who enables the Church to thrive.

Year in, year out, the Commissioners provides around 20% of the money needed to keep our churches going, ensuring the good word is heard, now and in the future.

In 2025, the fund performance was strong. It was the 17th year of growth – in fact, the fund has averaged a return of 9.2% over the past 30 years. An impressive result – more impressive still considering that these returns were made in an ethical way, consistent with the Commissioners' approach as a Christian investor. It would be remiss of us not to note the hard work of Poppy Allonby in her first year as Chief Investment Officer and her team in ensuring this continued and positive direction of travel.

While the 2025 fund performance was above the long-term return target, we must acknowledge that the elevated distributions agreed for the 2026-28 triennium are not sustainable in the medium to long term, so the total level of distributions will need to reduce thereafter.

To all those who work to further that work, at the Commissioners and elsewhere across the community, here and abroad, we say thank you. Your work is vital to supporting a Christian presence in every community, enabling the Church to be faithful to its primary vocation of worship of God and witness to the love we find in Jesus Christ.

Sarah Mullally
Archbishop of Canterbury

Stephen Cottrell
Archbishop of York

St Mary the Virgin,
Lewisham

AT A GLANCE

We support the mission of the Church of England through ethical and responsible management of the Church's historic endowment fund.

	2025	2024
Total return	8.0%	10.3%
Total return (30 years average)	9.2%	9.6%
Supporting dioceses and the local church	£202.8M	£202.0M
Bishops' and Archbishops' ministry	£52.9M	£55.3M
Cathedrals' ministry	£17.8M	£14.7M
Other activities	£8.8M	£11.2M
Total charitable expenditure excluding National Redress Scheme and clergy pension obligations	£282.4M	£283.2M
Total cash paid on clergy pensions	£121.8M	£124.1M
Investment fund	£11.6BN	£11.1BN

THE CHURCH COMMISSIONERS' ROLE WITHIN THE CHURCH OF ENGLAND

The Church Commissioners is one of seven national administrative bodies that work together to support the mission and ministry of the Church of England. These are called National Church Institutions (NCIs).

Bradford Cathedral

NATIONAL CHURCH INSTITUTIONS

Each NCI has a role to play in helping the day-to-day work of churches across England. The NCIs serve as the Church's central office, managing finance, education, communications, and more, to keep the Church of England growing.

The NCIs are separate legal entities, but they are a common employer. The present arrangements were established under the National Institutions Measure 1998. The seven NCIs are:

- The Archbishops' Council.
- Lambeth Palace.
- Bishopthorpe Palace.
- The Church Commissioners for England.
- The Church of England Pensions Board.
- The National Society (Church of England and Church in Wales) for the Promotion of Education.
- Church of England Central Services.

THE CHURCH COMMISSIONERS FOR ENGLAND

Established in 1948, the Church Commissioners for England supports the work and mission of the Church of England by administering its permanent endowment fund. The Church Commissioners is accountable to Parliament, General Synod and, as a registered charity, the Charity Commission.

There are 33 Church Commissioners, who have responsibility for making sure that the charity's charitable obligations are met. Six of the Commissioners hold Offices of State and the remaining 27 comprise the Board of Governors, the main policy-making body (for more information, see page 68).

Three of the Commissioners are lay people who represent the Church Commissioners in the General Synod of the Church of England. The First and Second Commissioners are appointed by HM the King on the advice of the Prime Minister, while the Third Commissioner is appointed by the Archbishop of Canterbury.

Alan Smith

FIRST CHURCH ESTATES COMMISSIONER

The First Church Estates Commissioner chairs the Church Commissioners' Assets Committee, a statutory committee responsible for the strategic management of the Church Commissioners' investment portfolio. They are also a member of the Church Commissioners' Board of Governors, the General Synod, the Archbishops' Council, and on the board of Church of England Central Services.

Alan Smith has held the office of the First Church Estates Commissioner since 1 October 2021.

Marsha de Cordova MP

SECOND CHURCH ESTATES COMMISSIONER

The Second Church Estates Commissioner ensures our accountability to Parliament by regularly answering questions in the House of Commons. As a member of Parliament's Ecclesiastical Committee, they guide Church of England legislation through the House of Commons. The Second Church Estates Commissioner is also a member of the Church Commissioners' Board of Governors and an ex-officio member of the General Synod.

Marsha de Cordova MP has held the office of the Second Church Estates Commissioner since 7 October 2024.

Sir Robert Buckland KBE

THIRD CHURCH ESTATES COMMISSIONER

The Third Church Estates Commissioner chairs the Mission, Pastoral and Church Property Committee and the Bishoprics and Cathedrals Committee, in addition to membership of the Board of Governors. They also chair the Net Zero Carbon Programme Board.

Sir Robert Buckland KBE was appointed on 18 February 2025.

A LETTER FROM THE FIRST CHURCH ESTATES COMMISSIONER

Last year, we spoke about finalising our plans for funding the Church over the next three years. This year, we celebrate the approval of that plan – and what that means for parishes all around the country.

In our latest triennium funding round, we announced a record distribution of £1.6bn, up a third from the previous period. This result came despite upheaval in the markets and was in no small part down to the long-term approach inherent in our 'in-perpetuity' investment model – with financial discipline translating directly into support for mission and ministry, and for investment in safeguarding.

The challenge for a faith-based investor is to deliver good returns while also meeting high ethical standards – investing well and investing in a way that makes the world a better place.

Our values and investment strategy principles continue to guide our work. The fund's investment strategy seeks to balance two core objectives. First, support for the Church of today, which means ensuring that there is sufficient cash and liquidity to meet the near-term distributions and other contractual obligations. Second, support the Church of tomorrow, which means meeting our long-term through the cycle return target of CPIH+4%. This requires high exposure to growth assets to generate sufficient investment returns and adequate diversification. Over 2025 we reviewed and refined our strategic asset allocation targets, and expanded our risk management guardrails framework, in support of meeting these objectives. Also aligned to these aims, in November 2025, we successfully executed a £275m bond issue, at the same time maintaining our strong credit rating of Aa1.

We remain committed to meeting the risks – and indeed the opportunities – of climate change. Some institutions have pulled back on this work in the face of pressure, but alongside many others we have not, and will not. Climate risk is economic risk. Mispricing that risk would mean misallocating capital. And of course, failing to address climate change would be to fail our obligations to God's creation, which we as Christians are called on to protect and nurture.

We aim to be at the forefront, globally, of responsible investment, and are increasingly recognised for our approach. The Responsible Investment team, led by Olga Hancock, was honoured for its work on human rights data, and our Real Assets team, led by John Weir, received awards for its work on sustainability. Those awards came in a year where we approved a record triennial distribution for 2026 to 2028 and achieved an 8.0% return in 2025, which is above our return target. Those outcomes reinforce how strong values and strong performance go hand in hand.

2025 was also a year of change at the top.

Our Chief Executive and Secretary, Gareth Mostyn, moved on after five very successful years. Rosie Slater-Carr, our Chief Operating Officer (COO), took his place as interim Chief Executive and Secretary for non-investment activities, while Poppy Allonby, our CIO, was responsible for the investment function. John Worth subsequently joined as Chief Executive and Secretary from September 2025 to the end of March 2026, with Rosie and Poppy resuming their interim functions since. We are grateful to them for the excellence of their leadership in enabling many important outcomes in what was a year of significant transition. We thank John for his work on behalf of the Church Commissioners and wish him all the best in his future endeavours.

This period of transition has continued into the current year. The Bishop of Salisbury, Stephen Lake, resigned from his position as Deputy Chair of the Board on 4 March 2026 and as a trustee of the Church Commissioners with effect from 1 April 2026. This provides an appropriate point at which to reflect on the effectiveness of our governance and internal control arrangements to support our continued commitment to the highest standards of governance, and provide assurance that our arrangements remain proportionate and robust.

With a record triennium distribution, new leadership, and a clear mission, we look to the future with quiet confidence. The Church Commissioners will continue supporting the Church of England as it serves our communities, promotes justice, and offers hope.

Alan Smith
First Church Estates Commissioner

OUR VISION AND PURPOSE

Our vision is: "Enabling Christ's thriving Church".

The Church Commissioners' core purpose is to provide long-term support for the ministry of the Church of England by delivering sustainable funding, practical guidance, and effective processes.

Our vision and purpose are enabled by talented teams and good governance, underpinned by our National Church Institution values:

- Strive for excellence.
- Act with integrity.
- Respect others.
- Show compassion.
- Collaborate.

LONG-TERM SUPPORT FOR THE MINISTRY OF THE CHURCH OF ENGLAND: through practical guidance and effective processes which contribute to its resilience and durability

STRATEGIC OBJECTIVES	TIMEFRAME	2025 ACHIEVEMENTS
Completion of Lambeth Palace refurbishment (H1 2025). Complete lessons learned report.	2025	• Final refurbishment works were completed in December 2025. • The project successfully improved the safety, security, sustainability, and accessibility of the Palace, achieving a BREEAM Excellent rating.
Design and commence programme to transform the digital estate of Lambeth Palace Library.	2025 – 2028	• Expanded the digital footprint of the library by creating 3,300 new archive records, making 3,400 visible online, and creating 3,123 new collection images for the online image library. • Carried out a Discovery review of the work needed to deliver a structure that supports digital preservation.

LONG-TERM SUPPORT FOR THE MINISTRY OF THE CHURCH OF ENGLAND: through practical guidance and effective processes which contribute to its resilience and durability

STRATEGIC OBJECTIVES	TIMEFRAME	2025 ACHIEVEMENTS
Subject to Synod's approval of the new Mission and Pastoral Measure (MPM), begin the revision process for this piece of legislation, ready for Synod approval in 2026.	2024 – 2026	• The draft legislation was successfully tabled at Synod in February 2025 and approved at first consideration. • The Steering and Revision committees met four times in 2025 to review and amend the legislation, readying it for the Revision report stage at the July 2026 session of Synod.
Continue to support the development of the National Redress Scheme through to Synod approval in July 2025 and Scheme opening as soon as possible thereafter.	2025 – 2030	• The Abuse Redress Measure, setting the legal framework for the National Redress Scheme, successfully obtained Royal Assent in December 2025. • Brought forward anticipated funding into 2025, recording a post-discounting £137.3m exceptional provision to support the National Redress Scheme.
Continued delivery of programme of response to links with enslavement, bringing to conclusion the legislative process with the Charity Commission and seeking to establish a new delivery entity for this work by end of 2025.	2024 – 2031	• Further engagement with the Charity Commission on the intention to establish a new £100m in-perpetuity impact investment fund. • Supported the Archbishop of York in presenting the Church's case study on reparatory justice at the UN.
Continued delivery of Net Zero Carbon strategy, with programme scope redefinition process to take place once the outcome of 2026-28 funding is known.	2024 – 2030	• Concluded the first three-year phase of the programme, deploying £27.5m towards demonstrator projects and capacity building. • Leveraged approximately £11m in external funding. • Supported 127 churches through the 'Give to Go Green' pilot.

OUR VISION AND PURPOSE
continued

LONG-TERM SUPPORT FOR THE MINISTRY OF THE CHURCH OF ENGLAND: through funding that is sustainable in terms of the performance of our portfolio, our ethical and responsible investment principles, and the processes and systems that ensure the efficient distribution of funds.

STRATEGIC OBJECTIVES	TIMEFRAME	2025 ACHIEVEMENTS
Manage the endowment fund professionally and ethically in order to allow the Church Commissioners to maintain and grow its in-perpetuity funding support to the Church of England (in accordance with the principles of inter-generational equity).	Long-term	Achieved a positive return of 8.0% in 2025 – the 17th consecutive year of positive returns – bringing the ten-year average return to 8.6%. Approved in June a record distribution of £1.6bn for the 2026-28 triennium, representing a 36% increase on the previous period.
Optimise the Church Commissioners' impact as a leading Responsible Investor (RI) through prioritising key themes and implementing a targeted RI programme accordingly.	2023 – 2025	2024 Stewardship Report approved by the FRC (Financial Reporting Council) as meeting the reporting requirements of the 2020 UK Stewardship Code. The Commissioners then remained signatories to the Stewardship Code for 2025. Published the Climate Action Plan 2.0 in October, reporting major progress and setting ambitious 2030 net zero carbon goals. Co-led the Investor Initiative on Human Rights Data (II-HRD), which won two Environmental Finance Sustainable Investments Awards. Published a nature strategy, alongside a dedicated report on addressing tropical deforestation.

LONG-TERM SUPPORT FOR THE MINISTRY OF THE CHURCH OF ENGLAND, ENABLED THROUGH:
-Diverse teams that feel engaged, appropriately resourced and supported to deliver their work; and
-Governing bodies that are equipped to make data-driven and values-led decisions.

STRATEGIC OBJECTIVES	TIMEFRAME	2025 ACHIEVEMENTS
Ensuring that the Church Commissioners Board are equipped and able to discharge any new duties relating to the future of Church Safeguarding. This will be supported by high-quality recruitment and onboarding of new trustees and committee members.	2025	Throughout 2025, Senior Leaders across the NCIs and new trustees refreshed their Senior Leadership Safeguarding training via high-quality learning events run by the National Safeguarding team.
Introduce new Code of Conduct. Improve governance practice and compliance around the management of Conflicts of Interests.	2025	Code of Conduct strengthened in 2025, and trustee training provided on identification and management of conflicts of interest. Thorough review of trustees' conflicts and connected persons carried out.
Commence delivery of new Commissioners-wide engagement strategy to ensure that wider Church stakeholders and governing bodies are connected to and have a good understanding of stakeholder perspective.	2025	Developed and commenced an engagement plan designed to deepen relationships with the wider Church. Delivered significant engagement across Church stakeholders around the Triennium Funding Working Group that was received very positively. Undertook proactive and frequent engagement with key Church stakeholders regarding the Commissioners' strategy and priorities.
Continue to embed work to improve the diversity and engagement of Church Commissioners' staff. This will include strengthening data gathering, embedding fair recruitment processes, focusing on enabling internal mobility, renewing our terms of reference for staff networks to increase impact, and focusing on key skills of speaking up/conflict resolution and change readiness through our learning programmes. We will also hold another pipeline recruitment event to increase diversity at senior levels.	2025	Reported holistically on ethnicity, disability, and gender pay gaps, and achieved a Gold Talent, Inclusion, Diversity & Inclusion (TIDE) award for efforts to nurture a culture of belonging. Improved staff engagement, with average favourability scores in the pulse survey rising to 75.5%, and 85% of respondents stating they would recommend the NCIs as a good place to work. Pipeline event postponed to 2026 following better understanding of Governance changes.

SUPPORTING THE CHURCH OF ENGLAND

The Church Commissioners makes funds available to support mission and ministry across England.

Sing Joyfully: Exploring Music in Lambeth Palace Library exhibition

SUPPORTING DIOCESES AND THE LOCAL CHURCH

One of the key ways in which the Church Commissioners achieves its purpose is through distributing funding to the Archbishops' Council to support dioceses and the local Church.

A large part of this funding is distributed by the Archbishops' Council through three funding streams – the Diocesan Investment Programme, the Lowest Income Communities Funding, and the Partnerships Funding – as part of the Strategic Mission and Ministry Investment (SMMI) programme.

The SMMI programme supports the Church of England in achieving the strategic priorities and bold outcomes of the Church's Vision and Strategy for the 2020s.

THE VISION AND STRATEGY FOR THE 2020S

The Vision for the Church in the 2020s is to become a Church that is centred on Jesus Christ and shaped by Jesus Christ through the five marks of mission.

The three strategic priorities are a Church:

- of missionary disciples;
- which is younger and more diverse; and
- where mixed ecology (i.e. church in a variety of different forms and settings) is the norm.

The six bold outcomes are:

A church for everyone through:
1) Doubling the number of children and young active disciples in the Church of England by 2030.
2) A Church of England which fully represents the communities it serves in age and diversity.

A pathway for every person into an accessible and contextual expression of church through:
3) A parish system revitalised for mission so churches can reach and serve everyone in their community.
4) Creating 10,000 new Christian communities across the four areas of home, work/education, social and digital.

Empowered by:
5) All Christians in the Church of England envisioned, resourced and released to live as disciples of Jesus Christ in the whole of life, bringing transformation to the Church and world.
6) All local churches, supported by their diocese, becoming communities and hubs for initial and ongoing formation.

STRATEGIC MISSION AND MINISTRY INVESTMENT BOARD (SMMIB)

The SMMIB distributes and monitors the SMMI programme on behalf of the Archbishops' Council. It also tracks the delivery and impact of other programmes focusing on growing mission, which were previously awarded funding by the Strategic and Investment Board and the Strategic Ministry Board.

SMMIB's oversight comprises two elements: the Diocesan Investment Programme and the Partnerships Funding.

DIOCESAN INVESTMENT PROGRAMME (DIP)

The Diocesan Investment Programme (DIP) is temporary funding that supports dioceses to advance their plans for the Vision and Strategy in parishes and communities across England, prioritising investment in the most deprived contexts. Dioceses can access funding for two different types of investment:

- A plan to develop strategic mission and ministry across the whole diocese which sets out the additional people, capacity and other resources needed to deliver it; and
- A major change programme to develop mission and ministry focused on a particular geographical area or demographic.

Both types of investment must align with the diocese's overall strategy and the Church's Vision for the 2020s. Data analysis, local consultation, prayer, integrating lessons learnt and specialist knowledge should be combined to discern and design the proposal. Plans must demonstrate that the national funding integrates with the diocese's resources to deliver change in mission and ministry that can be sustained once this temporary national funding has ended.

In 2023-25, £241m of DIP funding was made available by the Archbishops' Council and Church Commissioners. Additional funding was transferred into the DIP

Church of St Thomas à Becket at Fairfield, Romney Marsh, Kent programme during 2025 from underspends from other funding streams.

In 2025, the SMMIB awarded DIP programme funding totalling £91.7m. The main programme awards in 2025 are listed below:

- **Birmingham:** £19.8m to focus on growth in deprived communities by revitalising 13 parishes and planting two new churches.
- **Carlisle:** £6.8m to grow missional rural churches, create nearly 90 new Christian communities, and train 200 new leaders over the next five years.
- **Chelmsford:** £6.5m for the first phase of a nine-year programme to support mission across the Barking Episcopal Area by identifying resource churches to transform estate communities.
- **Chichester:** £5.3m for the first phase of a ten-year programme to strengthen churches along the deprived coastal strip through revitalisation and the addition of significant children and youth resources.
- **Lichfield:** A further £5.1m for a six-year programme to revitalise All Saints, Hanley, into a missional hub and resource new worshipping communities integrated into school life.

Crib service at Worcester Cathedral

- **Liverpool:** £7.7m for the first three years of a seven-year programme to develop resilient church communities by funding active mission and creating larger single parishes to provide centralised administrative support.
- **Rochester:** £10.8m for the first five years of a nine-year programme to create a flourishing parish system by developing missional leaders, re-energising outreach to families, and establishing 'Resource Hubs'.
- **Salisbury:** £2.2m to designate 13 'Mission Hubs' that will revitalise surrounding parishes, develop a youth discipleship pathway, and plant new worshipping communities.
- **Sheffield:** £15.5m to raise lay leaders, invest in clergy wellbeing, revitalise Doncaster city centre, and develop Sheffield Cathedral as a resource church.
- **St Albans:** £2.3m for the first phase of a programme to grow a younger, diverse congregation by planting churches in major towns as missional 'engines' and expanding a young adult leadership pathway.
- **St Edmundsbury & Ipswich:** £2.7m to attract younger congregations by piloting strategic music projects, including youth and children's choirs, across three deaneries.
- **Southwell & Nottingham:** A further £4.4m for the first phase of a five-year programme supporting the Church Growth Programme, focusing on church reopenings and revitalisation in market towns and highly deprived city suburbs.

DIP funding is also available to help dioceses address constraints in their capacity to develop and implement strategies, and to take forward major programmes of transformation. In 2025, the SMMIB awarded £2.0m of capacity funding to 11 dioceses.

The SMMIB awarded £4.0m for 27.5 FTE additional stipendiary curates in 10 dioceses in 2025. Requests for funding for additional stipendiary curates are now included as part of dioceses' proposals for major DIP programmes or for people capacity funding.

LOWEST INCOME COMMUNITIES FUNDING (LINC)

LInC funding was introduced in 2017 to support dioceses in developing mission and growth in lower-income communities and estates and, from 2023, it has been distributed as part of the SMMI programme. Dioceses report annually on their use of the funding, with a minimum of one outcome agreed at the outset to facilitate mutual accountability and learning.

Many dioceses use LInC funding to support deprived parishes that cannot meet their parish share, ensuring ongoing ministry provision in these areas. The SMMIB urges dioceses to target their LInC funding to their most deprived communities.

In 2023-25, £91.0m was available for distribution as LInC funding, plus £7.9m of transition funding to support dioceses that receive less LInC funding than they did under the previous formula.

In 2025, 28 dioceses received £31.2m of LInC funding, with an additional £1.1m of transition funding for those receiving less funding under the previous formula. A further £0.2m was distributed to the Diocese of Europe and included in Note 5 under LInC.

PARTNERSHIPS FUNDING (PF)

Partnerships Funding (PF) supports partners and networks and seeks to address gaps or barriers that inhibit delivery of the Vision and Strategy. In 2023-25, £12.9m was available for award.

In 2025, the Board awarded £5.9m of PF for the following programmes:

- **Bubble Church:** £1.0m to train 250 further parishes to start Bubble Churches, building on the success of reaching new families at the 70 existing locations established through previous investment.
- **BRF Ministries:** £0.6m to expand Parenting for Faith, helping parents, carers, and grandparents disciple their children at home. The aim is to grow reach from 5% to 40% of parishes, as well as training 750 children and youth leaders and 600 clergy to support families.
- **Emmaus Gaming:** £0.5m to use online gaming as a tool for digital evangelism, aiming to connect with 100,000 young people.
- **Growing Hope:** £0.6m to train 825 churches to adapt their services and buildings to be more accessible and sensory-aware for children with additional needs.
- **Kindling Network:** £0.3m to equip clergy to revitalise parishes in decline through immersive experiences and peer learning.
- **Revitalise Trust:** £0.5m to equip 300 Kids and Youth Pastors and support children and young people in 45 new and revitalised worshipping communities by 2027.
- **Royal School of Church Music:** £0.4m to inspire dioceses to rediscover music as a pathway to mission and discipleship for young people, by equipping churches to create or renew 200 choirs.
- **The Society of St Wilfred and St Hilda:** £0.5m to support the Catholic Mission Network to double the number of clergy and laity equipped to increase community engagement.

> *Year in, year out, the Commissioners provides around 20% of the money needed to keep our churches going, ensuring the good word is heard, now and in the future.*

- **Youthscape:** A further £1.5m to work with every diocese in the Church of England, supporting 950 more clergy to start youth ministry, training 2,300 more youth work volunteers, and providing engaging materials to disciple young people in 3,500 churches.

STRATEGIC DEVELOPMENT FUNDING AND STRATEGIC TRANSFORMATION FUNDING

The SMMIB manages ongoing programmes and projects awarded under previous funding streams, namely Strategic Development Funding (SDF), Innovation Funding, Strategic Transformation Funding and Strategic Ministry Funding.

In 2025, the SMMIB awarded additional SDF totalling £1.8m to existing projects in three dioceses, mainly to support them with increases in building costs. SDF funds previously awarded but returned during 2025 amounted to £1.7m.

MONITORING, EVALUATION AND LEARNING

The SMMIB tracks the delivery and impact of the programmes awarded funding by the SMMIB and its predecessor, the Strategic Investment Board.

Each programme agrees a set of outcomes that it is planning to achieve by the end of the programme, taking part in annual reviews to track progress and learning. Ongoing management is provided by diocesan project and programme boards, which operate within change controls. Some larger programmes have an assurance framework with enhanced requirements for outcome gathering, financial management and governance structures. Each programme ends with an independent evaluation.

The monitoring, evaluation and learning framework managed by SMMIB includes a shared outcome framework to provide a set of common measures for all funded programmes and enables better comparisons to be made between different programmes and approaches, and more accurate aggregated data. Work continues to ensure a consistent approach.

Durham Cathedral

The Church Support Hub was further developed during 2025 and provides an easily accessible central learning platform.

Research commissioned on key learnings in rural mission, undertaken by Brendan Research, was published on the Church Support Hub in 2025: What's In Our Hands: Rural Mission Learning Review.

NATIONAL GIVING STRATEGY AND PARISH GIVING SCHEME

The National Giving Strategy funding is provided to support a five-year strategy to encourage giving and generosity in churches. This includes grants to dioceses to help them implement this strategy.

Key highlights for 2025:

- **Giving Advisor Fund (GAF):** £0.7m was paid out to 27 dioceses in 2025 from £3.9m worth of grants awarded over the last five years to 32 dioceses.
- **Parish Giving Scheme (PGS):** Now active in all 42 dioceses, processing £110m in gifts to parishes in 2025.
- **Digital Giving:** £24.7m was raised in 2025 across online and contactless giving; £21.3m of which was through contactless gifts.
- **Give to Go Green (G2GG):** Piloted a match funding scheme in eight dioceses, engaging 127 churches and raising £1.6m for decarbonisation projects.
- **Clergy Training:** More than 500 clergy members attended workshops on encouraging giving and generosity.

SAFEGUARDING

Safeguarding funding provides financial support for the core work of the National Safeguarding team and the Safeguarding Programme, through which a range of improvement initiatives are being implemented in response to the Independent Inquiry into Child Sexual Abuse (IICSA). This includes working with dedicated diocesan, cathedral and parish safeguarding officers to foster healthy safeguarding cultures and uphold the National Safeguarding Standards to make the Church of England a safer place for everyone.

Key highlights for 2025:

- **Total Expenditure:** £7.5m was spent on safeguarding in 2025, an increase from £7m in 2024.
- **Interim Support Scheme:** Funding enabled the Interim Support Scheme to help 95 victims and survivors with urgent, short-term support.
- **Training and Systems:** Investment continued in essential infrastructure, including the national rollout of a safeguarding casework management system across all dioceses, and the delivery of safeguarding training to over 103,000 clergy, safeguarding professionals and volunteers.

RACIAL JUSTICE

Racial Justice funding is offered to dioceses and other institutions to make targeted interventions in the area of racial justice.

Key highlights for 2025:

- **Total Expenditure:** £7.3m was awarded to support racial justice initiatives.
- **Diocesan Grants:** The largest portion of funding, £4.1m, was awarded directly to dioceses. For example, the Diocese of Leicester received a £0.5m grant over three years to appoint a Director of Racial Equity.

DISABILITY

Disability funding is available for dioceses and other institutions to undertake work to widen access to the Church community, and positions of leadership, for those with disabilities.

Key highlights for 2025:

- **Accessibility Grants:** Over £1.2m was awarded to help fund 99 accessibility projects in parishes.
- **Targeted Support:** Over a third of these grants were directed to parishes in the Northern Province that rank among the 1,000 most deprived parishes nationally.

NATIONAL SERVICES

The Church Commissioners distributed funding for National services and support provided by the Council enables the Council to undertake its work in a range of areas including administration of grants and ministry, as well as central secretariat and communications.

In addition, the Church Commissioners also provided funding to the Council to meet the training costs of additional ordinands and support dioceses to deliver the Church-wide goal of providing for future ordained ministry through increasing the number of ordinands by 50% (Additional Ordinands Funding). Finally, the Church Commissioners also funded, via the Council, development programmes for incumbent clergy and senior leaders as well as discernment and educational programmes.

ARCHBISHOPS', BISHOPS' AND CATHEDRALS' MINISTRY

The Church Commissioners meets the stipends, office and working costs of the archbishops and bishops, as well as cathedral senior clergy, in support of their ministry.

Diocesan bishops can spend their funding according to local needs, which are regularly reviewed to inform future funding allocations.

LAMBETH PALACE REFURBISHMENT

Lambeth Palace is owned and maintained by the Church Commissioners and has, as reported previously, undergone extensive repair. The refurbishment, now complete, has improved the safety, security, sustainability and accessibility. It ensures that Lambeth Palace remains a global base for the Church's mission and hospitality, benefitting the nation for generations to come. The project also helped make Lambeth Palace a model for achieving genuine sustainability in historic buildings and achieved a BREEAM Excellent rating.

Works started in 2022, under the regular oversight of the Bishoprics and Cathedrals Committee and an additional project oversight board, and final completion of the project was achieved in December 2025.

LAMBETH PALACE LIBRARY

Lambeth Palace Library strengthened its role as a centre for knowledge, preservation, and engagement. Work spanned conservation, cataloguing, digitisation, and public programming, all aimed at making the collections more accessible and relevant to colleagues, readers, researchers and visitors. Alongside these core activities, we deepened partnerships and supported the wider mission of the National Church Institutions through expert advice and collaborative projects.

Additional funding from the Triennium Funding Review supported new activities, with staffing and organisational resilience our immediate priorities. Ensuring that the Library is equipped for the future through a structure that supports digital preservation, enables outreach and offers colleagues equitable role banding will be central to our planning in 2026.

CONSERVATION AND PRESERVATION

In addition to ongoing work to monitor the environmental condition of the stores, and to support readers' use of the collection, conservation work advanced across major projects including the Sion College Library and a survey of textile bindings in the print collection and work on the archival collections. The team hosted conservation students who condition-surveyed and cleaned 100 prints.

Loans facilitated included 15 objects borrowed for the Library's exhibition Unfolding Time: The Medieval Pocket Calendar and lending of Olaudah Equiano's Interesting Narrative (1789) to the Jewish Museum Vienna.

ACCESSIONS

The Library received 39 new archival accessions, including 348 boxes of NCI records and five boxes of Archbishops' papers. To our printed collection, 241 modern purchases and 483 gifts were added, alongside 88 rare acquisitions.

Notable acquisitions this year generously funded by the Library's Friends and Trust included John Fisher's 1526 sermon against Lutheranism and A Glasse of the Truthe (c.1531–32), bound with Cranmer's translation of Determinations of the Universities, a seal matrix of Archbishop Matthew Hutton, a letter by former Librarian Andrew Coltée Ducarel, and an early 15th-century English manuscript of contemplative works.

Routes in the Records, exploring the Church Commissioners' historic links to African chattel enslavement

Sing Joyfully: Exploring Music in Lambeth Palace Library exhibition

Unfolding Time exhibition

CATALOGUING AND DIGITISATION

Archives created 3,300 new records and made 3,400 visible online, including the Turnbull Commission papers, the Legal Board archive, Churches Together in Britain and Ireland, items from the Carey papers, and the Cathedral Fabric Commission files.

In Printed Books, 2,032 items across all collections were catalogued, including 1,378 Sion items, bringing the total to 186,528 records.

Imaging services created 3,123 new collection images, raising the online image library to 33,553 images, and fulfilled 335 image enquiries, including 141 for high-resolution publication.

PUBLIC ENGAGEMENT

The exhibition generously funded by the National Lottery Heritage Fund and the Friends Unfolding Time (February – May) attracted 1,786 visitors. Its programme featured outreach sessions through schools, a public library and the Evelina Children's Hospital, public tours and a symposium.

The exhibition Sing Joyfully: Exploring Music in Lambeth Palace Library (July – November) marked the 500th birthday of the Arundel Choirbook (MS 1), generously funded by the Friends. It drew 1,218 visitors, hosted a symposium and two concerts (in Arundel with 200 attendees, and in Lambeth Palace, with 220).

Additional engagement activities included a Careers Open Day and a study day organised collaboratively with the CC Engagement team, Routes in the Records, exploring the Church Commissioners' historic links to African chattel enslavement.

RESEARCH AND PARTNERSHIPS

The Library contributed a case study to the toolkit Researching Institutional Involvement in the Transatlantic Slave Trade and hosted placements from several universities. Colleagues have worked closely with The National Archives on the Manorial Documents, and with the Yad Vashem Archives on records of Jewish history, and developed a cathedral archives and libraries preservation programme.

The Library has been supporting work to merge the Lambeth Palace Library Trust and the Friends into one Charitable Incorporated Organisation.

BISHOPS' HOUSING

The Church Commissioners has a statutory duty to support diocesan bishops with housing and to provide suitable accommodation which facilitates the bishops' work and mission.

Five new diocesan bishops were appointed during 2025, and we took the opportunity to undertake essential asset management and refurbishment works at the Coventry, St Edmundsbury & Ipswich and Truro See Houses, along with completing the works at the Carlisle See House.

Works commenced at the Worcester See House in order for the new Bishop to move in and take up their official duties in the early part of 2026.

Given the earlier than expected vacancy in the See of Canterbury, we have undertaken significant surveys to provide us with the necessary information required for undertaking key asset management work, along with net zero carbon interventions where appropriate, to the Canterbury See House (Old Palace). These works will commence in early 2026 and a temporary house has been found within the Canterbury Cathedral precincts for use when required for the Archbishop of Canterbury for the duration of the works.

The Crown Nominations Commission failed to appoint to the Diocese of Ely in 2024 and, along with the candidate to the See of Durham withdrawing their candidacy for nomination, the appointment processes to fill these respective Sees continued during 2025. We have therefore completed the necessary works required at the relevant See Houses in order to welcome the new bishops (and their families) in due course.

The future of the Winchester See House (Wolvesey Palace) was determined and deemed suitable during 2025. Full surveys to assist with decision making which will consider appropriate and necessary net zero carbon interventions required for such an historic building were undertaken and costed. It is yet to be agreed when works will commence. The Bishop (and his family) remain living in an interim property.

As part of the Church of England's desire to meet Net Zero Carbon by 2030, the Church Commissioners has been awarded funding from the Net Zero Carbon Board to complete demonstrator projects across the See House portfolio in 2025 to enable the development of knowledge and technical expertise, that can be utilised to inform an approach to work towards achieving net-zero carbon across the See House portfolio. Demonstrator projects were completed at Durham, Truro, Coventry and Derby. These will be worked up into case studies and analysed for operational efficiency over 2026. Lessons learnt from these projects will help write the net zero carbon trajectory within the See House portfolio for the next triennium.

Challenges remained in 2025 in respect of building and maintenance costs inflation – these pressures remain a concern, especially with our wish to achieve best value across the portfolio.

SUPPORT FOR CATHEDRALS

2025 saw the bedding in of the Cathedrals Measure with cathedrals continuing to adapt to new governance arrangements in what was an increasingly difficult financial environment for many cathedrals.

Conscious of these financial challenges, we commissioned work with a pilot group of cathedrals to assess some of the challenges and potential solutions. The pilot project highlighted a number of challenges particularly in terms of fabric upkeep and the exercise has now been extended to all other cathedrals, with about 75% take up. It is hoped that the results of the exercise will then inform how the Commissioners and the cathedral community work together to maximise the benefit of the limited funds available.

We have a statutory obligation to meet the stipend and pension costs of a Cathedral's Dean and two residentiary canons, and have contributed £4.8m towards other cathedral clergy and lay staff costs. In addition in 2025, the Cathedrals Sustainability Fund has awarded 38 grants totalling £5.3m, financing strategic advisors as well as supporting key operational and developmental roles within the cathedral community.

SUSTAINABILITY AND THE AMBITION TO REACH NET ZERO CARBON BY 2030 FOR CATHEDRALS

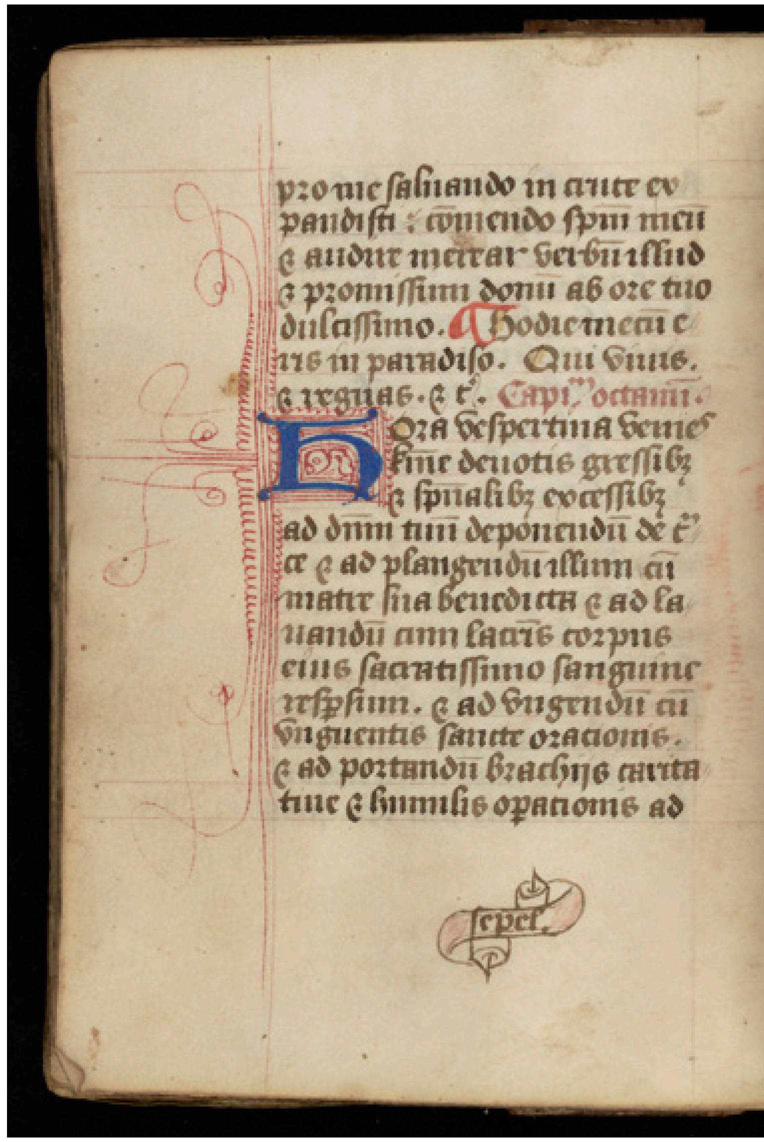
Cathedrals constitute a relatively low proportion of the Church of England's total carbon footprint. However, being open every day and large architecturally significant buildings, they are, by their nature, high energy users with relatively high carbon emissions. Cathedral chapters, nevertheless, remain committed to reducing their carbon emissions and whilst many are unlikely to achieve net zero carbon by 2030 without some form of carbon offset, we have been working with the community to help reduce emissions as much as possible.

During 2025, we funded seven 'demonstrator' projects supporting relighting and photovoltaic schemes, the installation of Air Source Heat pumps and infra-red heating. We have also supported six smaller 'quick wins' projects where the focus was on undertaking relatively simple and low-cost projects that delivered a short-term reduction in carbon emissions. We are also supporting a Knowledge Transfer Partnership between Lichfield Cathedral and Staffordshire University.

CHANCEL REPAIR LIABILITY

The Commissioners has whole or partial chancel repair liability for approximately 800 parish churches, and from 1 October 2025, assumed legal liability for the repair of approximately 190 chancels where the liability had previously sat with cathedral chapters.

2025 saw a slight increase in the number of projects being supported with the total number of chancel repair schemes rising to 68 and ranging from the replacement of a small number of roof tiles to major repair projects in York and Wolverhampton. During 2025 we have expended £1.1m on these chancel repairs projects.



Top, a seal imprint and matrix of Archbishop Matthew Hutton, 1757, and below, an English manuscript of contemplative texts, early C15th

CATHEDRAL AND CHURCH BUILDINGS

The Cathedral and Church Buildings Department (CCB) works with and supports the people who care for our 16,000 churches and 42 cathedrals.

We do this in many ways, working with others. For example, we provide training and statutory guidance to Diocesan Advisory Committees and Fabric Advisory Committees, as well as churchwardens and volunteers, dioceses and cathedral chapters, through online published guidance and advice on the day-to-day maintenance and conservation of churches and on how to go about making changes to church and cathedral buildings, including for sustainability. We engage directly with some casework where we are involved with individual churches or cathedrals. We work with government, Historic England and the wider heritage and places of worship sectors to develop policy and leverage funding.

The CCB provides the Secretariat for the statutory Church Buildings Council (CBC), Cathedrals Fabric Commission for England (CFCE), and Statutory Advisory Committee on Closed and Closing Churches (SAC), as well as supporting committees on Net Zero Carbon and Building Services, Contested Heritage and the six Conservation Committees that provide specialist advice and grants on church interiors such as bells, clocks, wall paintings, stained glass, wood carvings and monuments. In 2025 the Church Buildings Council responded to over 500 casework referrals including on reordering, wider use, responding to worship and mission needs and conservation. In responding, we draw on over 100 expert members of the Council and its committees. We value and prioritise the diversity of our committees aiming to ensure that they reflect the Church and communities we serve. Following the autumn retirement of the Rt Revd Vivienne Faull, who served as a fine champion for church buildings and those who care for them, we continue to be well supported by Lead Bishop for Church Buildings and Cathedrals, the Rt Revd Dr Andrew Rumsey.

BUILDING CONFIDENCE

The CCB continues its conversation across the Church of England and the wider community about a strategy to sustain our church buildings, and how we support those who manage and care for them. We are working with others in the places of worship and heritage sectors to identify sustainable funding so church buildings can be fit for mission and for purpose, for now and in the future. The CCB also encourages 'struggling churches' and has developed engagement with churches where the future seems uncertain and where a fresh appraisal of the building and its potential can lead to good outcomes. We support the strategic development of the 323 major parish churches through strengthening the relationship between major churches and their dioceses, deepening our engagement with individual major churches, the Major Churches Network, and other stakeholders, and encouraging training for incumbents and lay staff. We are working with dioceses as they develop and carry out their church buildings strategies to foster good practice and mutual learning.

We have continued our advocacy for church buildings funding including working closely with partners to advocate for the continuation of the Listed Places of Worship Grant Scheme, administered by the Department for Digital, Culture, Media & Sport. Since the early 2000s, this scheme has awarded grants equivalent to eligible VAT on capital repair projects for listed churches and cathedrals. In January 2025, the Government reduced the annual amount available from £42m to £23m with a £25,000 per church cap, putting significant pressure on existing and planned projects. Following the full allocation of these funds, the scheme closed in February 2026, and we are now working with the Government and Historic England to help shape its successor, the Places of Worship Renewal Fund.

BUILDINGS FOR MISSION

During 2025, the CCB continued to deliver the innovative Buildings for Mission (BfM) project. BfM reinforces CCB's strategic work to foster the care of church buildings and the sustainability of their worshipping communities and complements other initiatives, such as the Net Zero Carbon Programme, and leverages funding from other organisations whilst building confidence and capacity within dioceses to keep church buildings fit for mission.

The £11m funding allocation from the 2023-25 triennium has enabled grant-making to dioceses and partner bodies, with an emphasis on activities which devolve the money to parish level and are focused on addressing areas of need. The Church Buildings Support Officers (CBSO) Grant Scheme has 36 posts appointed around England, 33 in dioceses and three in partner organisations. They provide advice and support to parishes on repairs and maintenance, as well as aspects of community engagement. Support officers are provided with

All Saints' Church in Stamford, Lincolnshire

Friends and Festival Church Conference at St Mary's Church, Ely

CASE STUDY: BUILDINGS FOR MISSION

Ely Diocese Church Buildings Support Officer led Church Buildings Management Partnership

Led by the Church Building Support Officer (CBSO), Ely Diocese now has a Church Buildings Management Partnership (CBMP) covering over 28 churches and four benefice groups with three clergy. The partnership offers church visits from a maintenance contractor, drone surveys and site inspections, stitch-in-time repairs, fire extinguisher and electrical checks, tree works and graveyard repairs. Targeted community engagement support from the CBSO has led to the establishment of a new friends group, successful funding bids, volunteer training events, support with transition to Festival Church status, and discussion of new governance including joint councils. In June 2025 the area launched Festival Week, a series of events based around the Leightonstone churches including talks, picnics, quiz nights and traditional fetes. The partnership is now developing interactive church trails, joint events and new activities supported by an events indemnity fund provided by the Diocese. Ely Diocese is looking to continue to develop the CBMP and is exploring developing similar projects, expanding on lessons learnt from the pilot project.

regular online and in-person training and networking opportunities to assist them in their work.

The Minor Repairs and Improvements Grants Fund has provided £6.2m of funding to dioceses during the 2023-25 triennium for them to distribute to churches in the form of grants for urgent and necessary small-scale repair or improvement projects. By November 2025, dioceses had made a total of 1,294 grant offers to churches, with 34% of these in the most deprived 20% of parishes. In total, grants worth £5.4m have been given to churches and have helped achieve approximately £6.7m in partnership funding. The Fund is administered jointly with the Net Zero Carbon Quick Wins Fund providing £2.4m of funding to dioceses to make grants towards small-scale energy-saving works and stop-gap heating solutions, complementing the BfM funding for building repairs and improvements.

The Church Buildings Management Partnerships initiative is exploring ways to improve the effectiveness and cost efficiency of church buildings maintenance and facilities management through collective procurement. Four diocese-led pilot schemes have been initiated to test different approaches and will continue their activity until end 2026.

In 2025, independent evaluation of the CBSO and Minor Repairs & Improvements (MR&I) programmes was conducted, and the findings were very positive. The project has been renewed for the 2026-28 triennium and is anticipated to continue in future triennia.

DIGITAL OFFER

Development of the new Buildings Management Portal, the successor to the Online Faculty System, continued during 2025, ahead of launch during 2026, with diocesan and user engagement. New functionality includes a direct link to the Contact Management System already in use in most dioceses, providing automated role attribution and diocesan-led user management processes. Additional features include improved usability, enhanced security, larger file management options, web-mapping features such as live flood warning areas, as well as general improvements to the overall structure of the system for long-term use and further integration.

CONSERVATION GRANTS FUNDING

The Conservation Grants Programme (CGP) has been run since the 1950s by the Church of England in partnership with the Pilgrim Trust, the Radcliffe Trust and others. The CGP team is part of the Church Commissioners for England CCB, however all grants are distributed through the Archbishops' Council. More information can be found on the 360 Giving website and within the Archbishops' Council annual report. In addition, the CCB publishes Conservation Grants Annual Reports with an overview of our grant awards for conservation and fabric repairs.

CLOSED CHURCHES

2025 was the first year with Closed Churches' work as part of CCB. This has strengthened engagement at a national level over the whole life of church buildings. This has helped identify opportunities for heritage and other partners to work with the Church to find new uses for church buildings and made more visible the great care taken over the disposal of churches to a new use. The new staff structure has also improved understanding for working on joint policy areas together.

A hot water tank and heat piping in a church basement

CASE STUDY: NET ZERO CARBON PROGRAMME

To support the Church of England's Net Zero Carbon ambition, the Church Commissioners earmarked up to £190m to drive delivery against the Routemap to Net Zero Carbon. The end of 2025 marked the conclusion of the programme's first three-year phase, which deployed £27.5m towards demonstrator projects, capacity building and essential interventions.

The programme has successfully leveraged approximately £11m in external funding from government grants, trusts and local fundraising, alongside a further £5.8m from dioceses. Every diocese has received funding to establish capacity, creating a network of 58 diocesan Net Zero Carbon roles. Engagement is growing steadily; over a third of churches (5,871) are now engaged with the Eco Church initiative, and participation in the Energy Footprint Tool has increased to 68%, improving the Church's understanding of its baseline carbon footprint.

Key achievements across the 2023–25 period include:

- **Churches:** Funding over 900 energy audits for the highest-emitting churches. Grants were awarded to 18 churches for major capital works and 54 for project development, while a further 735 churches received funding for smaller interventions.
- **Parish match funding:** The 'Give to Go Green' pilot supported 127 churches across eight dioceses, raising £0.9m locally for net zero carbon projects totalling £2.5m.
- **Cathedrals:** Funding emissions reduction projects at 15 cathedrals, comprising seven major demonstrator projects and eight smaller interventions.
- **Housing:** Retrofitting four See Houses to improve energy efficiency. Grants were awarded to all 42 dioceses to progress fabric-first retrofits, supporting 53 clergy housing demonstrator projects.
- **Schools:** Supporting the completion of 140 Heat Decarbonisation Plans and 33 decarbonisation projects.

While early evidence shows that churches receiving grant support are beginning to reduce the carbon pollution from heating, lighting and powering their buildings, we recognise that this is a long-term journey. Most churches will need to reduce emissions in stages.

The 2030 ambition remains a bold and faithful milestone that has driven significant change across the Church. Independent forecasting indicates that meaningful reductions are achievable over this decade, with progress accelerating as systems and funding mature. The Church Commissioners remains committed to long-term investment to help parishes and dioceses make meaningful, lasting progress.

Every gram of carbon reduced contributes to caring for God's creation and loving our neighbours.

MISSION, PASTORAL AND CHURCH PROPERTY

The Church Commissioners work with parishes, diocesan teams, patrons and bishops to further the mission of the Church and the 'cure of souls' by helping the Church manage changes to the provision of worship, mission and ministry at a parish and diocesan level.

This work is fundamental to our shared mission and ministry, as it enables the Church to respond to changing needs and opportunities.

Within that context, the Commissioners has a quasi-judicial role that means it is responsible for the management and delivery of the decision-making processes relating to the Mission and Pastoral Measure (2011) (MPM), the Church Property Measure (2018) and other legislation. This work is overseen by the Mission, Pastoral and Church Property Committee (MPCPC), which is chaired by the Third Church Estates Commissioner, Sir Robert Buckland (KC).

We work with parish representatives and diocesan teams as they bring forward draft proposals under the MPM and adjudicate on objections to those proposals when required. These include decisions to change pastoral geography and ministry provision or to close and dispose of a church building which is no longer needed for regular public worship. The Committee also considers wider policy and strategy matters and works with the National Church Institutions and other partners, including government and the heritage sector.

The casework in 2025 was as follows:

- The MPCPC adjudicated on 21 MPM-related cases and one case regarding the Church Property Measure 2018. Public MPM hearings were held in the Diocese of Peterborough and the Diocese of Truro.
- 107 new draft pastoral schemes were received during the year and 114 were subsequently made.
- 17 disposals of closed church buildings were completed, including four longstanding cases where the building had been closed for over five years. Three churches were sold for a worship use to another denomination: St James West Ealing (London), Sittingbourne St Mary (Canterbury) and Gorton St Philip (Manchester). Broughton Moor St Columba (Carlisle) is now owned by the Parish Council who will use the building for community purposes. St James West Ealing (Diocese of London) was sold for Christian worship use to the Holy Apostolic Catholic Assyrian Church, and Sittingbourne St Mary (Diocese of Canterbury) was sold for worship use to the Maidstone International Church.
- 26 draft schemes for settling the future of closed church building were published.

In total, just over £2.1m in net proceeds from the disposal of eight closed churches was allocated to dioceses to support mission, ministry and new initiatives in 2025. In the past ten years, we have transferred approximately £15.7m to dioceses.

REVIEW OF THE MISSION AND PASTORAL MEASURE (MPM)

In February 2025, the draft legislation for the new MPM was tabled at Synod and approved at first consideration. It was then referred to the Steering and Revision committees for a process of review and amendment, with both committees meeting four times in 2025. The revision process will continue in 2026 and then the draft legislation will return to General Synod.

CHURCHES CONSERVATION TRUST (CCT)

The MPCPC is also responsible for overseeing the Commissioners' relationship with the Churches Conservation Trust (CCT), which is jointly funded by the Commissioners and the Department for Digital, Culture, Media and Sport (DCMS). The CCT works in partnership with communities to conserve the most historically significant church buildings and is currently responsible for 357 churches.

The MPCPC reviewed the annual report and accounts and there was ongoing engagement with the DCMS through the regular joint meeting cycle which looks at finance, performance and risk, progress on longstanding cases and potential vestings.

In July the MPCPC decided to vest three new church buildings into the CCT:

- Grade I listed Berrington All Saints (Diocese of Hereford) which was closed for regular public worship in 2023. The construction dates mainly from the 13th & 14th centuries, with the tower and chancel being added later. It has an unusual oak effigy of a knight in full armour.
- Grade II* St Mary's church, Hamstead Marshall, Newbury (Diocese of Oxford), is sited in a highly significant locale; a grade II registered park closed to a Scheduled Ancient Monument site which includes castles, fishponds and deserted medieval village, as well as a Site of Special Scientific Interest (SSSI). The church dates from the 12th century and the chancel from the 14th century.
- Grade I listed St Mary's Church, Houghton-on-the-Hill, Norfolk (Diocese of Norwich – see case study).

Houghton-on-the Hill St Mary (Diocese of Norwich)

CASE STUDY: ST MARY'S CHURCH, HOUGHTON-ON-THE-HILL, NORFOLK (DIOCESE OF NORWICH)

The church was built in 1090 on the site of an Anglo-Saxon church or earlier settlement, on the London to Walsingham Camino pilgrimage trail. The building is constructed of flint walls with red clay pantiles on the roof. The nave was built in the 11th century and heightened in the 14th century; the south aisle was demolished, but a tower was also added in the 14th century.

Sadly, the church was abandoned in the mid-1920s and was ruinous by the 1950s, but a local retired engineer and churchwarden worked with volunteers to save it, completing repairs in the mid-1990s. During those works, concealed wall paintings of international significance were discovered and in 2006 the paintings were stabilised. The painting layers date from c.1090 but were covered over in the 18th century. The paintings include what is possibly the earliest depiction in Europe of the Gnadenstuhl (Throne of Mercy seat).

The Friends of St Mary's Church (FOSM) was set up by the group who did the repairs to look after the building, but they are now elderly and concerned about the future of the trust and the building; the Committee agreed that the CCT would provide the best home for this building in the long term.

TRAINING AND DIOCESAN SUPPORT

The Mission & Pastoral Services team provides a regular programme of support, training and engagement to the diocesan officers who lead MPM-related work. This programme includes a monthly drop-in for lead officers where they can share issues and get advice on processes, training sessions across all areas of the Measure, and targeted training for particular groups, such as the Archdeacons' network.

In addition, a regular e-newsletter keeps the teams up to date with MPM matters, including the progress of the draft legislation and MPCPC matters.

INVESTING FOR THE FUTURE

The objectives, strategy and performance of the Church Commissioners' investment fund.

St Edmundsbury Cathedral in Suffolk

REVIEW OF INVESTMENTS

The Church Commissioners manages an investment fund of £11.6bn, in an ethical and responsible way. The fund has delivered an average return of 8.6% per annum over the last ten years. The figures cited in this commentary are all in sterling terms.

INVESTMENT STRATEGY AND OBJECTIVES

Our investment policy is to hold a diversified, global portfolio of investments across a range of asset classes within the ranges and investment risk limits permitted by the Assets Committee. The portfolio is managed on a day-to-day basis by the Investment executive, advised and overseen by the Assets Committee, under the general rules set by the Board of Governors.

Our objective is to meet two goals:

- Supporting the Church today by ensuring we have adequate liquidity to meet near-term distributions and other contractual obligations.
- Supporting the Church of tomorrow, by ensuring we are able to maintain spending in real terms, in keeping with our commitments as a perpetual endowment.

These two objectives require careful balancing as emphasising one over the other may lead to adverse outcomes.

In order to meet the first objective, we have guardrails in place to ensure we have sufficient cash and high-quality liquid assets to meet our near-term distributions and other contractual obligations. Additionally, we set a maximum level for illiquid assets.

To meet the second objective, we have a target return of CPIH +4.0% per annum measured over the long-term. This target is reviewed periodically by the Assets Committee to ensure it is realistic, within acceptable risk tolerances, given major asset class valuations and resulting prospective returns. In the past year, the Assets Committee has also implemented distribution affordability guardrails to ensure the long-term health of the Endowment.

We aim to be at the forefront, globally, of responsible investment. We have a comprehensive set of Ethical Investment Policies, informed by advice from the Ethical Investment Advisory Group (EIAG).

FUND PERFORMANCE

Over the past ten years, the fund has achieved an average return of 8.6% per annum and has exceeded our return target over 10, 20 and 30 years. Based on these returns and given the Commissioners' funding distribution over the year, the value of the Church Commissioners' investment assets at 31 December 2025 stood at £11.6bn, net of bond liabilities, compared with £11.1bn at the start of the year.

Meeting or exceeding the performance objective allows pension obligations to be met and has historically allowed us to grow, in real terms, the support for the Church, balancing the needs of both current and future beneficiaries.

In November 2025, the Church Commissioners issued £275m of ten-year conventional bonds at a yield of 5.125%. The proceeds from the issuance are to be deployed for investment purposes and in accordance with the Church Commissioners' responsible investment approach.

The asset allocation chart on page 41 sets out the asset weightings at the end of 2025.

2025 was a strong year for equities. The global stock index, MSCI ACWI (All Country World Index) gained more than 22% in USD terms, although the strength of the sterling versus the US dollar pared that to a little over 14% in sterling terms over the year. The Investment Policy does not permit full currency hedging, nevertheless the permissible hedging programme mitigated a sizeable part of the impact.

Against this backdrop the Church Commissioners' portfolio returned 8.0% in 2025. This is the 17th year in a row that a positive return has been delivered. The strong environment for equity markets boosted returns, with our public equities delivering 13.7% returns over the year. The absolute return and fixed income allocations also contributed towards positive returns.

While the public market allocations delivered strong returns, the private markets and real asset portfolios contributed more modestly (gaining 5.1% and 5.9% respectively). In Private Markets, venture capital performed strongly helped by the AI boom. Private equity, private credit and infrastructure all delivered mid-single digit returns.

Real Estate delivered positive returns, with key contributions coming from Strategic Land and Commercial Property.

PUBLIC MARKETS

Global equity markets experienced volatility with the CBOE Volatility Index (VIX) hitting its highest level since the pandemic. The MSCI ACWI fell more than 16% peak to trough as markets reacted to President Trump's tariff announcements in late March/April. Following a 90-day tariff pause, the S&P 500 rallied 9.5% in a single day and then continued that rally into year end. This was led by large cap technology stocks, with the S&P 500 rising 15% and Nasdaq posting yet another year of 20%+ gains in USD terms, the latter a recovery of some 47% off the April lows.

Nevertheless, US equities underperformed international markets for the first time in two decades, as Emerging Markets rose 21.5% and global equities ex-US markets climbed more than 20%, driven by dollar weakness and policy stimulus in China. Also, as investor confidence in US exceptionalism moderated, capital was reallocated towards non-US markets.

The portfolio tends to be more diversified than the index, with the latter having a higher weight to large cap technology stocks. As such, whilst the equities portfolio did well, gaining 13.7%, it modestly underperformed the MSCI ACWI.

The absolute return portfolio and defensive equity portfolio, representing approximately 15% of the fund, is designed to generate lower correlation returns to equity markets. Market volatility and the weaker dollar impacted returns, with 2025 returns of 5.8% and 8.6%, underperforming equities but fulfilling the defensive mandate.

Fixed income represents 7.5% of the total portfolio. Holdings of sterling fixed income returned solid mid-single digit returns in 2025 driven by Bank of England rate cuts, while Emerging Market and credit sensitive funds also posted solid gains.

2025 was a more active year for Dynamic Portfolio Management given the market volatility and heightened uncertainty around Tariffs, central bank policy and recession risks. The recovery in the equity market meant losses on equity hedging, although these were more than offset by gains in currency hedging.

PRIVATE MARKETS

Over much of the last decade, an allocation to private asset classes, such as private equity and venture capital, has been positive relative to liquid markets, but this has not been the case in recent years as valuation adjustments and a slow exit environment have weighed on performance.

New Woodland Creation, Garlow Wood, Kinclune, Scotland

Above: Connaught Village Green

Photo credit: Jonathan Goldberg

In 2025 performance across all Private Markets portfolios was further impacted by FX headwinds, reflecting a high weighting towards USD-denominated investments. Despite this, Venture Capital benefitted from the surge in AI valuations and came in strongest with a gain of 7.8%, followed by Private Credit at 4.3%, Private Equity at 4.0% and Infrastructure at 2.5%.

Looking ahead to the long term, private market assets are expected to deliver risk-adjusted returns that sit above those for public market assets, reflecting the illiquidity premium in those assets.

REAL ESTATE

The Church Commissioners' real asset portfolio consists of a diverse range of property-related investments. The overall real assets portfolio delivered a positive return of 5.9% during 2025, a strong performance considering the challenging economic environment.

Through 2025, the Strategic Land team secured approval for over 5,000 new homes across the country, with major milestones for new community developments in West Sussex, Cambridgeshire and Lincolnshire being achieved. In January, the team brought forward a further 600 homes in Ely. The development will also see the delivery of a first phase of a new country park for the city, a new primary school and a local centre.

Our Timberland team continued to focus on ensuring the sustainable production of timber from our forests. Work progressed with partners in the UK and the US to support renewable energy developments, which can deliver strong investment returns whilst supporting local communities and a renewable energy transition. We continue to explore opportunities across environmental markets and other highest-and-best land uses.

The Farmland team achieved a positive return through the year, despite the uncertainties faced by the agricultural sector. This result reflects our continued approach to understanding our farm tenants' businesses and working collaboratively with tenants. Through the year, we contributed to a Soil Association Exchange fund to encourage sustainable farming practices and support farmers to improve environmental outcomes and build business resilience. We continued our national partnership with the Farming and Wildlife Advisory Group, undertaking assessments to provide incoming tenants with recommendations around biodiversity and sustainable food production.

2025 was a productive year across the Commercial portfolio; in addition to active portfolio management, we progressed a number of significant transactions.

On the Hyde Park Estate, the Connaught Village Green public realm scheme was officially unveiled in May, by the Lord Mayor of Westminster. As part of our sustainability programme, we installed EV chargers at locations across the Estate with Zest, with whom we invest across the wider Fund. In addition, we continued to drive performance across a variety of asset management initiatives, including lease surrenders, new planning applications and refurbishments and collaboration with a variety of local stakeholders.

RESPONSIBLE INVESTMENT

Responsible Investment considerations are incorporated into the investment process. Across public and private markets, investments are typically made by partnering with asset managers that are experts in a particular asset class. Therefore, the choice of asset manager is important to ensure alignment and coherence with the responsible investment approach. Current and prospective asset managers are assessed against the proprietary RI Manager Framework, which was updated in 2025 to reflect the updated Responsible Investment strategy and policy, as well as a tailoring by asset class.

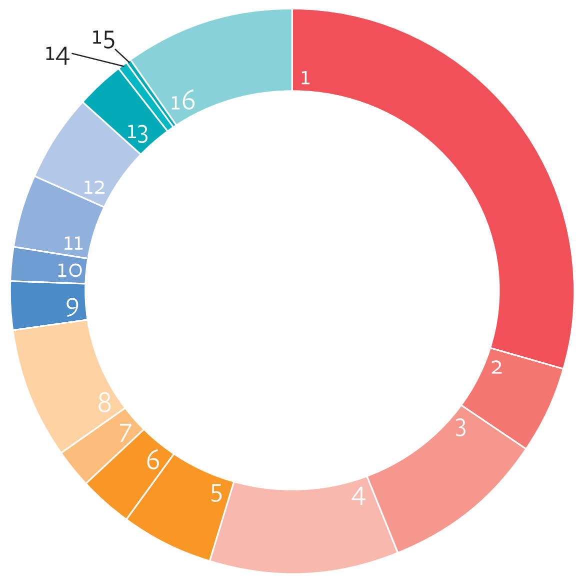
The Commissioners also works with asset managers to implement our ethical exclusions, but we recognise that in certain circumstances there may be 'restricted exposures' (e.g. in pooled funds) where the restrictions can't easily be applied. Any restricted exposure is monitored quarterly by the Assets Committee, and we set a 1% maximum threshold for restricted exposures across the portfolio. We continued to carry out stewardship activities across asset classes, as detailed in our 2024 Stewardship Report, our 2025 Real Assets Sustainability Report, our 2025 Climate Action Plan 2.0 and our 2025 Spotlight on Nature.

CURRENT INVESTMENT ENVIRONMENT CONSIDERATIONS

The current geopolitical environment and high-risk asset valuations create significant uncertainties for the Church Commissioners' investment portfolio. Trade restrictions and shifting diplomatic relations can disrupt supply chains. Geopolitical tensions can also exacerbate risks and lead to sudden market fluctuations, as we have seen in the conflict in Iran. Given current high valuation levels – the highest in many cases since the dot-com bubble of the late 1990s – there is significant scope for volatility in markets.

In this context, the Church Commissioners continues to manage investment risk in a number of ways, including through a long-term, actively managed and diversified investment approach and by incorporating suitable hedging. However, whilst the approach aims to provide some shield to the portfolio from volatility, hedging strategies cannot fully protect the portfolio from the impact of market movements.

ASSET ALLOCATION (as at 31 December 2025)



- 1. Public Equities 29.5%
- 2. Defensive Equities 5.0%
- 3. Absolute Return 9.5%
- 4. Private Equity....10.8%
- 5. Venture Capital 5.3%
- 6. Timberland 3.0%
- 7. Infrastructure 2.3%
- 8. Fixed Income....7.5%
- 9. Private Credit....2.7%
- 10. Commercial ....1.9 %
- 11. Residential....4.2%
- 12. Rural 5.1%
- 13. Strategic Land....2.8%
- 14. Indirect Property....0.6%
- 15. Portfolio Hedges....0.1%
- 16. Cash, and Cash-Like Assets 9.7%

APPROACH TO RESPONSIBLE INVESTMENT

As a faith-based investor, the Church Commissioners considers its investments in line with Christian values to ensure that they adhere to our Responsible and Ethical Investment Policy.

The Church Commissioners is a universal asset owner. This means that the value of the endowment fund is interlinked with the global economy and macroeconomic risks. Therefore, the Church Commissioners is dependent on social and environmental stability over the long term.

The investment strategy is focused on maximising positive outcomes, minimising negative impacts, and managing risk exposure. The Commissioners' goal is to achieve target financial returns while generating meaningful, positive effects for both people and the planet.

We consider that it is important to consider climate change, nature and biodiversity loss and social inequality as systemic risks that will likely cause significant disruption to the financial system, the economy and wider society – effects that are already being felt today and require active management and engagement.

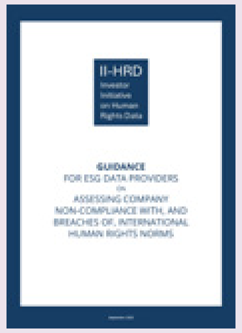
These risks may be thought of as distinct and separate, but in our view, they are interconnected and interdependent. Our integrated approach to responsible investment aims to affect real change in the wider economy through engagement and partnership working.

The Church Commissioners seeks to take action through involvement in collective initiatives, engaging with our managers and interacting with policymakers, alongside engaging with investee companies and tenants.

Warroch Hill

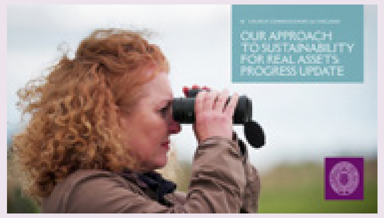
Marshland restoration on the Hoo Peninsula, Kent

KEY HIGHLIGHTS FROM 2025



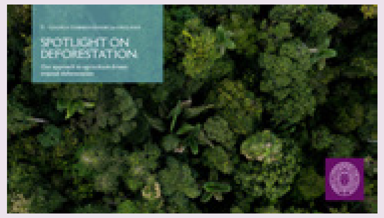
Human Rights Data Initiative: The Investor Initiative on Human Rights Data (II-HRD), co-led by the Church Commissioners, published 21 principles to improve the quality of corporate human rights data, and its work was recognised with two Environmental Finance Sustainable Investment Awards – ESG Engagement Initiative of the Year (EMEA) and Thought Leadership Paper on Sustainable Investing (Europe) – for advancing human-rights-focused investor stewardship.

Climate Action 2.0: The Climate Action Plan 2.0 was published in October, reporting major progress toward its 2025 climate targets and setting ambitious 2030 goals to advance net zero alignment, expand environmental solution investments, and strengthen action on deforestation and food-system transformation.



Sustainability on Real Assets: Our 2024 Progress Update on Our Approach to Sustainability for Real Assets highlights the progress the team has made since publishing its 2023 report while showcasing the scale of the portfolio and how sustainability runs through each project.

Stewardship Reporting: We also published our 2024 Stewardship Report, highlighting progress on ethical and responsible investment across climate, nature, and social stewardship, including expanded climate-risk analysis, strengthened biodiversity commitments, and award-winning work on human rights data.



Nature & Deforestation Strategies: In November, we shared the Commissioners' nature-positive strategy that integrates biodiversity considerations into investment processes, stakeholder engagement, and nature-recovery solutions. Earlier in the year, we also published a dedicated report outlining five years of action to address agriculture-driven tropical deforestation across the portfolio as part of broader climate-risk management.

Above and below: Candlemas service. St Giles-in-the-Fields, London

A VISION FOR HEALING, REPAIR AND JUSTICE

In January 2023, the Church Commissioners published research revealing historic links between its endowment fund and African chattel enslavement.

BACKGROUND

The research, initiated in 2019, traced the fund's origins to Queen Anne's Bounty, which invested in the South Sea Company between 1714 and 1739. During that period, the Company trafficked approximately 34,000 enslaved Africans under brutal and inhumane conditions. The Bounty also received benefactions from individuals whose wealth derived from the enslavement of African people. As a result, Queen Anne's Bounty, subsumed into the Commissioners' endowment in 1948, links the historic endowment to the legacy of African chattel enslavement.

OUR RESPONSE

The Church Commissioners is going through the required governance, due diligence, and fiduciary processes to establish a distinct £100m in-perpetuity pool of capital which aims to invest and generate returns to heal, repair and do justice for those made vulnerable in the present by the lasting legacies and mindsets of transatlantic chattel enslavement. It is hoped that this action will be catalytic and encourage others with similar values and aspirations to act. It is envisaged that the investment returns from the new in-perpetuity fund will in time enable a programme of grant-making aimed at creating a fairer future for all, particularly for communities affected by the legacy of African chattel enslavement.

There is commitment to continued research into the Commissioners' and the Church of England's historic links to African chattel enslavement. This is consistent with a desire, as a responsible investor, to combat modern slavery and human trafficking.

Throughout 2025, the Commissioners engaged with a range of views, including dissenting perspectives. While some commentary has included misinformation and misinterpretation of the work, the Commissioners welcomes engagement and considers criticism carefully. Further information regarding this work is available on these webpages, including a suite of FAQs.

KEY MILESTONES OF 2025

During 2025, the following progress was made:

- In April, the Archbishop of York attended the UN Permanent Forum on People of African Descent, presenting the Church's case study on reparatory justice, publicly noting "our hope is that the work we are doing – to repair, to heal, and to pursue justice – demonstrates how Christian faith can bring about real change in the world."
- Initial engagement began to develop theological underpinnings for a new fund. Engagement continues within and beyond the Church, providing opportunities to share our journey, progress, and address misinformation.
- Further research has begun into our archives at Lambeth Palace Library. To mark this, two events in November, attended by over 100 people, presented Black History and links to African chattel enslavement within our archives.

Transparency remains a core guiding principle throughout this process. The current phase involves addressing practical and legal details with regulatory authorities, ensuring adherence to best practices and legal principles. The Church Commissioners remains dedicated to doing this right – and honouring our commitments.

TOP 20 HOLDINGS (as at 31 December 2025)

TOP 20 EQUITY HOLDINGS	TOP 20 PROPERTY HOLDINGS
Adyen	Ashford Estate (Farmland)
Alphabet	Brownhills Forest (Timberland, Scotland)
Amazon	Canterbury Estate (Farmland)
Apple	Carlisle Estate (Farmland)
Assa Abloy	Chichester Estate (Farmland)
Broadcom	Ely Estate (Farmland)
Charles Schwab	Huntingdon Estate (Farmland)
Danaher	Hyde Park Estate (Residential)
MercadoLibre	Metrocentre (Commercial)
Merck	Millbank Estate (Farmland)
Meta	Navestock Estate (Farmland)
Microsoft	Peterborough Estate (Farmland)
Newmont	Rochester Estate (Farmland)
NVIDIA	Royal Lancaster Hotel (Residential)
Salesforce	South Durham Estate (Farmland)
SAP	South Lincoln Estate (Farmland)
Sika	Tyneside Estate (Farmland)
TSMC	West Buccleuch Forest (Timberland, Scotland)
Visa	Willerby Shopping Park (Commercial)
Workday	Wycombe Retail Park (Commercial)

Hyde Park Estate, Connaught Village

FINANCIAL REVIEW

Liverpool
Cathedral

Three people are stood in a churchyard planting bulbs

St Paul's Covent Garden

REVIEW OF FINANCIAL ACTIVITY

In a year of significant geopolitical uncertainty, the Church Commissioners was pleased to be able to maintain the level of its funding support in line with 2024 and distribute £282.4m in charitable expenditure (excluding pre-1998 clergy pensions and a provision made towards the National Redress Scheme). At the end of 2025, the Commissioners' funds were £10.2bn, which included £1,446m of tangible and heritage assets.

Total income for the year was £211.7m (2024: £207.4m), an increase of £4.3m. The moderate increase is driven mainly from the investments portfolio, and in particular from timberland and fixed income investments. Total gains on investment assets, including movements on derivatives and foreign currencies, were £732.8m (2024: £949.7m). Investment performance is described earlier in this report.

Expenditure in 2025 totalled £602.3m (2024: £370.2m), an increase of £232.1m year on year. The rise was driven primarily by a £98.6m increase in pre-1998 clergy pensions expenditure (a non-cash charge) and the recognition of a new £137.3m (post-discounting) provision for the National Redress Scheme. Other charitable expenditure remained broadly stable, while the cost of raising funds decreased by £2.9m year on year to £97.4m (2024: £100.3m). A summary of the evolution of other charitable expenditure between 2024 and 2025 is provided below.

The amount spent on supporting dioceses and the local church remained relatively stable at £202.8m (2024: £202.0m). This included £97.7m to provide support to dioceses through the Diocesan Investment Programme and £31.4m to assist local churches through the Lowest Income Communities programme. Further details of expenditure in this category are provided in note 5 to the financial statements and are also discussed earlier in this report.

Expenditure on Bishops' and Archbishops' ministry decreased by £2.4m during the year to £52.9m (2024: £55.3m), as the major refurbishment and repair programme taking place at Lambeth Palace came to an end. Finally, expenditure on Cathedrals' ministry increased by £3.1m (21%) in the year to £17.8m (2024: £14.7m), with notably more funding provided from the Cathedrals Sustainability Fund.

The Church Commissioners meet the cost of clergy pensions earned in service until the end of 1997 and have fully provided for all forecast future payments. The latest annual actuarial update indicated a required increase to the provision of £83.0m, which together with scheme administration costs of £2.1m and support costs of £0.2m, resulted in total expenditure of £85.3m. In 2025 the Commissioners' cash payments for clergy pensions amounted to £121.8m (2024: £124.1m). Total charitable expenditure for the year including the pension charge was £504.9m (2024: £269.9m).

As at 31 December 2025, total net assets of the Church Commissioners were £10,228.6m (2024: £9,893.6m), an increase of £335.0m. This growth was driven primarily by a £333.0m increase in fixed-asset investments, which totalled £11,020.3m at year end (2024: £10,687.3m).

LONG-TERM FINANCIAL STRATEGY

Reserves policy. The Church Commissioners' policy is to invest the endowment it manages on behalf of the Church to provide long-term financing to pay the pre-1998 clergy pension obligations and to make charitable distributions to support the mission of the Church of England in-perpetuity.

There is an aspiration to increase the in-perpetuity distributions in line with an inflationary factor, so that future beneficiaries receive distributions at a level broadly equivalent (in real terms) to current beneficiaries. The level of distribution each year is determined drawing on independent actuarial advice from Hymans Robertson LLP. Further details are provided in the Independent Actuaries' Report, later in this report, including their qualifications for providing such advice.

The Commissioners accounts for and reports returns (whether capital or income) on a total return basis under the terms of the Total Return Order obtained from the Charity Commission on 19 June 2012. This splits the fund into two components: the base level of the endowment and the unapplied total return.

As of 19 June 2012, the initial value of the base level of the endowment was £3.0bn and the initial value of the unapplied total return was £2.2bn. Further information on the Total Return Order is provided in note 19 to the financial statements. In addition to being able to spend unapplied total return, the Commissioners has a time-limited power, which expires in December 2032, to spend endowment capital on its clergy pension obligations. In 2025, this resulted in £121.8m (2024: £124.1m) being charged to the base level of the endowment.

The total endowment fund of the Commissioners as at 31 December 2025 stood at £10.2bn (2024: £9.9bn), net of the £137.3m (2024: nil) exceptional provision recorded in 2025 towards the funding of the National Redress Scheme, net of £76.3m (2024: £73.4m) of defined benefit pension scheme liabilities and net of the pre-1998 clergy pension liability of £1.0bn (2024: £1.1bn); both are due for payment in future years. The base level of the endowment was valued at £2.5bn at 31 December 2025 (2024: £2.6bn), with the unapplied total return at the end of 2025 being £7.7bn (2024: £7.3bn).

The trustees consider the level of unapplied total return to be sufficient, considering their distribution policy, to meet their expenditure plans. The total charity funds of the charity stood at £10.2bn (2024: £9.9bn) and reflect the value of the endowment fund described above, along with £1.5m (2024: £0.8m) restricted income funds.

SPENDING PLANS

The Church Commissioners and Archbishops' Council prepare joint three-year spending plans. A Triennium Funding Working Group (TFWG), comprising members from the House of Bishops, Archbishops' Council and Church Commissioners, advised in 2022 on how our funds should be most effectively distributed in 2023–25, informed by the following priority areas:

- Supporting the Church to deliver the bold outcomes and strategic priorities of the Vision and Strategy including reaching the young and the poor, and better representing the communities we serve.
- Helping the Church to transition to a lower carbon approach in line with the Net Zero Carbon 2030 goal.
- Making a step change in the areas of Racial Justice, and other areas of diversity and social justice, and
- Ensuring the Church is a safe place for all.

We continued to make funding available for these priorities in 2025 whilst we also brought forward in 2025 funding we had anticipated to make available in the next triennium for the National Redress scheme for survivors of Church-related abuse.

The Church Commissioners had established total funding plans of £1.2bn for the 2023-25 triennium, an increase of about 30% on the previous triennium. However, after the Abuse Redress Measure setting the legal framework that allows the Church of England to set up a national Redress scheme obtained Royal Assent in December 2025, the total funding made available for the 2023-25 triennium increased to £1.4bn.

The TFWG convened again in October 2024 to consider funding priorities for the 2026-28 triennium and beyond. Alongside the work of the TFWG, the Church Commissioners' Assets Committee worked with its actuarial advisers to determine the capacity for sustainable distributions.

Manchester Cathedral

The Spending Plans for 2026 to 2028 centred around the following priorities:

- Safeguarding and the National Redress scheme.
- Clergy wellbeing.
- Addressing financial pressures in dioceses and supporting parishes in the lowest income communities.
- Continuing to support the Church in delivering the bold outcomes of the Vision and Strategy by investing in local churches and outreach, and in fulfilling its commitments in relation to Net Zero Carbon goals.

In June 2025, the Church Commissioners agreed to make available an amount of £1.6bn for distributions in the 2026 to 2028 triennium. This represented an increase of £430m (36%) on the funding made available in the previous triennium. It included funding made available for the National Redress scheme which has now been brought forward to 2025. The total funding made available for the 2026-28 triennium will now amount to £1.5bn to reflect this adjustment.

GOING CONCERN

The Church Commissioners' role in funding the Church's ministry comprises certain legal obligations and discretionary funding.

In assessing the going concern status of the Church Commissioners, the trustees have considered the Church Commissioners' role in funding the Church's ministry, the spending strategy, the application of total returns and the legislation to allow endowment to be spent for specific pension purposes.

In addition, the trustees take account of independent actuarial advice provided by Hymans Robertson LLP on the affordability in perpetuity of their planned distributions. This advice is provided every three years when setting the spending plans for the next three-year period (the "triennium") and is updated annually to ensure that the spending plans for the current and next triennium remain affordable.

The approach adopted includes a smoothing mechanism which aims to give three years' notice on a rolling basis of the need for any reduction in distributions unless there has been a significant deterioration in the balance between the Commissioners' assets and its spending plans. This means that while events, such as the current geopolitical context, are factors for consideration, the Commissioners has a clear framework for assessing whether the events are sufficiently significant that they would change the amounts available for distribution to beneficiaries in the short term.

Further improvement was brought to the risk management framework in 2025 with the creation of distribution affordability guardrails to determine when the three years' notice on a rolling basis might not be given. The framework monitors the health of the fund against agreed spending plans using a variety of asset liability and market metrics, and establishes the conditions for triggering a review ahead of the normal cycle of actuarial assessments.

The annual actuarial update for the year ended 31 December 2025 was scrutinised by the Assets Committee and includes stress testing scenario analysis which models the impact on distributions in the event of different levels of reduction in asset values. This includes consideration of the impact of changes in the value of the asset portfolio, expected future returns or inflation, on the affordability of distributions.

In light of this analysis, there is no reason to consider that any changes are required to the planned distributions within the 2026-2028 triennium or that the anticipated distributions for the 2026-2028 triennium cannot be considered affordable (as they are subject to Assets Committee approval); the trustees have therefore concluded that the Commissioners is able to sustainably meet both its legal obligations and planned discretionary funding for at least the period to 31 December 2028. In addition, the trustees have given due consideration to the availability of sufficient liquidity in light of market volatility caused by ongoing geopolitical instability, a challenging economic environment and other external factors.

Under their Investment Risk Framework, the Commissioners seeks to maintain a stock of unencumbered high-quality liquid assets sufficient to cover the next 18 months' worth of planned distributions (after including net new investments, forecast income, cash receipts and expenditure), and is satisfied that sufficient cash is available to meet its obligations within this timeframe. Therefore, the Commissioners continues to adopt the going concern basis of accounting in the preparation of these financial statements.

CARBON REPORTING

In 2018, the Government published regulations concerning Streamlined Energy and Carbon Reporting (SECR).

These are designed to increase awareness of energy costs within organisations, to provide data to inform adoption of energy efficiency measures, and to help them to reduce their impact on climate change. The Commissioners is not required to follow these regulations; however, it is mindful of the General Synod's resolution of February 2020 for the whole Church, including the National Church Institutions (NCIs), to work to achieve year-on-year reductions in emissions in support of the Church's ambition to reach net zero carbon emissions by 2030. The SECR Regulations concern direct energy usage, and the Commissioners discloses further information on this area below, albeit these disclosures are voluntary and do not incorporate the full scope of the SECR Regulations.

The Church Commissioners intends to monitor its emissions using an intensity ratio of tonnes of CO_2 equivalent per square metre of floor space or per headcount. However, the Church Commissioners has not yet decided on an appropriate base year for monitoring its emissions. As most energy usage relates to the use of offices, 2020 and 2021 were not suitable since most staff were working from home during these periods and during 2022 and 2023 their use of Church House was significantly restricted by extensive refurbishment undertaken by The Corporation of the Church House (the owner of Church House) ("the Corporation"). In addition, the current refurbishment programme at Lambeth Palace has significantly affected energy usage there. It is thought that 2025 or 2026 is likely to be the most appropriate base year for monitoring emissions although a formal decision has not yet been taken on this.

The direct energy usage by the Church Commissioners is incurred as a result of staff travel and in the operation of offices at Church House, Lambeth Palace and Bishopthorpe Palace. Initially, the data available for energy costs incurred relating to staff travel was limited. However, in 2021 the NCIs entered into an arrangement with a travel management provider which now enables travel costs and energy usage to be monitored effectively.

The NCIs now operate hybrid working arrangements for staff. Consequently, direct energy usage in the operation of their offices is thought to be lower than when staff were based in the office full time, although we are unable to quantify whether the additional energy usage incurred as a result of staff working from home outweighs the savings on our buildings. Energy usage in the office buildings our staff occupy principally consists of electricity and gas used in respect of heating and lighting. The refurbishment of Church House undertaken by the Corporation is intended to improve energy efficiency with a commitment to move towards net zero carbon. The new Lambeth Palace Library is designed to use no gas and has solar panels that are anticipated to provide approximately half of the annual electricity use of the building. The refurbishment programme at Lambeth Palace is intended to reduce its carbon footprint by half and Lambeth Palace now uses no gas.

The total energy use by the Church Commissioners during 2025 at Church House, Lambeth Palace, and Bishopthorpe Palace was 1.7m kWh (2024: 1.2m kWh) and the associated greenhouse gas emissions were 302.9 tonnes (2024: 244.0 tonnes) of carbon dioxide equivalent (CO_2e). This was calculated on the basis of energy usage as disclosed on utility bills and Government CO_2e conversion ratios. The total energy use in respect of travel booked through our travel management provider for Church Commissioners' staff and others who use the provider was 280.3 tonnes (2024: 356.6 tonnes) of CO_2e of which 258.2 tonnes (2024: 342.3 tonnes) related to air travel, 15.7 tonnes (2024: 9.1 tonnes) to train travel, and 6.4 tonnes (2024: 5.2 tonnes) to hotel usage. These figures do not include energy use for travel booked independently or in respect of car usage.

RISK MANAGEMENT STATEMENT

Effective risk management is integral to fulfilling the Church Commissioners' strategic objectives and is an essential component of the Commissioners' overall governance and stewardship responsibilities.

The Risk Management Policy and the Risk Management Methodology (which underpins the policy) facilitate the identification and assessment of risks encountered in delivering the Commissioners' mission and strategic priorities, including the approach to managing the endowment fund. The risk management system supports the Church Commissioners by providing a layer of accountability and transparency to our risk management framework. Individual risk owners and the senior leadership team regularly monitor, review and assess risks and horizon scans for potential threats and opportunities. Any identified risks are scored utilising a risk scoring methodology.

The risk management practices are independently reviewed and audited by the Risk and Assurance Team, which reports to the Audit and Risk Committee and forms an integral part of the overall governance structure. A particularly significant strategic risk facing the Church Commissioners is in relation to the affordability of distributions. Financial pressures experienced by many aspects of the Church of England inevitably lead to growing pressure on the Commissioners to increase distributions from the fund. This is especially so during years, such as 2025, in which the following triennium funding plans are agreed. Spending plans for the next triennium (2026-2028) were announced in June totalling more than £1.6bn, which is a 36% rise on the national funding made available in 2022 for the 2023-2025 triennium. Relative to the size of the fund, this represents the highest distribution level since the 1990s and above several UK endowment peers.

The Commissioners recognises the challenges faced and opportunities that exist across the Church of England and works hard to invest well and distribute wisely to provide as much support as possible for the Church's work and ministry. That being said, the Commissioners' actuaries believe that the amount of distributions made available for the 2026-2028 triennium, which includes time-limited distributions, is not sustainable in the medium to long term. So the overall level of distributions will need to reduce thereafter. This decrease is reflected in the illustrative spending plans for 2029-31 and 2032-34 as the time-limited distributions are scheduled to come to an end in 2034. Otherwise, the agreed policy of the Church Commissioners remains to aim to give three years' notice on a rolling basis for any distribution cuts unless there has been a significant deterioration in the balance between the Commissioners' assets and its spending plans.

There are ongoing requests for the Commissioners to release additional funding to support diocesan and cathedral finances, leading to a risk that distributions further increase to an unsustainable level, thus constraining the investment team's ability to maintain the real value of the fund for future generations. New distribution affordability guardrails (which includes monitoring of spending rates and liquidity headroom) help the Assets Committee to manage this risk, monitor the health of the endowment and provide a mechanism to adjust spending commitments.

Media coverage can impact reputation, which could have consequences for the smooth operation of the Commissioners. The current geopolitical, societal, and macro environment means that decision making is more complex and means heightened exposure to reputational risk.

The Commissioners considers its reputational risk to be at an elevated level, unchanged from the previous year. Members of the public, whether they consider themselves part of the Church of England or not, may form opinions about the Church as an institution based on what they see, read or hear in the media. For 2025, news coverage included the publication of the Makin report into the Church's handling of allegations of abuse by the late John Smyth, the Commissioners' work on researching and responding to historical links to transatlantic chattel enslavement, and the resignation of the former Archbishop of Canterbury.

The Commissioners' reputation, financial health, governance and strategy influence the credit rating of the Commissioners' publicly listed bonds, which, in turn, can affect bond pricing and, in some circumstances, the yield achieved. During the year, Moody's reaffirmed the Commissioners' Aa1 credit rating, the highest available given the issuer rating cap arising from the Commissioners' indirect linkage to the UK sovereign (see page 121 for further details).

During 2025, the Commissioners reviewed and accepted that the strategic inherent risks outlined below serve as the principal potential barriers to realising key objectives. A summary of key management actions has also been provided to address these challenges.

PRINCIPAL RISK AREA	KEY MANAGEMENT ACTIONS AND PLANS
Investments Failure to achieve target investment returns over the medium to long term. Inability to maintain the capital value (to ensure the fund is sustained in perpetuity).	• Effective and experienced Assets Committee oversight. • Disciplined valuation-led Investment Strategy and Process. • Multi asset class portfolio including direct, currency and tail risk hedging. • Proactive monitoring of market and currency exposures. • Clearly articulated Investment Policy, including supporting frameworks and guidelines. • Ongoing investment in systems infrastructure to support investment process.
Sustainable Funding In response to Church needs, distributions exceed affordable levels and hence cannot be sustained. OR Excessive restraint/prudence in distributions impact on near-term support to the wider Church.	• Assets Committee governance of money available for distribution, including independent actuarial review and advice. The role of the Assets Committee and the Church Commissioners' actuarial advisors remains a core mitigation for the risk of excessive distributions or overly conservative distributions. Regular engagement between actuaries, colleagues and Assets Committee. • Internal and external financial analysis and stress testing. • The triennial prioritisation process (with the Triennium Funding Working Group – TFWG). Close working relationships across NCIs and with wider Church ensure a comprehensive understanding of priorities. • Established distribution affordability guardrails that monitor the health of the fund and provide a process to adjust spending in the face of changing market conditions.
Effective use of Church Commissioners funding Church Commissioners funding (for dioceses, cathedrals and other purposes) does not achieve the intended outcomes and there are ineffective review/monitoring controls in place.	• Strategic Mission and Ministry Investment Board (SMMIB) – a Committee of the Archbishops' Council – gives strong oversight of grant allocation via the Archbishops' Council and ongoing monitoring. • Annual review of SMMIB reported to Commissioners' Board, along with reports after every SMMIB meeting. • Appropriate mechanisms are in place to decide overall prioritisation of funds for the next triennium by way of the TFWG's recommendations. • Operation of a virement policy which allows the Commissioners (and Archbishops' Council) to respond effectively to emerging needs as they arise. • A programme of work is underway to seek to give improved confidence and assurance in the effective use of funding. This includes: – A specialist grant management system is in development to further enhance the monitoring and oversight of grants (evaluating both the use and impact of the funds invested). – A dedicated resource to review and align grant processes across different grant streams.

PRINCIPAL RISK AREA	KEY MANAGEMENT ACTIONS AND PLANS
Reputational Risks Existing and emerging issues (for the Church Commissioners and for the wider Church of England) have reputational implications for the Church Commissioners and hence impact upon the ability of the Church Commissioners to achieve strategic objectives.	• Proactive and frequent engagement with key Church stakeholders on Commissioners' strategy and priorities. Engagement plan developed to deepen relationships with the wider church. • Financial Communications team proactively manages responses to media in relation to Investment Strategy. • Experienced and effective governance and scrutiny applied by the Assets Committee, Audit and Risk Committee and Board of Governors. • Proactive engagement with local communities and churches regarding local housing schemes.
Endowment Fund Expropriation The Church Commissioners endowment fund is expropriated as a result of crisis/schism in the Commissioners/wider Church.	• Effective management and governance oversight of potential large-scale events that can cause significant damage to the organisation's reputation. • Ensure that Commissioners' distributions are sustainable for the very long term, consistent with the Commissioners' role to manage a permanent endowment fund.
Climate Change Failure to understand and respond to the paradigm shifts caused by climate change (transition risk) impacts upon the Church Commissioners' ability to provide support to the Church's ministry.	• Ensuring organisational goal of being at the forefront of responsible investment, encouraging companies and policymakers to align with the objectives of the Paris Agreement. • Implemented a comprehensive Responsible Investment Framework. • Published Climate Action Plan 2.0, which set an approach to climate change, the progress since 2020 and the 2030 climate goals. • Market-leading approach to climate change incorporating assertive engagement, assessment of companies through the Transition Pathway Initiative (TPI). • Member of Asset Owner Alliance committed to net zero carbon portfolio emissions by 2050. • Embedding of Restrictions Policy. • Divestment from companies involved in the production and refining of gas or oil. • Ongoing work on climate risk across securities and real assets portfolio, including commissioning of reports and scenario analyses.

PRINCIPAL RISK AREA	KEY MANAGEMENT ACTIONS AND PLANS
Health and Safety Risk of serious harm to the health, safety and wellbeing of staff and communities on Church Commissioners owned/operated land, buildings or offices (real assets within the investment portfolio, See Houses, closed churches and offices).	• Pan-NCI oversight of Health and Safety (H&S) matters by Joint Staff Council Health and Safety Committee. • Commissioners' management Health and Safety Forum. **See Houses** • Health and safety system at all properties with quarterly reporting to the NCIs' Health & Safety Committee. • Statutory checks completed by a third-party provider. **Investment Assets** • Contractual arrangements in place with third-party providers, including compliance with H&S legal requirements and insurance cover. • Quarterly reporting and monitoring of H&S actions, reviews and issues with agents. • Regular site visits to help identify H&S issues. • Biannual review of the Commissioners' H&S risks.
Safeguarding Due Diligence Failure to enact our safeguarding due diligence duties as a grant issuer.	• Appropriate policies and procedures in place, which are followed by all trustees, colleagues and grant receivers. • Trustee board which is trained in good safeguarding practice and are aware of their safeguarding responsibilities. • A system of referring, escalating or reporting to relevant agencies as soon as concerns are suspected or identified is in place. • Reviewing current safeguarding due diligence of grant recipients with a roadmap of improvement options. • A dedicated, independent, resource is reviewing and aligning grant processes across different grant streams.

EXTERNAL AUDITOR INDEPENDENCE AND PROVISION OF NON-AUDIT SERVICES

The Audit and Risk Committee reviews and monitors the external auditor's independence and objectivity in line with relevant regulations and directives. This includes oversight of the engagement of the external auditor to supply non-audit services in the limited number of cases where this might be appropriate. Any non-audit services are approved by the Audit and Risk Committee in advance, with due consideration given to the related fee levels, and the fee levels individually and in aggregate relative to the audit fee. The Committee also considers the nature of the work undertaken, to ensure that it is of a permitted nature, and that they are satisfied about the safeguards in place to ensure auditor independence.


St Martin of Tours Church, Detling, Kent

GOVERNANCE

Bishop of Norwich, Rt Revd Graham Usher and Alan Smith, First Church Estates Commissioner

HOW THE CHARITY IS CONSTITUTED

STRUCTURE AND SUBSIDIARIES

The Church Commissioners for England ("the Church Commissioners") is a statutory body created by the Church Commissioners Measure 1947 and a registered charity (number 1140097) under the Charities Act 2011. The Church Commissioners has a number of subsidiaries for investment purposes; the principal subsidiaries are set out in note 2(b) to the financial statements. A number of joint ventures are also held as part of the investment portfolio. The Church Commissioners, together with the Archbishops' Council and The Church of England Pensions Board, is an equal partner in Church of England Central Services (ChECS), a joint venture providing cost-effective shared financial, legal and other services.

PUBLIC BENEFIT

As trustees, the Church Commissioners is mindful of the Charity Commission's guidance, Charities and Public Benefit, and, in particular the supplementary guidance for charities whose aims include advancing religion, The Advancement of Religion for the Public Benefit, and have regard to both guidance documents when reviewing the Commissioners' aims and objectives and in planning future activities.

We are confident that the financial resources provided to parishes, dioceses, bishops and cathedrals help to promote the Church's whole mission (pastoral, evangelistic, social and ecumenical) more effectively, in individual parishes, in cathedrals, in dioceses and at a national level. In doing so, the Church provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development both for its members and for anyone who wishes to benefit from the Church's offering; and
- promoting Christian values and service by members of the Church in and to their communities, to individuals and society as a whole.

The report outlines examples of this public benefit in action.

ORGANISATIONAL STRUCTURE AND STAFFING

We are proud of our staff, and their expertise and commitment in enabling the support given to the Church. Working with the other NCIs, the Church Commissioners serves and supports the wider Church, ensuring effective use of the Church's money.

The day-to-day management of the Church Commissioners is delegated to the Chief Executive Officer, while the day-to-day management of the endowment and investments is delegated directly to the Chief Investment Officer. Following the departure of Gareth Mostyn on 20 March 2025, Rosie Slater-Carr, our Chief Operating Officer, played a pivotal leadership role by taking responsibility for representing the Church Commissioners in many forums, working together with Poppy Allonby, Chief Investment Officer, who led on all matters related to the investment fund. John Worth joined as Chief Executive Officer on 29 September 2025 before departing from the post on 27 March 2026. Rosie Slater-Carr has resumed her interim leadership role until a replacement for John is appointed, while Poppy Allonby continues to lead on all matters related to the investment fund. The Chief Executive Officer is supported in their role by the senior management group and the wider staff team:

Chief Executive and Secretary:
John Worth (from 29 September 2025 until 27 March 2026)

Chief Operating Officer:
Rosie Slater-Carr

Chief Investment Officer:
Poppy Allonby

Chief Operating Officer (Investments):
Nicola Dymond (until 31 December 2025)

Director of Bishoprics and Cathedrals & Lambeth Palace Library:
Michael Minta

Head of Mission & Pastoral Services:
Wendy Matthews

Director for Cathedral and Church Buildings:
Emily Gee

Director for Strategy and Engagement:
Georgia Boon (until 8 August 2025)

Director of Finance:
Mark Barker

Deputy Director of Finance (Church Commissioners):
Samantha Da Soller

Director for Finance Transformation:
Joanna Woolcock

People Director:
Emma Trenier

Head of Financial Communications:
Alistair Hammond

Official Solicitor:
Alexander McGregor

Deputy Head of Legal and Deputy Official Solicitor to the Church Commissioners:
Paul Stevenson

At the National Church Institutions, our focus is on building an affirming, high performing, inclusive culture to support the mission and ministries of the Church of England and its Vision and Strategy for the 2020s.

OUR PEOPLE

In March 2025, Gareth Mostyn stepped down as Chief Executive and Secretary after five years to focus on his non-executive career. A period of transition followed, with Rosie Slater-Carr stepping up to provide leadership across the Church Commissioners through the triennium funding distribution process and also through an unprecedented time with no Archbishop of Canterbury in post.

At the end of September 2025, John Worth joined as Chief Executive and Secretary. Following John's departure from the role on 27 March 2026, Rosie Slater-Carr has stepped up as interim Chief Executive and Secretary, with Poppy Allonby maintaining responsibility for investment matters while the process of appointing a permanent successor is underway.

Board of Governors meeting, November 2025

SUMMARY OF OUR PEOPLE

At the end of 2025, a total of 194 staff were employed or funded directly by the Commissioners. The Commissioners make up about 22% of the overall staff at the NCIs.

The Church Commissioners is a joint employer of NCI staff together with the other NCIs. It receives services from ChECS, which is also a joint employer. The NCIs ended 2025 with 880 employed staff, compared to 806 at the end of 2024. Overall turnover in 2025 fell to 11.8% compared to 15% in 2024.

Across the NCIs, the ratio of female to male employees decreased from 60% and 40% respectively in 2024, to 59% and 41% respectively in 2025. The percentage of women in senior positions rose slightly from 46% in 2024 to 46.8% in 2025.

The percentage of people who classed themselves as black or minority ethnic within the Commissioners was 13.0% (2024: 12.4%) compared with overall representation of 17.2% (2024: 18.4%) across the NCIs.

The percentage of people who classed themselves as having a disability within the Commissioners was 12.5%, compared to 7.3% for the NCIs overall.

EMPLOYEE ENGAGEMENT

Over 700 people (84% of staff) completed our latest staff pulse survey in October 2025. The survey consisted of 16 statements covering topics ranging from engagement, wellbeing, and our values, to leaders, line managers, and partnership working.

The average favourability score (the percentage of respondents choosing 'strongly agree' and 'agree') improved by 0.5 percentage points to 75.5% compared to 2024 (75% for the Church Commissioners, 78% for ChECS). Some 85% of respondents stated that they would recommend the NCIs as a good place to work, up from 77% in 2024. To put this into context, the favourability score for this statement was 65% in 2017. NCI employees are, on average, six percentage points more favourable in their responses when compared to benchmark scores for the UK not-for-profit sector. The next in-depth staff survey is scheduled for June 2026.

LEARNING AND WELLBEING

Learning and development has continued to be a focus for the NCIs and, in 2025, we enrolled 23 colleagues on an apprenticeship qualification accessing £277,000 of formal training through apprenticeship levy funding. 147 staff members attended an internally delivered learning workshop, and 49 individuals took part in either the NCI coaching or mentoring scheme.

In November 2024 a cashback health benefit, Medicash, was launched, providing staff with access to 24/7 private GP appointments, and cashback on private health checks optical and dental treatment – this has been very well received and uptake has been high. In the pulse survey we saw a particular increase in satisfaction with health and wellbeing support available (up 7 points to 79% favourability).

BELONGING AND INCLUSION

In 2025 we reported holistically on our ethnicity, disability and gender pay gaps, and continue to deliver our belonging and inclusion action plan which extends to 2027.

This year in our annual external benchmarking process, we moved from a silver to a gold Talent, Inclusion, Diversity & Inclusion (TIDE) award recognising our system-wide efforts to nurture a culture of belonging and inclusion.

Over 150 managers have taken part in Dignity at Work training alongside awareness raising of our Dignity at Work policy for all staff sharing routes to speaking up about inappropriate behaviour. During Learning at Work Week, professional development on the theme of Speak Up included Stand up to Racism and Find your Voice workshops. Continued efforts in this area are required.

This year has also seen a transition in the chairs for all staff networks, with co-chairs for the women's, LGBTQ+, and disability and neurodiversity networks actively supporting colleagues and coordinating events and communications that celebrate diversity as well as formally integrating and now having seats within our Joint Staff Forum.

ADDRESSING THE NCIS PAY GAPS

When looking at our gender pay gap, we are encouraged that, for the first time, we have achieved parity in the proportion of women to men in our most senior roles (the upper quartile). Nearly two-thirds of roles in the upper-middle quartile are now occupied by women. These steady and sustained increases in the proportion of women in the upper quartiles combined with smaller increases in the proportion of women in the lower quartiles have resulted in a small decrease in our mean gender pay gap. However, this progress is offset by the concentration of women in lower paid roles, resulting in an overall median gender pay gap that remains at 18%. This tells us that while representation is improving at the top, we need to ensure women are more evenly represented across all grades.

Our ethnicity and disability pay gaps – 18% and 16% respectively – show similar dynamics. We have seen improvements in the representation of UKME/GMH colleagues and colleagues with disabilities in senior and upper middle bands. At the same time, shifts in representation at more junior levels have contributed to increases in both gaps. Increasing the percentage of colleagues who declare their ethnicity (86%) and disability status (64%) to ensure we have an accurate picture when it comes to these pay gaps is a key area of focus in 2026.

Overall, the story behind the data is one of strengthening foundations. Throughout 2024 and 2025 we have improved our recruitment processes, invested in development programmes, and focused on removing barriers to progression. These actions are beginning to influence representation at senior levels – a crucial step in reducing pay gaps over time.

While the pace of change has not yet met our aspirations, the direction of travel is positive. By continuing to build clearer pathways into senior roles, supporting internal progression, and ensuring fair and consistent recruitment, we are setting the conditions for long-term, sustainable improvement.

NEW WAYS OF WORKING

A key people priority during 2025 was to invest in the implementation of further People System (Oracle) functionality to enable greater efficiencies in our people processes. During 2025 we have developed additional modules within the People System to enable Recruitment, Learning, People Helpdesk and case management. We will therefore cease using the previous Pathways system for recruitment and will be able to provide staff with a wider range of online learning and have the ability to track and monitor data associated with recruitment, learning and employee relations.

SAFEGUARDING

All NCI employees are required to complete basic awareness safeguarding training every three years. Senior leaders must also undertake additional extended training, while new joiners are required to complete this training as part of their induction.

In Q1 2025, we focused on ensuring that all employees' basic awareness training was up to date and continue to robustly ensure training completion which currently stands at 94% compliance rate. Throughout 2025 Senior Leaders across the NCIs and new trustees have refreshed their Senior Leadership Safeguarding training – a high-quality learning event run by the National Safeguarding team.

EXTERNAL SERVICES

In 2025 the HR External Services team has supported 42 dioceses, 32 cathedrals as well as Holy Trinity Brompton and the Church in Wales HR team in some way. Forty dioceses and 27 cathedrals engage regularly in monthly HR network meetings to provide peer support and share knowledge and resources.

We have worked in partnership with Places for Hope to develop the Living Well with Difference 4 module course on conflict, bullying and harassment which 23 people across dioceses, cathedrals and the NCIs are trained to deliver. The Clergy Transition Service has refreshed the clergy transition coaching offer with available resources and one to one coaching.

STAFF REMUNERATION AND EXECUTIVE PAY

The staff of the Church Commissioners, excluding asset management staff, are covered by a unified pay policy that operates across all the NCIs. The policy is designed to ensure the same level of pay for all staff in posts with work of equal value based on pay 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 are an accredited Living Wage employer and ensure that all staff – including apprentices, interns and those on training schemes – receive the appropriate living wage for their location.

A number of senior roles, including those of the NCI Chief Executives, sit outside the banding system, as the skill sets required to fulfil the roles are not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider marketplace. This process is overseen by the Remuneration Committee, comprising senior trustees from each of the main NCIs as part of the Joint Employment and Common Services Board (JECSB). In general, these staff can expect the same percentage annual uplift for cost of living as those on the NCI bands.

ASSET MANAGEMENT STAFF

Staff engaged directly in the management of the Church Commissioners' investment portfolio are on separate contracts of employment and sit outside the general NCI pay arrangements described above. The Church Commissioners is a large and sophisticated institutional investor investing in a broad range of asset classes, including significant property holdings, and as such seeks to attract and retain high-calibre investment professionals.

Accordingly, salaries are designed to reflect the market for investment specialists and incorporate an element of long-term incentives which encourage consistent outperformance of the Commissioners' target investment return over multi-year periods.

The level of pay and the value of incentive awards are overseen by a Church Commissioners' Remuneration Committee, comprising trustees on the Assets Committee supported by independent benchmarking data. The scheme also aligned with the EIAG Guidance on Fair Pay and Executive Remuneration (2025).

Amounts payable under the incentive scheme are spread over up to five years and the full amounts are only payable if the recipient remains in post during that time. By this method, the Commissioners ensures incentives are directly aligned with its objectives and are also long-term in nature. In the year to 31 December 2025, payments under the scheme, including deferred payments that became due, totalled £3.79m (2024: £2.83m).

The Chief Executive and Secretary to the Church Commissioners does not participate in the scheme. During 2025, the total remuneration (salary and incentive payment) for the highest paid member of Commissioners' staff was 20.1 times (2024: 19.7) the total remuneration received by the lowest paid member of Commissioners' staff and 9.9 times (2024: 9.6) the median total remuneration.

This is consistent with the EIAG Guidance on Fair Pay and Executive Remuneration (2025).

STAFF PENSIONS

The staff of the Church Commissioners are either members of the Church Administrators Pension Fund defined benefit section (if employed before July 2006) or a separate defined contribution arrangement if employed subsequently. Employer contribution rates range from 8% to 18% depending on age and additional voluntary contributions made. New staff are encouraged to take advantage of our matched additional voluntary contributions scheme and are also offered ethical pension scheme choices.

Board of Governors meeting, November 2025

TRUSTEES AND THE BOARD OF GOVERNORS

There are 27 Church Commissioners who constitute the Board of Governors and have trustee responsibility for meeting our charitable obligations. In addition, there are six further Church Commissioners who hold Offices of State and are not members of the trustee Board.

Thirteen Board members are elected, either by the General Synod or the cathedral deans, and others are appointed, by the Crown or the archbishops, for various kinds of professional expertise. Board members also generally serve on one or more of our committees – the Assets Committee, the Audit and Risk Committee, the Bishoprics and Cathedrals Committee and the Mission, Pastoral and Church Property Committee. Except for the Assets Committee, they all contain non-Commissioner as well as Commissioner members. All are supported by an executive team led by Chief Executive and Secretary (John Worth from 29 September 2025 until 27 March 2026, when Rosie Slater-Carr took over as interim Chief Executive and Secretary). All new Commissioners receive a welcome pack containing information about governance in the charity sector and in the Church, and all are offered an extensive induction programme and other relevant training from time to time.

Since the publication of the 2024 Annual Report, the Church Commissioners has said farewell to the former Bishop of Bristol, the Rt Revd Vivienne Faull, and the House of Bishops elected the Bishop of Blackburn, the Rt Revd Philip North, to succeed her. We express our profound thanks to Bishop Vivienne for her outstanding contribution as a Church Commissioner. She has shown courage, innovation and outstanding servant-leadership and we are greatly indebted to her. We also extend our warm welcome to her successor Bishop Philip who brings deep expertise and commitment which will enhance our ability to serve the needs of our beneficiaries.

The Bishop of Salisbury, the Rt Revd Stephen Lake, stepped down as a trustee on 1 April 2026. The Bishop of Dover, the Rt Revd Rose Hudson-Wilkin, was elected in his place on 17 April 2026.

Board of Governors meeting, November 2025

Hilary Wild, Chair of the Audit and Risk Committee

THE CHURCH COMMISSIONERS AND BOARD OF GOVERNORS

The Board of Governors transacts the functions and business of the Commissioners except where, by statute or through delegation by the Board, these are exercised by committees. Except State Office-Holders, all Church Commissioners are members of the Board of Governors. The membership is as follows:

ARCHBISHOPS (EX OFFICIO)

Archbishop of York, Stephen Cottrell
Archbishop of Canterbury, Sarah Mullally (from 28 January 2026)

CHURCH ESTATES COMMISSIONERS APPOINTED BY HIS MAJESTY

Alan Smith, First Church Estates Commissioner
Marsha de Cordova MP, Second Church Estates Commissioner

CHURCH ESTATE COMMISSIONER APPOINTED BY THE ARCHBISHOP OF CANTERBURY

Sir Robert Buckland KBE, Third Church Estates Commissioner

ELECTED BY THE GENERAL SYNOD

HOUSE OF BISHOPS

Bishop of Salisbury, Rt Revd Stephen Lake (until 1 April 2026)
Bishop of Dover, Rt Revd Rose Hudson-Wilkin (from 17 April 2026)
Bishop of Bristol, Rt Revd Vivienne Faull (until 1 September 2025)
Bishop of Blackburn, Rt Revd Philip North (from 30 October 2025)
Bishop of Norwich, Rt Revd Graham Usher
Bishop of Sheffield, Rt Revd Pete Wilcox

HOUSE OF CLERGY

The Revd Preb Amatu Christian-Iwuagwu
The Revd Sarah Geileskey
The Revd Christopher Smith

HOUSE OF LAITY

Richard Denno
Dr Nick Land
Dr Cathy Rhodes
Robert Zampetti

ELECTED BY THE DEANS

Dean of Ely, Very Revd Mark Bonney
Dean of Manchester, Very Revd Rogers Govender

NOMINATED BY HIS MAJESTY

Kif Hancock
Suzanne Avery
Nigel Timmins

NOMINATED BY THE ARCHBISHOPS OF CANTERBURY AND YORK

Morag Ellis KC
Busola Sodeinde
Dame Kate Barker

NOMINATED BY THE ARCHBISHOPS OF CANTERBURY AND YORK

After consultation with others, including the Lord Mayors of the Cities of London and York, and the Vice Chancellors of Oxford and Cambridge Universities

Remi Olu-Pitan
Cyrus Gentry
Jenny Buck

Secretary to the Church Commissioners and Board of Governors

Rosie Slater-Carr (Interim Secretary from 20 March 2025 until 29 September 2025 and from 27 March 2026)
John Worth (from 29 September 2025 until 27 March 2026)

State Office-Holders

First Lord of the Treasury
Lord President of the Council
Lord Chancellor
Secretary of State for Digital, Culture, Media & Sport
Speaker of the House of Commons
Speaker of the House of Lords

Assets Committee

Subject to any general rules made by the Board, the Assets Committee has an exclusive power and duty to act in all matters relating to the management of the Church Commissioners' assets.

Alan Smith, Chair
The Revd Christopher Smith
Bishop of Norwich, Rt Revd Graham Usher
Dr Cathy Rhodes
Remi Olu-Pitan
Suzanne Avery
Cyrus Gentry
Kif Hancock
Dame Kate Barker
Jenny Buck
Poppy Allonby, Committee Secretary (from 20 March 2025 until 29 September 2025 and from 27 March 2026)

Audit and Risk Committee

Acts in matters relating to the external auditors, the annual accounts and internal control systems.

Hilary Wild, Chair
Busola Sodeinde (to 31 December 2025)
George Stylianides
Dave Jennings
Emma Upstone
Robert Zampetti
Muir Laurie, Committee Secretary

Bishoprics and Cathedrals Committee

Acts for the Board in matters relating to episcopal and cathedral support.

Sir Robert Buckland KBE, Third Church Estates Commissioner
Bishop of Bristol, Rt Revd Vivienne Faull (until 1 September 2025)
Bishop of Salisbury, Rt Revd Stephen Lake (until 1 April 2026)
Dean of Ely, Very Revd Mark Bonney
Dean of Manchester, Very Revd Rogers Govender
Dean of Guernsey, Very Revd Tim Barker
Dr Nick Land
Revd Canon Jennifer Thomas
Ruth Mounstephen – Representative of Bishops' spouses
Kate Sussams – Representative for Association of English Cathedrals and Cathedrals Administration and Finance Association
Michael Minta, Committee Secretary

Mission, Pastoral and Church Property Committee

Acts for the Board in matters relating to pastoral reorganisation, parsonages and diocesan glebe, and matters relating to the future of church buildings closed for regular public worship.

Sir Robert Buckland KBE, Third Church Estates Commissioner
Bishop of Thetford, Rt Revd Ian Bishop
Bishop of Sheffield, Rt Revd Pete Wilcox
The Ven Simon Fisher
The Revd Canon Clare MacLaren
The Revd Christopher Smith
The Revd Sarah Geileskey
The Revd Preb Amatu Christian-Iwuagwu
Dr Cathy Rhodes
Morag Ellis KC
Chris Courtman (from 4 February 2026)
Wendy Matthews, Committee Secretary

PROFESSIONAL ADVISERS

Bankers:
Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

Custodians:
JP Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf London E14 5JP

Auditor:
Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Actuaries:
Hymans Robertson LLP
One London Wall
London EC2Y 5EA

Rosie Slater-Carr, Chief Operating Officer and Interim Chief Executive and Secretary

ATTENDANCE AT MEETINGS

The table below gives details of the meetings attended by governors and non-Commissioner committee members during 2025.

	BOARD	ASSETS	AUDIT AND RISK	BISHOPRICS AND CATHEDRALS	MISSION, PASTORAL AND CHURCH PROPERTY
Number of meetings	4	6	3	6	8
Archbishop of Canterbury	The Archbishop of Canterbury is the Church Commissioners' Chair ex officio. When available they chair the Annual General Meeting but have the power to delegate chairing of the Board of Governors to a Deputy. The Deputy Chair was the Bishop of Salisbury until 1 April 2026. A new Deputy has not yet been appointed.				
Archbishop of York, **Most Revd Stephen Cottrell**	2	0			
First Church Estates Commissioner, **Alan Smith***	4	6	1		
Second Church Estates Commissioner, **Marsha de Cordova MP**	3	0			
Third Church Estates Commissioner, **Sir Robert Buckland KBE KC** (from 20 February 2025)	3	0		3	7
Bishop of Bristol, **Rt Revd Vivienne Faull** (until 1 September 2025)	2	0		4	
Bishop of Norwich, **Rt Revd Graham Usher**	4	5			
Bishop of Sheffield, **Rt Revd Pete Wilcox**	4				3
Bishop of Salisbury, **Rt Revd Stephen Lake** (until 1 April 2026)	4			5	
Bishop of Blackburn, **Rt Revd Philip North** (from 30 October 2025)	0			0	
Bishop of Jarrow, **Rt Revd Sarah Clark**					
Bishop of Thetford, **Rt Revd Ian Bishop**					6
Dean of Ely, **Very Revd Mark Bonney**	4			6	
Dean of Guernsey, **Very Revd Tim Barker**				6	

	BOARD	ASSETS	AUDIT AND RISK	BISHOPRICS AND CATHEDRALS	MISSION, PASTORAL AND CHURCH PROPERTY
Dean of Manchester, **Very Revd Rogers Govender**	3			5	
The Venerable Hilary Dawson					4
The Venerable Simon Fisher					6
The Revd Christopher Smith	4	6			7
The Revd Sarah Geileskey	4				7
Dame Kate Barker	4	5			
Jenny Buck	3	4			
Suzanne Avery	4	6			
Simon Cawte					5
Richard Denno	4				
Morag Ellis KC	3				8
Cyrus Gentry (from 25 March 2025)	1	3			
The Revd Preb Amatu Christian-Iwuagwu	3				2
Kif Hancock	4	5			
Dave Jennings		1	3		
Dr Nick Land	4			6	
The Revd Canon Clare MacLaren					6
Ruth Mounstephen				6	
Remi Olu-Pitan	4	5			
Dr Cathy Rhodes	4	6			6
Busola Sodeinde	3	1	4		
Helen Steers (until 26 February 2025)	0	1			
George Stylianides		2	3		
Revd Canon Jennifer Thomas				6	
Nigel Timmins	4				
Emma Upstone		1	3		
Canon Shane Waddle					
Garth Watkins					
Hilary Wild**	4		2		
Anna Pitt (until 30 January 2025)				1	
Robert Zampetti	3	1	2		
Kate Sussams				5	

* As First Church Estates Commissioner, Alan Smith is invited to attend Audit and Risk Committee meetings but is not a member of the Committee.

** As Chair of the Audit and Risk Committee, Hilary Wild is invited to attend Board meetings but is not a member of the Board. A member of the Audit and Risk Committee attends every Assets Committee as an observer.

TRUSTEE RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with UK law and accounting practices.

TRUSTEE RESPONSIBILITY STATEMENT

The Charities Act 2011 requires the trustees to prepare financial statements for each financial year. The trustees have to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 adequate accounting records that are sufficient to show and explain the charity and its subsidiaries' transactions; disclose with reasonable accuracy at any time the financial position of the charity and the Group; and enable them to ensure that the financial statements comply in all material respects with the Charities Act 2011, the Church Commissioners Measure 1947, and the Charity (Accounts and Reports) Regulations 2008.

The trustees are also responsible for safeguarding the assets of the Church Commissioners for England (the "parent charity") and its subsidiaries ("the Group") 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 organisational and financial information included in the Commissioners' section of the Church of England website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

Alan Smith
First Church Estates Commissioner

MONEY AVAILABLE RESOLUTION

Money available resolution and summary of the independent actuaries' report.

INTRODUCTION

As required by the Church Commissioners Measure 1947 (as amended), at the 2026 Annual General Meeting of the Commissioners, the Board of Governors will recommend that the meeting (i) receives the Annual Report and Financial Statements; (ii) considers a revised recommendation on the planned allocation of money available for distribution in 2026-2028, based on the forecast of sums that can be made available for distribution in each year of that triennium; and (iii) notes a forecast of the sums that it is hoped can be made available in each year of the following two triennia 2029-2034, subject to the outcome of future triennial reviews.

MONEY AVAILABLE RESOLUTION

At its meeting on 26 March 2026, the Assets Committee, having received updated advice from its actuarial advisors Hymans Robertson LLP (as required by the Church of England Pensions Measure 2018) which is summarised below, resolved to inform the Board that the Commissioners' expenditure plans can be made on the assumption that the following sums (totalling £1,545m) can be made available for distribution from income generated in each of the years 2026-2028:

- Up to £414m for historical distributions.
- Up to £590m for core (in-perpetuity) distributions.
- Up to £229m for transformational time-limited distributions.
- Up to £313m for strategic ongoing distributions.

Subject to £50m being withheld until a future recommendation by the Assets Committee and subsequent agreement by the Board allows for its release.

SUMMARY OF THE REPORT FROM THE INDEPENDENT ACTUARIES

The Commissioners holds assets ("the assets") from which it pays pensions to retired clergy and other licensed ministers ("the pensions obligation") and staff ("the pensions liability"), and provides money to support the mission and ministry of bishops, cathedrals and parishes and for other purposes ("the distribution"). The distribution is affected by the extent of the pensions obligation and pensions liability. To assist the Commissioners in formulating the distribution policy, we carry out a detailed review every third year.

Our most recent review was an interim one, carried out as at 31 December 2025 and it involved calculating the capital value (also known as the present value) of the following areas of future expenditure from the assets, according to their term:

1. Historical distributions mainly comprising an allowance to enable the Commissioners to meet its historical pensions obligation and pensions liability. As the pensions are payable throughout the lifetimes of the pensioners, the term of this area of expenditure is longevity related and not known in advance. We therefore make assumptions of future life expectancy for the purpose of calculating the capital value of the pensions obligation and pensions liability.
2. Planned core (in-perpetuity) distributions, for example the grants to support bishops' and cathedrals' ministry, sub-divided into separate elements with appropriate rates of planned annual increases.
3. Planned or previously agreed distributions which have a fixed term.

Having calculated the capital values of the above areas of expenditure, we compare the total with the value of the assets held to assess whether the planned distributions are sustainable. If the level of assets exceeds the aggregate of the above distributions, as was the case in our most recent interim review as at 31 December 2025, we also calculate the level of strategic ongoing distributions that could be afforded in perpetuity on agreed assumptions. This is reflected in the numbers set out above.

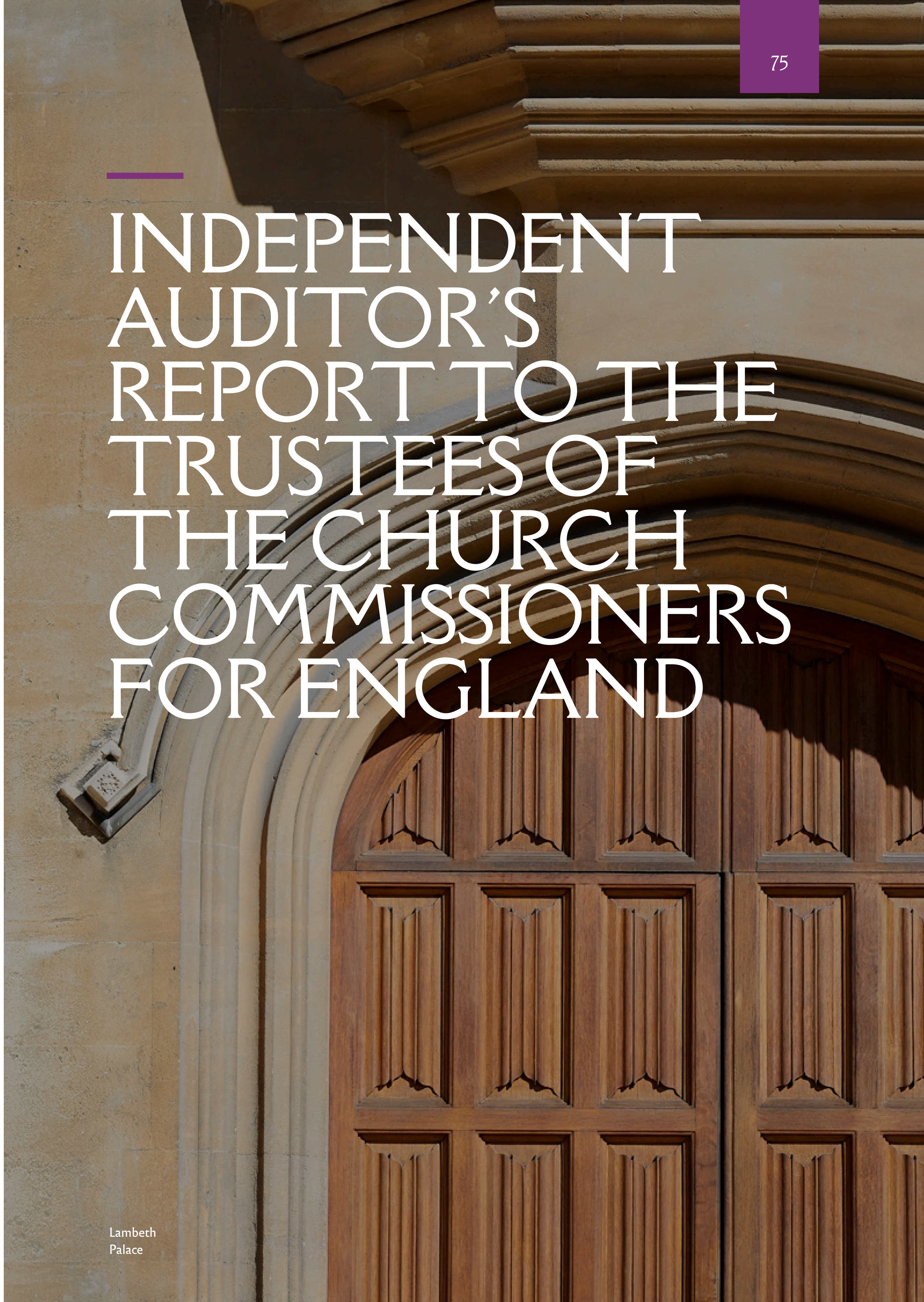
Many occupational pension schemes have actuarial valuations performed using significant margins for prudence. This is done so that the scheme has a funding buffer should future events prove unfavourable, in particular if the pension scheme's sponsoring employer becomes insolvent. In contrast, our calculations for the Commissioners are made on a "best estimate basis" and do not include such margins of prudence. We consider that such margins are not required, as the assets are significantly larger than the pensions obligation and pensions liability, and no further margin is necessary. Moreover, if margins were to be included, this would restrict the level of other distributions, with the expectation that they are likely to be increased at some point in the future by more than the planned increases. This would lead to inter-generational inequity, with the future recipients of the distribution receiving more in real terms at the expense of current recipients.

It should be noted that the distribution which the assets can support – and in particular the fund's capacity for strategic ongoing distributions – is extremely sensitive to a number of factors. These include the actual investment returns on the assets, the assumed average future investment return, actual increases in the national minimum stipend (on which the starting level of clergy pension is based) and inflation (which determines increases in pensions in payment and planned ongoing and in-perpetuity distributions) and the actual and prospective longevity of pensioners.

Recognising the high level of volatility in the sum available for strategic ongoing distributions, we continue to advise that the Commissioners should pay a significant proportion of such distributions in a form that will automatically cease or can be stopped within a reasonably short timescale, if any future actuarial review determines that such distributions are no longer affordable. We recommend that the Commissioners should reinforce the messaging within the Church that the strategic ongoing spending is designed to support short-term projects and reliance on its continuation at current levels should be limited where possible to mid-2029, in line with the agreed policy to aim to give three years' notice on a rolling basis for any distribution cuts unless there is an extreme situation which requires swifter action. We note that much of the strategic ongoing spend is intended to continue until 2034.

In summary, the overall conclusion of our calculations was that the package of distributions proposed for the 2026-2028 triennium is deemed affordable on our best estimate assumptions. The affordability of this package of distributions should be re-examined in detail at the next triennial review as at 31 December 2027 and also on an approximate basis at the interim assessment as at 31 December 2026.

Alec Day FIA C.Act
Peter Carver FIA C.Act CERA



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH COMMISSIONERS FOR ENGLAND

Lambeth Palace

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH COMMISSIONERS FOR ENGLAND

OPINION

Our opinion on the financial statements is unmodified

We have audited the financial statements of The Church Commissioners for England (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2025, which comprise the consolidated and Commissioners statements of financial activities, the consolidated and Commissioners balance sheets, the consolidated cash flow statement and 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 the parent charity's affairs as at 31 December 2025 and of the group's and the parent charity's incoming resources and application of resources, including the group's and the parent charity's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS FOR OPINION

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under that Act. 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 and the parent charity in accordance with the ethical requirements that are relevant to our audit of the group and the parent charity financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, 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

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent charity to cease to continue as a going concern.

Our evaluation of the trustees' assessment of the group's and the parent charity's ability to continue to adopt the going concern basis of accounting included:

- Evaluation and challenge of the assumptions used in the independent actuarial report provided by Hymans Robertson LLP on the affordability in perpetuity of the parent charity's planned distributions using our knowledge of the parent charity. The report covers the spending plans for the next three-year period (the "triennium") and is updated annually to assess that the spending plans for the current and next triennium remain affordable;
- Evaluation of the liquidity of the parent charity and the group by assessing the cash and liquid assets held by the parent charity and the group to meet obligations in the 12 months from the date of signing of the report;
- Assessment of the associated sensitivity analysis (including stress and scenario testing) and reasonableness of assumptions used based on the engagement team's knowledge of the parent charity and the group and by corroborating base case inputs to supporting evidence;
- Assessment of the adequacy of disclosures concerning the basis of preparation of the financial statements and going concern;
- Checking the completeness of assumptions used in the model by considering the post year-end performance; and
- Assessment of the accuracy of management forecasts prepared for prior periods by comparing against actual results.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the parent charity and the group's business model including effects arising from macro-economic uncertainties such as market volatility and geopolitical instability, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the parent charity's and the group's financial resources or ability to continue operations over the going concern period.

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.

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 and the parent charity'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 directors with respect to going concern are described in the relevant sections of this report.

OUR APPROACH TO THE AUDIT

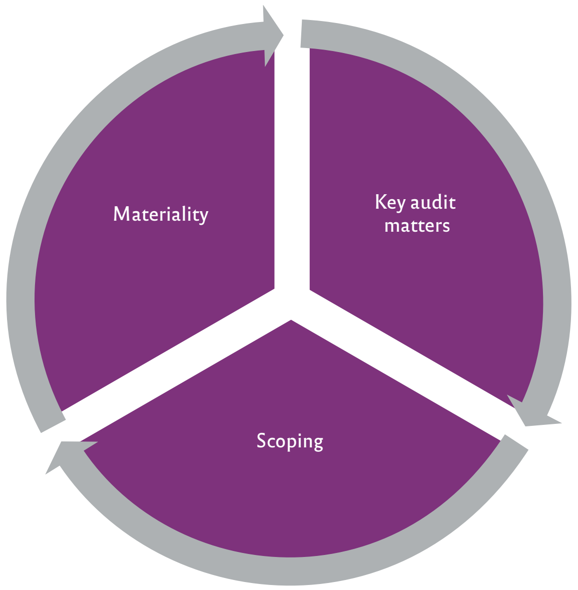
Overview of our audit approach
Overall materiality:
Group: £101.61 million, which represents 1% of the group's net assets.
Parent Charity: £96.3 million, which represents 1% of the parent charity's net assets, capped at 95% of Group materiality.

Key audit matters were identified as:

- Valuation of unlisted Investment Securities (same as previous year); and
- Valuation of Rural and Strategic Investments Properties (same as previous year).

Our auditors' report for the year ended 31 December 2024 included no key audit matters that have not been reported as key audit matters in our current year's report.

We performed a full-scope audit of the financial statements using the component materiality of the parent charity and one subsidiary and specific-scope audit for one subsidiaries, achieving 100% coverage of net assets and 100% coverage of total revenues.

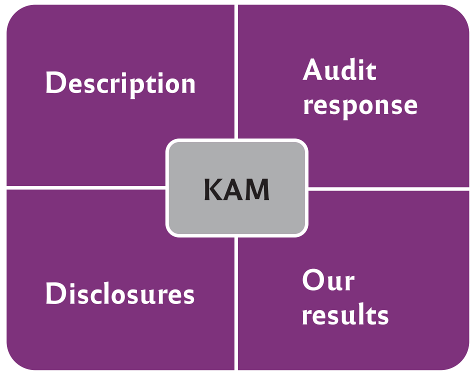


INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH COMMISSIONERS FOR ENGLAND

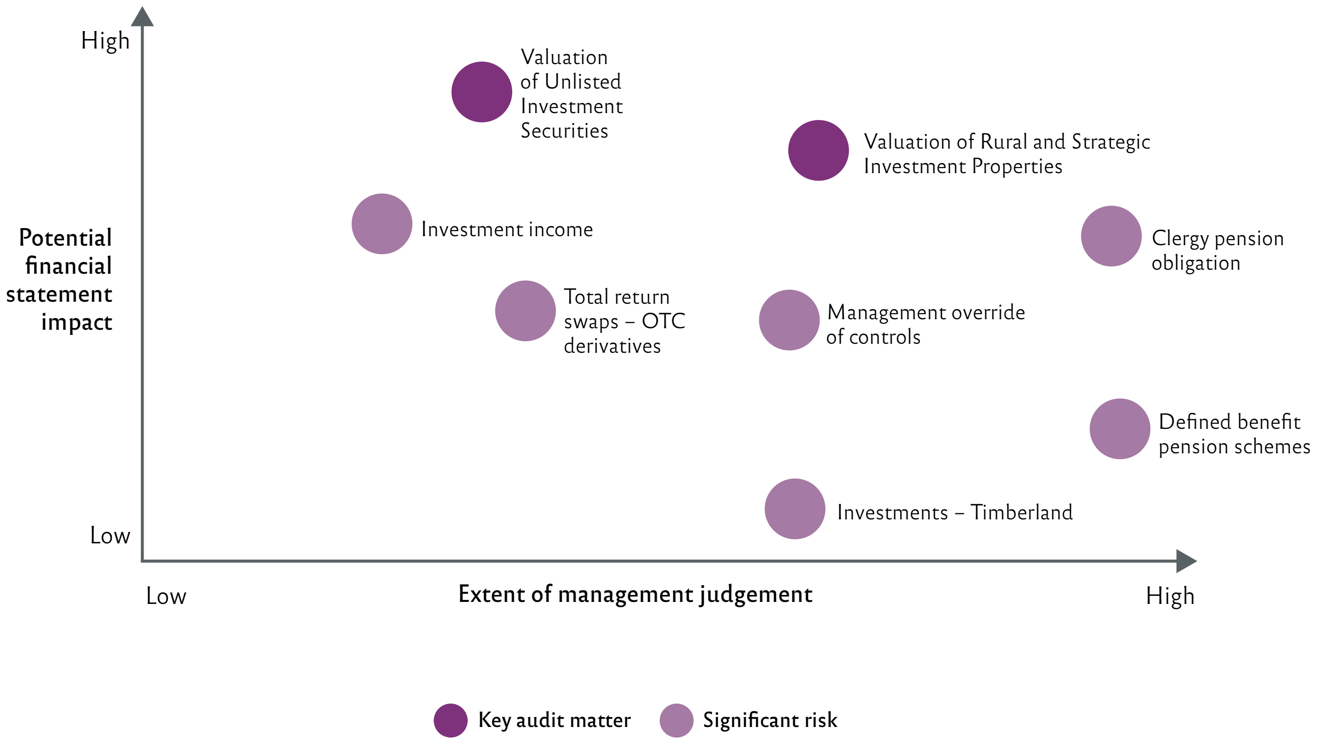
continued

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 that 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 parent charity and group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters and significant risks relevant to the audit.



Key Audit Matter – Group and parent charity	How our scope addressed the matter – Group and parent charity
Valuation of Investment Securities – excluding listed investment securities, including indirect property We identified valuation of unlisted Investment Securities as one of the most significant assessed risks of material misstatement due to error. The Group and Parent Charity have a number of unlisted securities which include private equity, private credit and venture capital, whereby management rely on valuations by third-party investment managers. There is a risk that these valuations may be materially misstated given these funds are valued by reference to the estimated net asset values or final net asset values received from the fund managers at year end. Unlisted investments including unlisted securities at £4,875.8 million (2024: £4,473.1 million), indirect property at £78.7 million (2024: £96.5 million), indirect timberland at £45.4 million (2024: £72.5 million), and infrastructure at £258.3 million (2024: £239.3 million).	**In responding to the key audit matter, we performed the following audit procedures:** - Enquired of management to understand the controls and procedures in place to ensure appropriate recording and valuation of investment securities. - Engaged the GT IT Audit Team to evaluate the design and implementation of relevant controls and identified any significant control deficiencies. - On a sample basis, having tested the operating effectiveness of E-Front (investment application) controls for the capital calls and distributions. We also inspected direct confirmations in the E-front application of the year-end valuation from the investment manager. - On a sample basis, we corroborated this to available financial information such as latest valuation and available audited financial statements of the unlisted investments, adjusted for any cashflows, to assess the reasonableness of the year-end valuation and to check the accuracy of the estimates by comparing the net asset value ('NAV') on the unaudited capital/valuation statements to the audited financial statements net assets and compare against management's estimated valuation as at year end. - On a sample basis, we obtained the outstanding commitments at year end and compared to the latest capital statement available. - Ensured that the related disclosures are complete and accurate in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition.
Relevant disclosures in The Church Commissioners for England Annual Report 2025 Financial statements: Note 1, Accounting policies and Note 2, Investments.	**Our results** Our testing did not identify material misstatements in the valuation of Investment Securities – excluding listed as at the year-end date.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH COMMISSIONERS FOR ENGLAND

continued

Key Audit Matter – Group and parent charity	How our scope addressed the matter – Group and parent charity
Valuation of Investment Properties – excluding indirect property, residential and commercial property We identified valuation of rural and strategic investment properties as one of the most significant assessed risks of material misstatement due to error within the investment property portfolio which also consists of residential and commercial properties. The investment property portfolio consists of different types of property, including direct and indirect investment property. The direct investment property portfolio consists of following asset classes: 1) Rural and strategic – Key Audit Matter due to limited market information being available to verify judgements involved such as yields and projected income flow, therefore may be materially misstated due to inappropriate judgements being applied. Direct investment property amounts to £1,685.4 million of which £954.9 million relates to rural and strategic land (2024: £1,622.0 million of which £939.7 million relate to rural and strategic land).	**In responding to the key audit matter, we performed the following audit procedures:** • Enquired of management to understand the controls and procedures in place to ensure appropriate recording and valuation of investment properties. • Evaluated the design and implementation of relevant controls and identified any significant control deficiencies. • Attended the property valuation meetings between Church Commissioners and the valuation experts to observe management challenge on the valuation of the properties and develop our understanding of the judgements included in the valuations such as yields, and projected income flows, and to understand the methodologies applied and, where necessary, challenge their assumptions. • Based on the understanding of the portfolio, we selected a sample of properties based on quantitative and qualitative characteristics. For the samples selected, we have performed the following: – Used the expertise of our internal valuation experts who inspected either the external valuation reports or the cost model, which was used in determining the valuation to assess the methodologies used and the reasonableness of the assumed yields. This included checking that the valuations had been prepared in line with the Royal Institution of Chartered Surveyors (RICS) guidelines. – Tested the input data used in the valuations by agreeing to supporting evidence such as rental agreements. – Tested the mathematical accuracy of the valuations by performing a re-calculation. • Assessed the external valuation experts' objectivity, competence, and capability. • For a sample of post year-end sales, compared actual property sales prices against previous values reported by management valuation experts. • Ensured that the related disclosures are complete and accurate in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition.
Relevant disclosures in The Church Commissioners for England Annual Report 2025 Financial statements: Note 1, Accounting policies and Note 2, Investments.	**Our results** Our testing did not identify material misstatements in the valuation of Investment Properties – excluding indirect property – strategic and rural as at the year-end date.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent charity
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold.	£101.61 million (2024: £97.1m), which represents 1% of the group's net assets.	£96.3 million (2024: £92.2m) which represents 1% of the parent charity's net assets, capped at 95% of Group materiality.
Significant judgements made by auditor in determining the materiality.	In determining materiality, we made the following significant judgements: • Net assets are considered to be the key driver for the group's performance as they directly impact the ability of the charity to fulfil its ongoing obligations. • 1% of net assets is considered to be an appropriate threshold to apply to the chosen benchmark having considered the expectations of the users of the financial statements and the engagement risk. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2024 due to an increase in the net assets.	In determining materiality, we made the following significant judgements: • Net assets are considered to be the key driver for the parent charity's performance as they directly impact the ability of the charity to fulfil its ongoing obligations. • 1% of net assets is considered to be an appropriate threshold to apply to the chosen benchmark having considered the expectations of the users of the financial statements and the engagement risk. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2024 due to an increase in the net assets.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold.	£76.2 million (2024: £72.8m), which is 75% of financial statement materiality for the group.	£72.2 million (2024: £69.2m), which is 75% of financial statement materiality for the parent charity. Parent company component performance materiality has been capped at an amount less than group performance materiality for group audit purposes.
Significant judgements made by auditor in determining the performance materiality.	In determining performance materiality, we considered the following matters: • Whether there were any significant adjustments made to the group financial statements in prior years; and • Whether there were any significant control deficiencies identified in prior years.	In determining performance materiality, we considered the following matters: • Whether there were any significant adjustments made to the parent charity financial statements in prior years; and • Whether there were any significant control deficiencies identified in prior years.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	

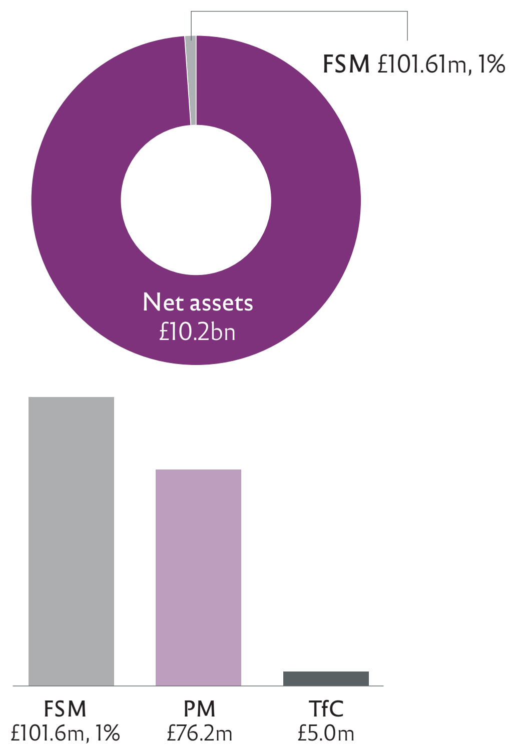
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH COMMISSIONERS FOR ENGLAND

continued

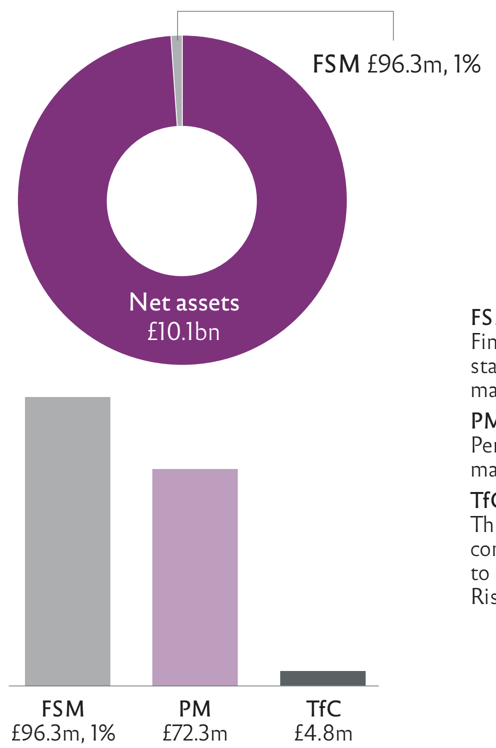
Materiality measure	Group	Parent charity
Specific materiality	We determined a lower level of specific materiality for the following areas: • Charitable expenditure • Raising funds expenditure • Investment Income • Related party transactions	We determined a lower level of specific materiality for the following areas: • Charitable expenditure • Raising funds expenditure • Investment income • Related party transactions
Communication of misstatements to the audit and risk committee	We determine a threshold for reporting unadjusted differences to the audit and risk committee.	
Threshold for communication.	£5.0 million (2024: £4.8m), which represents 5% of the financial statement materiality for the group, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4.8 million (2024: £4.6m) which represents 5% of the financial statement materiality for the parent charity, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – group



Overall materiality – parent



FSM: Financial statement materiality
PM: Performance materiality
TfC: Threshold for communication to the Audit and Risk Committee

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the parent charity and group's business and in particular matters related to:

Understanding the group, its components, and their environments, and its system of internal control including common controls

- The engagement team obtained an understanding of the group and its environment, including groupwide controls and assessed the risk of material misstatement at the group level.
- The engagement team obtained an understanding of the business processes for all significant classes of transactions, including significant risks, in order to confirm their understanding of the control environment across the Group.
- The engagement team obtained an understanding of relevant internal controls at both the group and subsidiaries.
- The engagement team documented and assessed the design and implementation of controls related to key audit matters and other significant risks.
- Obtaining an understanding and assessing the design and implementation of relevant controls related to the investment accounting and administration services by evaluating the Type I service auditor's report.
- Obtaining an understanding and assessing the design and implementation of relevant internal controls linked to the unlisted securities portfolio, including testing the operating effectiveness of the one control.
- Discussions held with management to understand key changes to the business and reinforce our understanding of the group's control environment and key risk areas.

Identifying components at which to perform audit procedures

- The group audit team evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of the group's income and net assets as well as considering qualitative factors, such as a component's specific nature and circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- An audit of the financial information using component materiality (full scope audit) was performed on The Church Commissioners for England, the parent charity.
- Audits of one or more account balances, classes of transactions or disclosures (specific scope procedures) were performed on C.C. Licensing and Cherry Tree Timber LLC.
- Analytical procedures using group materiality were performed on the financial information for the remaining components of the group. All key audit matters identified were addressed with the full-scope and specific scope audit procedures. The procedures performed in respect of these have been included in the key audit matters section of our report.

Performance of our audit

All the UK subsidiaries are in the same location as the parent charity, and the group engagement team visited that location as part of our audit. Overseas subsidiaries are in USA and Australia; the group engagement team communicated with one component auditor in the USA virtually. No specific procedures have been performed for the Australian component as this is out of scope and instead, we have performed analytical procedures at group level.

Further audit procedures performed on components subject to specific scope and specified procedures may not have included testing of all significant account balances of such components, but further audit procedures were performed on specific accounts within that component that we, the group auditor, considered had the potential for the greatest impact on the group financial statements either due to risk, size or coverage.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH COMMISSIONERS FOR ENGLAND
continued

The components within the scope of further audit procedures accounted for the following percentages of the Group's results, including the key audit matters identified:

Audit approach	No. of components	% coverage Total revenue	% coverage Total net assets
Full-scope audit	1	99% (2024: 99%)	100% (2024: 99%)
Specific-scope audit	2	1% (2024: 1%)	0% (2024: 1%)
Analytical procedures	14	0% (2024: 0%)	0% (2024: 0%)
Total	**17**	**100%**	**100%**

Communications with component auditors

- The component auditor of the reporting component where a specific-scope approach was undertaken were issued with detailed audit instructions. These instructions highlighted the significant risks that needed to be addressed through the audit procedures and specified the information that we required to be reported to the Group engagement team. Throughout the planning, fieldwork, and concluding stages of the Group audit, the Group engagement team maintained communication with the component auditor and reviewed their work, including performing remote reviews, and holding update calls on the progress of their fieldwork and concluding procedures.

Changes in approach from previous period

- No changes in approach have been made since the prior year audit.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 themselves. 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity's 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 TRUSTEES

As explained more fully in the Trustee Responsibilities Statement set out on page 66, 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 parent charity's and the group'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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent charity and group and industry in which it operates. We determined that the following laws and regulations were the most significant: the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' (Charities SORP (FRS 102) (second edition – October 2019)), and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).
- We enquired of management and the Audit and Risk Committee, concerning:
  - the relevant laws and regulations;
  - the policies and procedures for the identification, evaluation and compliance with laws and regulations;
  - the policies and procedures for the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the Audit and Risk Committee whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquiries to relevant supporting documentation such as minutes of the Audit and Risk committee and board meetings.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Group's operations, including the nature of its revenue sources, and of its objective and strategy to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the group's control environment, including the policies and procedures implemented to comply with annual and financial reporting requirements.
  - any suspected fraud or irregularity that occurred during the financial period.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
  - testing completeness of journal entries and identifying and testing high-risk journal entries processed at the year end for financial statements preparation.
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud.
  - challenging the assumptions and judgements made by management in its significant accounting estimates.
  - understanding of any incidents (for example whistleblowing) that had occurred in the year and management's response and conducting corroborative and additional audit procedures utilising forensic experts where appropriate.
  - conducting enhanced audit procedures in identified areas of risk for example reviewing management communications and certain unpredictable procedures.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHURCH COMMISSIONERS FOR ENGLAND

continued

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the group and parent charity operates; and
  - understanding of the legal and regulatory requirements specific to the parent charity and group including:
    - the provisions of the applicable legislation.
    - the regulators' rules and related guidance, including guidance issued by relevant authorities that interpret those rules.
    - the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We communicated with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group 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

Following the recommendation of the Audit and Risk committee, we were appointed by the trustees on 11 November 2025 to audit the financial statements for the year ending 31 December 2025. Our total uninterrupted period of engagement is 10 years, covering the years ending 31 December 2016 to 31 December 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent charity and Group and we remain independent of the Group and the parent charity in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit and Risk committee.

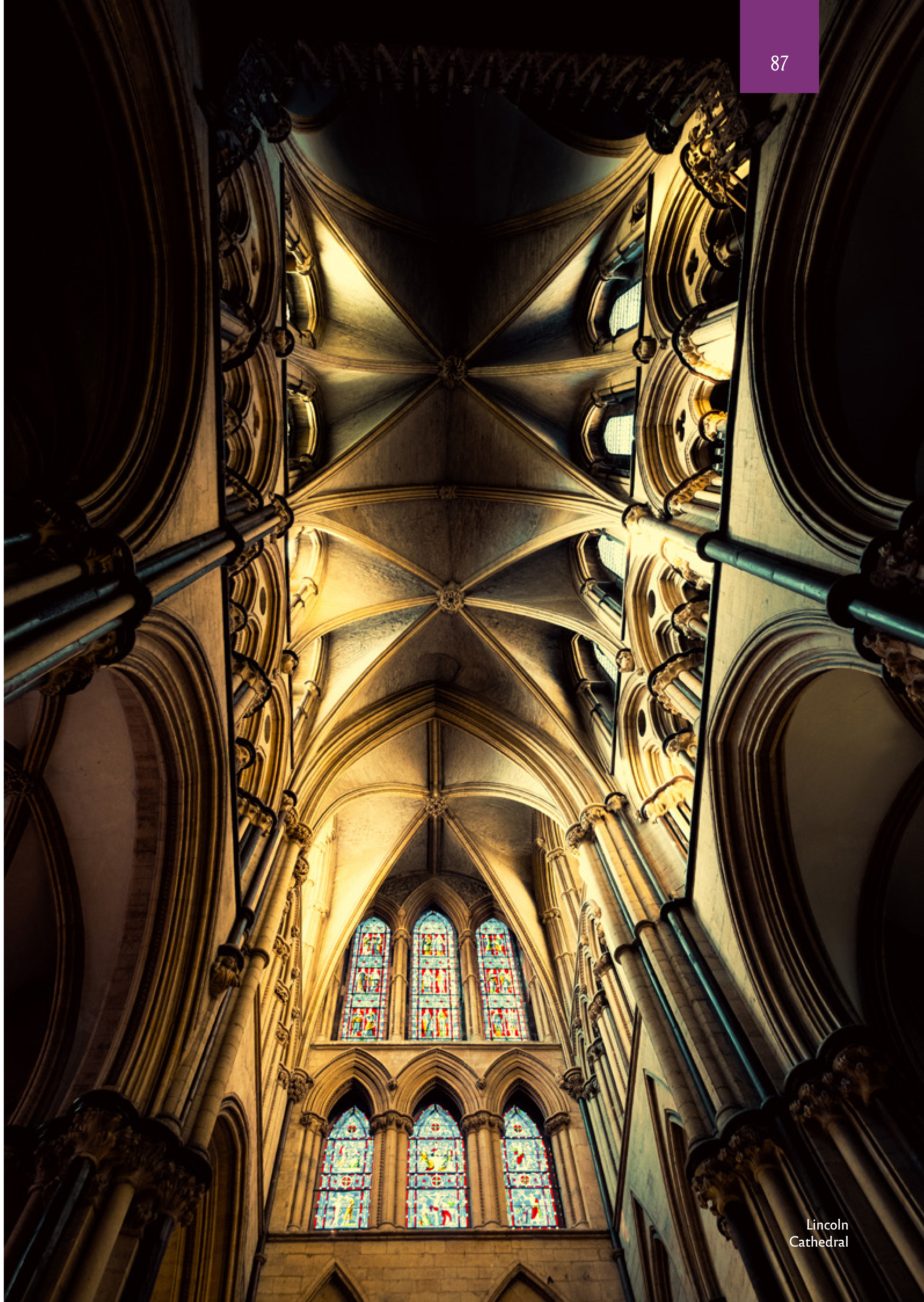
USE OF OUR REPORT

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 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
14 May 2026

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



Lincoln Cathedral

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2025

	Notes	2025 Other funds £m	2025 Endowment £m	2025 Total £m	2024 Other funds £m	2024 Endowment £m	2024 Total £m
Income from:							
Donations and legacies		1.6	–	1.6	0.1	–	0.1
Investments	2	–	208.1	208.1	–	204.5	204.5
Other income		2.9	–	2.9	2.8	–	2.8
Transfer to income	19	418.4	(418.4)	–	282.8	(282.8)	–
Total income		422.9	(210.3)	212.6	285.7	(78.3)	207.4
Expenditure on:							
Raising funds	3	(0.3)	(98.0)	(98.3)	(0.2)	(100.1)	(100.3)
Charitable activities							
Supporting dioceses and the local church	4	(202.8)	–	(202.8)	(202.0)	–	(202.0)
Bishops' and Archbishops' ministry	4	(52.9)	–	(52.9)	(55.3)	–	(55.3)
Cathedrals' ministry	4	(17.8)	–	(17.8)	(14.7)	–	(14.7)
Other activities	4	(8.8)	–	(8.8)	(11.2)	–	(11.2)
National Redress Scheme	16	(137.3)	–	(137.3)	–	–	–
Pre-1998 clergy pensions	4, 17	(2.3)	(83.0)	(85.3)	(2.2)	15.5	13.3
Total charitable expenditure		(421.9)	(83.0)	(504.9)	(285.4)	15.5	(269.9)
Total expenditure		(422.2)	(181.0)	(603.2)	(285.6)	(84.6)	(370.2)
Total net income/(expenditure) before investment gains		0.7	(391.3)	(390.6)	0.1	(162.9)	(162.8)
Gains on investment assets	2	–	731.4	731.4	–	927.1	927.1
Gains on derivatives		–	40.6	40.6	–	7.3	7.3
Gains/(losses) on foreign currency		–	(39.2)	(39.2)	–	15.3	15.3
Total net income before taxation		0.7	341.5	342.2	0.1	786.8	786.9
Current taxation	10	–	(1.4)	(1.4)	–	(3.1)	(3.1)
Deferred taxation	10	–	(1.1)	(1.1)	–	4.8	4.8
Total net income after taxation		0.7	339.0	339.7	0.1	788.5	788.6
Other recognised gains and losses							
Actuarial gain/(loss) on defined benefit pension schemes (staff pre-2000)	18	–	(4.7)	(4.7)	–	5.7	5.7
Total other recognised gains and losses		–	(4.7)	(4.7)	–	5.7	5.7
Net movement in funds		0.7	334.3	335.0	0.1	794.2	794.3
Reconciliation of funds:							
Total funds brought forward		0.8	9,892.8	9,893.6	0.7	9,098.6	9,099.3
Total funds carried forward		1.5	10,227.1	10,228.6	0.8	9,892.8	9,893.6

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

The breakdown of other funds is shown in note 19.

COMMISSIONERS' STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2025

	Notes	2025 Other funds £m	2025 Endowment £m	2025 Total £m	2024 Other funds £m	2024 Endowment £m	2024 Total £m
Income from:							
Donations and legacies		1.6	21.4	23.0	0.1	13.3	13.4
Investments	2	–	226.3	226.3	–	195.0	195.0
Other income		2.6	–	2.6	2.6	–	2.6
Transfer to income	19	418.4	(418.4)	–	282.8	(282.8)	–
Total income		422.6	(170.7)	251.9	285.5	(74.5)	211.0
Expenditure on:							
Raising funds		–	(91.3)	(91.3)	–	(96.0)	(96.0)
Charitable activities							
Supporting dioceses and the local church	4	(202.8)	–	(202.8)	(202.0)	–	(202.0)
Bishops' and Archbishops' ministry	4	(52.9)	–	(52.9)	(55.3)	–	(55.3)
Cathedrals' ministry	4	(17.8)	–	(17.8)	(14.7)	–	(14.7)
Other activities	4	(8.8)	–	(8.8)	(11.2)	–	(11.2)
National Redress Scheme	16	(137.3)	–	(137.3)	–	–	–
Pre-1998 clergy pensions	4, 17	(2.3)	(83.0)	(85.3)	(2.2)	15.5	13.3
Total charitable expenditure		(421.9)	(83.0)	(504.9)	(285.4)	15.5	(269.9)
Total expenditure		(421.9)	(174.3)	(596.2)	(285.4)	(80.5)	(365.9)
Total net income/(expenditure) before investment gains		0.7	(345.0)	(344.3)	0.1	(155.0)	(154.9)
Gains on investment assets	2	–	687.0	687.0	–	922.8	922.8
Gains on derivatives		–	40.6	40.6	–	7.3	7.3
Gains/(losses) on foreign currency		–	(43.2)	(43.2)	–	12.1	12.1
Total net income before taxation		0.7	339.4	340.1	0.1	787.2	787.3
Current taxation		–	(0.4)	(0.4)	–	(1.9)	(1.9)
Deferred taxation		–	–	–	–	3.2	3.2
Total net income after taxation		0.7	339.0	339.7	0.1	788.5	788.6
Other recognised gains and losses							
Actuarial gain/(loss) on defined benefit pension schemes (staff pre-2000)	18	–	(4.7)	(4.7)	–	5.7	5.7
Total other recognised gains and losses		–	(4.7)	(4.7)	–	5.7	5.7
Net movement in funds		0.7	334.3	335.0	0.1	794.2	794.3
Reconciliation of funds:							
Total funds brought forward		0.8	9,892.8	9,893.6	0.7	9,098.6	9,099.3
Total funds carried forward		1.5	10,227.1	10,228.6	0.8	9,892.8	9,893.6

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

The breakdown of other funds is shown in note 19.

BALANCE SHEETS
As at 31 December 2025

	Notes	Consolidated 2025 £m	Consolidated 2024 £m	Commissioners 2025 £m	Commissioners 2024 £m
Fixed assets					
Tangible assets	11	140.9	138.9	140.8	138.3
Heritage assets	12	3.7	3.6	3.7	3.6
Investments	2	11,020.3	10,687.3	10,064.7	9,800.9
Total fixed assets		11,164.9	10,829.8	10,209.2	9,942.8
Current assets					
Debtors	13	241.7	200.0	1,190.9	1,105.4
Current asset investments		672.3	246.8	672.3	246.8
Cash and cash equivalents		645.0	687.2	640.1	681.1
Total current assets		1,559.0	1,134.0	2,503.3	2,033.3
Liabilities					
Creditors: amounts falling due within one year	14	(269.5)	(259.3)	(258.1)	(270.5)
Net current assets		1,289.5	874.7	2,245.2	1,762.8
Total assets less current liabilities		12,454.4	11,704.5	12,454.4	11,705.6
Creditors: amounts falling due after one year	15	(981.7)	(669.2)	(981.7)	(669.2)
Provisions					
Deferred tax asset/(liability)		–	1.1	–	–
National Redress Scheme	16	(137.3)	–	(137.3)	–
Clergy pre-1998 pension obligation:					
Expected to fall due within one year		(123.6)	(127.5)	(123.6)	(127.5)
Expected to fall due after one year		(906.9)	(941.9)	(906.9)	(941.9)
Total clergy pre-1998 pension obligation	17	(1,030.5)	(1,069.4)	(1,030.5)	(1,069.4)
Net assets excluding pension scheme liabilities		10,304.9	9,967.0	10,304.9	9,967.0
Defined benefit pension scheme liabilities	18	(76.3)	(73.4)	(76.3)	(73.4)
Total net assets		10,228.6	9,893.6	10,228.6	9,893.6
Funds of the charity					
Endowment funds		10,303.4	9,966.2	10,303.4	9,966.2
Pension reserves	18	(76.3)	(73.4)	(76.3)	(73.4)
Unrestricted funds:					
Designated funds		–	–	–	–
General funds		–	–	–	–
Restricted funds		1.5	0.8	1.5	0.8
Total charity funds	19	10,228.6	9,893.6	10,228.6	9,893.6

By order of the Board

Alan Smith
First Church Estates Commissioner

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2025

Cash flow statement

	Notes	2025 £m	2024 £m
Cash flows from operating activities		(235.3)	342.1
Cash paid from endowment capital for pre-1998 clergy pensions	17	(121.8)	(124.1)
Net cash used in operating activities		(357.1)	218.0
Cash flows from investing activities			
Income from investments		207.3	206.0
Expenditure on raising funds paid from endowment capital		(72.0)	(101.7)
Movement in current asset investments		(425.5)	25.8
Tangible assets: additions	11	(3.5)	(6.6)
Tangible assets: proceeds from sale	11	–	–
Investments: additions		(4,858.3)	(4,539.3)
Investments: sale proceeds		5,232.9	4,202.4
Net cash used in investing activities		80.9	(213.4)
Cash flows from financing activities			
5.125% Bonds (2035) – proceeds from issue		274.5	–
5.125% Bonds (2035) – Bond issue costs		(1.3)	–
Net cash used in financing activities		273.2	–
Change in cash and cash equivalents in the year		(3.0)	4.6
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the start of the year		687.2	667.3
Change in cash and cash equivalents in the year		(3.0)	4.6
Change in cash due to exchange rate movements		(39.2)	15.3
Cash and cash equivalents at the end of the year		645.0	687.2
Cash and cash equivalents consist of:			
Cash at bank		89.4	57.5
Money Market Funds		555.6	629.7
Cash and cash equivalents at the end of the year		645.0	687.2

CONSOLIDATED CASH FLOW STATEMENT continued

For the year ended 31 December 2025

Analysis of changes in net debt

	At 1 January 2025 £m	Cash flows £m	Non-cash changes £m	At 31 December 2025 £m
Cash and cash equivalents	687.2	(42.2)	–	**645.0**
Total cash and cash equivalents	687.2	(42.2)	–	**645.0**
3.250% Sustainability Bonds (2032)	(248.4)	–	(0.2)	**(248.6)**
3.625% Bonds (2052)	(293.7)	–	(0.3)	**(294.0)**
5.125% Bonds (2035)	–	(273.2)	–	**(273.2)**
Total net asset	145.1	(315.4)	(0.5)	**(170.8)**

Non-cash movements represent adjustments in relation to the amortisation of bond issue costs and discount on issuance. See note 15 for further details.

Reconciliation of net income to net cash flows from operating activities

	Notes	2025 £m	2024 £m
Net income for the year		**339.7**	788.6
Adjustments for:			
Depreciation	11	**0.9**	0.9
Impairment on fixed assets	11	**0.5**	–
Expenditure on raising funds paid from endowment capital	3	**98.0**	100.1
Expenditure on charitable activities paid from endowment capital	17	**83.0**	(15.5)
Income from investments	2	**(208.1)**	(204.5)
Gains on investments	2	**(731.4)**	(364.9)
(Gains)/losses on foreign currency		**39.2**	(15.3)
Amortisation of bond issue costs	15	**0.5**	0.4
Movement in debtors (excluding outstanding trades and accrued income)	13	**(28.1)**	3.6
Movement in creditors (excluding outstanding trades and accrued expenditure)	14, 15	**33.9**	55.6
Movement in deferred tax provision		**1.1**	(4.9)
Movement in National Redress Scheme provision	16	**137.3**	–
Pension reserve adjustment to net income	18	**(1.8)**	(2.0)
Net cash used in operating activities		**(235.3)**	342.1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. ACCOUNTING POLICIES

(a) Legal status

The Church Commissioners for England ("the Commissioners") is a statutory body established by the Church Commissioners Measure 1947 (as amended) and has been regulated by the Charity Commission since registration on 27 January 2011.

(b) Basis of preparation

The consolidated and charity financial information has 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 accounts 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 Commissioners meets the definition of a Public Benefit Entity (PBE) and therefore apply the PBE prefixed paragraphs in FRS 102. The financial information has been prepared on the historical cost basis (except for the revaluation of investments) and on an accruals basis. A summary of the accounting policies, which have been applied consistently across the Group, is set out below. The Commissioners adopts a total return approach to investments. Note 19 explains how the unapplied total return and the use thereof is calculated. The Commissioners has presented a consolidated cash flow statement and have taken advantage of the exemption within FRS 102 from presenting a cash flow statement for the Commissioners only.

The functional currency of the Commissioners is considered as pounds sterling because that is the currency of the primary economic environment in which the Commissioners operates. The consolidated Financial Statements are presented in pounds sterling. The numbers included within the Financial Statements are presented in millions, rounded to one decimal point.

(c) Significant judgements and estimates

Key judgements in applying the accounting policies

The preparation of the financial statements includes the following key judgements in applying the accounting policies which would have the most significant effect on the amounts recognised:

- **Carrying value of investment assets and tangible fixed assets** – judgement is applied in selecting appropriate valuation methods for the assets of the Commissioners. The carrying values for each class of fixed asset are set out below. The accounting policies describe the valuation method applied for each class of asset, and the further disclosure notes provide breakdowns of the relevant asset classes.

			Consolidated		Commissioners	
	Accounting policy	Further details	2025 £m	2024 £m	2025 £m	2024 £m
Fixed assets						
Tangible assets	1(j)	11	**140.9**	138.9	**140.8**	138.3
Heritage assets	1(k)	12	**3.7**	3.6	**3.7**	3.6
Investments	1(l)	2	**11,020.3**	10,687.3	**10,064.7**	9,800.9
Total fixed assets			**11,164.9**	10,829.8	**10,209.2**	9,942.8

1. ACCOUNTING POLICIES continued

(c) Significant judgements and estimates continued

Key accounting estimates and assumptions

The preparation of the financial statements includes the use of estimates and assumptions. Significant estimates are key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The significant accounting estimates are described in the accounting policies and are summarised below:

- **Clergy pension obligation** – estimations are made in the valuation of the pre-1998 clergy pensions obligation which is based on an actuarial assessment carried out by independent qualified actuaries. The carrying value is set out below, and the assumptions and estimates employed in the valuation are set out in note 17.

			Consolidated and Commissioners	
	Accounting policy	Further details	2025 £m	2024 £m
Expected to fall due within one year	1(h)	17	(123.6)	(127.5)
Expected to fall due after one year	1(h)	17	(906.9)	(941.9)
Clergy pre-1998 pension obligation:			(1,030.5)	(1,069.4)

- **Pension liabilities** – estimations are made in the valuation of the Commissioners' defined benefit pension liabilities, which are undertaken by independent qualified actuaries. The carrying value is set out below, and the assumptions and estimates employed in the valuation are set out in note 18.

			Consolidated and Commissioners	
	Accounting policy	Further details	2025 £m	2024 £m
Defined benefit pension scheme liabilities	1(i)	18	(76.3)	(73.4)
Defined benefit pension scheme liabilities			(76.3)	(73.4)

In relation to Clergy Pensions post-1997 (Church of England Funded Pensions Scheme), the Commissioners is one of the 'responsible bodies' in the Scheme, funding the pension contributions for certain stipendiary clergy who are members of this Scheme. Although those are office holders, taking all facts into consideration, the Commissioners considers that they should be treated as if they are employees for the purposes of accounting for post-service benefits. See note 8.

(d) Going concern

The Commissioners' role in funding the Church's ministry comprises certain legal obligations and discretionary funding. In assessing the going concern status of the Commissioners, the trustees have considered the Commissioners' role in funding the Church's ministry, the spending strategy, the application of total return and the legislation to allow endowment to be spent for specific pension purposes. In addition, the trustees take account of independent actuarial advice provided by Hymans Robertson LLP on the affordability in perpetuity of their planned distributions. This advice is provided every three years when setting the spending plans for the next three-year period (the "triennium"), and this is updated annually to ensure that the spending plans for the current and next triennium remain affordable. The approach adopted includes a smoothing mechanism which aims to give three years' notice on a rolling basis of any reduction in distributions unless there has been a significant deterioration in the balance between the Commissioners' assets and its spending plans. This means that while events such as the current geopolitical context are factors for consideration, the Commissioners has a clear framework for assessing whether the events are sufficiently significant that they would change the amounts available for distribution to beneficiaries in the short term.

The annual actuarial update for the year ended 31 December 2025 was scrutinised by the Assets Committee and includes stress testing scenario analysis which models the impact on distributions in the event of different levels of reduction in asset values. This includes consideration of the impact of changes in the value of the asset portfolio, expected future returns or inflation, on the affordability of distributions. In light of this analysis, there was no reason to consider that any changes are required to the planned remaining distributions within the 2023-2025 triennium or that the anticipated distributions for the 2026-28 triennium cannot be considered affordable (as they are subject to Assets Committee approval); the trustees have therefore concluded that the Commissioners is able to sustainably meet both their legal obligations and planned discretionary funding for at least the period to 31 December 2028. In addition, the trustees have considered the availability of sufficient liquidity in light of market volatility arising from ongoing geopolitical instability, a challenging economic environment and other external factors. Under the Investment Risk Framework, the Commissioners seeks to maintain a stock of unencumbered high-quality liquid assets sufficient to cover the next 18 months of planned distributions (after including investments, forecast income, cash receipts and expenditure) and they are satisfied that sufficient cash is available to meet their obligations within this timeframe. Therefore, the Commissioners continues to adopt the going concern basis of accounting in the preparation of these financial statements.

(e) Basis of consolidation and subsidiary undertakings

The consolidated statement of financial activities (SOFA) and balance sheet include the financial statements of the Commissioners and all its subsidiary undertakings made up to 31 December of each year. The subsidiaries have been consolidated on a line-by-line basis. Intra-group transactions are eliminated on consolidation. Further details about the Commissioners' significant subsidiaries are given in note 2(b).

The Commissioners, together with the Archbishops' Council and the Church of England Pensions Board, is an equal partner in Church of England Central Services (ChECS), a joint venture. Further details are given in note 2(c) and note 22. This jointly controlled entity is included in the Commissioners' consolidated financial statements using the equity method. The Commissioners' share of profits or losses from ChECS is included in the SOFA and its share of net assets is included in the balance sheet.

The Commissioners has a number of joint ventures that are held as part of their investment portfolio for investment purposes. These jointly controlled entities are held at fair value. Changes in fair value are recognised in the consolidated SOFA.

(f) Income

All income is recognised when the Commissioners is legally entitled to the income, when it is probable the income will be received, and as soon as the amount can be quantified with reasonable accuracy.

Donations and legacies

Items donated to the Commissioners for the Lambeth Palace Library are recognised at the market value of the gift at the time of donation. Legacies are recognised as receivable once the Commissioners is notified of the gift, probate has been granted, and when the executors have established that there are sufficient assets in the estate to pay the legacy after settlement of liabilities and there are no conditions outside the control of the Commissioners that are not yet met.

Gift Aid payments from subsidiaries are recognised in the Commissioners financial statements when the gift aid payment is payable under Deeds of Covenant. The income is accrued in the year in which the associated profits arise in the subsidiary company with the payment being made to the Commissioners in the following financial year.

Investment income

Dividends are recognised when the Commissioners' right to receive payment is established, which is on the ex-dividend date of the underlying holdings. All other investment income is recognised on an accruals basis.

Other income

Other income includes income from the Commissioners' share of proceeds on the sale of closed churches as well as income from Palace Public Occasions, Lambeth Palace Library, rental income from See Houses and admin fee for Clergy pensions. Income is recognised on accrual basis.

1. ACCOUNTING POLICIES continued

(g) Expenditure
The SOFA has been presented on an activity basis. Costs have been distinguished between charitable activities and those incurred to raise funds. Expenditure and liabilities are recognised when a legal or constructive obligation exists to make payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Direct costs and grants are allocated directly to activities and are described in more detail in notes 5 and 6. Grants are recognised when a firm commitment to provide funding is made and there is evidence of a constructive obligation to the beneficiary. Support costs are apportioned to the activity to which they relate as shown in note 7. The long-term debtor and creditor balances are discounted to present value, where material. The discount rate used is based on the expected future yield on the assets that are earmarked for making these grant payments. Expenditure on raising funds includes investment management fees, performance fees, property and timberland running costs and other fees. Further details on these costs are included in note 3. Cars for use by bishops are normally obtained under four-year operating leases, the full cost of which is paid at commencement. The cost of such leases is allocated on a straight-line basis over the period of the lease. The balance of the lease payments not yet charged to expenditure is included in prepayments.

(h) Provisions
Provisions are recognised when: an entity has a present obligation as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Provisions are discounted to present value, where material. The discount rate used is based on the expected future yield on the assets that are earmarked to meet these provision liabilities.

In January 2023, the Church Commissioners published a report detailing its historic links to African Chattel Enslavement and has begun Project Spire to propose a response to these links. However, the process of obtaining the relevant regulatory and legal approvals remains ongoing and therefore, Project Spire does not meet the accounting requirements for recognition as a provision, contingent liability or commitment. For further details on Project Spire, see the Trustee Report section *A Vision for Healing, Repair And Justice*.

Under the Pensions Measure 1997 the Commissioners has an obligation to meet the costs of clergy pensions for service up to 31 December 1997. Since the beneficiaries of the past service are not employees of the Church Commissioners this obligation does not fall within scope of section 28 of FRS 102 'Employee Benefits' and is therefore accounted for under section 21 – 'Provisions & Contingencies'. The liability for the pre-1998 pension obligation for Church of England clergy under the Church of England Pensions Scheme is recognised at the actuarial valuation provided by Hymans Robertson LLP. This is the best estimate of the total value of future discounted cash flows. The assumptions and methodology behind the cash flow projections are disclosed in note 17.

(i) Pensions
Pensions are described in note 18.

The Church Commissioners Superannuation Scheme is accounted for as a defined benefit scheme. The liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. Interest costs are charged to expenditure, with actuarial movements shown in other gains and losses.

The other defined benefit schemes of which the Commissioners is an employer or a 'responsible body' are considered to be multi-employer schemes, but the Commissioners is unable to identify its share of assets and liabilities of the schemes. Consequently, the contributions to these schemes are accounted for as if they were defined contribution schemes, where employer contributions payable in the year are charged to expenditure.

Where these other defined benefit schemes have deficit recovery contribution plans in place, the present value of these agreed payments are recognised as a liability at each balance sheet date. Amounts paid during the year are charged against this liability.

(j) Fixed assets: tangible assets
Costs incurred on acquiring, improving or adding to assets are capitalised if the cost is greater than £1,000. Repair and maintenance costs are charged to the SOFA in the period they are incurred.

Green energy generation assets are initially recognised at cost and are revalued at each balance sheet date.

Operational See House properties are recognised at their market value on 1 January 2014, being the date of transition to FRS 102. This was deemed to be their cost under the transitional provisions of FRS 102. An impairment review is carried out annually and where the recoverable amount is materially less than the historic cost, the assets are impaired to the lower value.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, calculated on the opening balance sheet value, on the following fixed assets:

Fixed asset	Estimated useful life
Buildings and improvements	50 years
Structural glazing	25 years
Internal plant and equipment	20 years
Leasehold office improvements	10 years
Audio-visual equipment and IT systems	5 years

No depreciation is charged on See Houses and their historic content due to the anticipated high residual value, which would result in an immaterial depreciation for each asset and in aggregate.

(k) Fixed assets: Heritage assets
The Commissioners owns a number of assets that they consider to be heritage assets, which are held on an ongoing basis for their contribution to knowledge and culture, in particular relating to the history of the wider Church of England. The Commissioners' heritage assets have been grouped together in the following categories:

Lambeth Palace
Lambeth Palace is recognised at its deemed historic cost of £1, in line with the SORP. The Commissioners has chosen to recognise this class of heritage asset at cost. It has chosen to adopt this policy although it is believed that the market value, both at the time of acquisition and at the balance sheet date, was significantly in excess of the deemed cost, and it is not possible to obtain a reliable estimate of the market value at either date, as conventional valuation techniques are inappropriate for the unique and historical nature of the building.

Any developments or improvements to the building are capitalised at cost and depreciated over the improvements' useful economic life. Maintenance costs are charged to the SOFA in the period they are incurred.

Historic contents of Lambeth Palace
Historic items are recognised at cost. On transition to FRS 102, the Commissioners deemed the cost of these assets to be their carrying value on 1 January 2014, based on the value attributed to them in a valuation carried out in 2007. The collection is not depreciated as the amount of depreciation is regarded as immaterial due to the high residual value, however the collection is reviewed for impairment at each accounting year-end date.

Any additional items purchased or donated since 1 January 2014 are capitalised if the cost is greater than £1,000. Maintenance costs are charged to the SOFA in the period they are incurred.

Contents of Lambeth Palace Library
The trustees consider that the vast majority of items in the Lambeth Palace Library would be difficult, if not impossible, to value. The library contains a number of historical books and records with no obvious market value and no comparable sale records to use as the basis for valuation. As a result, no value is reported for these assets in the charity's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

1. ACCOUNTING POLICIES continued
(k) Fixed assets: heritage assets continued
Contents of Lambeth Palace Library continued
The exception is for books, manuscripts and other items purchased or donated since 1 January 2014, which are capitalised if the cost is greater than £1,000. Items in the collection that are capitalised are stated at cost but are not depreciated as the amount of depreciation is regarded as immaterial due to their anticipated high residual value. The collection is reviewed for impairment at each accounting year end date.

Historic contents of former See Houses
Historic items, including the Hurd Library which is on loan to the Hartlebury Castle Preservation Trust, are recognised at cost. On transition to FRS 102, the Commissioners deemed the cost of these assets to be their carrying value on 1 January 2014, based on the value attributed to them in a valuation carried out in 2007. The collection is not depreciated as the amount of depreciation is regarded as immaterial due to the high residual value, however the collection is reviewed for impairment at each accounting year end date.

Any additional items purchased or donated since 1 January 2014 are capitalised if the cost is greater than £1,000. Maintenance costs are charged to the SOFA in the period they are incurred.

(l) Fixed assets: Non-financial instrument investments
Investment properties
All directly owned properties are in the United Kingdom. The portfolio consists of rural and strategic land, residential and commercial properties. Rural land also includes mineral interests. Investment properties are recognised at cost upon acquisition and then recognised at fair value at each balance sheet year end date. Changes in fair value are recognised in the SOFA. Fair value is determined through reference to each property's market value in accordance with the Appraisal & Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS). All properties are valued by an external valuer with recognised and relevant skills and experience. The valuation methods adopted take into account all appropriate comparable evidence and market indices. The most appropriate method of valuation is selected for each property type.

The valuers of the properties are shown below.
Rural: Strutt & Parker, BNP Paribas Group
Strategic land: Strutt & Parker, BNP Paribas Group
Commercial: Cushman & Wakefield (UK) LLP
Residential: Cushman & Wakefield (UK) LLP
Minerals: Newmark

Timberland (including biological assets)
Timberland includes land, its standing timber and other assets. Land is measured as investment property. Standing timber is measured as a biological asset. The Commissioners does not hold any timber as stock as they only sell standing timber.

Land and other assets are valued annually by an external valuer at fair value determined through reference to each property's market value in accordance with the Appraisal & Valuation Manual issued by the RICS.

The value of standing timber is calculated on the timber maturity profile, the species, the geographic location and other environmental considerations. Changes in fair value in the year resulting from both net growth and change in the market value of standing timber are reported in the gains and losses on investments in the SOFA.

At point of sale, the carrying value of forestry assets is valued at fair value less estimated point-of-sale costs. The revenue from the sale of standing timber is recognised as income.

UK timberland (including biological assets) was valued by Savills (UK) Limited. Overseas timberland was valued by local qualified valuers.

Subsidiary undertakings
The Commissioners' principal subsidiary companies are wholly owned and are held to undertake property purchase, development and management and hold certain property, unlisted securities, infrastructure and timberland investments.

The subsidiaries are recognised at their net asset values in the Commissioners' balance sheet. This is considered to represent the fair value of the subsidiary, with changes in fair value being recognised in profit or loss.

(m) Financial instruments
The Commissioners has chosen to adopt sections 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments which are not public benefit entity concessionary loans.

All changes in fair value and gains or losses on disposal of investment assets, including related foreign currency transactions, are shown in gains or losses in endowment capital in the SOFA.

Basic financial instruments
Cash and cash equivalents and trade and other receivables are recognised and held at transaction price. They are de-recognised when the rights to the cash flows from the financial assets expire or are settled. Cash and cash equivalents includes cash at bank and cash equivalents. Cash equivalents includes money market funds which are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Financial liabilities, including trade and other payables and intra-group balances, are initially recognised at transaction price. Bank loans are subsequently measures at the amortised cost, using the effective interest rate. Financial liabilities are derecognised, when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Bond liabilities are measured initially at the proceeds of issue less bond issue costs. The costs of issue are initially capitalised and then amortised over the length of the bond term using the effective interest method. After initial recognition the liabilities are measured at amortised cost using the effective interest method.

Current asset investments include treasury bills, gilts and supranational bonds. Movements in the value of these instruments are recognised in income under the effective interest method. Together with the cash at bank and in hand, these holdings make up the cash and near cash fund allocation, which is available for investment, short-term commitment and for distribution purposes.

Listed and unlisted securities are initially measured at fair value. Such assets are subsequently held at fair value at each balance sheet date, with changes in fair value recognised in the SOFA. Listed securities comprise of listed public equities and fixed income instruments. The fair value of these investments is determined using bid price.

Unlisted securities comprise of a) closed-end unlisted funds which are invested in private equity, private credit and venture capital assets, and b) open-end unlisted funds invested in listed securities of various types. These funds are valued by reference to the estimated net asset values or final net asset values received from the fund managers at year end.

Non-basic financial instruments
All non-basic financial instruments are measured at fair value. Any changes to fair value are recognised in the SOFA.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

1. ACCOUNTING POLICIES continued
(m) Financial instruments continued

Value linked loans

Value linked loans are granted for the purchase of residential properties. On disposal of the property, the Commissioners is entitled to a share of the proceeds corresponding to the proportion of the original purchase price which was financed by the loan.

Value linked loans are valued annually at portfolio level taking into account indexed values of the properties, estimated future house prices growth and income flows and the anticipated dates of repayment. All value linked loans were valued by Cushman & Wakefield (UK) LLP.

Indirect property, timberland and infrastructure funds

Indirect property, timberland and infrastructure funds are closed end unlisted funds where the Commissioners and its subsidiaries hold minority interests in partnerships managed by a third party investing in properties, timberland or infrastructure projects.

These funds are fair valued annually using the estimated net asset value or final asset value provided by the fund manager.

Stock lending programme

The Commissioners' global custodian is authorised to enter into stock lending arrangements, whereby securities are loaned to external counterparties for a set period of time. The Commissioners receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period.

Interest is received on the reinvestment of the cash collateral held and is disclosed in note 2.

Where securities are loaned at the balance sheet date, the securities loaned are included in the balance sheet as the Commissioners retains the risks and rewards of ownership of the securities and also retains the contractual rights to any cash flows relating to the securities. The market value of listed investments includes stock on loan of £87.5m (2024: £116.5m).

Derivatives

The Commissioners uses foreign currency forwards and options contracts, currency swaps, equity derivatives, index swaps and interest rate derivatives to facilitate risk management and efficient portfolio management. The currency derivatives reduce the impact of changes in foreign currency rates in relation to investments priced in certain currencies other than sterling. The equity derivatives, index swaps and interest rate derivatives are used to manage equity market risks, hedge portfolio biases and to provide efficient implementation for certain allocation decisions. In accordance with the Commissioners' investment policy, derivatives are not entered into for trading purposes. Derivatives are also used by some external fund managers to implement their investment strategy.

Derivatives are initially recognised at their fair value, which is equivalent to any transaction price paid. Derivative contracts outstanding at the balance sheet date are stated at fair value at the balance sheet date, which is derived from exchange prices if the derivative is listed or from third-party valuations if unlisted. If the fair value of the derivative is in a gain position, the contract is shown within debtors. If the fair value of the contract is in a loss position, it is shown within creditors. Hedge accounting is not applied by the Commissioners. Realised and unrealised gains and losses arising from these contracts are charged to the endowment fund in the SOFA. Cash delivered as collateral for derivative contracts is reflected as receivables within Current Assets, Debtors. At 31 December 2025, £4.8m cash was delivered as collateral (2024: £31.8m).

(n) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the balance sheet date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling on the balance sheet date.

Profits and losses on sales of overseas investments are translated at the rate ruling on the date of the transaction. Unrealised gains and losses on overseas investments arising on translation are included in the net gains and losses on realisation and on revaluation in endowment capital in gains and losses on investment assets in the SOFA.

Income received in foreign currencies is converted into sterling and recorded at the rate ruling on the date of the conversion. If retained in foreign currencies, amounts are translated at the rate ruling on the date of the transaction. Subsequent gains or losses on conversion into sterling are included in gains and losses on foreign currency in the SOFA.

(o) Taxation

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

The Commissioners' subsidiary undertakings are non-charitable subsidiaries and are subject to taxation, but do not generally pay UK Corporation Tax because their policy is to pay taxable profits as Gift Aid to the Commissioners. Foreign tax incurred by subsidiaries operating overseas is charged as it is incurred.

Deferred taxation is recognised in the Commissioners' subsidiary undertakings on timing differences that have arisen between the recognition of gains and losses in the Financial Statements and recognition in the tax computation. A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which future reversals can be deducted. Deferred taxation assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to be reversed.

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

(p) Related parties

The Church of England is governed by a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies are not related parties. 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 Commissioners is related to its subsidiaries. Details about the Commissioners' principal subsidiaries are given in note 2(b). Transactions between the Commissioners and its subsidiaries are disclosed in note 22.

The Commissioners is related to Church of England Central Services (ChECS), as it is a partner in this joint venture. Details are given in note 2(c) and note 22. The Commissioners is also related to the following pension funds, administered by the Church of England Pensions Board: Church of England Funded Pensions Scheme; Church Administrators Pension Fund; and Church Workers Pension Fund. Details about the pension funds, including contributions paid, are given in notes 4, 8 and 18.

2. INVESTMENTS

(a) Summary of movement on investments

Consolidated

	At 1 January 2025 £m	Additions £m	Sale proceeds £m	Change in market value £m	**At 31 December 2025 £m**	**2025 investment income £m**
Securities portfolio:						
Listed securities*	3,790.1	3,370.4	(3,861.1)	322.4	**3,621.8**	**124.9**
Unlisted securities	4,473.1	1,339.3	(1,208.3)	314.4	**4,918.5**	**20.9**
Total securities	8,263.2	4,709.7	(5,069.4)	636.8	**8,540.3**	**145.8**
Properties:						
Direct property	1,622.0	46.2	(63.8)	77.9	**1,682.3**	**44.8**
Indirect property	96.5	6.0	(19.1)	(5.3)	**78.1**	**1.1**
Total properties	1,718.5	52.2	(82.9)	72.6	**1,760.4**	**45.9**
Value linked loans	66.6	–	(9.5)	4.0	**61.1**	**2.7**
Timberland:						
Land	125.7	–	–	6.8	**132.5**	**–**
Standing timber**	200.5	6.5	(14.9)	7.1	**199.2**	**8.8**
Indirect timberland	72.5	–	(27.0)	(1.4)	**44.1**	**3.1**
Total timberland	398.7	6.5	(41.9)	12.5	**375.8**	**11.9**
Infrastructure	239.3	79.0	(42.2)	5.3	**281.4**	**1.7**
Joint venture	1.0	–	–	0.3	**1.3**	**0.1**
Total	10,687.3	4,847.4	(5,245.9)	731.5	**11,020.3**	**208.1**

	At 1 January 2024 £m	Additions £m	Sale proceeds £m	Change in market value £m	At 31 December 2024 £m	2024 investment income £m
Securities portfolio:						
Listed securities*	3,172.9	3,905.0	(3,396.2)	108.4	3,790.1	124.8
Unlisted securities	4,318.4	574.5	(629.6)	209.8	4,473.1	16.2
Total securities	7,491.3	4,479.5	(4,025.8)	318.2	8,263.2	141.0
Properties:						
Direct property	1,597.6	26.4	(107.9)	105.9	1,622.0	43.2
Indirect property	109.0	9.7	(12.0)	(10.2)	96.5	0.9
Total properties	1,706.6	36.1	(119.9)	95.7	1,718.5	44.1
Value linked loans	69.5	–	(10.3)	7.4	66.6	2.8
Timberland:						
Land	146.5	–	–	(20.8)	125.7	–
Standing timber**	256.9	5.6	(5.6)	(56.4)	200.5	7.9
Indirect timberland	66.7	0.3	–	5.5	72.5	1.3
Total timberland	470.1	5.9	(5.6)	(71.7)	398.7	9.2
Infrastructure	230.2	30.9	(36.1)	14.3	239.3	6.4
Joint venture	–	–	–	1.0	1.0	1.0
Total	9,967.7	4,552.4	(4,197.7)	364.9	10,687.3	204.5

* Investment income includes £19.7m (2024: £26.3m) of income relating to interest on cash and cash equivalents and current asset investments, and £0.2m (2024: £0.2m) stock lending income.

** Change in market value of standing timber mainly comprises revaluation gain of £12.2m (2024: loss of £52.6m) and a reduction of £5.3m (2024: £3.7m) due to sale of standing timber. Standing timber represents the biological assets held by the Commissioners.

Commissioners

	At 1 January 2025 £m	Additions £m	Sale proceeds £m	Change in market value £m	**At 31 December 2025 £m**
Securities portfolio:					
Listed securities	3,790.2	3,360.9	(3,852.2)	322.8	**3,621.7**
Unlisted securities	3,756.5	1,217.4	(1,143.9)	297.4	**4,127.4**
Total securities	7,546.7	4,578.3	(4,996.1)	620.2	**7,749.1**
Properties:					
Direct property	1,382.6	42.2	(20.4)	46.4	**1,450.8**
Indirect property	81.7	5.2	(19.1)	(2.9)	**64.9**
Total properties	1,464.3	47.4	(39.5)	43.5	**1,515.7**
Value linked loans	66.6	–	(9.5)	3.9	**61.0**
Timberland:					
Land	62.5	–	–	0.2	**62.7**
Standing timber*	160.3	1.4	–	0.5	**162.2**
Total timberland	222.8	1.4	–	0.7	**224.9**
Infrastructure	105.1	15.3	(29.1)	9.7	**101.0**
Subsidiaries	394.4	8.4	–	8.9	**411.7**
Joint venture	1.0	–	–	0.3	**1.3**
Total	9,800.9	4,650.8	(5,074.2)	687.2	**10,064.7**

	At 1 January 2024 £m	Additions £m	Sale proceeds £m	Change in market value £m	At 31 December 2024 £m
Securities portfolio:					
Listed securities	3,173.0	3,902.5	(3,703.3)	418.0	3,790.2
Unlisted securities	3,714.8	442.9	(814.5)	413.3	3,756.5
Total securities	6,887.8	4,345.4	(4,517.8)	831.3	7,546.7
Properties:					
Direct property	1,418.5	19.5	(157.2)	101.8	1,382.6
Indirect property	92.0	9.4	(12.0)	(7.7)	81.7
Total properties	1,510.5	28.9	(169.2)	94.1	1,464.3
Value linked loans	69.5	–	(10.3)	7.4	66.6
Timberland:					
Land	80.7	–	–	(18.2)	62.5
Standing timber*	212.4	0.9	(6.1)	(46.9)	160.3
Total timberland	293.1	0.9	(6.1)	(65.1)	222.8
Infrastructure	96.3	15.3	(16.9)	10.4	105.1
Subsidiaries	344.4	5.9	–	44.1	394.4
Joint venture	–	–	–	1.0	1.0
Total	9,201.6	4,396.4	(4,720.3)	923.2	9,800.9

* Change in market value mainly comprises revaluation gain of £4.4m (2024: loss of £43.5m) and a reduction of £3.6m (2024: £3.4m) due to sale of standing timber. Standing timber represents the biological assets held by the Commissioners.

The original cost of investments is not disclosed given the historic nature of many of the property investments.

FRS 102 requires investments values to be shown for the Charity as well as consolidated. There is no similar requirement for income and expenditure.

Unlisted securities include £0.2m (2024: £0.2m) invested in shares in the Churches' Mutual Credit Union Limited, which is a programme-related investment.

2. INVESTMENTS continued

(a) Summary of movement on investments continued

The significance of financial instruments to the ongoing financial sustainability of the Commissioners is considered in the Investment Policy and Performance section of the Trustees' Annual Report.

Church Commissioners' Net Assets of the Investment Fund excludes tangible assets, heritage assets, grants liability, clergy pre-1998 pension obligation, redress provision and defined benefit pension scheme liabilities from the Commissioners' Total Net Assets.

Commissioners' Asset Allocation within Investment Policy and Objectives of the Annual Report represents Commissioners' investment portfolio reported by investment strategy for management purposes and excludes debtor and creditor balances associated with charitable expenditures, cash used for payment of costs and distribution, and Commissioners' Bond and other tax related liabilities.

The Commissioners has investments denominated in foreign currencies and are impacted by changes in foreign currency exchange rates. Non-sterling assets exposed to currency risk represented 60.0% (2024: 65.7%) of the investment portfolio. A currency overlay programme is used to hedge the foreign currency exposure.

The following table details the exposure to foreign currency contracts and the proportion of non-sterling assets that are hedged to sterling, based on the notional value of the currency derivative, as at 31 December 2025:

	2025			2024		
	Notional Value £m	Market Value £m	Proportion of non-sterling assets hedged to sterling (notional value of derivative) %	Notional Value £m	Market Value £m	Proportion of non-sterling assets hedged to sterling (notional value of derivative) %
Foreign currency forwards	258.6	1.8	3.5	619.1	(4.4)	8.1
Foreign currency options	1,475.0	13.3	19.9	500.0	4.7	6.5
Currency swaps	275.0	9.0	3.7	–	–	–
Total	2,008.6	24.1	27.1	1,119.1	0.3	14.6

The net profit from operating the currency overlay programme was £108.8m before deducting fees of £(1.2)m (2024: £5.3m before deducting fees of £(0.8)m). Net additions and sale proceeds during the year exclude the purchase and sale of foreign currency for the purposes of conversion and currency hedging. In addition, some fund managers enter into foreign currency contracts to hedge the non-sterling assets they manage. The loss on these contracts was £(6.7)m (2024: loss £(1.9)m).

The Commissioners also holds equity derivatives, index swaps and interest rate derivatives to manage equity market risk and for efficient portfolio management. The net loss from operating this programme was £(52.7)m (2024: £4.1m).

(b) Subsidiaries

The Commissioners' principal subsidiary companies are wholly owned and are held to undertake property purchase, development and management and to hold certain property, securities, indirect property, infrastructure and timberland investments. The Ashford Great Park Partnership, held through intermediary companies, has its principal offices at 29 Great Smith Street, London SW1P 3PS.

Registered in	Subsidiary (company number)
England and Wales	CC Trading Ltd (2080054), CC Lincoln Ltd (3687102), CC Projects(*) (1765782), Cedarvale (*) (2220037), CC Licensing (*) (2245961), Quivercourt (*) (1807330), and Weston Tree Ltd (7859221).
US (Delaware)	Cherry Tree Timber LLC (W-115255), Arbol Tree LLC (5423402), Manty Tree LLC (7553982)
Australia	Jahr Tree Co Pty Ltd (600392667)

* Unlimited companies.

Summary results for the material subsidiaries are shown below. Subsidiaries are material if there is a significant net funds total or if it is expected that revenue or expenditure may be significant.

The Commissioners also owns 80% interests in Lone Rock Timber Investments MBD-Landco Limited Partnership and Lone Rock Timber Investments MBD-Logco Limited Partnership, both of which are registered in the US. These entities are joint ventures, however the Commissioners holds them as part of their investment portfolio and so they are held at fair value through profit or loss in the financial statements.

	CC Licensing		CC Projects		CC Trading Ltd		Cedarvale		Quivercourt	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Revenue	43	39.7	37.3	21.4	1.2	1.1	–	–	–	–
Expenditure*	(61.6)	(20.2)	(42)	(17.2)	(0.2)	(0.2)	(8.4)	0.3	(3)	(3.2)
Profit/(loss)	(18.6)	19.5	(4.7)	4.2	1	0.9	(8.4)	0.3	(3)	(3.2)
Assets	993	922.9	132.2	171.8	8.5	7.4	28.1	36.5	13.2	14.8
Liabilities	(760.6)	(671.9)	(93.2)	(128.2)	(0.2)	(0.2)	–	–	(12.6)	(11.1)
Net funds	232.4	251.0	39.0	43.6	8.3	7.2	28.1	36.5	0.6	3.7

* Includes Gift Aid payments to the Commissioners.

(c) Joint ventures

Church of England Central Services (ChECS) is a charitable company limited by guarantee and is a joint venture between the 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 Commissioners' share of net assets of ChECS was £1.3m (2024: £1.0m). On 1 January 2024, ChECS became a sole member of Parish Giving Scheme (PGS). As a result, the net surplus has been apportioned equally amongst the joint partners of ChECS making the share of net assets greater than nil for the first time. As at 31 December 2025, other than the amounts disclosed in debtors in note 13, £nil was owed by the Commissioners to ChECS (2024: £nil).

The Commissioners has no associated undertakings.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

2. INVESTMENTS continued

(d) Future commitments

The Commissioners has outstanding commitments to invest in private equity, private credit, venture capital, indirect property and infrastructure funds totalling £1,185m as at 31 December 2025 (see table below). The drawdown and cash flow impact of these commitments will be over several years and is dependent on the fund managers acquiring underlying assets during the investment periods of the funds. The commitments are offset against distributions received from funds and other cash flows and are managed within the total liquidity requirements of the Commissioners' fund.

	Consolidated		Commissioners	
	2025 £m	2024 £m	2025 £m	2024 £m
Securities portfolio	955.4	1,046.7	596.4	633.2
Indirect property	12.1	47.4	11.2	45.6
Infrastructure	217.6	133.8	84.4	77.4
Total capital commitments	1,185.1	1,227.9	692.0	756.2

3. EXPENDITURE ON RAISING FUNDS

	Direct costs £m	Internal management costs £m	Support costs (note 7) £m	2025 Total £m	Direct costs £m	Internal management costs £m	Support costs (note 7) £m	2024 Total £m
Securities	17.5	16.1	5.9	39.5	25.1	16.2	5.5	46.8
Properties	22.1	5.0	1.2	28.3	20.1	4.5	1.1	25.7
Indirect property	0.8	0.2	0.1	1.1	0.3	0.3	0.1	0.7
Value linked loans	–	0.2	–	0.2	–	0.2	–	0.2
Timberland	6.5	1.1	0.3	7.9	5.3	1.1	0.3	6.7
Infrastructure	–	0.3	0.2	0.5	–	0.3	0.2	0.5
Total investment management costs	46.9	22.9	7.7	77.5	50.8	22.6	7.2	80.6
Bond interest costs	20.5	–	–	20.5	19.5	–	–	19.5
Costs of managing events at Lambeth Palace	0.3	–	–	0.3	0.2	–	–	0.2
Total cost of raising funds	67.7	22.9	7.7	98.3	70.5	22.6	7.2	100.3

Direct costs include investment management fees, performance fees, property and timberland running costs and other fees.

Internal management costs include costs of employing in-house investment managers, operational support staff costs and associated department running costs.

Detail of support costs, including the methodology for allocating costs between activities, is shown in note 7 where the method of allocating these costs is described.

Bond interest costs reflect semi-annual interest accrued on the i) Sustainability Bond due 2032 at 3.250%; ii) Conventional Bond due 2035 at 5.125%; and (iii) Conventional Bond due 2052 at 3.625%.

Costs of managing events at Lambeth Palace comprises expenditure incurred by Palace Public Occasions Limited, a subsidiary of the Commissioners, which manages events at Lambeth Palace.

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Grant funding (note 5) £m	Direct funding (note 6) £m	Support costs (note 7) £m	2025 Total £m	Grant funding (note 5) £m	Direct funding (note 6) £m	Support costs (note 7) £m	2024 Total £m
Supporting dioceses and the local church	197.4	3.8	1.6	202.8	198.2	2.6	1.2	202.0
Bishops' and Archbishops' ministry	25.5	23.7	3.7	52.9	23.7	28.1	3.5	55.3
Cathedrals' ministry	17.1	0.4	0.3	17.8	13.9	0.4	0.4	14.7
Other activities	3.7	3.4	1.7	8.8	5.4	4.3	1.5	11.2
National Redress Scheme	137.3	–	–	137.3	–	–	–	–
Total charitable expenditure excluding clergy pensions obligation	381.0	31.3	7.3	419.6	241.2	35.4	6.6	283.2
Pre-1998 clergy pensions	–	85.1	0.2	85.3	–	(13.5)	0.2	(13.3)
Total costs of charitable activities	381.0	116.4	7.5	504.9	241.2	21.9	6.8	269.9

Supporting dioceses and the local church

The Commissioners supports dioceses and the local church through providing grants to the Archbishops' Council. A breakdown of grant making activity can be found in notes 5 and 15. The individual grant streams in this category are explained below:

- **Strategic Development Funding** is for new growth opportunities which aim to support major change projects which fit with dioceses' strategic plans.
- **Lowest Income Communities Funding and Transition Funding** are to provide funding for mission in communities with the lowest incomes.
- **Strategic Transformation Funding** is for those dioceses wishing to undertake major restructuring programmes in order to better align with their strategic plans and make a significant difference to their mission and financial strength, in turn supporting the Church's sustainable growth.
- **Strategic Ministry Funding** provides financial support for growth in the number of clergy, including support for pensions and housing, in a tailored manner so that it is proportionately higher for those dioceses that need it most.
- **Additional Ordinands Funding** is intended to meet costs of training the incremental increase in ordinands, supporting dioceses to deliver the Church-wide goal of providing for future ordained ministry through increasing the number of ordinands by 50%.
- **National Giving Strategy** funding is provided to support a five-year strategy to encourage giving and generosity in churches. This includes grants to dioceses to help them implement this strategy.
- **Innovation Funding** is available for creative mission projects which seek to help the Church fully represent the communities we serve in age and diversity.
- **Posts of First Responsibility** is given to dioceses to support them in funding posts of first responsibility to enable finishing curates to move into roles of incumbent status. People & Partnerships Funding supplements the direct investment provided to dioceses by funding the pipelines of people (lay and ordained), the capacity and research which will be needed to deliver the Church of England Vision and Strategy across the whole country.
- Funding for **National services and support provided by the Council** enables the Council to undertake its work in a range of areas including Ministry, Faith & Public Life, Digital Communications, etc.
- **Safeguarding Funding** provides financial support for the core work of the National Safeguarding team and the Safeguarding Programme, through which a range of improvement initiatives are being implemented in response to the Independent Inquiry into Child Sexual Abuse (IICSA).
- The **Church's Housing Assistance for the Retired Ministry (CHARM) Grant** provides grants to subsidise the scheme, which is administered by the Church of England Pensions Board to provide housing for those retiring from stipendiary ordained and lay ministry.
- **Diocesan Investment Programme** is to fund local plans via dioceses to build and grow the Church in accordance with the Vision and Strategy for the 2020s.
- **Racial Justice Funding** is grant money offered to dioceses and other institutions to make targeted interventions in the area of racial justice.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

4. EXPENDITURE ON CHARITABLE ACTIVITIES continued

- **Net Zero Carbon Programme grant funding** is available for dioceses to help them develop and initiate a net zero carbon action plan, along with other funding available for projects in schools, housing and cathedrals to support and enable the Church to reach its goal of net zero carbon by 2030.
- **Disability funding** is available for dioceses and other institutions to undertake work to widen access to the Church community, and positions of leadership, for those with disabilities.
- **Core Technology** grant is a capital investment primarily related to replacing the NCIs' Finance system.
- **Buildings for Mission funding** is available to dioceses for urgent repair or improvement work to their churches, up to the value of £10,000 (or £12,000 for unlisted buildings).
- **Housing Project** is available to dioceses and parishes to help them explore the possibility of meeting housing need by developing some of their land or property.

Bishops' and Archbishops' ministry
The Commissioners is responsible for stipends, providing housing and office space for the diocesan bishops and archbishops and for the maintenance of those buildings including Lambeth Palace. They provide diocesan bishops and archbishops with an annual block grant to cover their stipend and working costs and that of their suffragan bishops. Pension contributions are paid from this grant to the Church of England Funded Pensions Scheme for bishops and their chaplains, and the Church Administrators Pension Fund for bishops' support staff (see note 18).

Cathedrals' ministry
The Cathedrals Measure 2021 requires the Commissioners to pay the stipend and other costs of a dean and two residentiary canons of each cathedral (s.28(1)). It also enables the Commissioners to make grants to cathedrals: s.28(3) grants are made towards certain costs of deans and residentiary canons; s.28(4) grants are made towards the stipend of any other clerk or salary of any lay person employed in connection with the cathedral; and s.28(6) grants are made towards the repair of any chancel, other than that of the cathedral, which the cathedral is liable to repair.

Cathedrals Sustainability Funding enables the Commissioners to give discretionary section 28(4) grants to cathedrals to provide seed funding for projects aiming to help them become more financially sustainable.

The Commissioners is also responsible for the payment of pension contributions in respect of the dean and two residentiary canons of each cathedral. These are paid to the Church of England Funded Pensions Scheme (see note 18).

National Redress Scheme
The Church Commissioners has made a £137.3m provision (present value of total funding allocation – see note 16) towards the costs of the National Redress Scheme, which have been estimated at £150m over the life of the Scheme (2026-2030). This scheme will be run by the Archbishops' Council and from the time it is launched later in 2026, it is envisaged that grants will be made to the Archbishops' Council as and when funding contributions are requested by the scheme's administrator.

Other activities
The Commissioners has a legal and advisory role in the reorganisation of parishes, sales and other transactions relating to clergy housing and glebe land, and settling the future of church buildings that have been closed for public worship.

The Commissioners provides a grant to the Churches Conservation Trust to support its work in preserving church buildings closed for regular worship which are of historic and archaeological interest and architectural quality. During the year, the Commissioners paid the statutory grant to the Churches Conservation Trust of £1.6m (2024: £1.6m). The Commissioners also received income of £1m (2024: £0.4m) from its share of proceeds on the sale of closed churches to these grants. Therefore, net expenditure on the annual grant to the Churches Conservation Trust was £0.6m (2024: £1.2m).

The Commissioners also contributes to its share of the liability for chancel repairs arising from its former and current ownership of rectorial property. Additionally, from 1 October 2025 when The Chancel Repair (Church Commissioners' Liability) Measure 2025 came into force, chancel repair liabilities related to cathedrals were transferred from cathedral chapters to the Commissioners; the Measure also converted the Commissioners' liabilities to repair parish church chancels from land-based obligations into a direct statutory duty.

The Social Investment Programme aims to advance the missional objectives of the Church by mobilising capital in an innovative and inclusive way (impact investment) to tackle deep rooted social challenges.

The Church Commissioners is responsible for running the national payroll for most serving and retired clergy on behalf of dioceses, cathedrals and other Church bodies. This is a statutory responsibility of the Commissioners and one of its charitable objectives, with the cost of providing this service paid for by the Commissioners and not passed on to the Church bodies.

Pre-1998 clergy pensions
The Commissioners meets the costs of clergy pensions for service up to 31 December 1997. This amount is the movement in the provision for clergy pensions until 31 December 1997 in the year to 31 December 2025 (including associated administration costs). The cash paid under the pre 1998 scheme was £121.8m (2024: £124.1m). Further details are provided in note 17 and note 6.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

5. GRANT MAKING
All grants are made to institutions.

	2025 £m	2024 £m
Supporting dioceses and the local church		
Grants to the Archbishops' Council for:		
Strategic Development Funding	0.6	0.7
Lowest Income Communities Funding	31.4	30.3
Church's Housing Assistance for the Retired Ministry Grant (see note below)	0.0	19.7
Diocesan Investment Programme	97.7	97.3
Racial Justice	7.3	6.1
Net Zero Carbon	11.0	7.8
Parish Giving Scheme	2.0	3.0
Disability	1.2	0.4
Core Technology	7.4	2.5
Buildings for Mission	0.4	0.4
Transition Funding	1.1	2.7
Strategic Transformation Funding	(0.6)	3.8
Strategic Ministry Funding	(1.6)	(1.0)
Additional Ordinands Funding	3.0	0.6
National Giving Strategy	1.0	0.9
Innovation Funding	–	0.3
Clergy Support Trust	2.0	–
People and Partnerships Funding	12.9	7.1
National services and support provided by the Council	14.3	13.5
Safeguarding	7.5	7.0
Housing Project	1.0	–
Grants returned previously awarded by Church Commissioners	(0.5)	–
Discounting adjustment (see note 15)	(1.7)	(4.9)
Total grants to support dioceses and the local church (note 4)	197.4	198.2
Bishops' and Archbishops' ministry		
113 (2024: 114) grants to bishops in 42 (2024: 42) dioceses	26.5	24.9
Return of unspent grants from bishops	(1.0)	(1.2)
Total grants for Bishops' and Archbishops' ministry (note 4)	25.5	23.7
Cathedrals' ministry		
38 (2024: 45) grants to 30 (2024: 28) cathedrals – Cathedral Sustainability Fund	5.3	3.2
77 (2024: 91) grants to 42 (2024: 42) cathedrals – other grants	11.9	10.7
Discounting adjustment (see note 15)	(0.1)	–
Total grants to pay for Cathedrals' ministry (note 4)	17.1	13.9
Other activities		
Statutory grant to Churches Conservation Trust	1.6	4.2
Social Impact Investment Funding	2.2	1.6
Discounting adjustment (see note 15)	(0.1)	(0.4)
Total grants for other activities (note 4)	3.7	5.4
Total grant funding	243.7	241.2

Supporting dioceses and the local church
The £19.7m of grant funding provided in 2024 to Retirement Housing Services to Clergy (through the Church's Housing Assistance for the Retired Ministry Scheme) was to provide support across two financial years 2024 and 2025.

Discounting long-term grant funding
Long-term grant funding where material, is discounted to reflect the net present value of future payments. The discount rate used varies based on the time until the grant award is due to be paid.

6. DIRECT FUNDING

	2025 £m	2024 £m
Supporting dioceses and the local church		
Cathedrals and Church Buildings team	3.8	2.6
Total supporting dioceses and the local church (note 4)	3.8	2.6
Bishops' and Archbishops' ministry		
Bishops' and Archbishops' housing and office premises	7.5	5.7
Archbishops' office and working costs and stipends	7.7	8.4
Archbishops' Advisers for Appointments and Vocations	1.0	0.7
Other national costs	1.3	1.3
Direct costs of administering Bishops' and Archbishops' ministry	0.4	0.4
Lambeth Palace major refurbishment	2.2	8.0
Lambeth Palace Library depreciation	0.9	0.9
Lambeth Palace Library running costs	2.7	2.6
Lambeth Palace Library project costs	–	0.1
Total Bishops' and Archbishops' ministry costs (note 4)	23.7	28.1
Cathedrals' ministry		
Direct costs of administering cathedrals' ministry	0.4	0.4
Total cathedrals' ministry (note 4)	0.4	0.4
Other activities		
National payroll for clergy	–	0.7
Chancel repair liability	1.1	1.3
Managing pastoral reorganisations and closed church buildings	2.3	2.3
Total other activities (note 4)	3.4	4.3
Pre-1998 clergy pensions		
Payments made to clergy	121.8	124.1
Actuarial adjustments	(38.7)	(139.6)
Other pre-1998 clergy pensions expenditure	2.0	2.0
Total clergy pension obligation (note 4)	85.1	(13.5)
Total direct costs (note 4)	116.4	21.9

7. SUPPORT COSTS

	Raising funds (note 3) £m	Charitable activities (note 4) £m	2025 Total £m	Raising funds (note 3) £m	Charitable activities (note 4) £m	2024 Total £m
Shared services	4.6	4.3	8.9	3.6	3.3	6.9
Accommodation costs	0.3	0.3	0.6	0.4	0.2	0.6
Governance costs	0.9	0.9	1.8	1.4	1.3	2.7
Total support costs before staff pension costs	5.8	5.5	11.3	5.4	4.8	10.2
Staff pension costs (note 18):						
Interest on staff pension scheme liabilities	1.9	2.0	3.9	1.8	1.8	3.6
Total support costs	7.7	7.5	15.2	7.2	6.6	13.8

Overheads are apportioned according to an activity-based time allocation to different functions. Shared services include the Commissioners' share of the costs incurred by Church of England Central Services (ChECS). Accommodation costs include rent and service charges payable on the office space used by the Commissioners. Governance costs comprise staff and non-staff costs relating to the general running of the Commissioners including supporting the work of their Board and committees and audit costs paid to Grant Thornton UK LLP.

Allocation of costs

Most of the Commissioners' expenditure can be directly attributed to its various activities, however some costs are not directly attributable and need to be apportioned across the Commissioners' investment and charitable activities.

Support costs are allocated to either charitable activities or raising funds based on the most appropriate apportionment method. Costs are also allocated to specific charitable activities or investment types using the same methodology. Apportionment methods used are based on the estimated time that is spent on each activity, headcount, or direct expenditure incurred.

Fees paid to Grant Thornton UK LLP, excluding VAT, are shown in the table below:

	2025 £000	2024 £000
Audit of Church Commissioners:		
Current year	310	300
Audit of subsidiary undertakings	50	50
Total audit fees	360	350
Non-audit fees	76.5	–
Total fees paid to Grant Thornton UK LLP	436.5	350

Non-audit fees include fees of £76,500 related to advisory services in relation to the bond issuance completed in November 2025 (2024: nil).

8. STAFF NUMBERS AND REMUNERATION

The Secretary and staff employed to manage the Commissioners' investment assets and other functions are employed directly by the Commissioners.

In addition to staff employed directly, the work of the Commissioners is supported by staff in shared service departments provided by Church of England Central Services (ChECS) which provides finance, HR, technology, communications, legal, internal audit and other services to the NCIs. The costs of all ChECS staff are shown in aggregate in the tables below – the Commissioners' share of which was £5,708,000 (2024: £4,657,000).

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

	Commissioners' own staff				ChECS	
	Asset management		Church functions and secretariat		Shared services	
	2025 Number	2024 Number	2025 Number	2024 Number	2025 Number	2024 Number
Average number employed	88	87	103	97	218	211

	£m	£m	£m	£m	£m	£m
Salaries	15.1	13.4	5.3	5.2	11.9	11.0
National Insurance costs	1.6	1.1	0.7	0.6	1.6	1.3
Pension contributions	1.2	1.1	0.8	0.7	1.7	1.5
Total cost of staff	17.9	15.6	6.8	6.5	15.2	13.8

Salaries of the Commissioners' own staff include £78,750 (2024: £150,000) paid by way of termination costs to two persons (2024: four persons) made in accordance with contractual terms and/or settlement agreements.

Average staff numbers employed in Church functions and the secretariat increased by 6 (2024: 7) and asset management increased by 1 (2024: 9).

Asset management and national Church functions

The cost of the management of the Commissioners' assets is included in internal management costs (note 3) and the cost of the administration of national Church functions is included in the direct costs of those activities (note 5). Secretariat costs are included in support costs (note 7).

8. STAFF NUMBERS AND REMUNERATION continued

Staff emoluments

The numbers of staff whose employee benefits for the year fell in the following bands:

	Commissioners' own staff				ChECS	
	Asset management		Church functions and secretariat		Shared services	
	2025 Number	2024 Number	2025 Number	2024 Number	2025 Number	2024 Number
£60,001 to £70,000	5	6	12	6	31	19
£70,001 to £80,000	6	9	2	3	14	14
£80,001 to £90,000	8	12	2	–	8	4
£90,001 to £100,000	5	5	3	4	5	7
£100,001 to £110,000	7	2	1	1	4	3
£110,001 to £120,000	7	8	–	1	4	5
£120,001 to £130,000	6**	5	1	–	3	1
£130,001 to £140,000	2	3	–	–	4	1
£140,001 to £150,000	2	1	–	–	–	1
£150,001 to £160,000	3**	3	–	–	1	1
£160,001 to £170,000	2	1	–	–	–	–
£170,001 to £180,000	1*	3	–	–	1	–
£180,001 to £190,000	4**	–	–	1	–	–
£190,001 to £200,000	–	2	–	–	–	–
£200,001 to £210,000	1*	2*	–	–	–	–
£210,001 to £220,000	–	3*	–	1	–	–
£220,001 to £230,000	3*	1*	–	–	–	–
£230,001 to £240,000	1*	–	–	–	–	–
£250,001 to £260,000	2*	1*	–	–	–	–
£260,001 to £270,000	1*	1*	–	–	–	–
£270,001 to £280,000	1*	–	–	–	–	–
£280,001 to £290,000	1*	–	–	–	–	–
£290,001 to £300,000	–	2*	–	–	–	–
£300,001 to £310,000	1*	1*	–	–	–	–
£310,001 to £320,000	1*	–	–	–	–	–
£320,001 to £330,000	1*	–	–	–	–	–
£360,001 to £370,000	–	–	–	–	–	–
£380,001 to £390,000	–	–	–	–	–	–
£400,001 to £410,000	–	1*	–	–	–	–
£410,001 to £420,000	1*	–	–	–	–	–
£430,001 to £440,000	1*	–	–	–	–	–
£450,001 to £460,000	–	1*	–	–	–	–
£500,001 to £510,000	–	1*	–	–	–	–
£510,001 to £520,000	–	1*	–	–	–	–
£550,001 to £560,000	1*	–	–	–	–	–
£570,001 to £580,000	–	–	–	–	–	–
£590,001 to £600,000	1*	–	–	–	–	–
£630,001 to £640,000	–	–	–	–	–	–
£660,001 to £670,000	–	1*	–	–	–	–
£670,001 to £680,000	1*	–	–	–	–	–
£720,001 to £730,000	1*	–	–	–	–	–

*Including deferred incentive.

**One or more employee includes deferred incentive.

NB – The Secretary to the Church Commissioners (Chief Executive) left on 20 March 2025 and the new Secretary started on 29 September 2025. Neither are reflected in the table for 2025 as each received emoluments less than £60,000 during the year.

Employee benefits include gross salaries, incentive payments and termination payments but do not include employer pension contributions.

Of those staff managed directly by the Commissioners, 88 (2024: 84) accrue benefits under a defined contribution scheme for which contributions for the year were £1,275,000 (2024: £1,115,000). The remaining 8 (2024: 7) staff accrue benefits under a defined benefit scheme. Of those managed by ChECS, 44 (2024: 49) accrue benefits under a defined contribution scheme for which contributions for the year were £535,000 (2024: £509,000) and a further 23 (2024: 3) accrue benefits under the Church Workers Pension Fund – Pension Builder 2014 (CWPF-PB14) scheme for which contributions for the year were £255,000 (2024: £44,000). The remaining 6 (2024: 5) staff accrue benefits under a defined benefit scheme.

The highest paid member of staff was the Chief Operating Officer (Investments) who earned £353,000 and a total incentive (including deferred incentive related to past years) of £369,000 based on the long-term performance of the fund. In 2024, the highest paid member of staff was the Managing Director of Investment Strategy who earned £371,000 and a total incentive (including deferred incentive related to past years) of £291,000 based on the long-term performance of the fund. Including the Chief Operating Officer (Investments), 25 (2024: 16) members of staff received incentives (including deferred incentive related to past years) in the year totalling £2,848,000 (2024: £1,822,000). Further details of the Commissioners' remuneration policy are included in the Governance Section of the Board's report on page 64.

The Commissioners' senior executive leadership team comprised ten (2024: eight) posts, two (2024: three) of whom are employed directly by the Commissioners and eight (2024: five) jointly employed by the National Institutions of the Church of England (NCIs). Their aggregate remuneration, including incentives, national insurance and pension contributions, is £2,518,000 (2024: £1,764,000).

Pensions

The Commissioners is obliged to pay pension benefits to staff, former First and Third Church Estates Commissioners, bishops' staff and staff of the Church of England Pensions Board who accrued years of pensionable service until 31 December 1999 as members of the Church Commissioners Superannuation Scheme (CCSS).

Pension benefits earned on or after 1 January 2000 are provided by the Church Administrators Pension Fund (CAPF) or through Church Workers Pension Fund – Pension Builder 2014 (CWPF-PB14), administered by the Church of England Pensions Board. The CAPF defined benefit and defined contribution schemes were established for employees commencing service after 30 June 2006. From 1 April 2019, defined contribution pension arrangements for some staff transferred from the CAPF to a separate pension arrangement on the same terms. The CWPF-PB14 scheme has been the default scheme for new employees who joined ChECS in 2024. It has been operating since February 2014 and is classified as a cash balance scheme both in respect of tax and pensions legislation. The Pensions Board publishes the Scheme's financial statements and is its custodian trustee. Pensions are described in more detail in note 18.

Stipendiary clergy

As set out in note 4 above, the Church Commissioners is responsible for the payment of stipends and pension contributions for bishops and archbishops and also for the dean and two residentiary canons of each cathedral. It is also responsible for the payment of stipends and/or pension contributions in respect of a small number of other clergy.

Although, these members of the clergy are office holders and not employees, for the purposes of the reporting of pension obligations and liabilities in these accounts, the relevant accounting standards require that these clergy are treated as if they were employees.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

9. TRUSTEES' EMOLUMENTS AND EXPENSES

The First and Third Church Estates Commissioners are paid a salary in accordance with the Ecclesiastical Commissioners Act 1850, as amended by the Ecclesiastical Commissioners (Powers) Measure 1938. Other trustees have no entitlement to a salary or pension in their capacity as trustees.

	2025 £000	2024 £000
First Church Estates Commissioner		
Salary	126	126
National Insurance costs	18	16
Pension	19	19
Third Church Estates Commissioner		
Salary	79	73
National Insurance costs	11	9
Pension	10	4
Total Church Estates Commissioners' costs	263	247

Pensions paid to former First and Third Church Estates Commissioners of £7,000 (2024: £30,000) were charged to the staff pension provision.

The Commissioners meets the expenses incurred by the trustees in carrying out their duties. During the year, 16 (2024: 19) trustees claimed expenses or had their expenses met by the Charity totalling £13,870 (2024: £27,861) in respect of travel and subsistence. The Commissioners meets the expenses of Committee members in carrying out their duties. During the year, 8 (2024: 10) Committee members claimed expenses or had their expenses met by the Charity totalling £8,041 (2024: £4,505) in respect of their travel and subsistence.

10. TAXATION

	Overseas (including Australian) Withholding Tax £m	2025 £m	Overseas (including Australian) Withholding Tax £m	2024 £m
Consolidated				
Current tax	(1.4)	(1.4)	(3.1)	(3.1)
Deferred tax	–	(1.1)	4.8	4.8
Total taxation charge	(1.4)	(2.5)	1.7	1.7
Commissioners				
Current tax	(0.4)	(0.4)	(1.9)	(1.9)
Deferred tax	–	–	3.2	3.2
Total taxation charge	(0.4)	(0.4)	1.3	1.3

The Church Commissioners is a registered charity. As such, under UK tax law, it is exempt from Corporation Tax on all their Investment Income and Chargeable Gains. The UK resident subsidiaries of the Church Commissioners are, prima facie, subject to Corporation Tax on their income. However, all these subsidiaries have Deeds of Covenants to distribute all taxable profits to the Church Commissioners. As such distributions are tax deductible, no tax liability arises in the subsidiaries.

The Group (including its subsidiaries) is within the scope of Pillar Two legislation, which will be relevant to the Group for the period ended 31 December 2025. However, based on the ultimate parent being a non-profit organisation, and its subsidiaries meeting the conditions for excluded entity status under s.127 of the Finance (No.2) Act 2023 or having nil returns, the Group does not anticipate paying any Pillar Two top-up tax. This assessment is based on the current understanding of the legislation and is subject to any changes in interpretation or future amendments to the rules.

11. TANGIBLE ASSETS

Consolidated

	Freehold buildings £m	Green energy generation £m	IT systems £m	Leasehold improvements £m	Operational properties and contents £m	Total £m
Cost or valuation						
Balance at 1 January 2025	46.2	0.7	1.9	2.1	95.7	146.6
Additions	1.9	–	–	–	1.5	3.4
Transfers/disposal	–	–	–	–	–	–
Impairment	–	(0.5)	–	–	–	(0.5)
Balance at 31 December 2025	48.1	0.2	1.9	2.1	97.2	149.5
Accumulated depreciation						
Balance at 1 January 2025	(3.6)	(0.1)	(1.9)	(2.1)	–	(7.7)
Charge for the year	(0.9)	–	–	–	–	(0.9)
Balance at 31 December 2025	(4.5)	(0.1)	(1.9)	(2.1)	–	(8.6)
Net book value						
Balance at 1 January 2025	42.6	0.6	–	–	95.7	138.9
Balance at 31 December 2025	43.6	0.1	–	–	97.2	140.9

Commissioners

	Freehold buildings £m	IT systems £m	Leasehold improvements £m	Operational properties and contents £m	Total £m
Cost or valuation					
Balance at 1 January 2025	46.2	1.9	2.1	95.7	145.9
Additions	1.9	–	–	1.5	3.4
Transfers/disposal	–	–	–	–	–
Balance at 31 December 2025	48.1	1.9	2.1	97.2	149.3
Accumulated depreciation					
Balance at 1 January 2025	(3.6)	(1.9)	(2.1)	–	(7.6)
Charge for the year	(0.9)	–	–	–	(0.9)
Balance at 31 December 2025	(4.5)	(1.9)	(2.1)	–	(8.5)
Net book value					
Balance at 1 January 2025	42.6	–	–	95.7	138.3
Balance at 31 December 2025	43.6	–	–	97.2	140.8

The original cost of tangible fixed assets is not disclosed given the historic nature of many of the assets owned.

The deemed cost of operational properties was the valuation of See Houses at the FRS 102 transition date. This valuation was carried out by Knight Frank LLP as at 31 December 2013. Operational properties also includes the contents of See Houses, which were valued by Gurr Johns as at 31 December 2007.

Freehold buildings do not include heritage assets. Lambeth Palace is a heritage asset and shown in note 12 to the accounts. The freehold buildings additions in the year of £1.9m (2024: £6.6m) represents the capitalised cost of the ongoing Lambeth Palace Refurbishment Project which is a 'once in a generation' major refurbishment programme at Lambeth Palace. No depreciation was charged in the year or the prior year. Depreciation will be charged when the project is completed.

All tangible fixed assets are in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

12. HERITAGE ASSETS
Analysis of heritage assets

	Lambeth Palace £m	Contents of Lambeth Palace Library £m	Historic contents of Lambeth Palace £m	Historic contents of former See Houses £m	Total £m
Balance at 1 January 2025	–	0.4	1.0	2.2	3.6
Additions	–	0.1	–	–	0.1
Balance at 31 December 2025	–	0.5	1.0	2.2	3.7

Lambeth Palace
Lambeth Palace has been the historic London residence of the Archbishops of Canterbury since the 13th century. It was acquired by the Commissioners as a result of an Order in Council given in 1946 in accordance with the Episcopal Endowments and Stipends Measure 1943 and was transferred to the Commissioners at its original deemed cost. At the time of acquisition, the Commissioners' best estimate of the historic deemed cost was £1. Any developments or improvements to the building are capitalised at cost within tangible fixed assets (note 11) and depreciated over the improvements' useful economic life. Whilst the building continues to have operational use, being used as the Archbishop's London residence and including a team of staff employed to support them in their work, it continues to be maintained by the Commissioners as a result of its significant historical and cultural importance as an important exhibit to the public of the history of the work of the Archbishops of Canterbury and the Church of England. The grounds of Lambeth Palace are also home to the Lambeth Palace Library. The Commissioners is responsible for the ongoing upkeep and maintenance of the building. Maintenance costs are charged to the SOFA in the period they are incurred.

Contents of Lambeth Palace Library
Lambeth Palace Library was founded in 1610 when Archbishop Richard Bancroft bequeathed to his successors as Archbishops of Canterbury his extensive collection of books and manuscripts. Ownership of the building and contents became vested in the Ecclesiastical Commissioners in 1946 and passed subsequently to the Commissioners. Responsibility for the maintenance of Lambeth Palace Library lies with the Commissioners. The collections of Lambeth Palace Library were designated by the Museums, Libraries and Archives Council in 2005 as outstanding in their national and international importance. The Library exists to preserve this unique heritage of the Church and the nation and to make it freely available for all to study and enjoy.

Historic contents of Lambeth Palace
Included within heritage assets are the historical contents of Lambeth Palace. These items are held primarily for their historical and artistic value. The contents' fair value has been calculated based on the market value last calculated at 31 December 2007. The Commissioners has performed a review of the historic contents of Lambeth Palace, which includes works of art, and is satisfied that there is no material difference between the fair value as at 31 December 2025 and the full professional valuation obtained on 31 December 2007.

Historic contents of former See Houses
Included within heritage assets are the historical contents of former See Houses that are on loan to various bodies. This includes the Hurd Library and other heirlooms at Hartlebury Castle and various objects at Fulham Palace. These items are held primarily for their historical and artistic value.

The contents' fair value has been calculated based on the market value last calculated as at 31 December 2007. The Commissioners has performed a review of the historic contents, which includes works of art, and is satisfied that there is no material difference between the fair value at 31 December 2025 and the full professional valuation obtained on 31 December 2007. There have been no additions since 2017.

13. DEBTORS

	Consolidated		Commissioners	
	2025 £m	2024 £m	2025 £m	2024 £m
Trade debtors	11.1	13.2	5.4	4.9
Subsidiary undertakings	–	–	949.1	914.9
Joint venture (ChECS)	3.8	1.6	3.8	1.6
Dioceses (Clergy Stipends and Diocesan Debtors Accounts)	–	–	–	–
Loans	2.1	1.4	2.1	1.4
Other debtors	1.8	3.6	10.2	3.5
Prepayments	4.5	3.9	3.3	3.1
Taxation and National Insurance contributions	–	–	–	–
Accrued income	10.3	9.5	10.1	9.2
Outstanding investment trades	162.3	149.5	161.1	149.5
Derivative open contracts	45.8	17.3	45.8	17.3
Total debtors	241.7	200.0	1,190.9	1,105.4

Balances with subsidiaries are included in note 22.

Loans are interest-bearing and consist of mortgages and loans to Church bodies, cathedrals and staff, and car loans to clergy.

Derivative open contracts are used for risk management and efficient portfolio management purposes. The value above represents those derivative contracts that have a positive value as at 31 December. There are also derivatives which have a negative value disclosed in creditors within note 14. The total gains or losses on derivatives for the year is shown on the Statement of Financial Activities, which when used for hedging purposes are offset by movements in the fair value of the investment portfolio. For further details on foreign currency hedging, see note 2(a).

14. CREDITORS FALLING DUE WITHIN ONE YEAR

	Consolidated		Commissioners	
	2025 £m	2024 £m	2025 £m	2024 £m
Trade creditors	8.5	10.3	8.2	10.1
Subsidiary undertakings	–	–	27.7	25.7
Dioceses and other Church bodies	19.5	9.5	19.5	9.5
Other creditors	7.6	5.8	7.0	5.5
Taxation and National Insurance contributions	1.3	–	(6.5)	(6.8)
Accruals and deferred income	56.1	30.1	25.7	22.9
Grants payable	124.2	127.9	124.2	127.9
Outstanding investment trades	26.3	37.2	26.3	37.2
Derivative open contracts	26.0	38.5	26.0	38.5
Total creditors: amounts falling due within one year	269.5	259.3	258.1	270.5

Derivative open contracts are used for risk management and efficient portfolio management purposes. The value above represents those derivative contracts that have a negative value as at 31 December. There are also derivatives which have a positive value disclosed in debtors within note 13. The total gains or losses on derivatives for the year is shown on the Statement of Financial Activities, which when used for hedging purposes are offset by movements in the fair value of the investment portfolio. For further details on foreign currency hedging, see note 2(a).

Unrealised gains on derivative financial instruments are described in note 2.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

15. CREDITORS FALLING DUE AFTER ONE YEAR

	Consolidated		Commissioners	
	2025 £m	2024 £m	2025 £m	2024 £m
Grants payable	184.5	143.9	184.5	143.9
Discounting adjustment	(18.6)	(16.8)	(18.6)	(16.8)
Total grants payable	165.9	127.1	165.9	127.1
3.250% Sustainability Bonds due 2032	250.0	250.0	250.0	250.0
3.250% Sustainability Bonds – Bond issue costs	(0.8)	(1.0)	(0.8)	(1.0)
3.250% Sustainability Bonds – discount on issuance	(0.6)	(0.6)	(0.6)	(0.6)
3.625% Bonds (2052)	300.0	300.0	300.0	300.0
3.625% Bonds (2052) – Bond issue costs	(1.5)	(1.5)	(1.5)	(1.5)
3.625% Bonds (2052) – discount on issuance	(4.5)	(4.8)	(4.5)	(4.8)
5.125% Bonds (2035)	275.0	0	275.0	0
5.125% Bonds (2035) – Bond issue costs	(1.3)	0	(1.3)	0
5.125% Bonds (2035) – discount on issuance	(0.5)	0	(0.5)	0
Total Bond liabilities	815.8	542.1	815.8	542.1
Total creditors: amounts falling due after one year	981.7	669.2	981.7	669.2

Grants payable
Grant making creditors can be analysed as follows:

	Consolidated and Commissioners	
	2025 £m	2024 £m
As at 1 January	255.0	191.7
Changes in liability due to:		
New grant commitments in the year	245.5	247.7
Return of unspent grants	(1.0)	(1.2)
Grant payments in the year	(207.6)	(177.6)
Changes in discounting adjustment	(1.8)	(5.6)
As at 31 December	290.1	255.0
Grants payable falling due within one year	124.2	127.9
Grants payable falling due after one year	165.9	127.1
As at 31 December	290.1	255.0

For grants payable due in more than one year, the grant funding is expected to be settled in the following periods, though the drawn down of grants is dependent on the timing of expenditure incurred and claims made by the grant recipient:

Grant stream	2027 £m	2028 £m	2029 £m	2030 £m	2031 and beyond £m	Total £m
Strategic Development Funding	13.0	0.0	–	–	–	13.0
Strategic Ministry Funding	–	–	–	–	–	–
Strategic Transformation Funding	3.1	0.4	0.2	–	–	3.7
Social Impact Investment Funding	2.5	1.7	1.7	–	–	5.9
Cathedral Sustainability Funding	2.1	0.8	–	–	–	2.9
Posts of First Responsibility	0.6	0.1	0.0	–	–	0.7
Net Zero Carbon	1.6	1.6	–	–	–	3.2
Building for Mission	0.1	–	–	–	–	0.1
Racial Justice	3.9	1.9	0.2	–	–	6.0
People and Partnerships Funding	3.1	1.7	0.1	–	–	4.9
Diocesan Investment Programme	53.0	36.6	24.1	16.6	12.6	142.9
Other grant streams	1.2	0.0	–	–	–	1.2
Total before discounting adjustment	84.2	44.8	26.3	16.6	12.6	184.5
Discounting adjustment	(5.5)	(4.4)	(3.4)	(2.7)	(2.6)	(18.6)
Total	78.7	40.4	22.9	13.9	10.0	165.9

Long-term grant funding is, where material, discounted to reflect the net present value of future payments. The discount rate used varies based on the time until the grant award is due to be paid.

Bond liabilities
In 2025 the Church Commissioners issued a £275m conventional bond with a 10-year maturity (2035). The proceeds from the bond issue will be invested on a long-term basis, enhancing the fund's capital efficiency, and offering the potential to generate additional value for the fund. The proceeds will be invested according to the Church Commissioners' responsible investment approach.

Bond issue costs of £1.8m were incurred (predominantly legal and financial advice). On 31 December 2025, the total of amortised bond issue costs and the amortised discount on issuance was £nil (2024: £nil). The applicable interest rate is 5.125%. Repayment of the bond is due on maturity in 2035.

The following table details the bond-related contractual payments as at 31 December 2025.

	Sustainability Bond (2032)		Bond (2035)		Bond (2052)	
	Interest due £m	Capital repayment £m	Interest due £m	Capital repayment £m	Interest due £m	Capital repayment £m
Period						
Due to end December 2025	3.7	–	1.4	–	4.7	–
Due within one year	8.1	–	14.1	–	10.9	–
Due between one to five years	32.5	–	56.4	–	43.5	–
Due after five years	16.3	250.0	70.5	275.0	239.3	300.0
Total	56.9	250.0	141.0	275.0	293.7	300.0

16. NATIONAL REDRESS SCHEME PROVISION

The Church Commissioners agreed to provide a funding allocation of £150m towards the costs of the National Redress Scheme for survivors of Church of England related abuse. The draft Abuse Redress Scheme Measure was approved by Synod in July 2025 and received Royal Assent in December 2025, so the process of obtaining the relevant legal approvals was completed in 2025. As a result a £137.3m provision has been recorded in 2025 (equivalent to £150m discounted to present value, using a discount rate based on the expected future yield on the assets that are earmarked to meet this provision).

17. PROVISIONS

Provision for clergy pre-1998 pension obligation under the Church of England Pensions Scheme

		Consolidated and Commissioners	
	Notes	2025 £m	2024 £m
As at 1 January		**1,069.4**	1,209.0
Amounts charged against provision:			
Pensions to clergy for service prior to 1998		**(81.7)**	(83.5)
Lump sum payments on retirement for service prior to 1998		**(4.0)**	(5.5)
Pensions to clergy widows and children for service prior to 1998		**(35.9)**	(35.0)
Benefits under the Deaconesses and Lay Workers (Pensions)		**(0.1)**	(0.1)
Transfers out of scheme		**(0.1)**	–
	6	**(121.8)**	(124.1)
Changes in provision for:			
Interest on provision		**60.1**	86.8
Changes in assumptions and due to experience		**22.8**	(102.3)
		82.9	(15.5)
As at 31 December		**1,030.5**	1,069.4

History

Prior to 1998, the Commissioners was responsible for paying the pensions benefits to clergy who accrued years of pensionable service as members of the Church of England Pensions Scheme. In 1997, legislation was enacted to provide for new pensions schemes to be established and administered by the Church of England Pensions Board, with contributions for future service to be paid by all responsible bodies and employers (dioceses, cathedrals, the NCIs, and other church organisations). This effectively capped the Commissioners' obligation for clergy pensions for clergy for which it is not the 'responsible body' to service up until 31 December 1997 only.

Details of the Commissioners' financial responsibilities in respect of its role as 'responsible body' for bishops, cathedral clergy and certain other clergy for service since 1 January 1998 are described in note 18(a).

Church of England Pensions Scheme

The Commissioners is obliged to pay pension benefits to clergy who accrued years of pensionable service until 31 December 1997. A small number of those entitled to benefits under this scheme are clergy for whom the Commissioners was responsible for the payment of pension contributions and for whom it is now the 'responsible body'. The provision in respect of these members of the clergy has been assessed using the relevant financial assumptions under FRS 102 s.28 and is not materially different from assessing it under FRS102 s.21 so no separate disclosure has been made.

The Scheme is administered by the Church of England Pensions Board on behalf of the Commissioners. The obligation is recognised in full using the actuarial valuation carried out by Hymans Robertson LLP, independent qualified actuaries. A full valuation is carried out every three years and it is rolled forward in other years. A full valuation was carried out as at 31 December 2024.

The valuation uses the projected unit method and assumes all benefits including post retirement increases continue to be paid in accordance with current practice. It uses financial assumptions reflecting the term structure of interest rates and inflation. These assumptions include the prospective rate of investment returns, future increases in the RPI, the starting level of pensions and the rate of post retirement pension increases.

The principal assumptions used in deriving the Commissioners' obligation were:

	2025 %	2024 %	2023 %	2022 %	2021 %
Prospective annual rate of return on investments	**6.5**	6.6	6.3	6.8	4.6
Rate of increase of future stipend and increases in the starting pension	**4.5**	2.7	2.5	2.3	2.9
Rate of post-retirement pension increases	**2.8**	3.1	3.2	3.2	3.7
Retail price inflation	**2.8**	3.1	3.2	3.2	3.7

The assumptions were made on a best estimate basis over a period reflecting the long-term nature of the fund and its objectives over 30 years. In their assessments of the pensions obligation, Hymans Robertson LLP have used bespoke Club Vita mortality tables, which have been adjusted for Covid-19 impacts. The life expectancy for beneficiaries aged 65 is 20.4 years (2021 valuation: 21.5 years) for men and 24.1 years (2021 valuation: 23.8 years) for women. In respect of future improvements in mortality rates, the projection model from the 2023 Continuous Mortality Investigation has been used.

18. PENSIONS

	Clergy	Staff				Clergy	Staff			
	Post-1997 service (note 18(a)) £m	Pre-2000 service (note 18(b)) £m	Post-1999 service (note 18(c)) £m	Post-2024 service (note 18(d)) £m	2025 £m	Post-1997 service (note 18(a)) £m	Pre-2000 service (note 18(b)) £m	Post-1999 service (note 18(c)) £m	Post-2024 service (note 18(d)) £m	2024 £m
Pension reserves at 1 January	–	73.4	–	–	73.4	–	81.1	–	–	81.1
Benefits/contributions paid	–	(5.6)	–	–	(5.6)	–	(5.5)	–	–	(5.5)
Interest on liability	–	3.8	–	–	3.8	–	3.5	–	–	3.5
Other movement	–	–	–	–	–	–	–	–	–	–
	–	(1.8)	–	–	(1.8)	–	(2.0)	–	–	(2.0)
Actuarial (gain)/losses	–	4.7	–	–	4.7	–	(5.7)	–	–	(5.7)
Pension reserves at 31 December	–	76.3	–	–	76.3	–	73.4	–	–	73.4

The reduction in pensions reserves due to cash paid is £5.6m (2024: £5.5m) and the total amount shown in expenditure is £3.8m (2024: £3.5m). Actuarial losses of £4.7m (2024: £5.7m gain) have been recognised in other gains or losses.

(a) Clergy pensions post-1997: Church of England Funded Pensions Scheme

Pensions in respect of the service of Church of England clergy from 1 January 1998 are provided by the Church of England Funded Pensions Scheme, administered by The Church of England Pensions Board. The Church of England Pensions Board publishes the Scheme's financial statements and is its trustee.

The Commissioners is one of the 'responsible bodies' in the Scheme, as it pays the stipends, National Insurance and pensions contributions for bishops, archbishops, bishops' chaplains and most cathedral clergy.

The Scheme is considered to be a multi-employer scheme, and it is not possible to attribute the Scheme's assets and liabilities to specific employers. Therefore, contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable plus any impact of deficit contributions.

18. PENSIONS continued

(a) Clergy pensions post-1997: Church of England Funded Pensions Scheme continued

A valuation of the Scheme was carried out by an independent qualified actuary using the projected unit method as at 31 December 2024. This revealed a surplus of £560m, based on assets of £2,570m and a funding target of £2,010m.

The contribution rate of future pensionable stipends payable by the Commissioners is made up of the following components. Normal contributions relate to providing benefits in relation to ongoing pensionable service. Administration expenses cover the day-to-day expenses of running the scheme.

	From 1 January 2024 %	From 1 April 2025 %	From 1 April 2026 %
Normal contributions	23.5	20.5	20
Contributions towards administration expenses	1.2	1.2	1
Total contribution	24.7	21.7	21

(b) Staff pensions pre-2000: Church Commissioners Superannuation Scheme

The Commissioners is obliged to pay pension benefits to staff, former First and Third Church Estates Commissioners, bishops' staff and staff of The Church of England Pensions Board who accrued years of pensionable service until 31 December 1999 as members of the Church Commissioners Superannuation Scheme (CCSS).

This is a multi-employer scheme where each employer can ascertain their share of the scheme assets and liabilities. The Commissioners' share is therefore provided for in the balance sheet in full. The liability is estimated each year by Hymans Robertson LLP, independent qualified actuaries.

Using the projected unit method, and assuming all benefits including post-retirement increases in pensions continue to be paid in accordance with current practice, the provision of £76.3m (2024: £73.4m) shown in the table above represents the Commissioners' share of the deficit on the CCSS.

Financial assumptions reflecting the term structure of interest rates and inflation have been used to estimate the value of the obligation. These assumptions include the prospective rate of investment returns, future increases in the RPI, the starting level of pensions and the rate of post-retirement pension increases. The principal assumptions over the estimated duration of the obligation used in estimating the provision were:

	2025 %	2024 %	2023 %	2022 %	2021 %
Discount rate (annual rate of return on AA-rated corporate bonds)	**5.45**	5.40	4.50	4.75	1.85
Rate of salary increases	**3.95**	4.25	3.95	3.95	4.25
Rate of increase of pensions in payment:					
for service before 1 April 1997 (CPI)	**2.60**	2.90	2.70	2.70	3.00
for service since 1 April 1997 (RPI)	**2.95**	3.30	3.20	3.25	3.55

In their assessment of the pensions liability, Hymans Robertson LLP used bespoke Club Vita mortality tables. In respect of future improvements in mortality rates, the projection model from the 2023 Continuous Mortality Investigation has been used.

History of experience gains and losses:

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Actuarial loss/(gain)	**4.7**	(5.7)	1.1	(29.8)	(9.4)

(c) Staff pensions post-1999: Church Administrators Pension Fund

Pensions for staff in respect of service from 1 January 2000 and who commenced service before 1 January 2024 are provided by the Church Administrators Pension Fund (CAPF), administered by the Church of England Pensions Board. The Church of England Pensions Board publishes the Fund's financial statements and is its custodian trustee.

The Commissioners is one of the employers in the Fund. The Fund has two sections: the defined benefit and the defined contributions schemes. Staff who commenced service before 1 July 2006 are members of the defined benefit section of the scheme and staff who commenced service after 30 June 2006 and before 1 January 2024 are members of the defined contributions section.

The defined benefit section is considered to be a multi-employer, last man standing defined benefit pension scheme. This means that it is not possible to attribute the Fund's assets and liabilities to specific employers and that contributions are accounted for as if the Fund were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable for both defined contribution and defined benefit sections, plus any impact of defined benefit deficit contributions.

A valuation of this defined benefits section is carried out every three years, and as at 31 December 2025, the most recent finalised valuation was at 31 December 2022. This revealed a deficit of £1.9m. Following the valuation, the employers collectively entered into an agreement with CAPF to pay contributions of 27.6% of Pensionable Salaries to 31 December 2023 and 16.5% from 1 January 2024 thereafter towards future service benefits. The employers also agreed to make deficit payments of £2.4m per annum payable monthly, from 1 January 2023 to 31 December 2023 with no future increases, in respect of the shortfall in the Defined Benefit Section. These deficit contributions were made by each employer in proportion to Pensionable Salaries of those in the Defined Benefit Section. Deficit contributions ceased to be payable after 31 December 2023.

(d) Staff pensions post-2024: Church Workers Pension Fund – Pension Builder 2014

Pensions for staff who commenced service after 1 January 2024 are provided by The Church Workers Pension Fund – Pension Builder 2014 (PB14), administered by the Church of England Pensions Board. Church of England Pensions Board publishes the Fund's financial statements and is its custodian trustee. The Church Workers Pension Fund – PB14 is a cash balance scheme both in respect of tax and pensions legislation.

A valuation of The Church Workers Pension Fund is carried out every three years, the most recent having been at 31 December 2022. This revealed a surplus of £8.5m for the Pension Builder 2014 section of the scheme. As at 31 December 2025, there is no deficit in relation to this section of the scheme.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

19. FUNDS
An Order was made by the Charity Commission on 19 June 2012, at the request of the trustees, to enable them to account and report income and capital returns and charitable expenditure on a total returns basis.

The Order requires the unapplied total return to be calculated at the point at which the Order is made, and subsequent movements are shown in the table below. The unapplied total return is the amount of the fund over and above the base level of endowment. The trustees agreed this base level should be the book value of assets of the Ecclesiastical Commissioners and the Queen Anne's Bounty when they were transferred to the Commissioners in April 1948 (£155.8m), inflated in line with RPI and deducting clergy pensions paid from capital, since the Pensions Measure 1997 became effective. The base level of the endowment at 1 January 2012 was £3,000.4m and the unapplied total return was £2,202.0m. The base value and unapplied total return together with the general fund reserve made up the total fund value of £5,237.6m at 1 January 2012.

The total return each year remains part of the endowment fund, until it is transferred to the general fund and becomes an "applied total return". The transfer is shown in the table below and on the face of the SOFA. The trustees agreed the base value of the endowment should be recalculated each year to reflect the permanent diminution of the fund as clergy pensions are paid out under the Pensions Measure 1997 and inflated in line with RPI. In 2020, the trustees agreed to change the inflation rate to the Consumer Prices Index including Housing (CPIH).

The pre-1998 clergy pension obligation set out in note 17 has been allocated to the unapplied total return as the Commissioners do not have indefinite power to spend endowment on clergy pensions, but only for a seven-year period ending in 2025. This power has been extended for a further seven years to 2032. As such, the base value of endowment is reduced each year by the clergy pensions paid in that year with movement in the provision being taken against the unapplied total return.

	Notes	Base value of endowment £m	Unapplied total return £m	Total endowment fund £m	Other funds £m	Total funds £m
At 1 January 2025		2,568.5	7,324.3	9,892.8	0.8	9,893.6
Add investment return for the year:						
Income return – gross income		–	207.2	207.2	4.5	211.7
Income return – cost of raising funds	3	–	(97.1)	(97.1)	(0.3)	(97.4)
Capital return and foreign exchange		–	732.8	732.8	–	732.8
Taxation payable	10	–	(2.5)	(2.5)	–	(2.5)
Total investment return during the year		–	840.4	840.4	4.2	844.6
Less						
Clergy pensions paid	17	(121.8)	–	(121.8)	–	(121.8)
Release of clergy pensions paid		–	121.8	121.8	–	121.8
Movement on clergy pensions provision	17	–	(83.0)	(83.0)	–	(83.0)
Gain/loss on defined benefit pension schemes	18	(4.7)	–	(4.7)	–	(4.7)
Charitable expenditure: non-pensions		–	–	–	(421.9)	(421.9)
Total other movements during the year		(126.5)	38.8	(87.7)	(421.9)	(509.6)
Add indexation on base value of endowment		92.4	(92.4)	–	–	–
Application of non-applied total return		–	(418.4)	(418.4)	418.4	–
At 31 December 2025		2,534.4	7,692.7	10,227.1	1.5	10,228.6

	Notes	Base value of endowment £m	Unapplied total return £m	Total endowment fund £m	Other funds £m	Total funds £m
At 1 January 2024		2,596.0	6,502.6	9,098.6	0.7	9,099.3
Add investment return for the year:						
Income return – gross income		–	204.5	204.5	2.9	207.4
Income return – cost of raising funds	3	–	(100.1)	(100.1)	(0.2)	(100.3)
Capital return and foreign exchange		–	949.7	949.7	–	949.7
Taxation payable	10	–	1.7	1.7	–	1.7
Total investment return during the year		–	1,055.8	1,055.8	2.7	1,058.5
Less						
Clergy pensions paid	17	(124.1)	–	(124.1)	–	(124.1)
Release of clergy pensions paid		–	124.1	124.1	–	124.1
Movement on clergy pensions provision	17	–	15.5	15.5	–	15.5
Gain on defined benefit pension schemes	18	5.7	–	5.7	–	5.7
Charitable expenditure: non-pensions		–	–	–	(285.4)	(285.4)
Total other movements during the year		(118.4)	139.6	21.2	(285.4)	(264.2)
Add indexation on base value of endowment		90.9	(90.9)	–	–	–
Application of non-applied total return		–	(282.8)	(282.8)	282.8	–
At 31 December 2024		2,568.5	7,324.3	9,892.8	0.8	9,893.6

Other funds comprise the following balances:

	At 1 January 2025 £m	Income £m	Expenditure £m	Transfers £m	At 31 December 2025 £m
Restricted funds					
Reconciliation	0.8	0.8	(0.6)	–	1.0
Archbishop of Canterbury Installation	–	0.3	–	–	0.3
Other restricted funds individually below £0.1m	–	0.5	(0.3)	–	0.2
Total restricted funds	0.8	1.6	(0.9)	–	1.5
Unrestricted funds (general)					
General fund	–	2.9	(421.3)	418.4	–
Total unrestricted funds	–	2.9	(421.3)	418.4	–
Total other funds	0.8	4.5	(422.2)	418.4	1.5

	At 1 January 2024 £m	Income £m	Expenditure £m	Transfers £m	At 31 December 2024 £m
Restricted funds					
Reconciliation	0.7	0.7	(0.6)	–	0.8
Other restricted funds individually below £0.1m	–	0.1	(0.1)	–	–
Total restricted funds	0.7	0.8	(0.7)	–	0.8
Unrestricted funds (general)					
General fund	–	2.1	(284.9)	282.8	–
Total unrestricted funds	–	2.1	(284.9)	282.8	–
Total other funds	0.7	2.9	(285.6)	282.8	0.8

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2025

19. FUNDS continued
Details of the significant restricted and designated funds are given below.

Reconciliation
Lambeth Palace received external funding for Reconciliation Ministry work which covered staffing, office & IT costs, conferences and hospitality, UK & overseas travel, training and other resources.

Archbishop of Canterbury Installation
The Church Commissioners received external funding to cover costs associated with installation of the new Archbishop of Canterbury which will be incurred in 2026.

The net assets of the Commissioners split between its funds, on a consolidated basis, are as follows:

	General fund £m	Designated fund £m	Restricted £m	Pension reserve £m	Endowment fund £m	2025 £m
Fixed assets	43.6	–	–	–	11,121.3	11,164.9
Current assets	1,075.4	–	1.5	–	482.1	1,559.0
Creditors: amounts falling due within one year	–	–	–	–	(269.5)	(269.5)
Creditors: amounts falling due after one year	(981.7)	–	–	–	–	(981.7)
Provisions	(137.3)	–	–	–	(1,030.5)	(1,167.8)
Defined benefit pension scheme liabilities	–	–	–	(76.3)	–	(76.3)
Total funds	–	–	1.5	(76.3)	10,303.4	10,228.6

	General fund £m	Designated fund £m	Restricted £m	Pension reserve £m	Endowment fund £m	2024 £m
Fixed assets	42.6	–	–	–	10,787.2	10,829.8
Current assets	627.7	–	0.8	–	505.5	1,134.0
Creditors: amounts falling due within one year	(1.1)	–	–	–	(258.2)	(259.3)
Creditors: amounts falling due after one year	(669.2)	–	–	–	–	(669.2)
Provisions	–	–	–	–	(1,068.3)	(1,068.3)
Defined benefit pension scheme liabilities	–	–	–	(73.4)	–	(73.4)
Total funds	–	–	0.8	(73.4)	9,966.2	9,893.6

20. CONTINGENT LIABILITIES
The Commissioners, dioceses and other Church bodies are the bodies responsible for the contributions to the Church of England Funded Pensions Scheme for clergy. In the event of defaults by any of the responsible bodies, the remaining responsible bodies, including the Commissioners, would continue to be responsible for the entire liabilities of the Scheme.

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

It is not practicable to reliably estimate the quantum of the above contingent liabilities.

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. Since then, the government has published an amendment paper for the Pension Schemes Bill 2025, which included a proposal that the Bill will include new clauses to address the issues raised in the Virgin Media Ltd v NTL Pension Trustees case. The Bill is expected to receive Royal Assent in 2026 and regulations will follow a few months later. As such, it is not currently possible to determine whether any amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Further, it is not currently possible to reliably estimate the retrospective possible impact to the defined benefit obligations of the pension scheme if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements.

The Commissioners has determined that there is no immediate need for action but will continue to monitor developments, considering their responsibilities of the pension scheme liabilities above and considering that the pension schemes have determined that there is no immediate need for action.

21. LEASES
The Commissioners has different types of leases in place for its investment properties, including:

Tenancy	Break terms
Residential	
Assured shorthold tenancies (ASTs)	Minimum six months then two months' notice
Assured tenancies	One month's notice
Regulated tenancies	One month's notice
Ground rents	No break terms
Licence agreement	One month's notice by either party
Rural	
Farm business tenancies	In general, there are no breaks until lease end date
Agricultural Holdings Act	Minimum 12 months' notice period by the tenant
Licence agreement	Will range from 1 to 3 months' notice by either party
Commercial	
Full repair and insurance	No break term unless specifically requested
Internal repair and insurance	No break term unless specifically requested
Geared rents	No break terms
UK forestry	
Not applicable	

Due to the nature of the Commissioners' leases, most residential and rural property leases are cancellable within 12 months. Commercial property leases and residential ground rents are non-cancellable. The consolidated and Commissioners rents receivable under non-cancellable operating leases are:

	2025 £m	2024 £m
Amounts due within one year	13.7	15.7
Amounts due after one year but not more than five years	43.6	49.9
Amounts due after five years	259.6	284.5
Total rents receivable under non-cancellable operating leases	316.9	350.1

22. RELATED PARTY TRANSACTIONS

Joint venture

Church of England Central Services (ChECS) is a charitable company limited by guarantee and is a joint venture between the 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 finance, HR, communications, legal, IT, internal audit and other services.

As at 31 December 2025, other than the amounts disclosed in debtors in note 13, £nil was owed by the Commissioners to ChECS (2024: £nil). The Commissioners' share of net assets of ChECS was £1.3m (2024: £1m). In addition, the Church Commissioners charged ChECS a total of £0.1m during 2025 (2024: £0.1m) for staffing costs in respect of information management and governance activities undertaken by staff at Lambeth Palace Library.

Subsidiaries

Like many charities, subsidiary companies carry out certain activities on behalf of the Commissioners. The transactions disclosed below are included in the Church Commissioners' stand-alone financial statements but are eliminated on consolidation. All transactions disclosed below are made between the Commissioners and one or more of its wholly owned subsidiaries, and so any cash or other assets transferred to a subsidiary are included within the consolidated financial statements.

If taxable profits are generated by the subsidiaries, these are paid to the Commissioners as donations made under Gift Aid. The Commissioners has recognised income relating to Gift Aid payments of £21.5m (2024: £13.3m) from its subsidiaries in the year.

During the year, zero (2024: two) properties were sold from the Commissioners to CC Projects with total sale price of £nil (2024: £65.3m).

As disclosed in notes 13 and 14, the Commissioners maintains inter-company accounts between itself and its subsidiaries. The total debtors and creditors relating to subsidiary undertakings, excluding loan notes in Jahr Tree Co Pty Ltd, are debtors of £931.4m (2024: £890.5m) and creditors of £27.7m (2024: £25.7m). The Commissioners uses these accounts for efficient cash management across the Group and charge or pays interest at 1% above Bank of England Base Rate on these balances. The balances are unsecured with no fixed repayment date. During the year, the Commissioners received £42.4m (2024: £44.2m) and paid £1.3m (2024: £1.4m) interest in the year.

The Commissioners holds loan notes issued by its subsidiary Jahr Tree Co Pty in Australia totalling £17.7m (2024: £24.4m) at year end. On 26 February 2025 £7.7m (AUD $15.5m) of loan notes were converted into shares (2024: £6.8m (AUD $13.3m)).

During the year, Palace Public Occasions Limited, a subsidiary of the Commissioners, was charged less than £0.1m (2024: less than £0.1m) by the Commissioners for costs incurred by the Commissioners on behalf of its subsidiary. An additional amount of less than £0.1m (2024: less than £0.1m) was charged to Palace Public Occasions Limited by the Commissioners for the use of premises owned by the Commissioners.

23. FUNDS HELD ON BEHALF OF OTHERS

	2025 £m	2024 £m
Residential service charges, sinking funds and tenants' deposits	**12.8**	13.7
Trust funds	**10.8**	11.6
Total funds held on behalf of others	**23.6**	25.3

The Commissioners holds monies on behalf of others. The sums are not included in the Commissioners' balance sheets.

Residential service charges, sinking funds and tenants' deposits

The service charges and sinking funds are paid in advance by tenants of properties owned by the Commissioners in order that property repairs and maintenance works can be carried out.

Trust funds

The Commissioners is a trustee of 30 funds, mainly restricted permanent endowment funds. Their income, £0.3m (2024: £0.7m), is applied in accordance with the terms of the trusts.

24. FINANCIAL RISK MANAGEMENT

In the ordinary course of its activities, the Commissioners manages a variety of investment risks including credit risk, liquidity risk and market risk. FRS 102 requires the disclosure of information in relation to certain investment risks. These risks, and how the Commissioners identifies, measures and monitors risk through various control mechanisms, are set out below:

a) Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk exposure

The Commissioners is subject to credit risk as they invest in fixed interest securities (either directly or through external managers), Over The Counter (OTC) derivatives, have cash balances and undertake securities lending activities. Credit risk arising on derivatives depends on whether the derivative is listed on an exchange or is an OTC contract between two counterparties. The latter are not guaranteed by a regulated exchange and therefore the Commissioners is subject to risk of failure of the counterparty. The table below details the Commissioners' exposure to credit risk as at 31 December 2025.

	Consolidated	
	2025 £m	2024 £m
Trade debtors	**11.1**	13.2
Outstanding investment trades	**162.3**	149.5
Dioceses (Clergy Stipends and Diocesan Debtors Accounts)	**0.0**	–
Joint venture (ChECS)	**3.8**	1.6
Loans	**2.1**	1.4
Other debtors	**1.8**	3.6
Accrued income	**10.3**	9.5
Prepayments	**4.5**	3.9
OTC derivatives contract – debtors	**45.8**	5.2
Securities exposed to credit risk	**1,254.8**	1,280.4
Current asset investments	**672.3**	246.8
Cash at bank	**645.0**	687.2
Securities under Stock Lending programme	**87.5**	93.1
Total credit risk exposure	**2,901.3**	2,495.4

Of the above financial assets, none of the Commissioners' financial assets subject to credit risk are past their due date or were impaired during the year.

24. FINANCIAL RISK MANAGEMENT continued

a) Credit risk continued

Risk management policies and procedures

Credit risk arising on fixed interest securities included within current asset investment is mitigated by investing in high-quality government and supranational bonds where the credit risk is minimal. The Commissioners also invests in investment grade, high yield and emerging market debt, which are included in Securities exposed to credit risk. The proportion at year end for each is 26%, 62% and 13% respectively. The Commissioners manages the associated credit risk by mandating the investment managers to diversify their portfolios to minimise the impact of default by any one issuer.

OTC derivative counterparties are selected (and retained) for trading a specific derivative instrument type, after an assessment of their credit quality, their competence with respect to trading a product, and subject to agreeing to the Commissioners' minimum standards within legal arrangements. For certain transactions, collateral may also be exchanged to minimise counterparty credit risk.

The Commissioners lends certain equity and fixed income securities under a securities' lending programme. The Commissioners manages the credit risk arising from securities' lending activities by restricting the amount of stock that may be lent, only lending to approved borrowers who are rated investment grade and through collateral arrangements.

Cash is held with financial institutions which are at least investment grade credit rated, with the maximum deposit limit for any one counterparty set by reference to its credit rating and G-SIB (Global Systematically Important Banks) status. Credit default swaps (CDS) spreads and rating notifications are monitored to ensure exposures remain within the approved limits. To reduce our credit risk exposure to any single financial institution we also invest in money market liquidity funds. These must have a AAAmmf or equivalent rating to be eligible for investment and limits are in place on the maximum allowable exposure to any single fund.

b) Liquidity risk

Liquidity risk is the risk that the Commissioners will encounter difficulties raising cash to meet their obligations when they fall due.

Liquidity risk exposure

This is a risk to the Commissioners, given the value of the Commissioners' commitments to charitable and investment activities.

The following table details the Commissioners' financial liabilities as at 31 December 2025:

	Consolidated 2025 £m	Consolidated 2024 £m
Creditors falling due within one year		
Trade creditors	**8.5**	10.3
Dioceses and other Church bodies	**19.5**	9.5
Other creditors	**7.6**	5.8
Taxation and National Insurance contributions	**1.3**	–
Accruals and deferred income	**56.1**	30.1
Grants payable	**124.2**	127.9
Outstanding investment trades	**26.3**	37.2
Derivative open contracts	**26.0**	38.5
Total Liquidity Risk Exposure within one year (note 14)	**269.5**	259.3

	Consolidated 2025 £m	Consolidated 2024 £m
Creditors falling due after one year		
Grants payable	**165.9**	127.1
Bond liabilities	**815.8**	542.1
Total Liquidity Risk Exposure after one year (note 15)	**981.7**	669.2

For private market commitments which are not part of the financial liabilities as of 31 December 2025, please refer to note 2(d).

Risk management policies and procedures

The Commissioners forecasts asset and liability cash flows across the portfolio, to ensure that there are no liquidity mismatches in terms of the size or timing of expected cash flows. In order to further mitigate liquidity risks, the Commissioners holds appropriate levels of liquid assets, including holding cash and cash equivalents (cash at bank and money market fund investments) and current asset investments (short-dated fixed income instruments) sufficient to fund the next 18 months worth of planned distributions after including net new investments, forecast income, cash receipts and expenditure.

c) Market risk

This comprises currency risk, interest rate risk and other price risk.

i) Currency risk: This is the risk that the fair value or future cash flows arising in respect of a financial asset or liability will fluctuate because of changes in foreign currency exchange rates.

Currency risk exposure

The functional currency and currency for most of the Commissioners' expenditure is sterling. However, the Commissioners holds financial assets denominated in currencies other than sterling and is impacted by fluctuations in foreign currency exchange rates.

The Commissioners may use foreign currency derivatives for the purpose of reducing currency risk. In addition to foreign currency forwards and options contracts, during 2025 the Commissioners entered a £275m notional 10-year GBP to USD currency swap.

24. FINANCIAL RISK MANAGEMENT continued

c) Market risk continued

i) Currency risk continued

Currency risk exposure continued

The following table details the asset value exposed to currency risk as at 31 December 2025:

	2025 £m	2024 £m
Investment Assets excluding foreign currency contracts		
USD	6,037.1	6,411.5
EUR	798.3	684.8
JPY	96.5	77.0
Other currencies	475.8	512.1
Foreign Currency Contracts (notional value of forwards, options and currency swaps)		
USD	(2,008.6)	(1,119.1)*
EUR	–	–
JPY	–	–
Other currencies	–	–
Net Exposure		
USD	4,028.5	5,292.4*
EUR	798.3	684.8
JPY	96.5	77.0
Other currencies	475.8	512.1

*The foreign currency contracts and net exposure values for 2024 have been restated to include the notional value of foreign currency options contracts. The market value of foreign currency options contracts as at 31 December 2025 was £13.3m (2024: £4.7m).

Risk management policies and procedures

Currency exposures are monitored and reported on at least a monthly basis. The Commissioners may use foreign currency forwards and options contracts, and currency swaps to reduce the impact of changes in foreign currency exchange rates in relation to investments priced in certain currencies other than sterling. In addition, the Commissioners has an investment policy to hold a minimum of 25% of total assets denominated in sterling.

The following table details the expected impact on gains resulting from movements in foreign currency exchanges rates as at 31 December 2025, reflecting the asymmetric payoff profile of foreign currency options contracts:

	Impact on gain for the financial year 2025 £m	Impact on gain for the financial year 2024 £m
10% Sterling appreciation	(502.5)	(604.3)
10% Sterling depreciation	685.2	702.1

ii) Interest rate risk: This is the risk that the value of an asset or liability will fluctuate because of changes in market interest rates (i.e. for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (i.e. for floating rate assets or liabilities).

Interest rate risk exposure

The Commissioners' holds cash and cash equivalents which includes money market fund instruments as detailed on the Balance Sheet. These are floating rate interest-bearing assets, which are subject to interest rate risk. The Commissioners also invests in high-quality government and supranational bonds for liquidity management purposes.

The Commissioners is also exposed to interest rate risk due to investments in public and private credit markets. These investment strategies are implemented by external investments managers, who consider the impact of changes in interest rates as part of their credit assessment.

As at 31 December 2025, £2,490m (2024: £2,178m) of assets were exposed to interest rate risk.

As stated in the accounting policies, the Commissioners' fixed interest bond liabilities are measured at amortised cost using the effective interest rate method, rather than at fair value.

Risk management policies and procedures

The Commissioners takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions.

iii) Other price risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

This is a risk for the Commissioners because its ability to support the Church over the long term is dependent on maintaining in real terms the purchasing power of the asset base.

In early 2026, certain leasehold reform proposals were announced; however, these were not enacted or effective as of 31 December 2025. Accordingly, no adjustment has been made to the year-end residential portfolio valuations. The estimated impact of this on the Residential portfolio is immaterial.

Other price risk exposure

The following table details the asset value exposed to other price risk as at 31 December 2025:

	Consolidated	
	2025 £m	2024 £m
Listed securities	3,621.8	3,790.1
Unlisted securities	4,918.5	4,473.1
Direct property	1,682.4	1,622.0
Indirect property	78.1	96.5
Value-linked loans	61.1	66.6
Timberland	132.5	125.7
Standing timber	199.2	200.5
Indirect timberland	44.1	72.5
Infrastructure	281.5	239.3
Total investments (note 2(a))	11,019.2	10,686.3
Derivatives open contracts debtors	46.6	17.3
Derivatives open contract creditors	26.0	38.5
Total price risk exposure	11,091.8	10,742.1

Risk management policies and procedures

The Commissioners manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. The asset allocation is regularly monitored to identify whether the current allocation, including intended changes, is in line with the targeted allocation as agreed with the Assets Committee. Price risk is also managed through active hedging strategies, which are expected to offset losses during market stress events. In 2025, exchange-traded derivatives (Held at Dec25: £74m notional value, Held at Dec24: £399m notional value) were used alongside OTC index and currency swaps (Held at Dec25: £948m, Held at Dec24: £798m) in these hedging strategies with the OTC swap products positioned to hedge more severe or prolonged market events.

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