



for the Church of England

The CBF Church of England Deposit Fund

**Annual Report and Accounts
Year to 30 November 2008**

Contents

- 1** Report of the Trustee
- 3** Report of the Investment Manager
- 6** Report of the Independent Auditors
- 8** Average rates of interest paid
- 9** Statement of total return
- 9** Interest paid table
- 10** Balance sheet
- 10** Summary of deposits placed by maturity
- 11** Notes to the accounts
- 16** Statement of Trustee and Manager responsibilities

Trustee and Manager

(inside back cover)

Description of The CBF Church of England Funds

(outside back cover)

Disability Discrimination Act 1995

Extracts from the Reports & Accounts are available in large print and audio format.

Report of the Trustee

for the year ended 30 November 2008

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Accounts of The CBF Church of England Deposit Fund (the Fund), which includes a separate report from CCLA Investment Management Limited (the Manager) as Manager of the Fund.

Structure and management

The Fund is a common fund established by the Church Funds Investment Measure 1958 (as amended from time to time), and the Trustee Act 2000.

CBF Funds Trustee Limited (CBFFT), a company incorporated under the Companies Act, limited by guarantee and not having a share capital, is the Trustee and Operator of the Fund. CBFFT has an Audit Committee which meets twice a year to review financial statements and monitor the control environment in which the Fund operates.

CBFFT has delegated to the Manager, which is authorised and regulated by the Financial Services Authority (FSA), the investment management, administration, registrar, secretarial and company secretarial functions of the Fund under Management Agreements dated September 2008.

Under the provisions of the Financial Services and Markets Act 2000 (FSMA), CBFFT is not considered to be operating the Fund by way of business. In consequence, it is not required to be authorised and regulated by the FSA and the trustee directors of CBFFT are not required to be authorised by the FSA for this purpose.

Deposits taken by the Fund are exempted from the FSMA by virtue of the Financial Services

and Markets Act (Exemption) Order 2001 and are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

Charitable status of the Fund

The Fund is entitled to charitable status by virtue of section 25(2) of the Charities Act 1993. In the administration of the Fund, CBFFT is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Church Funds Investment Measure 1958.

Investment objective of the Fund

The Fund aims to pay competitive rates of interest, which reflect the level of short dated money market rates. The Fund also aims to maintain its AAA/V1 rating received from Fitch Ratings.

Total return benchmark

The Fund's benchmark is the London Interbank 7-day bid rate (LIBID) as measured by the British Bankers Association, before management expenses.

Responsibilities of the Trustee

CBFFT receives a report on the published accounts from the Manager twice a year and is wholly responsible for the Fund. CBFFT monitors the investment management, administration, registration, secretarial and company secretarial services provided by the Manager under respective Management Agreements. It meets quarterly with the Manager to monitor investment strategy, interest rate policy, investment diversification, risk and to review the Fund's performance.

Report of the Trustee

for the year ended 30 November 2008

In addition, CBFFT reviews the Annual Report and Accounts of the Fund which are prepared on its behalf by the Manager.

CBFFT is responsible for appointing an Audit Committee and the Auditor. It reviews annually the objectives of the Fund in the light of current circumstances.

RBS monitoring service

CBFFT has appointed The Royal Bank of Scotland plc to monitor the Manager in respect of its activities related to the management and administration of the Fund and to provide formal six-monthly reviews of its findings to the Audit Committee. The Royal Bank of Scotland plc has not raised any material issues.

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, CBFFT is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Measure and with the relevant Management Agreements.

Controls and risk management

CBFFT receives and considers regular reports from the Manager. Other ad hoc reports and information are supplied as required.

The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

CBFFT receives internal audit reports on the controls of the Manager. During the year CBFFT, assisted by the Manager, reviewed the Fund's systems of internal control.

At each of its meetings, the Audit Committee receives and reviews a formal risk management report from the Manager. This sets out the main risks facing the Fund, the controls in place to mitigate those risks and the assessment of each risk in terms of both gross and residual exposure after application of mitigating controls.

R Broadhurst
Chairman
CBF Funds Trustee Limited

27 January 2009

Report of the Investment Manager

for the year ended 30 November 2008

- A money fund for short-term cash
- Competitive rates of interest (even on small balances)
- Rated AAA/V1 by Fitch Ratings
- Withdrawal on demand with no loss of interest

Performance

Over the twelve months to 30 November 2008 the Fund achieved a total return before management expenses of 5.97%. This was significantly higher than the Fund's benchmark, the London Inter-Bank 7-Day Bid rate which returned 5.16%. The Fund's weighted average maturity was 55 days at the year-end.

As a better place for your cash reserves, the Deposit Fund remains highly competitive. The declared rate averaged 5.51% over the year, equivalent to an Annual Equivalent Rate (AER) of 5.62%. The Deposit Fund rate at 30 November 2008 was 5.00% (5.09% AER). Demonstrating depositors' confidence in the Fund, total client deposits, excluding those of the other CBF Church of England Funds, rose by a £120 million surpassing the record set last year (2007: £74m). As at 30 November 2008 client deposits were £987 million.

Market review

In the first half of the reporting period the Bank of England's Monetary Policy Committee (MPC) on three occasions cut the official bank rate by 0.25%, justifying the reductions on weaker economic growth prospects and a balanced inflation outlook. There was then a marked rise

in money market rates, principally due to the sudden expectation that the rate of inflation would rise well above the MPC's target. The one-year money market yield rose to over 6.0% having been as low as 5.05% in January 2008.

The term "credit crunch" became familiar as the impact of US sub-prime housing mortgage defaults and related financial instruments gradually spread through the global banking system, picking up other troubled lending along the way. Money market rates remained high as the financial crisis intensified, interbank lending rates for both short and longer-term periods increased to levels that effectively froze the system, indicating a complete breakdown in trust between financial institutions. For all sectors of the economy, the availability of debt had become more difficult to obtain and was subject to tougher terms.

Following the demise of the Icelandic banks in early October, a blanket 'guarantee' by the UK government has largely removed the fear of a systemic collapse in the financial sector. The UK bank rescue package includes a temporary to partial nationalisation of some major domestic banks. Having previously been reluctant to ease the official bank rate the MPC joined six other central banks on 8 October in a co-ordinated rate cut of half a percentage point, other central banks then followed with further cuts as large as one percentage point. Notwithstanding this action the financial turmoil intensified, there was a marked weakening in global economic activity indicators and further sharp falls in commodity prices and inflation expectations. These developments suggested that a substantial lower official bank rate was required if the MPC

Report of the Investment Manager

for the year ended 30 November 2008

was to meet its inflation target. Towards the end of the reporting period the MPC duly acted by making its largest rate cut since its inception, reducing rates by 150 basis points to a 50 year low of 3%.

Strategy

The Fund is structured to provide both capital security and adequate daily liquidity. The short-term nature of the Fund allows us to alter quickly the portfolio composition to reflect our sentiment. The assets of the Fund are strictly placed within agreed limits with a diversified list of quality counterparties in order to achieve a very low overall level of risk and high security of capital. The list of approved counterparties is constantly monitored and credit limits immediately amended following credit rating upgrades and downgrades. At the 30 November 2008, there were 42 approved financial institutions. The Fund has maintained a high level of liquidity to ensure that sufficient money is always readily available to meet client withdrawals. The balance of the Fund was deposited for periods up to one year with the aim of boosting the overall yield of the Fund for the benefit of the depositors.

Rated AAA/V1 by Fitch Ratings

During the year we reviewed the provision of credit rating services and with the approval of the CBF Funds Trustees the service provider was changed to Fitch Ratings. We believe Fitch's

fund focus, good client reporting and weekly surveillance will be reassuring and beneficial to present and future depositors. Since 30 April 2008, the Fund has been assigned a AAA/V1 Fitch money market fund rating. This rating reflects the high quality of the Fund's approved lending list, the employment of an appropriate investment policy, a low overall level of risk through diversification, and the quality of management and internal controls. The rating is awarded to funds that have the lowest credit risk and where the total return exhibit relative stability, performing consistently across a broad range of interest rate scenarios and changing market conditions.

Outlook

What has taken the financial system by surprise is the speed with which the whole global bank lending system seemed virtually to seize up and threaten a major breakdown. The potential calamitous consequences of such an event prompted rapid and coordinated international political action. The intervention appears to have averted an immediate banking crisis though money markets remain dysfunctional with UK interest rates stubbornly higher than the Bank of England's official bank rate.

There are signs that the interbank market may have shifted permanently to a more cautious approach. The government's decision to invest new capital into a number of major UK banks is likely to mean that the financial sector will

Report of the Investment Manager

for the year ended 30 November 2008

undergo a change in strategy. Going forward, banks could revert to the old banking model with straightforward deposit taking and lending to secure borrowers at a sensible margin, without the use of sophisticated products.

While there is no sign of the overall banking crisis ending anytime soon there could be a gradual easing of interbank rates. As for where the official bank rate may go, there is a real risk of it going much lower in the next few quarters as the global economic downturn gets into full swing. The MPC has been the most aggressive and proactive of the central banks in easing monetary

policy. The MPC made a further 100 basis point reduction in December. The MPC's ability to cut rates so aggressively is also a reflection that the inflation outlook, which last summer was a primary concern, has eased considerably. With the economy in recession interest rates could fall below 1% if the crisis continues well into 2009.

C Peters
Investment Director
CCLA Investment Management Limited

27 January 2009

Risk warning

CBFFT cannot give guarantees regarding repayment of deposits in the Fund but undertakes to exercise reasonable care in placing of deposits. The daily deposit rate will

fluctuate. Past performance is no guarantee of future returns. Deposits in the Fund are not covered by the Financial Services Compensation Scheme.

Report of the Independent Auditors

to the depositors of The CBF Church of England Deposit Fund

We have audited the financial statements of The CBF Church of England Deposit Fund for the year ended 30 November 2008 which comprise the statement of total return, interest paid table, the balance sheet, summary of deposits placed by maturity, and the related notes. These financial statements have been prepared under the accounting policies therein.

This report is made solely to the depositors of the Fund, as a body, in accordance with the Church Funds Investment Measure 1958, as amended. Our audit work has been undertaken so that we might state to the depositors of the Fund 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 Fund and the depositors of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and Auditors

The Trustee is responsible for the preparation of the annual report and the financial statements in accordance with Accounting Standards (United Kingdom generally accepted accounting practice) as set out in the Statement of Trustee and Manager responsibilities in relation to the financial statements. Our responsibility is to audit the financial statements in accordance with United Kingdom legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view

and are properly prepared in accordance with United Kingdom generally accepted accounting practice, the Church Funds Investment Measure 1958, as amended, and the Trustee Act 2000. We also report to you if, in our opinion, the Report of the Investment Manager is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Fund, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Investment Manager and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

Report of the Independent Auditors

to the depositors of The CBF Church of England Deposit Fund

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

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom generally accepted accounting practice of the financial position of the Fund at 30 November 2008, and of the net income for the year then ended; and

- have been properly prepared in accordance with United Kingdom generally accepted accounting practice, the Church Funds Investment Measure 1958, as amended, and the Trustee Act 2000.

Ernst & Young LLP
Registered Auditor
London

27 January 2009

The maintenance and integrity of the CCLA Investment Management Limited web site is the responsibility of the directors; the work carried out by the auditors of The CBF Church of England Deposit Fund does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have

occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Average rates of interest paid

for the year ended 30 November 2008

<i>Month</i>	<i>Actual % p.a.</i>	<i>Gross AER* % p.a.</i>
December 2007	5.88	6.01
January 2008	5.81	5.94
February 2008	5.56	5.68
March 2008	5.40	5.51
April 2008	5.35	5.46
May 2008	5.43	5.54
June 2008	5.50	5.61
July 2008	5.50	5.61
August 2008	5.50	5.61
September 2008	5.50	5.61
October 2008	5.50	5.61
November 2008	5.17	5.27

<i>Year to 30 November</i>	<i>Actual % p.a.</i>	<i>Gross AER* % p.a.</i>
2004	4.09	4.15
2005	4.48	4.56
2006	4.45	4.53
2007	5.40	5.51
2008	5.51	5.62

* Annual equivalent rate (AER) illustrates what the annual interest rate would be if the quarterly interest payments were compounded.

Statement of total return

for the year ended 30 November 2008

	Notes	30.11.2008 £'000	30.11.2007 £'000
Gross income		59,276	51,119
Expenses	2	(2,430)	(2,134)
Net income and total return		56,846	48,985
Finance costs: distributions		(55,095)	(47,665)
Net increase in income reserve	8	1,751	<u>1,320</u>

The notes on pages 11 to 15 form part of these accounts.

Interest paid table

for the year ended 30 November 2008

Period ended	Date of payment	Total £'000	Average rates of interest paid	
			2008 %	2007 %
29 February 2008	6 March 2008	13,593	5.75	4.99
31 May 2008	6 June 2008	13,566	5.39	5.24
31 August 2008	5 September 2008	14,062	5.50	5.51
30 November 2008	5 December 2008	13,874	5.39	5.86
		<u>55,095</u>	<u>5.51</u>	<u>5.40</u>

Balance Sheet

at 30 November 2008

	Notes	30.11.2008 £'000	30.11.2007 £'000
Loans receivable	4	1,717	1,922
Debtors	5	8,161	7,684
Cash and bank balances		1,117	2,612
Deposits		1,054,286	925,362
Total assets		1,065,281	937,580
Current deposits	6	1,031,867	904,911
Creditors	7	13,862	14,868
Income reserve	8	19,552	17,801
Total liabilities		1,065,281	937,580
Approved on behalf of the Trustee 27 January 2009		R Broadhurst, <i>Chairman</i> CBF Funds Trustee Limited	

The notes on pages 11 to 15 form part of these accounts.

Summary of deposits placed by maturity

at 30 November 2008

Repayable	30.11.2008		30.11.2007	
	£'000	%	£'000	%
On call	27,286	2.59	13,362	1.44
Within 5 business days	89,000	8.44	59,000	6.38
Within 30 days	257,000	24.38	169,000	18.26
Between 31 and 60 days	320,000	30.35	393,000	42.47
Between 61 and 91 days	292,000	27.70	251,000	27.13
Between 92 and 182 days	19,000	1.80	20,000	2.16
Between 183 and one year	50,000	4.74	20,000	2.16
Total deposits	<u>1,054,286</u>	<u>100.00</u>	<u>925,362</u>	<u>100.00</u>

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with accounting policies set out below and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005.

(b) Income recognition

Interest on bank and building society deposits is accrued on a daily basis.

(c) Expenses

The Manager's periodic charge paid to the Manager, is charged to the income of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.20% p.a. plus VAT. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. Audit fees, insurance, bank charges, monitoring fee and the Trustee's administration fee are charged separately to the income of the Fund before distribution.

(d) Distributions

Interest is paid quarterly. The Fund utilises an income reserve to facilitate the payment of interest to depositors (see note 8).

2. Expenses

	30.11.2008	30.11.2007
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(c)	<u>2,393</u>	<u>2,086</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Bank charges	14	12
Monitoring fees	2	3
Trustee's administration fee	-	18
	<u>16</u>	<u>33</u>
Other expenses:		
Insurance	12	8
Audit fee	9	7
	<u>21</u>	<u>15</u>
Total expenses	<u>2,430</u>	<u>2,134</u>

The above expenses include VAT where applicable.

Notes to the accounts

3. Taxation

The Fund is exempt from UK income and capital gains tax due to its charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid and reinvested income credited gross to depositors.

	30.11.2008	30.11.2007
	£'000	£'000
Loans to Diocesan Boards of Finance:		
Due within one year	523	108
Due two to five years	971	1,487
Due after five years	223	327
	<u>1,717</u>	<u>1,922</u>

As at 30 November 2008, there were loans outstanding from 18 different Dioceses, ranging from £28,000 to £447,890 with interest chargeable on the loans varying between 6.20% and 6.75%.

	30.11.2008	30.11.2007
	£'000	£'000
Interest receivable	8,157	7,681
Prepayments	4	3
	<u>8,161</u>	<u>7,684</u>

	30.11.2008	30.11.2007
	£'000	£'000
Dioceses, parish and other	986,879	866,875
The CBF Church of England Investment Fund	16,577	24,279
The CBF Church of England Global Equity Income Fund	1,577	-
The CBF Church of England Fixed Interest Securities Fund	2,347	1,428
The CBF Church of England UK Equity Fund	5,127	2,251
The CBF Church of England Property Fund	19,360	10,078
	<u>1,031,867</u>	<u>904,911</u>

Deposits are repayable to clients on demand.

	30.11.2008	30.11.2007
	£'000	£'000
Interest payable	13,852	12,716
Accrued expenses	10	7
Amounts payable on withdrawals from Fund	-	2,145
	<u>13,862</u>	<u>14,868</u>

Notes to the accounts

8. Income reserve

The Fund utilises a reserve which is accumulated out of income and held by CBFFT on trust for depositors for the time being. The principal purpose of the income reserve is to facilitate the payment of interest to depositors at each quarter end even though a proportion of the income earned by the Fund over the quarter will not be received until the maturity date of individual deposits.

The reserve is also available as a provision against potential default of counterparties and is available to augment the Fund's deposit rate.

	30.11.2008	30.11.2007
	£'000	£'000
Income reserve at the start of the year	17,801	16,481
Transfer to income reserve	1,751	1,320
Income reserve at the end of the year	<u>19,552</u>	<u>17,801</u>

9. Financial instruments

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below.

Currency risk

There was no foreign currency exposure within the Fund at 30 November 2008 (30.11.2007, £nil).

Credit risk

The Fund is exposed to the risk regarding the repayment of deposits from the counterparty. To minimise this, the assets of the Fund are strictly placed within agreed limits with a diversified list of quality counterparties in order to achieve a very low overall level of risk and high security of capital. The list of approved counterparties is constantly monitored and credit limits immediately amended following credit rating upgrades and downgrades.

Interest rate risk

The Fund invests in fixed rate and floating rate deposits. Changes in the interest rate will result in income either increasing or decreasing.

Notes to the accounts

The interest rate profile of the Fund's financial assets and liabilities at 30 November 2008 was as follows:

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	30,120	1,027,000	8,161	1,065,281

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	1,051,419	-	13,862	1,065,281

30 November 2007

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	17,896	912,000	7,684	937,580

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	922,712	-	14,868	937,580

*The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or base rate.

All financial liabilities are due to be settled within one year, or on demand.

There were no derivatives held by the Fund at 30 November 2008 (30.11.2007, £nil).

Notes to the accounts

10. Related party transactions

The Manager's periodic charge is paid to the Manager, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in note 2. There were no outstanding balances due to the Manager at 30 November 2008 (30.11.2007, £nil). There were no other transactions entered into with the Manager during the year.

CBFFT, as Trustee, is a related party to the Fund. The amounts paid in respect of the Trustee's administration fee are disclosed in note 2. There were no outstanding balances due to CBFFT at 30 November 2008 (30.11.2007, £nil). Balances held on behalf of other CBF Church of England Funds are disclosed in note 5. There were no other transactions entered into with CBFFT during the year.

Statement of Trustee and Manager responsibilities

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Church Funds Investment Measure 1958 as amended by the Church of England (Miscellaneous Provisions) Measure 1995 and the Trustee Act 2000 (together the Measure) to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and settle their terms of engagement;
- determine the rate of remuneration of the Manager in accordance with the Measure and the Scheme Information;
- supervise and oversee the Manager's compliance with the Measure and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Measure, and ensure the Manager is maintaining adequate and proper records;
- appoint, supervise and oversee any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme;
- review the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with the Measure;
- apply interest payments to depositors based on their average daily balance in the Fund; and
- take all steps and execute all documents which

are necessary to ensure that the deposits and withdrawals for the Fund are properly completed.

Preparation of accounts

The Trustee of the Fund is required, by the Measure, to prepare accounts which give a true and fair view of the financial position of the Fund at each half year and year end valuation date. The net income for the period, together with a report on the operation of the Fund is also required. In preparing these accounts, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in December 2005;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the accounts, as prepared, comply with the above requirements;
- makes judgments and estimates that are prudent and reasonable; and
- prepares the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Measure and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Measure. The Manager is required to carry out these duties in accordance with the Measure and take reasonable steps for the prevention and detection of fraud and other irregularities.

CCLA INVESTMENT MANAGEMENT LIMITED
The CBF Church of England
Deposit Fund

Trustee – CBF Funds Trustee Limited

R Broadhurst (Chairman)

J Clunie*

L Farrall

N Pearson

S Steele

Rev Dr R Turnbull*

R Williams*

**Members of the Audit Committee*

Secretary

J Fox

Manager, Administrator and Registrar

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*Authorised and regulated by
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Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

C Peters

Client Relationship Manager

A Best

Company Secretary

J Fox

**Head of Operational Risk,
Internal Audit and Compliance**

A Kemp

Banker and Monitoring Service

The Royal Bank of Scotland plc

62/63 Threadneedle Street

London EC2R 8LA

Solicitors

Farrer & Co LLP

66 Lincoln's Inn Fields

London WC2A 3LH

Independent Auditor

Ernst & Young LLP

1 More London Place

London SE1 2AF



CCLA INVESTMENT MANAGEMENT LIMITED

The CBF Church of England Funds

The CBF Church of England Funds provide Church of England parishes, dioceses and other church charitable trusts with a ready-made service to look after their money and investments. These Funds aim to provide prudent management of church money avoiding unnecessary risks but at the same time seeking to deliver satisfactory investment results.

A CHOICE OF FUNDS

The six CBF Church of England Funds aim to meet most of the investment and deposit needs of a Church trust.

Investment Fund

- A suitable 'all-in-one' long-term fund for most church organisations
- Highly diversified and well-balanced spread of investments
- Designed to help meet growth and income requirements
- Focus on delivering attractive, growing income
- Aligned with the Church of England's Ethical Investment Policy

Global Equity Income Fund

- Attractive income now
- Rising income in the future
- Strong growth opportunities from the global economy

UK Equity Fund

- The only UK equity fund entirely aligned with the Church of England's Ethical Investment Policy
- High quality, well-diversified portfolio
- Designed to help meet growth and income requirements
- Usually held with other investments such as overseas equities, bonds and cash to give a broad spread of assets and achieve overall objectives

Fixed Interest Securities Fund

- Long-term investment focused on income
- Gross income paid quarterly
- Usually held with other investments such as equities and cash to give a broad spread of assets and achieve combined income and growth objectives

Property Fund

- High quality, well-diversified commercial and industrial property portfolio
- Focus on delivering attractive income
- Actively managed to add value
- Usually held with other investments such as equities, bonds and cash to give a broad spread of assets and achieve combined income and growth objectives

Deposit Fund

- A great rate
- Interest paid gross
- No minimum balance
- Easy access
- Simple operation
- Excellent service
- Free BACS transfers
- AAA/V1 credit rating*

* The Deposit Fund is rated AAA/V1 by Fitch Ratings. This reflects the high credit quality of the portfolio and its low volatility.

The Funds are common funds established under the Church Funds Investment Measure 1958 (as amended from time to time). CBF Funds Trustee Limited, a company incorporated under the Companies Act is the Trustee and Operator of the Funds. CCLA Investment Management Limited manages the investment of the Funds.

The value of the investments may fall as well as rise and an investor may not get back the full amount originally invested.

CCLA Investment Management Limited (registered in England No. 2183088 at 80 Cheapside, London, EC2V 6DZ) is authorised and regulated by the Financial Services Authority. CBF Funds Trustee Limited is a Registered Charity No.1116932 and is registered in England as a company limited by guarantee (No. 5957490).

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