



for the Church of England

The CBF Church of England Deposit Fund

**Report and Accounts
Year to 30 November 2010**

Contents

- 3** Report of the Trustee
- 5** Report of the Investment Manager
- 7** Report of the Independent Auditor
- 9** Average rates of interest paid
- 10** Interest paid table
- 10** Summary of deposits placed by maturity
- 11** Statement of total return
- 11** Balance sheet
- 12** Notes to the accounts
- 17** 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 Report and Accounts are available in large print and audio formats.

Report of the Trustee

for the year ended 30 November 2010

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 (together the Measure).

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 sterling 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

Report of the Trustee

for the year ended 30 November 2010

Agreements. It meets quarterly with the Manager to monitor investment strategy, interest rate policy, investment diversification, risk and to review the Fund's performance. 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
24 February 2011

Report of the Investment Manager

for the year ended 30 November 2010

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 assessment of changing market conditions. The assets of the Fund are placed strictly 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 lending limits immediately amended following credit rating changes. 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 of up to one year with the aim of boosting the overall yield of the Fund for the benefit of the depositors. The weighted average maturity as at 30 November 2010 was 54 days.

Performance

Over the reporting period the Fund achieved a total return before management expenses of 0.70%; this was higher than the Fund's benchmark, the London Inter-Bank Sterling 7-Day Bid rate (7-day LIBID), which averaged 0.48%.

The Deposit Fund's declared interest rate has been steady over the reporting period averaging 0.51% (an annual equivalent rate (AER) of 0.51%). On the 30 November 2010 the declared rate was 0.60%, (0.60% AER).

Client deposits (excluding those of the other CBF Funds) decreased by £137 million and at 30 November 2010 client deposits totalled £793 million.

Market review

After cutting the official bank rate to half of one percent in March 2009, the Bank of England Monetary Policy Committee (MPC) believed that the economy could not be rejuvenated by further interest rate cuts. The MPC then embarked on a Quantitative Easing programme (QE) with the aim to get money flowing within the domestic economy; they purchased £200 billion of fixed interest securities, predominantly UK gilt-edged securities, over a period of just nine months. Concluding that the economy was showing signs of reviving, the MPC suspended QE at its February 2010 meeting. The MPC judged that in order to keep inflation on track to meet the 2% inflation target over the medium term, it was also appropriate to maintain the Official Bank Rate at 0.5%. Despite the rate of inflation continuing to be significantly above its target, the MPC judgement was reaffirmed in May following the release of the Bank's quarterly inflation report; the Bank's Governor, Mervyn King, also asserted the need for the new Coalition Government to gain the confidence of financial markets when setting its fiscal policy. In response to the MPC's policy stance interest rates on the London inter-bank market remained historically low across all maturities.

The UK economy has shown signs of strong improvement and in Q3 2010 GDP rose 0.7%, twice as much as forecast. The economic data though in a number of peripheral European countries was certainly not encouraging and become a major concern, especially after the IMF and Eurozone members' bailout of Greece failed to stop the contagion spreading to the Republic of Ireland, Portugal and Spain. In

Report of the Investment Manager

for the year ended 30 November 2010

November, the Irish government concluded that its liquidity difficulties had become overwhelming and obtained financial aid from the IMF and Eurozone member states. This resulted in sovereign credit downgrades for the peripheral countries and this uncertainty caused a general rise in wholesale money market rates. Some European banks are now being forced to pay more for short-term borrowings than banks from the UK, US and Asia; in effect the market is still showing new signs of dislocation.

Rated AAA/V1 by Fitch Ratings

The Fund has been assigned a AAA/V1 credit rating by Fitch Ratings, (which was affirmed on 5 January 2011). 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 returns exhibit relative stability, performing consistently across a broad range of interest rate scenarios and changing market conditions.

Outlook

In recent weeks there have been a number of data releases which have been surprising and highlight the MPC's policy dilemma, with upside risks to inflation and downside risks to economic growth.

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.

There are increasing claims that the Bank of England is losing its anti inflationary credibility reflecting the fact that inflation has persistently been above the target level, December's annual CPI inflation rate was 3.7%. The rate of CPI inflation is likely to exceed 4% during the first six months of 2011 and stay well above the 2% target level for the whole of 2011.

At the end of January, the first release of 2010 fourth quarter economic growth data revealed the economy had shrunk by half a percentage point. Nevertheless, excluding the estimated impact of the very poor weather, GDP growth would have only been flat, still substantially lower than the market forecast of +0.5%.

A very accommodative monetary stance is still appropriate for an economy which, even before the recent extreme weather conditions, was slowing. By the second quarter it should be clearer as to how the economy is coping. Providing strong economic growth re-establishes itself the first increase in the Bank of England's Official Bank Rate could occur late in 2011.

C Peters
Investment Director
CCLA Investment Management Limited
24 February 2011

Report of the Independent Auditor

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 2010 which comprise the statement of total return, the balance sheet, 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

Report of the Independent Auditor

to the depositors of The CBF Church of England Deposit Fund

the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 2010, and of the net revenue for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the Church Funds Investment Measure 1958, as amended, and the Trustee Act 2000.

Ernst & Young LLP
Registered Auditor
London
24 February 2011

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 2010

<i>Month</i>	<i>Actual % p.a.</i>	<i>Gross AER* % p.a.</i>
December 2009	0.50	0.50
January 2010	0.50	0.50
February 2010	0.50	0.50
March 2010	0.50	0.50
April 2010	0.50	0.50
May 2010	0.50	0.50
June 2010	0.50	0.50
July 2010	0.50	0.50
August 2010	0.50	0.50
September 2010	0.50	0.50
October 2010	0.50	0.50
November 2010	0.57	0.57

<i>Year to 30 November</i>	<i>Actual % p.a.</i>	<i>Gross AER* % p.a.</i>
2006	4.45	4.53
2007	5.40	5.51
2008	5.51	5.62
2009	1.52	1.52
2010	0.51	0.51

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

Interest paid table

for the year ended 30 November 2010

<i>Period ended</i>	<i>Date of payment</i>	Total	2010	2009
		£'000	%	%
28 February 2010	5 March 2010	1,206	0.50	3.06
31 May 2010	9 June 2010	1,179	0.50	1.44
31 August 2010	6 September 2010	1,127	0.50	1.00
30 November 2010	7 December 2010	1,120	0.52	0.60
		<u>4,632</u>	<u>0.51</u>	<u>1.52</u>

Summary of deposits placed by maturity

at 30 November 2010

Repayable	30.11.2010		30.11.2009	
	£'000	%	£'000	%
On call	183,028	20.87	83,950	8.42
Within 5 business days	20,000	2.28	96,000	9.63
Within 30 days	165,000	18.81	320,000	32.10
Between 31 and 60 days	195,000	22.23	301,000	30.19
Between 61 and 91 days	176,000	20.07	176,000	17.65
Between 92 and 182 days	109,000	12.43	20,000	2.01
Between 183 days and one year	29,006	3.31	-	-
Total deposits	<u>877,034</u>	<u>100.00</u>	<u>996,950</u>	<u>100.00</u>

Statement of total return

for the year ended 30 November 2010

	Notes	30.11.2010 £'000	30.11.2009 £'000
Revenue		6,535	19,755
Expenses	2	<u>(2,287)</u>	<u>(2,475)</u>
Net revenue and total return		4,248	17,280
Finance costs: distributions		<u>(4,632)</u>	<u>(15,798)</u>
Net (decrease)/increase in income reserve		<u>(384)</u>	<u>1,482</u>

The notes on pages 12 to 16 form part of these accounts.

Balance sheet

at 30 November 2010

	Notes	30.11.2010 £'000	30.11.2009 £'000
ASSETS			
Loans receivable	4	1,588	1,413
Debtors	5	987	1,112
Cash and bank balances		-	1,213
Deposits		877,034	996,950
Total assets		<u>879,609</u>	<u>1,000,688</u>
LIABILITIES			
Current deposits	6	857,821	976,470
Creditors	7	1,138	3,184
Income reserve	8	20,650	21,034
Total liabilities		<u>879,609</u>	<u>1,000,688</u>
Approved on behalf of the Trustee 24 February 2011			R Broadhurst, Chairman CBF Funds Trustee Limited

The notes on pages 12 to 16 form part of these accounts.

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 November 2008.

(b) Revenue 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 revenue 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. A fee for governance services is also charged by the Manager. Audit fees, insurance, bank charges, monitoring fee and the Trustee's administration fee are charged separately to the revenue 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

	30.11.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(c)	2,214	2,429
Manager fees for governance services	1	1
	<u>2,215</u>	<u>2,430</u>

Notes to the accounts

	30.11.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Bank charges	11	17
Monitoring fees	7	7
	<u>18</u>	<u>24</u>
Other expenses:		
Insurance	13	14
Audit fee	9	7
Other expenses	32	-
	<u>54</u>	<u>21</u>
Total expenses	<u>2,287</u>	<u>2,475</u>

The above expenses include VAT where applicable.

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 revenue credited gross to depositors.

4. Loans receivable

	30.11.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Loans to Diocesan Boards of Finance:		
Due within one year	1,088	368
Due within two to five years	360	645
Due after five years	140	400
	<u>1,588</u>	<u>1,413</u>

As at 30 November 2010, there were loans outstanding from 14 different Dioceses, ranging from £3,000 to £199,640 with interest chargeable on the loans varying between 1.57% and 2.00%.

Notes to the accounts

5. Debtors	30.11.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Interest receivable	978	1,098
Prepayments	9	14
	<u>987</u>	<u>1,112</u>

6. Current deposits	30.11.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Bank Overdraft	1,003	-
Dioceses, parishes and other	792,718	930,057
The CBF Church of England Investment Fund	44,814	28,976
The CBF Church of England Global Equity Income Fund	2,283	2,363
The CBF Church of England Fixed Interest Securities Fund	2,284	1,580
The CBF Church of England UK Equity Fund	3,393	5,523
The CBF Church of England Property Fund	11,326	7,971
	<u>857,821</u>	<u>976,470</u>

Deposits are repayable to clients on demand.

7. Creditors	30.11.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Interest payable	1,120	1,478
Amounts payable on withdrawals	-	1,696
Accrued expenses	18	10
	<u>1,138</u>	<u>3,184</u>

8. Income reserve

The Fund utilises a reserve which is accumulated out of revenue 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 revenue 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.

Notes to the accounts

	30.11.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Income reserve at the start of the year	21,034	19,552
Transfer from income reserve	(384)	1,482
Income reserve at the end of the year	<u>20,650</u>	<u>21,034</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 2010 (30.11.2009, £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 revenue either increasing or decreasing.

The interest rate profile of the Fund's financial assets and liabilities at 30 November 2010 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>
<i>Sterling</i>	184,616	694,006	987	879,609

<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>
<i>Sterling</i>	878,471	-	1,138	879,609

Notes to the accounts

30 November 2009

	<i>Floating rate financial assets*</i>	<i>Fixed rate financial assets</i>	<i>Financial assets not carrying interest</i>	<i>Total</i>
<i>Currency</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Sterling</i>	86,576	913,000	1,112	1,000,688

	<i>Floating rate financial liabilities</i>	<i>Fixed rate financial liabilities</i>	<i>Financial liabilities not carrying interest</i>	<i>Total</i>
<i>Currency</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Sterling</i>	997,504	-	3,184	1,000,688

* 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 2010 (30.11.2009, £nil).

10. Related party transactions

The Manager's periodic charge and fee for governance services are 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 2010 (30.11.2009, £nil). There were no other transactions entered into with the Manager during the period.

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 at 30 November 2010 (30.11.2009, £nil). Balances held on behalf of other CBF Church of England Funds are disclosed in note 6. There were no other transactions entered into with CBFFT during the period.

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 revenue 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 revenue for the year, 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 November 2008;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the

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:

Statement of Trustee and Manager responsibilities

- 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 revenue 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

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- 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 November 2008;
- 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)

Rev E Carter

J Clunie *

L Farrall

G Pollard

S Steele

Rev Dr R Turnbull *

R Williams *

**Members of the Audit Committee*

Secretary

J Fox

Manager, Administrator and Registrar

CCLA Investment Management Limited

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Freephone: 0800 022 3505

Facsimile: 0844 561 5126

Email: clientservices@ccla.co.uk

www.ccla.co.uk

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

Company Secretary

J Fox

Head of Operational Risk

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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. For more than 45 years, the CBF Church of England Funds have had a successful record.

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
- Working with the EIAG to reflect appropriately ethical values in your investments

Global Equity Income Fund

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

UK Equity Fund

- The only UK equity fund managed to reflect Church ethical values
- 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

- An attractive rate
- Interest paid gross
- No minimum balance
- Easy access
- Simple operation
- Excellent service
- Free BACS transfers
- AAA 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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