



for the Church of England

The CBF Church of England Investment Fund

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

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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 Investment 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 each year to review the 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 funds 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.

Investments in the Fund 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 24(9) 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 generate capital appreciation, high and rising income and a long term total return in excess of its benchmark, whilst adopting an appropriate ethical investment policy. It invests mainly in equities in the United Kingdom and overseas but may also invest in fixed interest securities and commercial property. In this way, it aims to be suitable for up to 100% of a church trust's long-term capital.

Total return benchmark

The long term objective for the Fund is to provide an average real total return to investors of 5% over the course of a business cycle, whilst maintaining the value of the income after inflation.

In order that investors can monitor the progress of their investment the returns on the Fund will be compared with those of a Composite index, structured to reflect our customers' long term objectives.

Report of the Trustee

for the year ended 30 November 2010

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, property and cash management, administration, registration, secretarial and company secretarial services provided by the Manager under the respective Management Agreements. It meets quarterly with the Manager to monitor investment strategy, dividend and interest rate policy, investment diversification, risk and to review the Fund's performance. In addition, CBFFT reviews the Report and Accounts of the Fund prepared on its behalf by the Manager.

CBFFT is responsible for appointing an Audit Committee, the Auditor and the Safe Custody Agent. It reviews annually the objectives of the Fund in 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.

Ethical Investment

Throughout the reporting period, CBFFT continued to be represented on the Church of England's Ethical Investment Advisory Group (EIAG) by Mrs Lesley Farrall. Rev Edward Carter observed the October 2010 EIAG meeting and has subsequently been approved as the CBFFT's representative going forward. The EIAG, CBFFT and CCLA are extremely grateful for the wisdom and dedication Mrs Farrall brought to her EIAG role over many years.

The EIAG advises the Church's three national investing bodies (the Church Commissioners and Church of England Pensions Board being the other two) on ethical investment issues. Responsibility for accepting EIAG recommendations rests with the CBFFT. The EIAG Secretariat at Church House also engages with investee companies on issues of particular concern to the Church. The EIAG produces its own Annual Review.

In 2008 the EIAG, in liaison with the three national investing bodies, initiated a review of all the ethical screening policies. A new defence policy was agreed in 2010, and the current focus is on alcohol, high interest rate lending and pornography. We welcome comments from clients as part of this process via ethics@ccla.co.uk

Two representatives of the Manager also attend the EIAG meetings: Michael Quicke, Chief Executive and Helen Wildsmith, Head of Ethical & Responsible Investment. Helen is also the elected representative for the CBF

Report of the Trustee

for the year ended 30 November 2010

Funds on the Steering Group of the £12bn ecumenical Church Investors Group (CIG).

Stewardship & Corporate Governance

The new UK Stewardship Code for Institutional Investors aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at Annual General Meetings. Rev Edward Carter attended the CIG's trustee training day on the Stewardship Code in October 2010.

The Manager moved from domestic voting to global voting in 2010 in collaboration with the national investing bodies at Church House and other CIG members. During the second half of 2010 the Manager voted on 1,256 resolutions across global markets with 15% abstentions or votes against management (mainly remuneration related in line with the EIAG's long-standing policy in this area).

The Manager's response to the new Stewardship Code and their annual voting record are available at www.ccla.co.uk. Highlights of their stewardship work will continue to appear in the Quarterly Bulletin, and from the end of 2011 the Manager will publish an annual Stewardship Report.

The Church of England national investing bodies are joint signatories to the UN Principles of Responsible Investment (PRI) and the Manager is a member of the Carbon Disclosure Project (CDP) and UK Sustainable Investment and Finance (UKSIF).

Controls and risk management

CBFFT receives and considers regular reports from the Manager. 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 the 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 investment objective of the Fund is to generate over time annual total returns which are 5% greater than inflation whilst providing an income which rises to protect real spending power. The portfolio has a bias towards those assets we believe to be most likely to provide long term growth and rising income. These include UK and international equities, property and infrastructure.

The focus in the equity portfolio is towards good quality companies which will provide rising dividends and which we can acquire at levels which offer excellent long term value for our investors. In what has been another disappointing year for dividend income our approach has helped the Fund increase the income paid to investors. The weighting to equities, at home and overseas, was increased during the year, reflecting the improved prospects for the sector. In contrast the exposure to fixed interest securities such as government bonds (gilts) was reduced substantially. The low yields available on this sector, at a time of economic growth and sticky inflation, represented poor value and so we took profits on our exposure and allocated the monies elsewhere.

We also took profits on part of our infrastructure holdings as the market price of these investments rose above their asset values, a situation that we do not expect to persist if inflation rises.

Performance

Over the year, the Fund achieved a gross

return of +10.98%, comfortably above the rate of inflation. All major asset classes contributed to the gains. The FTSE All-Share Index, a measure of returns in the domestic equity market, gave a return of +11.52%. International equity returns were similar and in fact slightly stronger; the FTSE All-World Index returned +13.29% for the period. Fixed interest markets also advanced but here the gains were concentrated in the earlier months and the sector lost momentum as the period progressed. Within the sector long dated bonds gave the best returns and corporate bonds outperformed government stocks. Commercial property values moved smartly higher as this sector moved to catch up gains made by other asset classes in 2009. The IPD Property Index gave a return of +17.63%.

The value of an Accumulation Share rose by +10.40%, from 1579.36p to 1743.65p. The Income shares rose by 5.39%, from 991.51p to 1044.92p. At 30th November 2010 the income yield on the Fund was 4.57% based on the dividend of 47.79p per share declared for the period. This payment is 3.00% higher than that for the previous year despite a difficult income environment. The comparable yield on the FTSE All-Share Index was 3.09%.

The return on the comparator index for the Fund was 11.88%, slightly more than the return on the fund. The main reason for the underperformance was the Fund's holding in cash which produced very low returns; cash is not included in the benchmark. Other sources of relative weakness included equity stock selection, reflecting underperformance from

Report of the Investment Manager

for the year ended 30 November 2010

sectors such as utilities and our bank holdings in Europe and also the reorganisation costs as the portfolio was engineered to take advantage of the market opportunities we expect in the period ahead. A positive contribution came from asset allocation and in particular weighting given to real assets such as equities and property.

Market review

International equity markets gave positive returns over the period, although trends were volatile. The main support came from growing investor confidence that the nascent economic recovery evident in the final months of 2009 would become established and would strengthen over the year. Progress was not smooth however, with sentiment tested by

the deteriorating financial position of several countries in the Eurobloc. In May, these general concerns became focused on Greece and a crisis quickly developed, forcing that country to seek financial support from the European Central Bank and the IMF. After the rescue programme was put in place, sentiment began to improve again, helped by evidence of a strong upswing in company profitability. Sovereign debt fears were never totally banished however, and as evidence mounted that the Irish government was facing difficulty in financing the banking sector which had suffered losses on a scale troubling to the economy as a whole, so that country too was forced to seek assistance. Fixed income markets on the whole gave positive returns but with best performances seen in the

The CBF Church of England Investment Fund Annualised total capital and income return

To 30 November 2010	1 year %	5 years % p.a.	10 years % p.a.
<u>Performance against market indices (before expenses)</u>			
CBF Investment Fund	10.98	4.03	2.98
Composite Index	11.88	4.42	3.56
FTSE All-Share Index	11.52	4.48	3.10
FTSE World (ex UK) Index	12.49	4.42	1.33
FTSE UK Govt All Stocks Index	4.51	5.16	5.37
IPD Property Index	17.63	0.60	6.49
<u>Performance after expenses</u>			
Income shares*	10.41	3.64	2.68
Accumulation shares*	10.40	3.61	2.66

*Net asset value to net asset value plus income reinvested.

Source: The Manager.

Report of the Investment Manager

for the year ended 30 November 2010

first half of the year. Support for the sector came from purchases by investors seeking income greater than that available on cash. In addition, fears that the economic recovery could stall, or that the sovereign debt crisis could become more severe, were also positive as they caused investors to favour good quality bonds as a safe haven from volatile values elsewhere. By the end of the period however, these attractions had faded, with fears of economic relapse much reduced. As a result, returns in the latter months lagged those available in other sectors of the investment universe. Property returns began the year strongly due to support from buyers keen to lock-in to the high yields available on top quality properties let to strong tenants. The gains came substantially from prime quality investments with secondary stock lagging far behind. After a rapid improvement in values in the spring and early summer, the pace of increase slowed substantially in the later months although some particular locations, with central London the best example, continued to make progress.

Outlook

We expect the domestic economy to expand further in the year ahead but for the pace of progress to remain pedestrian. Support will come from international trade, from investment and from low interest rates, however, factors such as high levels of consumer indebtedness, unemployment and public sector cuts will all serve to moderate growth. Against this backdrop we expect short term interest rates to remain low, it is still far from certain that interest rates will increase in 2011 and if they do, any rise is likely to be modest. Inflation is expected to remain above the Bank of England's 2%

target rate and indeed is likely to rise further in the New Year as the increase in VAT and rising fuel costs are reflected in shopping baskets.

We expect upward pressure on yields in bond markets as sticky inflation, continued economic growth and the high level of new bond supply are reflected in valuations. Corporate bonds offer higher income levels than their gilt alternatives and so should perform better, neither offers good value however, and expect them to underperform other asset classes.

The main current attraction of the property sector is the high yield available from top quality assets. We expect capital valuations to be steady at or near current levels until there are further signs of improvement in the occupier markets and financing for the sector becomes easier.

Equity markets have moved higher but remain on undemanding ratings. We expect economic growth to result in a strong profits improvement for a corporate sector which has reduced costs over recent years. As conditions improve so current elevated levels of day to day volatility should reduce, but substantial risks remain and it is clearly premature to call an end to the sovereign debt crisis in Europe where Portugal in particular is vulnerable to a loss of market confidence. Overall, we expect higher equity values over the year.

M Humphreys
Fund Manager
CCLA Investment Management Limited
24 February 2011

Report of the Investment Manager

for the year ended 30 November 2010

Top ten purchases and sales

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
HSBC Holdings	7,915	LMIF Western Asset UK£	
Scottish Mortgage IT	7,332	Credit Plus Bond Fund "I" Class	20,052
Vodafone Group	6,674	Legg Mason Global Multi	
GlaxoSmithKline	5,812	Strategy Bond Fund (Income)	18,829
Roche Holdings	5,570	UK Treasury 8% 2013	18,225
Royal Dutch Shell B	5,279	International Public Partnerships	17,269
El Paso Pipeline	4,856	BG Group	16,714
Telefonica	4,812	3i Infrastructure	16,572
Novartis	4,716	HSBC Infrastructure	12,799
HarbourVest Senior Loans		Nintendo	8,444
Europe Limited	4,674	Merck & Co	8,013
		BP	7,964

Risk warning

The Fund's shares and the revenue from the shares can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns. The Fund's shares are intended for long-term investment only and are not suitable for money liable to be needed in the near future. The shares are realisable on each weekly dealing day.

The Fund may invest in emerging market countries which could be subject to political and

economic change. The Fund may also invest in collective investment schemes and other assets which may, on occasions, be illiquid such as The CBF Church of England Property Fund which invests directly in property and property related assets which are valued by an independent valuer and as such are open to substantial subjectivity. The performance of this Fund may be adversely affected by a downturn in the property market which could impact on the capital and or income value of the Fund.

Statement of Ethical Investment Policy

to the Shareholders of The CBF Church of England Investment Fund

The EIAG makes recommendations on ethical investment policy. The legal responsibility for managing the Church's investments rests with the national investing bodies. These bodies all have a moral and legal responsibility (known as 'fiduciary duty') to further the interests of their beneficiaries. While mindful at all times of beneficiaries' need for financial returns, the investing bodies seek to align their investment policies with the ethics of the Church by acting on the recommendations of the EIAG.

The EIAG positively recommends investment in companies with responsible employment practices, best corporate governance practice, conscientiousness with regard to human

rights, sustainable environmental practice and sensitivity towards the communities in which the business operates. The EIAG recommends against investment in any company that produces pornography or is involved in indiscriminate weaponry. It recommends against investment in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover.

The EIAG recommends against investment in any company, a major part of whose business activity or focus (defined as more than 25% of group turnover) is tobacco, gambling, alcoholic drinks, doorstep lending or human embryonic cloning.

The Church of England Ethical Investment Advisory Group was established in 1994 and includes representation from the Church Commissioners for England, The CBF Church of England Funds, the Church of England Pensions

Board, the General Synod, the Archbishops' Council, and the Mission & Public Affairs Council. Website: www.churchofengland.org/about-us/structure/eiag.aspx. E-mail: eiag@churchofengland.org

Report of the Independent Auditor

to the Shareholders of The CBF Church of England Investment Fund

We have audited the financial statements of The CBF Church of England Investment Fund for the year ended 30 November 2010 which comprise the statement of total return, the statement of change in shareholders' net assets, the balance sheet, the related notes, and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the shareholders 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 shareholders 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 shareholders 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

Report of the Independent Auditor

to the Shareholders of The CBF Church of England Investment Fund

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.

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 and the net gains on the scheme property of the Fund 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, 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 Investment 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.

Net asset value, share price range, net distribution, share price and total expense ratio

Net asset value

<i>At</i>	<i>Net asset value</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
		<i>Net asset value</i>	<i>Number of</i>	<i>Net asset value</i>	<i>Number of</i>
<i>30 November</i>	<i>£'000</i>	<i>pence per share</i>	<i>shares in issue</i>	<i>pence per share</i>	<i>shares in issue</i>
2008	674,464	873.74	75,157,309	1,324.60	1,307,591
2009	776,862	991.51	76,022,400	1,579.36	1,462,241
2010	826,976	1,044.92	76,484,836	1,743.65	1,441,893

The net asset value is calculated on the mid-market value basis compared to the balance sheet where the assets are valued on a bid-market value basis in accordance with the Statement of Recommended Practice for Authorised Funds which was issued by the Investment Management Association (IMA) in November 2008.

Share price range

<i>Year to</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
	<i>Highest offer</i>	<i>Lowest bid</i>	<i>Highest offer</i>	<i>Lowest bid</i>
<i>30 November</i>	<i>pence per share</i>	<i>pence per share</i>	<i>pence per share</i>	<i>pence per share</i>
2006	1,227.23	1,073.65	1,714.22	1,464.98
2007	1,311.16	1,180.20	1,885.24	1,662.58
2008	1,275.71	811.74	1,854.05	1,212.63
2009	1,024.32	766.86	1,608.23	1,171.06
2010	1,103.39	963.84	1,813.86	1,564.34

Net distribution

<i>Year to</i>	<i>Income shares</i>	<i>Accumulation shares</i>
<i>30 November</i>	<i>pence per share</i>	<i>pence per share</i>
2006	37.00	52.23
2007	40.00	58.94
2008	45.00	75.53
2009	46.40	73.98
2010	47.79	74.51

Net asset value, share price range, net distribution, share price and total expense ratio

Share price at 30 November 2010

	<i>Bid price pence per share</i>	<i>Offer price pence per share</i>
Income shares	1,037.08	1,052.76
Accumulation shares	1,730.57	1,756.73

The share prices are published in the *Financial Times*, and on the Manager's website at www.ccla.co.uk.

The bid and offer prices are calculated on the net asset value minus or plus a 0.75% deduction or surcharge.

Total expense ratio

	30.11.2010	30.11.2009
Total expense ratio	0.54%	0.53%

The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the period.

Portfolio statement

at 30 November 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
UNITED KINGDOM 44.95% (30.11.2009, 38.26%)				Support Services 0.14%			
Oil & Gas Producers 3.95%				Carillion	127,749	424	0.05
BP	4,893,159	20,840	2.53	Regus	982,611	749	0.09
Royal Dutch				Beverages 0.34%			
Shell B	612,371	11,681	1.42	Britvic	564,862	2,762	0.34
Mining 0.58%				Food Producers 1.42%			
BHP Billiton	209,884	4,795	0.58	Dairy Crest	213,085	768	0.09
Chemicals 0.00%				Robert Wiseman	195,278	631	0.08
Johnson Matthey	2,300	41	-	Tate & Lyle	888,457	4,526	0.55
Construction & Materials 0.14%				Unilever	320,782	5,697	0.70
Balfour Beatty	7,900	22	-	Household Goods 0.60%			
Kier	91,529	1,158	0.14	Reckitt Benckiser	144,667	4,917	0.60
General Industries 0.11%				Leisure Goods 0.10%			
British Polythene	202,551	474	0.06	Vitec	150,666	857	0.10
Rexam	135,457	408	0.05	Pharmaceutical & Biotechnology 4.28%			
Electronic & Electrical Equipment 0.03%				AstraZeneca	585,152	17,525	2.13
Morgan Crucible	86,608	207	0.03	GlaxoSmithKline	1,461,113	17,701	2.15
Industrial Engineering 0.52%				Food & Drug Retailer 0.73%			
IMI	319,825	2,738	0.33	Sainsbury	217,578	774	0.09
Melrose	530,299	1,555	0.19	Tesco	1,265,005	5,240	0.64
Industrial Transportation 0.00%				General Retailers 0.83%			
Braemar Shipping	972	5	-	Brown (N) Group	738,417	2,051	0.25
Clarkson	1,370	14	-	Halfords	707,232	2,892	0.35
				Home Retail	521,123	1,050	0.13
				WH Smith	175,479	829	0.10

Portfolio statement

at 30 November 2010

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Media 0.27%				Life Assurance 0.65%			
Pearson	156,712	1,450	0.18	Admiral Group	38,986	595	0.07
Reed Elsevier	143,253	728	0.09	Aviva	959,939	3,403	0.41
				Legal & General	990,888	905	0.11
				Prudential	82,134	466	0.06
Travel & Leisure 0.15%				Real Estate 0.66%			
Compass	131,866	732	0.09	Medicx Fund	6,965,500	4,998	0.61
Go-Ahead	44,275	532	0.06	Segro	140,226	383	0.05
Fixed Line Telecommunications 0.61%				General Financial 0.91%			
BT	2,975,000	5,054	0.61	Blackstone Group	486,300	3,991	0.48
				Close Brothers	78,839	625	0.08
				F&C Asset			
				Management	373,348	283	0.03
				Triodos Microfinance	124,875	2,594	0.32
Mobile Telecommunications 2.26%				Equity Investments 5.85%			
Vodafone	11,560,555	18,577	2.26	Aberforth Geared	2,101,467	2,017	0.25
				Altus Resource	2,400,000	4,404	0.54
				BlackRock	140,020	996	0.12
				Dunedin Income			
				and Growth	1,226,084	2,544	0.31
				Edinburgh			
				Investment Trust	2,093,777	8,965	1.09
				HarbourVest			
				Senior Loan	4,673,757	4,709	0.57
				Henderson	887,284	2,349	0.29
				ICAP	249,983	1,187	0.14
				Invesco Income			
				Growth Trust	700,000	1,283	0.16
				JPM Mid Cap			
				Investment Trust	93,403	386	0.05
Nonlife Assurance 0.66%							
Amlin	201,580	757	0.09				
Catlin	206,905	686	0.08				
RSA Insurance	3,390,176	4,068	0.49				

Portfolio statement

at 30 November 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Keystone Investment Trust	24,755	275	0.03	Other UK Funds 13.41%			
Law Debenture Mercantile Investment Trust	896,127	2,832	0.34	The CBF Church of England UK Equity Fund Income Shares*	100,000,000	110,360	13.41
Perpetual I&G IT Princess Private Equity	308,625	3,034	0.37	EUROPE 10.64% (30.11.2009, 8.45%)			
Scottish Mortgage Investment Trust	111,261	432	0.05	Belgium 0.09%			
Standard Life Equity Income Temple Bar	169,042	397	0.05	Belgacom	34,706	756	0.09
Investment Trust	659,500	3,062	0.37	Finland 0.27%			
Utilico Emerging Investment Trust	664,905	4,365	0.53	Metso	67,369	2,228	0.27
Investment Trust	710,448	2,133	0.26	France 1.34%			
Investment Trust	76,446	636	0.08	Axa	60,741	561	0.07
Investment Trust	1,304,781	2,081	0.25	CNP Assurances	34,968	361	0.04
Non-equity Investments 0.49%				Gaz de France	36,573	781	0.09
Ecofin Water & Power Subscription Rights	167,081	4	-	Sanofi-Aventis	47,813	1,862	0.23
Ecofin Water & Power Opportunities 6%				Total	87,933	2,743	0.33
31 July 2016	2,000,000	2,180	0.26	Vallourec	22,634	1,384	0.17
Ecofin Water & Power	1,573,837	1,932	0.23	Vivendi Universal	214,173	3,364	0.41
Software & Computer 0.48%				Germany 0.68%			
Computacenter	128,576	466	0.06	Allianz	20,920	1,491	0.18
Sage Group	1,333,713	3,430	0.42	BASF	63,423	3,058	0.37
				Deutsche Boerse Munich Re	9,778	383	0.05
					7,294	656	0.08
				Italy 0.34%			
				Enel	615,526	1,857	0.23
				Terna	331,154	874	0.11
				Netherlands 1.41%			
				Akzo Nobel	65,342	2,263	0.27

Portfolio statement

at 30 November 2010

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Eurocommercial CVA	93,077	2,393	0.29	Ford Otosan	665,298	3,627	0.44
KPN	177,699	1,632	0.20	JP Morgan Euro			
Philips Electronic	137,565	2,390	0.29	Income Investment			
Unilever NV	142,256	2,583	0.31	Trust	1,109,854	982	0.12
Wolters Kluwer	29,108	371	0.05	JP Morgan Euro			
				Growth Investment			
Norway 0.66%				Trust	326,910	539	0.07
Statoil ASA	311,300	3,962	0.48	Turkcell Iletisim	85,634	372	0.05
DnB NOR	186,000	1,459	0.18				
				UNITED STATES OF AMERICA 11.64%			
				(30.11.2009, 9.93%)			
Spain 1.53%				3M Company	27,200	1,467	0.18
Banco Santander	247,355	1,509	0.18	Abbott Laboratories	123,700	3,693	0.45
Iberdrola	248,672	1,100	0.13	Air Products			
Telecinco	506,136	3,081	0.37	& Chemical	15,800	875	0.11
Telecinco-Rts	506,136	223	0.03	Annaly Capital			
Telefonica	492,536	6,745	0.82	Management	109,600	1,280	0.16
				AT&T	275,900	4,924	0.60
Sweden 0.80%				Bristol-Myers Squibb	309,600	5,018	0.61
Axfood	143,361	3,117	0.38	Centerpoint Energy	76,000	762	0.09
Hennes & Mauritz	37,040	802	0.10	Centurytel	166,455	4,593	0.56
Svenska Cellulosa B	140,555	1,315	0.16	Chevron Corporation	56,380	2,932	0.36
TeliaSonera	270,319	1,338	0.16	Chubb Corp	39,000	1,426	0.17
				Coca-Cola	63,700	2,584	0.31
Switzerland 2.42%				Commerce Bancshares	61,000	1,471	0.18
Nestle SA	57,000	2,003	0.24	ConocoPhillips	35,823	1,384	0.17
Novartis	167,291	5,740	0.70	Cullen/Frost Bankers	114,700	3,943	0.48
Roche Holdings	75,099	6,668	0.81	Deere & Co	33,300	1,597	0.19
Swisscom	4,970	1,310	0.16	Dominion	26,900	717	0.09
Zurich Financial				Duke Energy	108,700	1,224	0.15
Services	29,381	4,227	0.51	El Paso Pipeline	233,700	4,966	0.60
				Emerson Electric	69,200	2,446	0.30
General European 1.10%				Genuine Parts	111,000	3,428	0.42
Akbank	777,806	2,816	0.34	HJ Heinz	105,200	3,260	0.40
European Assets Trust	120,000	678	0.08				

Portfolio statement

at 30 November 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Johnson & Johnson	87,012	3,438	0.42	ANZ Bank	110,120	1,536	0.19
Kimberly Clark	58,400	2,321	0.28	Coca-Cola Amatil	546,755	3,745	0.46
Kraft Foods	117,368	2,280	0.28	Dulux Group	85,695	140	0.02
Lilly (Eli)	17,800	385	0.05	Metcash	926,029	2,373	0.29
Marathon Oil	20,000	430	0.05	Orica	206,355	3,173	0.39
Mattel Inc	143,600	2,384	0.29	Westpac Banking	102,771	1,353	0.16
McDonald's	39,163	1,969	0.24	Woolworths	74,153	1,224	0.15
Microsoft	109,516	1,774	0.22				
NiSource	80,800	868	0.11	Hong Kong 0.95%			
Pepsico	71,800	2,979	0.36	China Mobile	78,500	502	0.06
Pfizer	541,151	5,661	0.69	CLP	353,500	1,862	0.23
Procter & Gamble	29,271	1,147	0.14	Esprit	576,200	1,777	0.22
Scottish American IT	23,490	53	0.01	Guangdong			
Sysco	45,100	840	0.10	Investment	1,760,000	566	0.07
The Forest Company	606,333	3,302	0.40	Hang Seng Bank	56,600	596	0.07
Travelers Companies	37,300	1,293	0.16	Petrochina	3,054,000	2,432	0.30
Verizon							
Communications	269,900	5,548	0.67	Indonesia 0.24%			
VF	39,300	2,091	0.25	Bank Rakyat			
Waste Management	29,200	642	0.08	Indonesia	2,631,000	1,964	0.24
Willis	106,100	2,167	0.26				
				Singapore 1.28%			
JAPAN 0.96% (30.11.2009, 2.47%)				Comfordtelgro	1,717,000	1,260	0.15
Canon	83,400	2,522	0.31	Jardine Cycle	111,000	1,996	0.24
Dai Nippon Printing	157,000	1,268	0.15	Singapore Post	2,024,000	1,131	0.14
Itochu	97,000	576	0.07	Singapore			
Morant Wright Japan	733,500	323	0.04	Telecommunications	1,525,000	2,289	0.28
Nippon Tel & Tel	46,200	1,342	0.16	United Overseas			
NTT DoCoMo	1,206	1,254	0.15	Bank	430,000	3,860	0.47
Sumitomo Corp	76,100	637	0.08				
				Taiwan 0.73%			
PACIFIC BASIN 5.79% (30.11.2009, 4.76%)				Chunghwa Telecom	1,606,000	2,500	0.30
Australia 1.82%				HTC	200,000	3,554	0.43
AGL Energy	141,244	1,333	0.16				

Portfolio statement

at 30 November 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Philippines 0.13%							
Philippine Long				BlackRock			
Distance Telephone	30,390	1,065	0.13	International Growth			
				and Income Trust	584,473	3,993	0.49
				Invesco AM IRL Em	33,891	920	0.11
Thailand 0.35%							
BEC World	4,499,161	2,870	0.35	Israel Chemicals	133,453	1,233	0.15
				JPM Global EM Inc	2,167,731	2,487	0.30
				Kimberley-Clark MXC	397,000	1,559	0.19
General Asia Pacific 0.29%							
Schroder Orient				Natl Bank of Canada	82,000	3,478	0.42
Income	180,824	280	0.03	Pretoria Port Cement	221,539	652	0.08
Aberdeen Asian				Tiger Brands	17,051	286	0.03
Income	182,720	296	0.04	World Trust Fund	2,792,617	5,222	0.63
Wisdom Tree Pacific				GLOBAL EQUITY INCOME FUNDS 4.98%			
ex-Japan Total Dividend	23,353	938	0.11	(30.11.2009, 5.03%)			
Wisdom Tree Pacific				The CBF Church			
ex-Japan High				of England Global			
Yielding Equity	26,188	935	0.11	Equity Income Fund			
				Income Shares*	32,991,391	40,989	4.98
OTHER OVERSEAS 4.55%							
(30.11.2009, 2.26%)							
Aberdeen Latam Inc	2,285,879	2,509	0.30	The CBF Church			
Aberdeen				of England Global			
Latam Subs	228,587	40	-	Equity Income Fund			
Avi Ltd	130,956	332	0.04	Accumulation Shares*	1,000	1	-
Banco Bradesco Pref	180,000	2,256	0.27	INFRASTRUCTURE 3.24%			
Bank Leumi Le-Israel	556,000	1,680	0.20	(30.11.2009, 8.89%)			
Bank of Montreal	104,600	3,937	0.48	RREEF Pan-Euro			
Bank of Nova Scotia	42,200	1,404	0.17	Infrastructure	27,402	26,640	3.24
Bezeq Israel Telecom	1,747,304	2,997	0.36	UNQUOTED STOCKS 0.93%			
BlackRock Global				(30.11.2009, 1.01%)			
Opportunities				CCLA Fund			
Equity Trust	228,487	2,681	0.33	Managers A	130,000	7,615	0.93

Portfolio statement

at 30 November 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
AGRICULTURAL PROPERTIES 0.21%				DERIVATIVES 0.14% (30.11.2009, 0.03%)			
(30.11.2009, 0.23%)				Forward currency contracts			
Nazeing Park Farm	1	1,750	0.21	Australian dollar vs UK sterling maturing on 20/1/11	A\$11,527,300	(83)	(0.01)
PROPERTY FUNDS 5.25%				Euro vs UK sterling maturing on 20/1/11			
(30.11.2009, 4.63%)				Euro vs UK sterling maturing on 20/1/11			
The CBF Church of England Property Fund Income Shares*	35,763,182	43,187	5.25	US dollar vs UK sterling maturing on 20/1/11	€6,441,000	1,554	0.19
FIXED INTEREST STOCKS 1.28%				Euro vs UK sterling maturing on 20/1/11			
(30.11.2009, 11.09%)				US\$ 95,975,000			
Conversion 9%						(656)	(0.08)
Stock 2011	6,100,000	6,416	0.78	NET INVESTMENT ASSETS			
IFFIM 3.375%				781,778			
Bond 2014	1,000,000	1,054	0.13	OTHER NET ASSETS			
Scottish & Southern Energy 5.75%				41,196			
Bond 2014	1,000,000	1,090	0.13	NET ASSETS			
Treasury 5.25%				822,974			
Stock 2012	1,885,000	2,015	0.24	100.00			
OTHER 0.35% (30.11.2009, 0.00%)							
KKR Mezzanine	4,458	2,863	0.35				

* The CBF Church of England Property Fund, The CBF Church of England Global Equity Income Fund and The CBF Church of England UK Equity Fund are managed by the Manager.

Statement of total return

for the year ended 30 November 2010

	Notes	30.11.2010		30.11.2009	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		44,372		92,355
Revenue	3	38,050		37,945	
Expenses	4	(3,108)		<u>(2,592)</u>	
Net revenue before taxation		34,942		35,353	
Taxation	5	(979)		<u>(803)</u>	
Net revenue after taxation			<u>33,963</u>		<u>34,550</u>
Total return before distributions			78,335		126,905
Finance costs: distributions	6		(37,451)		(36,026)
Change in net assets attributable to shareholders from investment activities			<u>40,884</u>		<u>90,879</u>

The notes on pages 25 to 36 form part of these accounts.

Statement of change in net assets attributable to shareholders

for the year ended 30 November 2010

	30.11.2010		30.11.2009	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		776,198		673,184
Amounts receivable on issue of shares	34,879		34,111	
Amounts payable on cancellation of shares	(30,055)		(22,983)	
		4,824		11,128
Change in net assets attributable to shareholders from investment activities		40,884		90,879
Retained distribution on accumulation shares		1,068		1,007
Closing net assets attributable to shareholders		<u>822,974</u>		<u>776,198</u>

The notes on pages 25 to 36 form part of these accounts.

Balance sheet

as at 30 November 2010

		30.11.2010		30.11.2009	
	Notes	£'000	£'000	£'000	£'000
ASSETS					
Investment assets			782,517		753,577
Debtors	7	7,770		6,294	
Cash and bank balances	8	45,540		29,815	
Total other assets			53,310		36,109
Total assets			835,827		789,686
LIABILITIES					
Investment liabilities			739		349
Creditors	9	37		2,192	
Distribution payable on income shares		12,077		10,947	
Total other liabilities			12,114		13,139
Total liabilities			12,853		13,488
Net assets attributable to shareholders			822,974		776,198
Approved on behalf of the Trustee 24 February 2011			R Broadhurst, Chairman CBF Funds Trustee Ltd		

The notes on pages 25 to 36 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

Dividends on ordinary stocks, including special dividends where appropriate, are credited to revenue on the dates when the investments are first quoted ex-dividend. Interest on Government stocks, debentures, convertible loan stocks, other fixed interest stocks, bank and The CBF Church of England Deposit Fund balances and direct property income is accrued on a daily basis. Revenue from fixed rate securities is recognised on an effective yield basis.

(c) Stock dividends

The ordinary element of stock received in lieu of cash dividends is recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital.

(d) Special dividends, share buy-back or additional share issue

The underlying circumstances behind a special dividend, share buy-back or additional share issue are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue form part of the distribution.

(e) Expenses

During the year the Manager's periodic charge, paid to the Manager, was charged to the capital of the Fund. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.45% p.a. plus VAT. The Fund receives a management fee rebate credited to the revenue of the Fund's deposits in The CBF Church of England Deposit Fund where the management fees are charged to revenue. The Fund also receives a management fee rebate credited to the capital of the Fund for its holding in The CBF Church of England Property Fund, The CBF Church of England UK Equity Fund and The CBF Church of England Global Equity Income Fund where, in all Funds, management fees are charged to capital. 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 ethical and stewardship services

Notes to the accounts

(including EIAG costs) is also charged by the Manager. Audit, legal, safe custody fees and transaction charges, insurance, direct property expenses and monitoring fee are charged separately to the revenue of the Fund before distribution. The Trustee's administration fee is charged to the capital of the Fund.

(f) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out fluctuations in revenue which arise over the years (see note 10).

(g) Basis of valuation

Listed investments are valued at bid-market values at the close of business on the last business day of the accounting period. Any unlisted or de-listed, unquoted or suspended investments are stated at cost or valuation by the Manager and reviewed by the Trustee.

Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

Agricultural property is valued yearly by the Manager on the basis of open market value as advised by independent chartered surveyors.

(h) Foreign exchange

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the accounting date. Transactions in foreign currencies are translated into sterling at the exchange rates ruling on the transaction dates.

The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. Fluctuations in the value of such forward currency contracts are recorded as unrealised gains or losses. Realised gains or losses include net gains or losses on transactions that have terminated by settlement or by the Fund entering into offsetting commitments.

Notes to the accounts

2. Net capital gains	30.11.2010	30.11.2009
	£'000	£'000
The net capital gains during the year comprise:		
Non-derivative securities	42,357	87,735
Forward currency contracts	1,491	4,508
Other capital revenue	37	15
Currency gains	487	97
	<u>44,372</u>	<u>92,355</u>
3. Revenue	30.11.2010	30.11.2009
	£'000	£'000
UK dividends	23,272	23,506
Overseas dividends	12,459	11,049
Dividends on unquoted stocks	273	273
Interest on debt securities	1,940	2,789
Rental revenue	34	41
Interest on The CBF Church of England Deposit Fund	111	258
Bank interest	(44)	16
Other revenue	5	13
	<u>38,050</u>	<u>37,945</u>
4. Expenses	30.11.2010	30.11.2009
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	4,197	3,544
Manager's periodic charge rebate – see note 1(e)*	(1,291)	(1,124)
Manager and EIAG fees for ethical and stewardship services	48	48
	<u>2,954</u>	<u>2,468</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees	95	89
Transaction charges	3	-
Monitoring fee	10	8
Other expenses	-	1
	<u>108</u>	<u>98</u>

Notes to the accounts

	30.11.2010	30.11.2009
	£'000	£'000
Other expenses:		
Insurance	10	10
Audit fee	12	11
Property expenses	12	4
Other expenses	12	1
	<u>46</u>	<u>26</u>
Total expenses	<u>3,108</u>	<u>2,592</u>

The above expenses include VAT where applicable.

* This amount represents the rebate of management fee credited to the Fund's revenue for the Fund's deposits in The CBF Church of England Deposit Fund where the management fees are charged to revenue. This amount also includes the rebates credited to the capital of the Fund for its holding in The CBF Church of England Property Fund, The CBF Church of England UK Equity Fund and The CBF Church of England Global Equity Income Fund where, in all Funds, management fees are charged to capital.

5. 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 shareholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income on receipt.

	30.11.2010	30.11.2009
	£'000	£'000
Overseas taxation suffered in the year	1,056	860
Overseas taxation recovered in the year	(77)	(57)
Total taxation	<u>979</u>	<u>803</u>

Notes to the accounts

6. Finance costs

Distributions

Distributions, which are paid on the last working day of the month, take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	30.11.2010	30.11.2009
	£'000	£'000
February – interim distribution	4,763	4,708
May – interim distribution	10,202	10,147
August – interim distribution	10,227	10,015
November – final distribution	12,360	11,240
	<u>37,552</u>	<u>36,110</u>
Add: revenue deducted on cancellation of shares	59	98
Deduct: revenue received on issue of shares	(160)	(182)
Net distribution for the period	<u>37,451</u>	<u>36,026</u>
Net revenue after taxation for the year	33,963	34,550
Amortisation under effective yield (FRS 26)	(925)	699
Transfer from/(to) income reserve – see note 10	1,398	(1,743)
Manager's periodic charge – see note 1(e)	3,015	2,520
Net distribution for the period	<u>37,451</u>	<u>36,026</u>

Details of the distribution per share are set out in the distribution table on page 40.

7. Debtors

	30.11.2010	30.11.2009
	£'000	£'000
Accrued revenue	7,767	6,291
Prepayments	3	3
	<u>7,770</u>	<u>6,294</u>

8. Cash and bank balances

	30.11.2010	30.11.2009
	£'000	£'000
Cash in The CBF Church of England Deposit Fund	44,833	28,976
Cash in overseas currencies	394	725
Cash at bank	313	114
	<u>45,540</u>	<u>29,815</u>

Notes to the accounts

9. Creditors	30.11.2010	30.11.2009
	£'000	£'000
Purchases awaiting settlement	-	2,143
Accrued expenses	37	49
	<u>37</u>	<u>2,192</u>

10. Income reserve

The income reserve, accumulated out of income, is used to smooth fluctuations in the revenue received in the Fund. The income reserve is included in the total value of the Fund attributable to income shareholders.

	30.11.2010	30.11.2009
	£'000	£'000
Income reserve at the start of the year	9,953	8,210
Transfer (from)/to income reserve	(1,398)	1,743
Income reserve at the end of the year	<u>8,555</u>	<u>9,953</u>

11. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to shareholders should they wish to sell their shares. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year and the comparative year.

Market price risk

This is an actively-managed Fund, which invests mainly in UK and overseas equities and fixed interest investments. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence, and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the share price from time to time, although there will generally be a close correlation in the movement of the share price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis.

Notes to the accounts

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager.

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, fixed interest securities, sterling and overseas cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of shares that shareholders may wish to make.

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and income are denominated in currencies other than sterling, the base currency of the Fund. The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. In respect of revenue, receipts are converted to sterling shortly after receipt.

The Fund's foreign currency exposure is predominantly from the overseas equities it is invested in, which are detailed in the portfolio statement. The total exposure at 30 November was (see overleaf):

Notes to the accounts

30.11.2009

Currency	Monetary	Non-	Total	Monetary	Non-monetary	Total
	exposures	monetary		exposures	exposures	
	£'000	exposures		£'000	£'000	£'000
Australian Dollar	-	15,018	15,018	-	9,504	9,504
Brazilian Real	-	2,257	2,257	-	1,187	1,187
Canadian Dollar	39	4,882	4,921	-	1,532	1,532
Euro	186	72,432	72,618	362	81,996	82,358
Hong Kong Dollar	-	7,771	7,771	-	11,675	11,675
Indonesian Rupiah	-	1,964	1,964	-	-	-
Israeli Shekel	28	5,911	5,939	-	1,046	1,046
Japanese Yen	-	7,990	7,990	12	16,125	16,137
Malaysian Ringgit	-	-	-	-	1	1
Mexican Peso	-	1,575	1,575	-	1,028	1,028
Norwegian Krone	-	5,420	5,420	-	1,759	1,759
Philippine Peso	-	1,065	1,065	-	1,010	1,010
Singapore Dollar	12	10,537	10,549	12	5,673	5,685
South African Rand	-	1,271	1,271	-	563	563
South Korean Won	-	-	-	-	5	5
Swedish Krona	-	6,572	6,572	-	-	-
Swiss Franc	14	19,948	19,962	-	5,329	5,329
Taiwanese Dollar	-	6,054	6,054	-	1,936	1,936
Thailand Baht	-	2,870	2,870	-	-	-
Turkish Lira	-	6,816	6,816	-	-	-
US Dollar	115	107,233	107,348	339	94,901	95,240
	<u>394</u>	<u>287,586</u>	<u>287,980</u>	<u>725</u>	<u>235,270</u>	<u>235,995</u>

Interest rate risk

The majority of the Fund's financial assets are equities which do not earn interest nor have maturity dates. The Fund invests in some fixed interest securities, the revenue of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Notes to the accounts

The interest rate profile of the Fund's financial assets and liabilities at 30 November 2010 was as set out below:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	45,146	10,575	492,126	547,847
Euro	186	-	72,432	72,618
Japanese Yen	-	-	7,990	7,990
US Dollar	115	-	107,233	107,348
Other	93	-	99,931	100,024
Total	45,540	10,575	779,712	835,827

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	-	-	12,853	12,853
Total	-	-	12,853	12,853

30 November 2009

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	29,090	39,450	485,151	553,691
Euro	362	-	81,996	82,358
Japanese Yen	12	-	16,125	16,137
US Dollar	339	-	94,901	95,240
Other	12	-	42,248	42,260
Total	29,815	39,450	720,421	789,686

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	-	-	13,488	13,488
Total	-	-	13,488	13,488

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

Notes to the accounts

The fixed rate element of the portfolio, as at 30 November 2010, is further analysed in the following table:

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which the rate is fixed Years</i>
Sterling	10,575	0.93	1.3

30 November 2009

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which the rate is fixed Years</i>
Sterling	39,450	1.68	3.5

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

The Fund held derivatives relating to forward currency contracts valued at £1,114,108 as at 30 November 2010 (30.11.2009, £233,714).

12. Commitments and contingent liabilities

There was a commitment of £8,388,964 at 30 November 2010 in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund (30.11.2009, £11,846,326).

There were no other commitments or contingent liabilities at 30 November 2010 (30.11.2009, £nil).

13. Unquoted and other investments

Unquoted investments include the Fund's holding of 60% of the issued share capital of CCLA Investment Management Limited, which provides investment management and administrative services to The CBF Church of England Funds. The valuation of £7,615,400 is based on a discounted market value calculation prepared yearly and reviewed quarterly.

Including its holding in the Manager, the Fund is not permitted to invest more than 2% of the total fund in unquoted securities excluding holdings in other CBF Church of England Funds.

Not more than 35% in value of the Fund may be invested in units in common funds, Authorised Unit Trust Schemes and collective investment and deposit schemes.

Notes to the accounts

At 30 November 2010, 5.25% (30.11.2009, 4.63%) of the value of the Fund was held in shares in The CBF Church of England Property Fund, 13.41% (30.11.2009, 12.87%) of the value of the Fund was held in shares in The CBF Church of England UK Equity Fund, 4.98% (30.11.2009 5.03%) of the value of the Fund was held in shares in The CBF Church of England Global Equity Income Fund, and 5.45% (30.11.2009, 3.73%) of the value of the Fund was held in The CBF Church of England Deposit Fund.

At 30 November 2010, the Fund held 76.16% (30.11.2009, 85.81%) of the shares of The CBF Church of England Global Equity Income Fund, 93.83% (30.11.2009, 92.92%) of the shares in The CBF Church of England UK Equity Fund, and 34.19% (30.11.2009, 34.03%) of the shares of The CBF Church of England Property Fund. The CBF Church of England Property Fund shares may not be readily realisable, and the Manager may impose a period of notice or delay before carrying out a redemption of shares in that Fund if it is deemed to be necessary to protect the interests of shareholders in the Fund or to permit properties to be sold to meet a redemption.

14. Related party transactions

The Manager's periodic charge and fee for ethical and stewardship services (including EIAG costs) are paid to the Manager, a related party to the Fund. The amounts paid to the Manager are disclosed in note 4. 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 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 4. There were no outstanding balances due to CBFFT at 30 November 2010 (30.11.2009, £nil). There were no other transactions entered into with CBFFT during the year.

At 30 November 2010 a cash balance of £44,833,476 (30.11.2009, £28,976,300) was held in The CBF Church England Deposit Fund.

Further details of the Fund's holdings in other CBF Church of England Funds are disclosed in note 13.

Notes to the accounts

15. Portfolio transaction costs

	30.11.2010	30.11.2009
Analysis of total purchase costs:	£'000	£'000
Purchases in period before transaction cost	278,836	224,281
Commissions	181	134
Total gross purchases	<u>279,017</u>	<u>224,415</u>
Analysis of total sales costs:		
Sales in year before transaction costs	295,413	217,791
Commissions	(185)	(174)
Total sales net of transaction costs	<u>295,228</u>	<u>217,617</u>

Distribution table for the year ended 30 November 2010

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable</i>	
		<i>pence per share</i>	
		2010	2009
Income shares			
28 February 2010	30 April 2010	6.00	6.00
31 May 2010	30 July 2010	13.00	13.00
31 August 2010	29 October 2010	13.00	13.00
30 November 2010	31 January 2011	15.79	14.40
		<u>47.79</u>	<u>46.40</u>
		<i>Revenue accumulated</i>	
		<i>pence per share</i>	
		2010	2009
Accumulation shares			
28 February 2010		12.68	13.56
31 May 2010		23.23	23.15
31 August 2010		18.97	17.20
30 November 2010		19.63	20.07
		<u>74.51</u>	<u>73.98</u>

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:

- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagements;
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme 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;
- make distributions to investors holding income shares and make allocations to investors holding accumulation shares in proportion to their respective shares in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments 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 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. The accounts show the net asset value of the shares in the Fund as at the date to which the accounts are prepared, the amount of revenue per share, and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Measure. 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;

Statement of Trustee and Manager responsibilities

- 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 Investment 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

Authorised and regulated by the Financial Services Authority

80 Cheapside, London EC2V 6DZ

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Client Service:

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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

Company Secretary

J Fox

Head of Operational Risk

Internal Audit and Compliance

A Kemp

Head of Ethical and Responsible Investment

H Wildsmith

Banker and Monitoring Service

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA

Safe-Custody Agent

The Northern Trust Company
50 Bank Street, Canary Wharf
London E14 5NT

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. 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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