



for the Church of England

The CBF Church of England Investment Fund

**Report and Accounts
Year ended 30 November 2009**

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

Report of the Trustee

for the year ended 30 November 2009

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 and rising income and a 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 2009

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 & Responsible Investment

CBFFT continues to be represented on the Church of England's Ethical Investment Advisory Group (EIAG) by Mrs Lesley Farrall. The EIAG co-ordinates, develops and recommends ethical investment policy for the Church's three national investment bodies, (the Church Commissioners and Church of England Pensions Board being the other two), and communicates this to the wider Church through an Annual Report of its work, as well as other research and policy publications. The EIAG makes considered recommendations on a range of material ethical and responsible investment issues, but responsibility rests with the CBFFT for accepting and implementing any recommendations made by the EIAG. The EIAG Annual Report, and other publications associated with the Church and ethical investment are available in downloadable form from the Manager and the Church of England websites.

The EIAG, in liaison with the three national investment bodies, has initiated a review process of the Ethical Investment policies, commencing with defence and alcohol. We welcome comments and views from clients as part of this process, which will be concluded during 2009.

The Manager supports CBFFT's ethical investment priorities via signatory status to the UN Principles of Responsible Investment (UNPRI) and the Carbon Disclosure Project (CDP) relating to climate change. The Manager is a member of the Institutional Investors Group on Climate Change (IIGCC) and signatory to the Investor Statement on Transparency in the Extractives Sector. The Manager is a corporate member of the Institute of Business Ethics.

Report of the Trustee

for the year ended 30 November 2009

Corporate Governance

CBFFT receives and considers regular reports from the Manager on proxy voting, which is undertaken in an informed way across the UK equities portfolio. CBFFT has adopted a policy of supporting management, except where proposals are either not considered to be in shareholder interests, or reflect poor corporate governance practice. In the twelve months to 30 November 2009, the Manager voted at 88 UK company meetings. The Fund voted on 1,244 resolutions; 97% of votes were cast in support of management, 2% against, and 1% were cast in abstention. The majority of action was taken against company remuneration reports, long-term incentive schemes or for board composition reasons. Further information and statistical analysis on corporate governance and the Fund is available on the CBF Church of England Funds part of the CCLA website at www.ccla.co.uk.

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

22 February 2010

Report of the Investment Manager

for the year ended 30 November 2009

Strategy

The Fund has an objective of providing investors with growth in capital values over the long term whilst maintaining the real value of the income payment. In support of this the portfolio has a bias towards those asset categories most likely to provide long term growth and rising income. These include equities, at home and overseas, property and infrastructure.

Within the portfolio the focus has remained on good quality companies able to support strong and growing income flows to investors. In a very difficult year for company dividends, this approach has allowed the Fund to increase the amount of income paid to investors.

The weighting to fixed income securities was increased during the year. The purchases were of corporate bonds, a sector which at the time offered high yields and significant recovery potential. As the period drew to a close so these positions were reviewed with the intention of taking profits and using the proceeds in part to support an increased property exposure and a greater equity weighting.

Performance

Over the year the Fund returned +19.84% before management expenses. It was a year when the returns from different asset classes varied substantially. From a low point in March, equities rallied to give strong positive returns;

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

To 30 November 2009	1 year %	5 years % p.a.	10 years % p.a.
<u>Performance against market indices (before expenses)</u>			
CBF Investment Fund	+19.84	+5.55	+2.25
Composite Benchmark	+23.03	+6.04	+2.70
FTSE All-Share Index	+29.28	+6.17	+1.73
FTSE World (ex UK) Index	+27.78	+7.32	+1.31
FTSE UK Govt All Stocks Index	+6.78	+5.70	+5.65
IPD Property Index	-6.60	+0.66	+5.91
<u>Performance after expenses</u>			
Income shares*	+19.26	+5.21	+1.99
Accumulation shares*	+19.23	+5.18	+1.96

* Net asset value to net asset value plus income reinvested

Source : The Manager

Report of the Investment Manager

for the year ended 30 November 2009

as an example the FTSE All-Share Index, a measure for the domestic equity market, rose by +29.28%. Fixed interest markets also made progress, the FTSE UK Government All Stocks Index rose by +6.78%. These gains however were not mirrored in the property market. Here, despite some improvement in the latter months of the period, values fell by -6.60%.

The Accumulation Share price rose by +19.23%, from 1324.60p to 1579.36p and the Income Share rose by +13.48% from 873.74p to 991.51p. As at 30 November 2009 the dividend yield on the Fund was 4.68%, based on the dividend of 46.40p per share declared for the preceding twelve months. This represents an increase of 3.11% over the previous year, despite the difficult environment for income flows. The equivalent yield on the FTSE All-Share Index was 3.35%.

Market Review

International equity markets began the period weakly but rallied strongly from a low point in March to give positive returns for the period as a whole. Government securities were much less volatile and provided a steady positive return, supported by safe haven buying and in later months, the Bank of England's quantitative easing programme. Property values declined for most of the time, albeit with low levels of transactional activity.

The economic background at the start of the period was one of falling activity levels. A particular problem was that companies rushed to reduce stocks in the face of falling demand and worsening credit availability. Governments responded by cutting interest rates, but the action was reactive and lacked the international coordination that the situation required. With

each set of data seemingly worse than the one which preceded it, international equity prices weakened and, occasional lacklustre rallies aside, declined through the first three months of the year. By the end of March the 12 month UK market return was -29.33%, the return on the global market -44.32%, calculated in US dollar terms. UK government bonds provided modest positive returns but corporate bonds remained out of favour in a market concerned with a weakening economy and rising threats of default or difficulty. In the property sector transaction volumes were low but there was ample evidence that rental levels were under downward pressure, dropping by some 30% from the peak.

As the first quarter ended so the flow of economic news reflected first an easing in the pace of deterioration and then some early indications of improvement. Stock levels again played an important role; once the inventory pipeline emptied so companies began ordering once more, creating the new order flow which had been missing for so many months. Backward looking data published at this time revealed how severe the first quarter downturn in the UK had been, a -2.4% decline in activity was the worst first quarter performance for 50 years.

Equity markets took heart from the improving outlook and began a substantial rally. The upturn, although strong, was not broadly based. Rather, it was centred on a relatively small number of stocks, many of which were in the mineral sector. Whilst the share prices of this narrow group of companies were pushed higher, those of many high quality companies, with sound balance sheets and high dividend yields, lagged behind. This created a two tier market which

Report of the Investment Manager

for the year ended 30 November 2009

lacked the core stability outward appearances would suggest it possessed. Government bonds continued to provide steady returns and corporate bonds rallied, reflecting the improvement in investor sentiment. After two years of falling prices and an overall decline in values of more than 40%, property also improved, boosted by bargain hunters and investors keen to lock-in to the high yields provided by the sector.

The final months of the year saw disappointment that the UK economy did not return to growth in the third quarter but also hopes that it would do so before the end of the year. Regardless of when it begins it is recognised that the upturn is likely to be slow to build and to lack the vigour historic reversals of economic trend have shown.

Sterling rallied against a weak US dollar but lost ground against the yen and the euro.

Outlook

The domestic economy is expected to begin to expand again before the end of 2009. Welcome though this is, the pace of recovery will be modest and will be starting from a level of output some 5% below that being generated in 2008. Growth elsewhere in the developed economies will be better, but still lacklustre by the standards of past recoveries. We expect inflation to rise slightly from current levels but to remain under overall control – there is too much spare capacity in the world economy for significant price pressures to develop. Interest rates are expected to stay low.

Bond markets have enjoyed strong support in recent times, first from safe haven seeking investors and more recently from the Bank of England's quantitative easing programme. Our concern is that this positive demand environment is about to end as the issuance programme necessary to fund the budget deficit accelerates. We expect upward pressure on bond yields and so see the market as a less attractive area for investment.

Property seems to be better positioned, supported by high yields and with scope for valuations to improve after a severe bear market.

Equities have rallied and are now back to normal rather than depressed valuations. We see further upside as the recovery develops but also expect conditions to remain volatile and exposed to sharp swings in value.

At some point in the year ahead governments must start to withdraw the exceptional support they have given to economies. How well this is done and how investors react to the change will be a major influence on market trends.

M Humphreys
Fund Manager
CCLA Investment Management Limited

22 February 2010

Report of the Investment Manager

for the year ended 30 November 2009

Top ten changes in portfolio composition

	<i>Cost</i> <i>£'000</i>		<i>Proceeds</i> <i>£'000</i>
Purchases:		Sales:	
LMIF Western Asset UKE Credit Plus Bond Fund "I" Class	16,000	The CBF Church of England Property Fund Income Shares	13,576
Legg Mason Global Multi Strategy Bond Fund (Income)	16,000	Treasury 5.75% Stock 2009	7,839
3i Infrastructure	9,887	Lloyds 9.25% Preference Shares	4,156
Edinburgh Investment Trust	6,277	Anglo American	3,877
The CBF Church of England Property Fund Income Shares	6,200	Old Mutual	3,663
HSBC 8.208% Preference Shares	5,983	British Energy	3,537
International Public Partnerships	5,265	Standard Life	2,757
France Telecom	4,226	NSTAR	2,503
Medicx Fund	4,046	Brit Insurance	2,478
Nintendo	3,866	Exxon Mobil	2,404

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

Ethical investment considerations form an integral part of the Church of England's witness and mission. Through its Ethical Investment Policy, the Church of England seeks a constructive engagement with the corporate world in order that responsible business practices and high standards of corporate behaviour are encouraged and supported. The Church of England is also mindful of the need to avoid undermining the credibility, effectiveness and unity of the Church's witness by profiting from, or providing capital to, activities that are materially inconsistent with Christian values.

The Ethical Investment Advisory Group (EIAG) of the Church of England carries out ethical investment research on behalf of the three national investment bodies of the Church of England, the Church Commissioners for England, The CBF Church of England Funds, and the Church of England Pensions Board (the national Church investment bodies). It develops policy recommendations, which once agreed by the national Church investment bodies, are then communicated to the wider Church. The General Synod, the Archbishops' Council and the Mission and Public Affairs Council are also represented on the EIAG to provide counsel and wider expertise. The legal authority for investment decisions rests solely with the national Church investment bodies, as well as individual parishes, cathedrals, dioceses and other associated Church of England organisations.

The national Church investment bodies are supportive of companies that seek to develop their businesses successfully and sustainably in the interests of shareholders. The use of positive ethical criteria in assessing companies is firmly incorporated within the Ethical Investment Policy through a process of constructive engagement with business. Criteria have been identified across five broad areas as:

- responsible employment practices
- best corporate governance practice
- conscientiousness with regard to human rights
- sustainable environmental practice
- sensitivity towards the communities in which business operates

Companies are monitored according to this Statement of Ethical Investment Policy and, where appropriate, by developing an ongoing dialogue and engagement with them. The national Church investment bodies believe this to be the best means of exercising responsible stewardship and shareholder responsibility and of communicating Church concerns. Disinvestment, if recommended, remains the preserve of each national Church investment body, and is only considered if a company's activities fall outside of the Church's Ethical Investment Policy or if, after sustained dialogue, it does not respond positively to the Church's concerns.

Statement of Ethical Investment Policy

to the Shareholders of The CBF Church of England Investment Fund

Companies that promote pornography or supply armaments are avoided. Separate media and defence investment policies have been published outlining the criteria employed to determine whether companies breach the Church's policy in these areas.

Investment is also avoided in any company a major part of whose business activity or focus is in the following areas, where this is usually defined as exceeding 25% of Group turnover:

- gambling
- tobacco and tobacco related products
- alcoholic beverages (manufacture and licensed sale)
- non-offensive military equipment (see defence investment policy)
- weekly-collected home credit (doorstep lending)
- human embryonic cloning

The national Church investment bodies also reserve the right to avoid investment in companies whose management practices they judge to be unacceptable. Given the complexity of many companies, some will have business interests in areas the national Church investment bodies seek to avoid, and these are closely monitored to ensure they meet the Church's broader criteria. Advice may be offered in respect of all classes of asset under management including domestic and international securities, land and real estate.

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.cofe.anglican.org/info/ethical
E-mail: ethics@ccla.co.uk

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 2009 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.

Report of the Independent Auditor

to the Shareholders of The CBF Church of England Investment Fund

Basis of audit opinion

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

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 2009, 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 United Kingdom generally accepted accounting practice, the Church Funds Investment Measure 1958, as amended, and the Trustee Act 2000.

Ernst & Young LLP
Registered Auditor
London

22 February 2010

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 30 November</i>	<i>Net asset value £'000</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
		<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>	<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>
2007	993,407	1,247.03	77,490,815	1,812.39	1,377,910
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

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 30 November</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
	<i>Highest offer pence per share</i>	<i>Lowest bid pence per share</i>	<i>Highest offer pence per share</i>	<i>Lowest bid pence per share</i>
2005	1,096.56	928.19	1,483.11	1,223.54
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

Net distribution

<i>Year to 30 November</i>	<i>Income shares pence per share</i>	<i>Accumulation shares pence per share</i>
2005	35.50	48.10
2006	37.00	52.23
2007	40.00	58.94
2008	45.00	75.53
2009	46.40	73.98

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

Share price at 30 November 2009

	<i>Bid price pence per share</i>	<i>Offer price pence per share</i>
Income shares	984.07	998.95
Accumulation shares	1,567.51	1,591.21

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

	30.11.2009	<i>30.11.2008</i>
Total expense ratio	0.53%	0.53%

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

Portfolio statement

at 30 November 2009

	<i>Holding</i>	<i>Bid Value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid Value £'000</i>	<i>% Fund</i>
UNITED KINGDOM 38.26% (30.11.2008, 39.41%)				Food Producers 1.30%			
Oil & Gas Producers 6.89%				Associated British Foods	136,807	1,101	0.14
BG	1,503,442	16,575	2.14	Cadbury	524	4	-
BP	5,463,433	31,387	4.04	Dairy Crest	523,341	1,960	0.25
Royal Dutch Shell B	315,327	5,476	0.71	Tate & Lyle	888,457	3,684	0.47
Chemicals 0.08%				Unilever	190,510	3,397	0.44
Johnson Matthey	39,510	585	0.08	Household Goods 0.13%			
Mining 0.50%				Reckitt Benckiser	32,256	1,000	0.13
BHP Billiton	207,784	3,859	0.50	Pharmaceutical & Biotechnology 3.40%			
Construction & Materials 0.05%				AstraZeneca	502,870	13,660	1.76
Balfour Beatty	142,104	363	0.05	GlaxoSmithKline	1,015,077	12,754	1.64
Aerospace & Defense 0.02%				Food & Drug Retailer 0.20%			
Senior	227,621	136	0.02	Sainsbury	217,578	700	0.09
General Industrials 0.04%				Tesco	199,816	845	0.11
Rexam	124,548	345	0.04	General Retailers 0.27%			
Electronic & Electrical Equipment 0.02%				Halfords	189,662	780	0.10
Morgan Crucible	86,608	129	0.02	Home Retail	136,392	401	0.05
Industrial Engineering 0.20%				WH Smith	175,479	893	0.12
IMI	129,621	637	0.08	Media 0.22%			
Melrose	530,299	957	0.12	Pearson	129,805	1,075	0.14
Support Services 0.40%				Reed Elsevier	138,319	629	0.08
Carillion	127,749	359	0.05	Travel & Leisure 0.19%			
Interserve	334,539	693	0.09	Compass	390,570	568	0.07
Premier Farnell	736,958	1,129	0.15	Go-Ahead	44,275	538	0.07
Regus	982,611	848	0.11	Thomas Cook	195,471	414	0.05
Beverages 0.06%				Fixed Line Telecommunications 0.80%			
Britvic	123,713	486	0.06	BT	4,415,356	6,186	0.80

Portfolio statement

at 30 November 2009

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Mobile Telecommunications 1.21%				General Financial 0.42%			
Vodafone	6,863,669	9,407	1.21	Close Brothers	78,839	541	0.07
Electricity 0.44%				F&C Asset Management			
Drax	83,075	341	0.04		295,408	219	0.03
International Power	183,910	509	0.07	Triodos Microfinance	124,875	2,511	0.32
Scottish & Southern Energy	230,433	2,572	0.33	Equity Investments 2.74%			
Gas Water & Multiutilities 2.23%				Altus Resource			
Centrica	1,212,061	3,085	0.40		2,500,000	3,263	0.42
National Grid	1,227,935	8,104	1.04	British Assets Trust	140,941	152	0.02
Northumbrian Water	479,068	1,287	0.17	Dunedin Income and Growth	471,470	839	0.11
Pennon	94,599	470	0.06	Edinburgh Investment Trust	2,245,494	8,055	1.04
Severn Trent	297,826	3,124	0.40	ICAP	249,983	1,080	0.14
United Utilities	264,879	1,262	0.16	Invesco Income Growth Trust	700,000	1,157	0.15
Banks 0.81%				Keystone Investment Trust			
HSBC	890,875	6,298	0.81		9,396	92	0.01
Nonlife Insurance 0.27%				Mercantile Investment Trust			
Amlin	201,580	746	0.10		30,151	253	0.03
Catlin	206,905	635	0.08	Merchants Trust	602,220	1,969	0.25
RSA Insurance	597,334	697	0.09	Perpetual I&G IT	91,512	186	0.02
Life Insurance/Assurance 0.95%				Princess Private Equity			
Admiral	38,986	413	0.05		659,500	1,989	0.26
Aviva	952,539	3,527	0.45	Standard Life Equity Income	710,448	1,838	0.24
Legal & General	990,888	766	0.10	Temple Bar Investment Trust	11,007	81	0.01
Prudential	75,734	473	0.06	Utilico Emerging Investment Trust	234,900	291	0.04
Resolution	2,658,675	2,245	0.29	Non-equity Investments 0.44%			
Real Estate 0.74%				Ecofin Water & Power			
Land Securities	103,374	680	0.09		869,716	1,140	0.15
Medicx Fund	5,875,000	4,597	0.59	Ecofin Water & Power Subscription Rights	167,081	25	-
Segro	140,226	456	0.06				

Portfolio statement

at 30 November 2009

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Ecofin Water & Power Opportunities 6% 31 July 2016	2,000,000	2,215	0.29	Vivendi Universal	49,499	869	0.11
Software & Computer Services 0.37%				Germany 0.47%			
Sage	1,333,713	2,843	0.37	Allianz	17,588	1,321	0.17
Other UK Funds 12.87%				Deutsche Boerse	9,778	496	0.06
The CBF Church of England UK Equity Fund Income Shares*	100,000,000	99,880	12.87	Deutsche Post	53,537	610	0.08
EUROPE 8.45% (30.11.2008, 8.69%)				E.on	21,093	509	0.07
Austria 0.07%				Munich Re	7,294	697	0.09
Telekom Austria	50,798	535	0.07	Ireland 0.03%			
Belgium 0.10%				CRH	17,000	262	0.03
Belgacom	34,706	800	0.10	Italy 0.95%			
Fortis Brx Bonus	106,067	-	-	Enel	615,526	2,243	0.29
Finland 0.12%				ENI	280,728	4,238	0.55
Nokia	113,598	910	0.12	Terna	331,154	837	0.11
France 2.95%				Netherlands 1.30%			
BNP Paribas	53,229	2,678	0.34	Akzo Nobel	65,342	2,524	0.33
Bouygues	12,750	386	0.05	Eurocommercial CVA	50,000	1,235	0.16
Casino Guichard	11,169	584	0.08	KPN	177,699	1,921	0.25
CNP Assurances	8,742	569	0.07	TNT	75,244	1,330	0.17
France Telecom	331,426	5,251	0.68	Unilever NV	142,256	2,656	0.34
Gaz de France	36,573	930	0.12	Wolters Kluwer	29,108	386	0.05
LVMH	27,312	1,733	0.22	Norway 0.23%			
Pagesjaunes	126,909	911	0.12	Statoil ASA	117,900	1,758	0.23
Sanofi-Aventis	47,813	2,201	0.28	Spain 1.46%			
Schneider	10,005	667	0.09	Banco Santander	247,355	2,582	0.33
Total	130,755	4,930	0.64	BBVA	138,636	1,591	0.20
Vallourec	11,317	1,153	0.15	Iberdrola	178,370	1,031	0.13
				Inditex	33,412	1,296	0.17
				Repsol	67,856	1,136	0.15
				Telefonica	214,878	3,759	0.48
				Switzerland 0.68%			
				Credit Suisse	6,000	189	0.02

Portfolio statement

at 30 November 2009

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Nestle SA	57,000	1,642	0.21	Home Depot	64,700	1,078	0.14
Novartis	39,291	1,328	0.17	Johnson & Johnson	87,012	3,332	0.43
Roche	13,314	1,327	0.17	Kellogg	18,500	592	0.08
Swisscom	3,573	846	0.11	Kimberly Clark	58,400	2,346	0.30
General European 0.09%				Kraft Foods	117,270	1,899	0.24
European Assets Trust	120,000	676	0.09	Lilly (Eli)	66,372	1,484	0.19
UNITED STATES OF AMERICA 9.93%				Mattel	143,600	1,703	0.22
(30.11.2008, 11.45%)				McDonald's	39,163	1,509	0.19
3M	27,200	1,283	0.17	Merck & Co	226,900	5,006	0.64
Abbott Laboratories	34,700	1,152	0.15	Microsoft	109,516	1,963	0.25
Air Products & Chemical	15,800	798	0.10	NiSource	80,800	702	0.09
Annaly Capital Man	109,600	1,229	0.16	Pepsico	30,806	1,168	0.15
AT&T	221,900	3,640	0.47	Pfizer	541,151	5,991	0.77
Bristol-Myers Squibb	233,036	3,594	0.46	Procter & Gamble	29,271	1,112	0.14
CBS B	143,800	1,121	0.14	Scottish American IT	23,490	42	0.01
Centerpoint Energy	76,000	614	0.08	Sysco	45,100	743	0.10
Centurytel	166,455	3,604	0.46	Travelers Companies	37,300	1,191	0.15
Chevron	56,380	2,681	0.35	Union Pacific	14,134	545	0.07
Chubb	39,000	1,192	0.15	Verizon Communications	160,204	3,070	0.40
Coca-Cola	63,700	2,219	0.29	VF	39,300	1,740	0.22
ConocoPhillips	35,823	1,130	0.15	Waste Management	29,200	584	0.08
Deere & Co	33,300	1,085	0.14	Willis	106,100	1,753	0.23
Dominion	26,900	596	0.08	JAPAN 2.47% (30.11.2008, 3.86%)			
Dover	25,400	633	0.08	Benesse	39,100	1,068	0.14
Duke Energy	108,700	1,105	0.14	Canon	55,500	1,303	0.17
Emerson Electric	69,200	1,745	0.22	Eisai	45,600	1,016	0.13
Exxon Mobil	21,775	996	0.13	Itochu	97,000	406	0.05
Freeport 6.75% Convertible Preference Shares	11,000	793	0.10	Lawson	38,200	1,154	0.15
Frontier Communications	263,000	1,266	0.16	Mitsubishi Tanabe Mizuho Finance 2% Convertible Preference Shares	64,000	516	0.07
Genuine Parts	111,000	2,423	0.31	Morant Wright Japan	712,500	306	0.04
HJ Heinz	105,200	2,721	0.35	Nintendo	25,600	3,841	0.49
				NTT DoCoMo	1,206	1,114	0.14

Portfolio statement

at 30 November 2009

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Ono Pharmaceutical	7,800	220	0.03	Philippines 0.13%			
Sumitomo	76,100	456	0.06	Philippine Long			
Takeda				Distance Telephone	30,390	1,010	0.13
Pharmaceuticals	96,400	2,441	0.31	Singapore 0.72%			
Tokyo Electric Power	62,900	1,032	0.13	Comfortdelgro	1,717,000	1,118	0.14
TonenGeneral				DBS	273,000	1,720	0.22
Sekiyu	191,000	1,017	0.13	Singapore Post	2,024,000	855	0.11
Wisdom Tree Japan				Singapore			
Dividend Fund	63,776	1,502	0.19	Telecommunications	1,525,000	1,965	0.25
Wisdom Tree				Taiwan 0.25%			
Japan Small Capital				Chunghwa Telecom	1,766,600	1,927	0.25
Dividend	62,777	1,470	0.19				
PACIFIC BASIN 4.76% (30.11.2008, 5.30%)				General Asia Pacific 0.94%			
Australia 1.21%				Aberdeen Asian			
AGL Energy	141,244	1,087	0.14	Income	262,500	344	0.04
ANZ Bank	110,120	1,358	0.17	Schroder Orient			
Coca-Cola Amatil	150,030	886	0.11	Income	300,000	339	0.04
Telstra	1,884,022	3,573	0.46	Wisdom Tree			
Westpac Banking	102,771	1,383	0.18	Emerging Markets			
Woolworths	74,153	1,159	0.15	Equity Income Fund	55,941	1,635	0.21
Hong Kong 1.51%				Wisdom Tree			
Bank of China	2,883,000	988	0.13	Emerging Markets			
Cheung Kong	64,000	492	0.06	Smallcap Dividend			
China Construction	1,984,000	1,075	0.14	Fund	65,529	1,629	0.21
China Mobile	78,500	448	0.06	Wisdom Tree Pacific			
CLP	353,500	1,460	0.19	ex-Japan High			
CNOOC	1,857,000	1,740	0.22	Yielding Equity	51,188	1,727	0.22
Denway Motors	1,786,000	666	0.09	Wisdom Tree Pacific			
Guangdong				ex-Japan Total			
Investment	1,760,000	596	0.08	Dividend	46,353	1,675	0.22
Hang Seng Bank	56,600	504	0.06	OTHER OVERSEAS 2.26% (30.11.2008, 0.66%)			
Industrial &				BlackRock Global			
Commercial Bank of				Opportunities Equity			
China	1,236,000	636	0.08	Trust	228,487	2,605	0.34
Petrochina	3,054,000	2,303	0.30	BlackRock			
Wharf	234,000	766	0.10	International Growth			
				and Income Trust	584,473	4,377	0.56

Portfolio statement

at 30 November 2009

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		
Companhia de Saneamento de Minas Gerais	113,400	1,187	0.15	UNQUOTED STOCKS 1.01% (30.11.2008, 1.17%) CCLA Fund Managers A	130,000	7,817	1.01		
Finning International	63,100	550	0.07						
Henderson Global Technology	916,038	4,488	0.58		AGRICULTURAL PROPERTIES 0.23% (30.11.2008, 0.26%) Nazeing Park Farm	1	1,750	0.23	
Invesco Emerging Markets	33,857	759	0.10						
Israel Chemicals	133,453	1,046	0.13		PROPERTY FUNDS 4.63% (30.11.2008, 7.66%) The CBF Church of England Property Fund Income Shares*	33,509,081	35,925	4.63	
Kimberley-Clark MXC	397,000	1,014	0.13						
Pretoria Port Cement	221,539	563	0.07						
Thomson Reuters	19,774	381	0.05						
TransAlta	46,200	588	0.08		FIXED INTEREST STOCKS 11.09% (30.11.2008, 8.01%) Treasury 6.25% Stock 2010 Conversion 9% Stock 2011 Treasury 5.25% Stock 2012 Treasury 8% Stock 2013 HSBC 8.208% Preference Shares IFFIM 3.375% Bond 2014 Scottish & Southern Energy 5.75% Bond 2014 Statoilhydro Asa 6.875% Bond 2031 Legg Mason Global Multi Strategy Bond Fund (Income)	5,900,000	6,225	0.80	
GLOBAL EQUITY INCOME FUNDS 5.03% (30.11.2008, 4.87%) The CBF Church of England Global Equity Income Fund Accumulation Shares*	1,000	1	-			8,305,000	9,380	1.21	
				1,885,000		2,054	0.26		
The CBF Church of England Global Equity Income Fund Income Shares*	32,991,391	39,039	5.03	15,000,000		18,232	2.35		
INFRASTRUCTURE 8.89% (30.11.2008, 6.18%) 3i Infrastructure HSBC Infrastructure International Public Partnerships RREEF Pan-Euro Infrastructure	14,569,825	14,949	1.93	7,140,000		7,573	0.98		
	11,167,569	12,497	1.61	1,000,000		1,017	0.13		
	14,753,000	16,745	2.16	1,000,000		1,061	0.14		
	24,257	24,776	3.19	1,200,000		1,481	0.19		
				15,855,713		18,995	2.45		

Portfolio statement

at 30 November 2009

	<i>Bid</i>	<i>%</i>
<i> Holding</i>	<i> value</i>	<i> Fund</i>
	<i>£'000</i>	
LMIF Western Asset UK£ Credit Plus Bond Fund "I" Class	15,686 20,044	2.58
DERIVATIVES		
Forward currency contracts		
US dollar vs UK sterling maturing on 23/12/09	\$68,875,000 581	0.07
Euro vs UK sterling maturing on 6/01/10	€50,287,000 (349)	(0.04)
Australian dollar vs UK sterling maturing on 29/01/10	\$12,796,800 2	-
NET INVESTMENT ASSETS	<u>753,228</u>	<u>97.04</u>
NET OTHER ASSETS	<u>22,970</u>	<u>2.96</u>
NET ASSETS	<u><u>776,198</u></u>	<u><u>100.00</u></u>

* 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 2009

		30.11.2009		<i>30.11.2008</i>	
	<i>Notes</i>	£'000	£'000	<i>£'000</i>	<i>£'000</i>
Income					
Net capital gains/(losses)	2		92,355		(292,996)
Revenue	3	37,945		39,985	
Expenses	4	<u>(2,592)</u>		<u>(3,024)</u>	
Net revenue before taxation		35,353		36,961	
Taxation	5	<u>(803)</u>		<u>(957)</u>	
Net revenue after taxation			<u>34,550</u>		<u>36,004</u>
Total return before distributions			126,905		(256,992)
Finance costs: distributions	6		(36,026)		(35,230)
Change in net assets attributable to shareholders from investment activities			<u>90,879</u>		<u>(292,222)</u>

The notes on pages 24 to 35 form part of these accounts.

Statement of change in net assets attributable to shareholders

for the year ended 30 November 2009

	30.11.2009		30.11.2008	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		673,184		991,232
Amounts receivable on issue of shares	34,111		12,350	
Amounts payable on cancellation of shares	(22,983)		(39,184)	
		11,128		(26,834)
Change in net assets attributable to shareholders from investment activities		90,879		(292,222)
Retained distribution on accumulation shares		1,007		1,008
Closing net assets attributable to shareholders		<u>776,198</u>		<u>673,184</u>

Balance sheet

at 30 November 2009

	Notes	30.11.2009		30.11.2008	
		£'000	£'000	£'000	£'000
ASSETS					
Investment assets			753,577		659,167
Debtors	7	6,294		6,710	
Cash and bank balances	8	29,815		<u>17,114</u>	
Total other assets			36,109		<u>23,824</u>
Total assets			<u>789,686</u>		<u>682,991</u>
LIABILITIES					
Investment liabilities			349		-
Creditors	9	2,192		37	
Distribution payable on income shares		10,947		<u>9,770</u>	
Total other liabilities			13,139		<u>9,807</u>
Total liabilities			13,488		<u>9,807</u>
Net assets attributable to shareholders			<u>776,198</u>		<u>673,184</u>
Approved on behalf of the Trustee 22 February 2010			R Broadhurst, <i>Chairman</i> CBF Funds Trustee Limited		

The notes on pages 24 to 35 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.

Previously the requirements of the SORP issued by the IMA in December 2005 had been applied. As a result of this change certain items have been reanalysed in the Statement of Total Return as set out below. The reanalysis has been treated as a change in Accounting Policies and accordingly the comparative figures have been restated. The restatements did not change either the total return or net assets attributable to shareholders as presented in the preceding year.

Other gains

Other gains were previously included as a separate line in the Statement of Total Return (2008, £152,881) but have now been included in net capital gains/(losses) (2009, £(348,933)).

(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.

Notes to the accounts

(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 services 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.

Notes to the accounts

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.

2. Net capital gains/(losses)	30.11.2009	30.11.2008
	£'000	£'000
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	87,735	(289,951)
Forward currency contracts	4,508	(3,198)
Other capital revenue	15	-
Currency gains	97	153
	<u>92,355</u>	<u>(292,996)</u>
3. Revenue	30.11.2009	30.11.2008
	£'000	£'000
UK dividends	13,795	16,010
The CBF Church of England Property Fund dividends	2,619	3,104
The CBF Church of England UK Equity Fund dividends	5,050	4,900
The CBF Church of England Global Equity Income Fund dividends	2,042	1,979
Overseas dividends	11,049	10,199
Dividends on unquoted stocks	273	273
Interest on debt securities	2,789	1,914
Rental revenue	41	42
Interest on The CBF Church of England Deposit Fund	258	1,098
Bank interest	16	463
Other revenue	13	3
	<u>37,945</u>	<u>39,985</u>

Notes to the accounts

4. Expenses

	30.11.2009	<i>30.11.2008</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(e)	3,544	4,383
Manager's periodic charge rebate – see note 1(e)*	(1,124)	(1,534)
Manager's fee for ethical services	48	-
	<u>2,468</u>	<u>2,849</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	89	120
Monitoring fees	8	10
Other expenses	1	2
	<u>98</u>	<u>132</u>
Other expenses:		
Insurance	10	13
Audit fee	11	12
Property expenses	4	18
Other	1	-
	<u>26</u>	<u>43</u>
Total expenses	<u>2,592</u>	<u>3,024</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.

Notes to the accounts

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 revenue on receipt. Recoverable withholding tax is credited to revenue on receipt.

	30.11.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Overseas taxation suffered in the year	860	962
Overseas taxation recovered in the year	(57)	(5)
Total taxation	<u>803</u>	<u>957</u>

6. Finance costs

Distributions

Distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	30.11.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
28 February – interim distribution	4,708	4,777
31 May – interim distribution	10,147	10,357
31 August – interim distribution	10,015	10,005
30 November – final distribution	11,240	10,003
	<u>36,110</u>	<u>35,142</u>
Add: revenue deducted on cancellation of shares	98	129
Deduct: revenue received on issue of shares	(182)	(41)
Net distribution for the year	<u>36,026</u>	<u>35,230</u>
Net revenue after taxation for the year	34,550	36,004
Amortisation under effective yield (FRS 26)	699	796
Transfer to income reserve – see note 10	(1,743)	(4,651)
Manager's periodic charge – see note 1(e)	2,520	3,081
Net distribution for the year	<u>36,026</u>	<u>35,230</u>

Details of the distribution per share are set out in the distribution table on page 36.

Notes to the accounts

7. Debtors	30.11.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Sales awaiting settlement	-	554
Accrued revenue	6,291	6,067
Other debtors	-	85
Prepayments	3	4
	<u>6,294</u>	<u>6,710</u>

8. Cash and bank balances	30.11.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Cash in The CBF Church of England Deposit Fund	28,976	16,577
Cash in overseas currencies	725	274
Cash at bank	114	263
	<u>29,815</u>	<u>17,114</u>

9. Creditors	30.11.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Purchases awaiting settlement	2,143	-
Accrued expenses	49	37
	<u>2,192</u>	<u>37</u>

10. Income reserve

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

	30.11.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Income reserve at the start of the year	8,210	3,559
Transfer to income reserve	1,743	4,651
Income reserve at the end of the year	<u>9,953</u>	<u>8,210</u>

Notes to the accounts

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.

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.

Notes to the accounts

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. However, it does not seek to avoid this rate movement risk on investments and revenue accrued but not yet received. 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:

Currency	30.11.2009			30.11.2008		
	Monetary Exposures £'000	Non-Monetary Exposures £'000	Total £'000	Monetary Exposures £'000	Non-Monetary Exposures £'000	Total £'000
Australian Dollar	-	9,504	9,504	-	8,291	8,291
Brazilian Real	-	1,187	1,187	-	-	-
Canadian Dollar	-	1,532	1,532	-	-	-
Danish Krone	-	-	-	-	972	972
Euro	362	81,996	82,358	-	69,269	69,269
Hong Kong Dollar	-	11,675	11,675	-	13,323	13,323
Indonesian Rupiah	-	-	-	-	152	152
Israel New Shekel	-	1,046	1,046	-	-	-
Japanese Yen	12	16,125	16,137	-	26,366	26,366
Malaysian Ringgit	-	1	1	-	1,906	1,906
Mexican Peso	-	1,028	1,028	-	-	-
New Zealand Dollar	-	-	-	-	951	951
Norwegian Krone	-	1,759	1,759	-	1,251	1,251
Philippine Peso	-	1,010	1,010	-	944	944
Singapore Dollar	12	5,673	5,685	-	1,786	1,786
South African Rand	-	563	563	-	-	-
South Korean Won	-	5	5	-	2,691	2,691
Swedish Krona	-	-	-	-	1,909	1,909
Swiss Franc	-	5,329	5,329	-	7,146	7,146
Taiwanese Dollar	-	1,936	1,936	-	3,257	3,257
Thailand Baht	-	-	-	-	310	310
US Dollar	339	94,901	95,240	-	79,793	79,793
	<u>725</u>	<u>235,270</u>	<u>235,995</u>	-	<u>220,317</u>	<u>220,317</u>

Notes to the accounts

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 income 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.

The interest rate profile of the Fund's financial assets and liabilities at 30 November 2009 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	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

Notes to the accounts

30 November 2008

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	16,840	53,883	391,951	462,674
Euro	120	-	69,149	69,269
US Dollar	3	-	79,790	79,793
<u>Other</u>	<u>151</u>	<u>-</u>	<u>71,104</u>	<u>71,255</u>
Total	17,114	53,883	611,994	682,991

<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>
<u>Sterling</u>	<u>-</u>	<u>-</u>	<u>9,807</u>	<u>9,807</u>
Total	-	-	9,807	9,807

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

The fixed rate element of the portfolio, as at 30 November 2009, 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	39,450	1.68	3.5

Notes to the accounts

30 November 2008

<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	47,143	6.4	9.0
Sterling - undated	6,740	10.4	-

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 £233,714 as at 30 November 2009 (30.11.2008, £nil).

12. Commitments and contingent liabilities

There was a commitment of £11,846,326 at 30 November 2009 in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund (30.11.2008, £11,940,398).

There were no other commitments or contingent liabilities at 30 November 2009 (30.11.2008, £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 £7,816,900 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.

At 30 November 2009, 4.63% (30.11.2008, 7.66%) of the value of the Fund was held in shares in The CBF Church of England Property Fund, 12.87% (30.11.2008, 13.30%) of the value of the Fund was held in shares in The CBF Church of England UK Equity Fund, 5.03% (30.11.2008, 4.87%) of the value of the Fund was held in shares in The CBF Church of England Global Equity Income Fund, and 3.73% (30.11.2008, 2.46%) of the value of the Fund was held in The CBF Church of England Deposit Fund.

Notes to the accounts

At 30 November 2009, the Fund held 85.81% (30.11.2008, 91.93%) of the shares of The CBF Church of England Global Equity Income Fund, 92.92% (30.11.2008, 93.93%) of the shares in The CBF Church of England UK Equity Fund, and 34.03% (30.11.2008, 39.50%) 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 services 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 2009 (30.11.2008, £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 2009 (30.11.2008, £nil). There were no other transactions entered into with CBFFT during the year.

At 30 November 2009 a cash balance of £28,976,300 (30.11.2008, £16,576,527) 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.

15. Portfolio transaction costs

	30.11.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Analysis of total purchase costs:		
Purchases in year before transaction costs	224,281	669,555
Commissions	134	364
Total gross purchases	<u>224,415</u>	<u>669,919</u>
Analysis of total sale costs:		
Sales in year before transaction costs	217,791	669,411
Commissions	(174)	(400)
Total net sales	<u>217,617</u>	<u>669,011</u>

Distribution table

for the year ended 30 November 2009

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>	
		2009	2008
Income shares			
28 February 2009	31 March 2009	6.00	6.00
31 May 2009	30 June 2009	13.00	13.00
31 August 2009	30 September 2009	13.00	13.00
30 November 2009	24 December 2009	14.40	13.00
		<u>46.40</u>	<u>45.00</u>
		<i>Revenue accumulated pence per share</i>	
		2009	2008
Accumulation shares			
28 February 2009		13.56	11.71
31 May 2009		23.15	27.89
31 August 2009		17.20	18.13
30 November 2009		20.07	17.80
		<u>73.98</u>	<u>75.53</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:

- 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;

- 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;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;

Statement of Trustee and Manager responsibilities

- 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)

E Carter (appointed 1.2.10)

J Clunie *

L Farrall

N Pearson (resigned 14.10.09)

G Pollard (appointed 1.2.10)

S Steele

Rev Dr R Turnbull *

R Williams *

**Members of the Audit Committee*

Secretary

J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

*Authorised and regulated by
the Financial Services Authority*

80 Cheapside

London EC2V 6DZ

Telephone: 020 7489 6000

Client Service:

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

M Humphreys

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Socially 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.

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 ELAG to reflect appropriately ethical values in your investments

Global Equity Income Fund

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

UK Equity Fund

- The only UK equity fund 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

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

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

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

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

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

CCLA INVESTMENT MANAGEMENT LIMITED

80 Cheapside

London EC2V 6DZ

Client Service:

Freephone: 0800 022 3505

Facsimile: 0844 561 5126

Email: clientservices@ccla.co.uk

www.ccla.co.uk