



for the Church of England

The CBF Church of England Investment Fund

Annual Report and Accounts
Year to 30 November 2007

Contents

- 1 Report of the Trustee
- 3 Report of the Investment Manager
- 5 Statement of Ethical Investment Policy
- 6 Report of the Independent Auditors
- 7 Net asset value, share price range, net distributions, share prices and total expense ratio
- 8 Statement of total return
- 8 Statement of change in shareholders' net assets
- 9 Portfolio Statement
- 15 Balance Sheet
- 16 Summary of material portfolio changes
- 17 Notes to the accounts
- 25 Distribution table
- 26 Statement of Trustee and Manager responsibilities

Trustee and Manager

(inside back cover)

Description of The CBF Church of England Funds

(outside back cover)

Disability Discrimination Act 1995

Extracts from the Report and Accounts are available in large print and audio formats.

The CBF Church of England Investment Fund

Report of the Trustee

for the year ended 30 November 2007

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.

CBF Funds Trustee Limited (CBFFT), a company incorporated under the Companies Act, limited by guarantee and not having 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 Fund under Management Agreements dated 15 November 2006.

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 other assets. In this way, it aims to be suitable for up to 100% of a church trust's long-term capital.

Total return benchmark

The total return performance benchmark for the Fund is the WM Co Charity Fund Service Universe with gross income reinvested and before management expenses. There is also an investment income performance target of increasing the annual distribution of the Fund each year. A customised performance benchmark is used by CBFFT to monitor in more detail the investment performance of the Manager, taking account of the specific asset allocation of the Fund.

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 respective Management Agreements. It meets quarterly with the Manager to monitor investment strategy, dividend and interest rate policy, investment diversification and risk and to review the Fund's performance. In addition, CBFFT reviews the Annual 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 the light of current circumstances.

RBS monitoring service

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

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, CBFFT is satisfied that 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

CBFFT continues to support the Church of England's Ethical Investment Advisory Group (EIAG), and is represented on the EIAG by Mrs Farrall, a trustee director of CBFFT. The EIAG co-ordinates and develops ethical investment policy on behalf of the Church's three central investment bodies, (the Church Commissioners and the Church of England Pensions Board being the

The CBF Church of England Investment Fund

Report of the Trustee

for the year ended 30 November 2007

others) and communicates to the wider Church through an Annual Report of its work. The EIAG makes considered recommendations on a range of ethical and responsible investment issues based upon papers prepared by the research secretariat. Responsibility rests with CBFFT for accepting and implementing any recommendations made by the EIAG. The EIAG's Annual Report (available in July) and other publications associated with the Church's ethical investment process are available from the Socially Responsible Investment Unit at the Managers, to whom enquiries on this subject should be addressed. Publications are also available to download from the Manager's website at www.ccla.co.uk.

During the year, CBFFT endorsed a revised Statement of Ethical Investment Policy recommended by the EIAG. This has now become the policy for all of the Church's national investment bodies, and is set out on page 5.

CBFFT also welcomed a major report published by the EIAG entitled "Fair trade begins at home; Supermarkets and the effect on British farming livelihoods". The report, based on individual and group interviews with 50 farmers, formed a submission to the Competition Commission as evidence of its ongoing review into the groceries market. The report highlighted a number of supply chain practices that are largely invisible to the consumer but which act against the interests of farmers and contribute to putting many at the edge of economic viability. The report is available in hard copy and from the Manager's website.

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

Corporate governance

CBFFT receives and considers regular reports from the Manager on proxy voting, which is undertaken across the UK equities portfolio and other assets as required of the Fund. 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 year to 30 November 2007, the Manager voted at 108 UK company meetings; 93% of votes were cast in support of management, 3% against, and 4% were cast in abstention. The majority of action was taken against company remuneration reports, long-term incentive plans and for Board balance reasons. Further information on corporate governance and the Fund, together with detailed voting statistics, is available from the Manager's website.

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

30 January 2008

The CBF Church of England Investment Fund

Report of the Investment Manager

for the year ended 30 November 2007

- The main CBF Church of England Fund recommended for long-term capital
- Invested predominantly in equities
- Managed in compliance with Church of England's ethical investment policy
- Aims at achieving steady income and capital growth

Performance

Over the year under review the Fund returned 8.2% before management expenses, compared with an estimated return of 7.9% from the benchmark, WM Co Charity Fund Universe. This outperformance reflected a strong performance from the Fund's UK equities in spite of a significant negative impact from the Fund's ethical policy (-1.3%). The Fund also benefited from its overweight position in equities and underweight position in bonds.

The accumulation share price rose by 8.09% from 1,676.75p to 1,812.39p and the income share price rose by 4.8% from 1,190.26p to 1,247.03p. As at 30 November 2007, the dividend yield was 3.2% based on the net asset value at that date and the distribution of 40p over the previous twelve months. This compares with the FTSE All-Share Index dividend yield, on an equivalent basis of 3.0%.

Funds under management

The total value of the Fund rose by 2.3% to £991,232,108 during the year to 30 November 2007. This was attributable to a rise in equity and property markets during the year together with a net outflow of money of £22,985,556.

Market review

Over the year under review the equity, bond and UK commercial property markets all made positive progress, with equities producing the best returns for investors. However, volatility picked up sharply over the second half of the period as financial conditions became more difficult as a result of problems linked to subprime mortgage lending in the US and the outlook for the global economy became more clouded.

Over the first half of the period global equity markets made good progress against a background of continued expansion in the global economy, solid corporate profits growth and high levels of merger and acquisitions activity. There were some concerns about slowing growth and higher inflation in the US but markets nevertheless surged higher during the spring

on the back of some stronger than expected economic data. At this time the consensus view was that the economic outlook was broadly benign and that the global interest rate tightening cycle would continue for a while longer.

In July however, there was a sudden and marked change in market sentiment as worries about the impact of the US subprime mortgages debacle on the broader economy came to the fore. This made investors more risk averse and global equity markets came under selling pressure. Mergers and acquisitions activity which had driven the equity market for much of the year all but dried up and government bonds came back into favour as a safe haven.

The market turmoil continued into August, prompting the US Central Bank, the Federal Reserve (the Fed), to make borrowing easier for distressed financial companies. This helped markets recover some of their poise. On 18 September the Fed then took further decisive action, cutting interest rates by 0.5% to 4.75%. The rate cut helped global equity markets to rally while bond markets fell back a little as market nervousness reduced and investors became concerned that inflationary pressures could increase as a result of easier monetary policy.

Global equity markets continued to rally over October but not without some more turbulence along the way. The rally came despite some lacklustre corporate earnings results, from financial services companies in particular, and a continued spike in the oil price. During November, equity markets fell back again in volatile conditions but were rescued by an end of month rally built on the expectation of a further interest rate cut in the US. Bond markets again benefited from increasing risk aversion as investors sought the comfort of government securities.

Following several years in which investors have benefited from very strong returns from investing in UK commercial property, growth in the market began to slow moderately during the first half of 2007. This was an expected and broadly welcome development, given that a continued rapid rise in property values would have been unsustainable. Nevertheless, with solid support for commercial property from sound fundamentals, we continued to view the outlook as relatively attractive. In the second half of the year however, conditions within commercial property deteriorated markedly as a consequence of the broader developments within global markets. The increased level of uncertainty reduced investor confidence and a more difficult lending environment forced some speculative holders to sell investments.

The CBF Church of England Investment 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.

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 <http://www.cofe.anglican.org/info/ethical>
e-mail ethics@ccla.co.uk

The CBF Church of England Investment Fund

Report of the Independent Auditors

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 2007 which comprise the statement of total return, the statement of change in shareholders' net assets, the portfolio statement, the balance sheet, the summary of material portfolio changes, the related notes and the distribution table. These financial statements have been prepared under the accounting policies 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 the United Kingdom generally accepted accounting practice, 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 of the Report of the Investment Manager and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 2007, the net income and the net gains and losses 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 Auditors
London

30 January 2008

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 Distributions, Share Prices and Total Expense Ratio

Net asset value

At 30 November	Net asset value £'000	Income shares		Accumulation shares	
		Net asset value pence per share	Number of shares in issue	Net asset value pence per share	Number of shares in issue
2005	886,779	1,070.06	81,249,791	1,460.11	1,188,523
2006	971,286*	1,190.26	79,623,184	1,676.75	1,212,464
2007	993,407*	1,247.03	77,490,815	1,812.39	1,377,910

* The net asset value is calculated on a mid-market value basis compared to the Balance Sheet where the investments are valued on a bid-market value basis in accordance with the December 2005 IMA SORP.

Share price range

Year to 30 November	Income shares		Accumulation shares	
	Highest Offer pence per share	Lowest bid pence per share	Highest offer pence per share	Lowest bid pence per share
2003	897.86	727.73	1,128.74	893.49
2004	960.48	861.84	1,254.25	1,107.65
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

Net distributions

Year to 30 November	Income shares pence per share	Accumulation shares pence per share
2003	34.00	42.69
2004	34.00	43.43
2005	35.50	48.10
2006	37.00	52.23
2007	40.00	58.94

Share prices at 30 November 2007

	Bid price pence per share	Offer price pence per share
Income shares	1,237.68	1,256.38
Accumulation shares	1,798.80	1,825.98

The share prices are published in *The Daily Telegraph*, *Financial Times* and *The Church Times*.
The offer and bid prices are calculated on the net asset value plus or minus a 0.75% surcharge or deduction.

Total expense ratio

	30.11.2007	30.11.2006
Total expense ratio	0.36%	0.37%

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

The CBF Church of England Investment Fund
Statement of Total Return
for the year ended 30 November 2007

	Notes	30.11.2007		30.11.2006	
		£'000	£'000	£'000	£'000
Net gains on investments during the year	2		48,308		101,574
Other losses	3		(2,319)		(358)
Income	4	33,519		31,291	
Expenses	5	(2,430)		(2,347)	
Net income before taxation		31,089		28,944	
Taxation	6	(399)		(282)	
Net income after taxation for the year			30,690		28,662
Total return before distributions			76,679		129,878
Finance costs: distributions	7		(32,103)		(30,407)
Change in net assets attributable to shareholders			44,576		99,471

Statement of Change in Shareholders' Net Assets
for the year ended 30 November 2007

	30.11.2007		30.11.2006	
	£'000	£'000	£'000	£'000
Net assets at start of the year		968,818		886,779
Movement due to creations and cancellations of shares				
Amounts receivable on creation of shares	27,822		14,018	
Less: amounts payable on cancellation of shares	(50,808)		(32,077)	
		(22,986)		(18,059)
Change in net assets attributable to shareholders (see above)		44,576		99,471
Retained distribution on accumulation shares		824		627
Net assets at end of the year		991,232		968,818

The notes on pages 17 to 24 form part of these accounts.

The CBF Church of England Investment Fund
Portfolio Statement
at 30 November 2007

	<i>Holding</i>	<i>Bid Value</i> <i>£'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid Value</i> <i>£'000</i>	<i>% Fund</i>
UNITED KINGDOM 58.26% (30.11.06, 64.56%)				Pharmaceuticals & Biotechnology 2.18%			
Oil & Gas 7.53%				AstraZeneca	280,278	6,472	0.65
BP	4,117,626	24,273	2.45	GlaxoSmithKline	1,179,881	15,185	1.53
BG	1,500,000	15,255	1.54				
Cairn Energy	80,000	1,878	0.19	Food & Drug Retailers 1.98%			
Dana Petroleum	225,000	2,979	0.30	Morrison (WM) Supermarkets	1,000,000	3,083	0.31
Royal Dutch Shell B	1,543,522	30,114	3.04	Tesco	3,460,898	16,569	1.67
Venture Production	17,676	141	0.01				
				Financials 0.81%			
Chemicals 0.18%				Princess Private Equity (LN)	117,500	647	0.07
Croda International	300,464	1,749	0.18	Princess Private Equity (GR)	75,000	421	0.04
				Royal & Sun Alliance	3,500,000	5,194	0.52
Mining 4.72%				Shaftesbury	320,000	1,830	0.18
Anglo American	382,230	12,556	1.27				
BHP Billiton	725,700	11,655	1.18	General Financial 0.62%			
Rio Tinto	262,439	14,799	1.49	Man	963,372	5,352	0.54
Xstrata	226,755	7,750	0.78	Man 'C' Shares	1,100,997	744	0.08
Basic Materials 0.05%				General Retailers 0.48%			
Mondi	117,500	460	0.05	Marks & Spencer	809,513	4,719	0.48
Electronic & Electrical Equipment 0.16%				Media 0.11%			
Spectris	200,000	1,540	0.16	Aegis	1,000,000	1,110	0.11
Support Services 1.31%				Travel & Leisure 1.17%			
Capita	500,322	3,710	0.37	FirstGroup	439,164	3,116	0.31
Experian	1,032	4	0.00	Intercontinental Hotels	169,361	1,580	0.16
Homeserve	225,896	4,016	0.41	National Express	353,125	4,177	0.42
Mouchel Parkman	500,000	2,204	0.22	Whitbread	189,532	2,729	0.28
SIG	267,962	2,315	0.23				
Wolseley	115,903	804	0.08	Fixed Line Telecommunications 0.98%			
				BT	3,387,314	9,705	0.98
Industrials 0.53%							
Balfour Beatty	450,000	2,195	0.22	Mobile Telecommunications 3.27%			
G4S	750,000	1,637	0.17	Carphone Warehouse	400,000	1,463	0.15
IMI	247,428	1,118	0.11	Vodafone	16,994,992	30,948	3.12
Rentokil Initial	217,754	328	0.03				
				Electricity 0.73%			
Food Producers & Processors 2.18%				Scottish & Southern Energy	453,480	7,206	0.73
Associated British Foods	447,871	3,970	0.40				
Premier Foods	2,038,634	4,072	0.41	Gas Water & Multiutilities 2.00%			
Unilever	759,729	13,546	1.37	Centrica	881,499	3,206	0.32
				Kelda	316,874	3,413	0.34
Consumer Services 0.80%				National Grid	1,212,637	9,956	1.00
Compass	1,534,969	4,889	0.49	Severn Trent	200,000	3,132	0.32
Kingfisher	250,527	381	0.04	United Utilities	32,209	241	0.02
Informa	380,000	1,684	0.17				
Trinity Mirror	300,000	1,015	0.10	Banks 7.61%			
				Barclays	1,970,749	11,085	1.12
Household Goods 1.63%				HBOS	1,021,003	8,142	0.82
Barratt Developments	150,396	699	0.07	HSBC	2,970,194	24,638	2.49
Dairy Crest	287,500	1,721	0.17	Lloyds TSB	2,604,353	12,885	1.30
Persimmon	150,000	1,198	0.12	Royal Bank of Scotland	1,872,339	8,589	0.87
Reckitt Benckiser	433,651	12,528	1.26	Standard Chartered	523,939	10,023	1.01
Taylor Wimpey	72,122	148	0.01				
				Life Assurance 2.13%			
Health 0.35%				Aviva	960,906	6,549	0.66
Shire	150,000	1,743	0.18	Friends Provident	1,000,000	1,566	0.16
Smith & Nephew	291,001	1,691	0.17	Legal & General	4,019,437	5,209	0.53
				Old Mutual	511,977	863	0.09
				Prudential	1,009,539	6,850	0.69

The CBF Church of England Investment Fund

Portfolio Statement

at 30 November 2007

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Intesa Sanpaolo	359,012	1,396	0.14	Allstate	13,042	324	0.03
Luxtotta	20,965	341	0.03	American Express	18,875	541	0.05
Mediobanca	42,000	460	0.05	American International	31,096	879	0.09
Mediset	40,057	191	0.02	Amgen	16,380	441	0.04
Saipem	24,000	467	0.05	Apple Computer	11,003	974	0.10
Telecom Italia RNC	35,182	43	0.00	Applied Materials	11,647	106	0.01
Unicredito Italiano	384,659	1,594	0.16	Archer Daniels Midland	13,974	247	0.02
				AT&T	90,775	1,687	0.17
Greece 0.06%				Bank of America	121,360	2,722	0.27
Greek Postal Savings Bank	38,902	351	0.04	Bank Of NY Mellon	20,985	489	0.05
Motor Oil	22,573	237	0.02	Baxter International	11,917	347	0.04
				Berkshire Hathaway A	12	816	0.08
Netherlands 0.42%				Berkshire Hathaway B	186	423	0.04
Aegon	33,000	288	0.03	Boston Scientific	9,110	56	0.01
Eurocastle Investment	24,441	352	0.04	Bristol-Myers Squibb	65,624	945	0.10
ING	54,358	1,029	0.10	Broadridgel	3,156	35	0.00
KON KPN	55,580	498	0.05	Burlington Northern Santa Fe	6,386	259	0.03
Philips Electronic	39,000	798	0.08	Capital One	6,252	162	0.02
Unilever NV	22,202	383	0.04	Capitalsource	41,652	340	0.03
Wolters Kluwer	53,132	805	0.08	Caterpillar	12,862	450	0.05
				CBL & Associates	19,814	278	0.03
Norway 0.08%				Centerplate	38,127	256	0.03
Prosafe	20,319	170	0.02	Chevron	25,825	1,101	0.11
StatoilHydro	37,698	595	0.06	Cinemark	26,527	213	0.02
				Cisco Systems	74,184	1,010	0.10
Spain 0.41%				Citigroup	106,974	1,732	0.18
BBVA	103,333	1,254	0.13	Citizens	118,496	747	0.08
Gamesa Corp Technologica	16,400	363	0.04	Coca-Cola	25,670	775	0.08
Iberdrola	100,000	804	0.08	Colgate-Palmolive	9,616	374	0.04
Repsol	14,600	262	0.03	Comcast A	36,715	367	0.04
Telefonica	79,263	1,296	0.13	Comcast Special A	22,318	220	0.02
				ConocoPhillips	32,731	1,274	0.13
Sweden 0.19%				Corning	18,380	217	0.02
Nordea	77,700	634	0.06	Costco Wholesale	9,306	305	0.03
SEB	50,700	687	0.07	CVS/Caremark	27,629	539	0.05
Securitas	21,940	146	0.01	Deere & Co	5,921	494	0.05
Securitas Direct	21,940	45	0.00	Dell	38,664	460	0.05
Securitas Systems	21,940	34	0.00	Devon Energy	8,843	356	0.04
Skanska AB	49,318	467	0.05	Discover Financial	7,897	67	0.01
				Disney (Walt)	29,759	480	0.05
Switzerland 0.72%				Dominion	23,057	530	0.05
Basilea	8,460	714	0.07	Dow Chemical	68,459	1,396	0.14
Credit Suisse	6,000	176	0.02	Du Pont De Nemours	53,740	1,205	0.12
Micronas	30,000	138	0.01	Duke Energy	26,159	252	0.03
Nestle	5,700	1,333	0.13	eBay	22,137	361	0.04
Novartis	47,050	1,303	0.13	EMC	39,477	369	0.04
Oridion	48,939	285	0.03	Emerson Electric	19,612	544	0.05
Roche	14,850	1,379	0.14	Entergy	6,930	402	0.04
Synthes	11,250	686	0.07	Exelon	14,106	556	0.06
UBS AG	38,070	937	0.09	Exxon Mobil	56,029	2,429	0.25
Zurich Financial Services	1,800	255	0.03	Fannie Mae	15,054	281	0.03
				Fedex	8,125	388	0.04
UNITED STATES OF AMERICA 7.93%				First Horizon National	25,698	275	0.03
(30.11.06, 5.51%)				Firstenergy	10,372	346	0.03
3M	11,866	480	0.05	Ford Motor	73,069	267	0.03
Abbott Laboratories	24,247	677	0.07	FPL	18,594	631	0.06
ADP	12,625	277	0.03	Freddie Mac	14,056	239	0.02
Alcoa	20,995	371	0.04	Freeport McMoran	6,825	328	0.03
				General Electric	129,138	2,405	0.24

The CBF Church of England Investment Fund

Portfolio Statement

at 30 November 2007

	<i> Holding</i>	<i> Bid Value</i>	<i> %</i>		<i> Holding</i>	<i> Bid Value</i>	<i> %</i>
		<i> £'000</i>	<i> Fund</i>			<i> £'000</i>	<i> Fund</i>
General Mills	10,292	301	0.03	USA Mobility	39,777	254	0.03
General Motors	16,470	239	0.02	Valero Energy	11,766	372	0.04
Gilead Sciences	16,031	362	0.04	Verizon Communication	72,419	1,522	0.15
Goldman Sachs	6,195	682	0.07	Viacom B	12,750	261	0.03
Google A Shares	1,958	657	0.07	Wachovia	40,789	853	0.09
Halliburton	19,155	341	0.03	Walgreen	21,433	381	0.04
Harley-Davidson	9,988	233	0.02	Wal-Mart Stores	35,810	834	0.08
Hewlett-Packard	29,602	736	0.07	Waste Management	17,193	287	0.03
Home Depot	33,439	464	0.05	Wellpoint	11,011	451	0.05
Huntington Bancshs	72,490	553	0.06	Wells Fargo	50,236	792	0.08
I.B.M.	17,385	889	0.09	Wyeth	47,546	1,135	0.11
Illinois Tool Works	9,379	253	0.03				
Intel	71,551	905	0.09	JAPAN 2.43% (30.11.06, 3.01%)			
International Paper	22,603	371	0.04	Astellas Pharmarcy	16,000	346	0.03
J P Morgan Chase	38,160	847	0.09	Bridgestone	31,100	287	0.03
Johnson & Johnson	50,015	1,648	0.17	Canon	35,300	896	0.09
Johnson Controls	10,371	195	0.02	Daiichi Sankyo	24,000	365	0.04
Kellogg	10,966	288	0.03	Denso Corp	16,500	326	0.03
Kimberly Clark	9,238	314	0.03	East Japan Railway	115	460	0.05
Kraft Foods	57,954	974	0.10	Fanuc	6,800	343	0.03
Lilly (Eli)	14,627	377	0.04	FujiFilm	16,800	360	0.04
Louisiana Pacific	32,307	241	0.02	Honda Motor	34,300	559	0.06
Lowes	31,063	368	0.04	Ichiyoshi	49,100	262	0.03
Marathon Oil	11,712	318	0.03	Itochu	63,000	320	0.03
Masco	59,913	653	0.07	JFE	15,500	408	0.04
McDonald's	20,925	595	0.06	Kyocera	6,900	301	0.03
Medtronic	19,015	470	0.05	Matsushita Electric Industries	68,000	666	0.07
Merck & Co	23,461	677	0.07	Millea	22,000	373	0.04
Merrill Lynch	14,580	425	0.04	Mitsubishi Chemical	92,000	357	0.04
Metlife	16,387	523	0.05	Mitsubishi Corporation	41,400	575	0.06
Microsoft	103,180	1,685	0.17	Mitsubishi Electric	64,000	354	0.04
Monsanto	10,500	507	0.05	Mitsubishi Estate	41,000	534	0.05
Morgan Stanley	15,795	405	0.04	Mitsubishi UFJ	262,000	1,244	0.13
Motorola	40,600	315	0.03	Mitsui & Co	51,000	562	0.06
News Corp A	44,903	460	0.05	Mitsui Fudosan	30,000	372	0.04
Norfolk Southern	9,404	234	0.02	Mitsui Lines	60,000	433	0.04
Occidental Petroleum	17,399	589	0.06	Mizuho Financial	236	614	0.06
Oracle	69,614	682	0.07	Nintendo	3,100	918	0.09
Pepsico	20,706	776	0.08	Nippon Steel	308,000	898	0.09
Pfizer	170,299	1,967	0.20	Nissan Motor Co	78,700	435	0.04
Procter & Gamble	37,994	1,367	0.14	Nissen	45,100	140	0.01
Progress Energy	15,614	370	0.04	Nomura	85,800	743	0.07
Prudential Financial	10,358	474	0.05	NTT DoCoMo	450	343	0.03
Qualcomm	24,294	482	0.05	Orix	3,240	317	0.03
Schering Plough	22,941	346	0.03	Rohm	7,400	330	0.03
Schlumberger	15,808	717	0.07	SBI	1,239	179	0.02
Southern	17,147	313	0.03	Secom & I	11,600	312	0.03
Sprint Nextel	50,093	378	0.04	Seven	24,300	294	0.03
Starbucks	13,625	155	0.02	Sharp	37,000	295	0.03
Suntrust Banks	7,901	269	0.03	Shin-Etsu Chemical	12,000	344	0.03
Target	14,345	419	0.04	Softbank	27,500	307	0.03
Texas Instruments	31,022	475	0.05	Sony	29,000	760	0.08
Time Warner	58,372	490	0.05	Sumitomo Chemical	72,000	297	0.03
Travelers Companies	18,310	473	0.05	Sumitomo Corporation	40,000	288	0.03
Tyco International	7,285	142	0.01	Sumitomo Electric Industries	40,500	302	0.03
Union Pacific	5,567	342	0.03	Sumitomo Metal Mining	29,000	289	0.03
United Online	39,435	288	0.03	Sumitomo Mitsui Financial GP	183	756	0.08
United Parcel Services	11,555	414	0.04	Sumitomo Realty & Development	20,000	292	0.03
Unitedhealth	20,419	546	0.06	Suzuki Motor	23,100	362	0.04
US Bancorp	25,951	418	0.04	Takeda Pharmaceutical	17,500	542	0.05

The CBF Church of England Investment Fund
Portfolio Statement
 at 30 November 2007

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Overseas Fixed Interest 1.60%			
Germany 1.08%			
Bund 4.5% 2009	4,150,000	2,989	0.30
Bund 5.25% 2011	5,620,000	4,168	0.42
Bund 5.5% 2031	4,430,000	3,575	0.36
Japan 0.08%			
JGB 0.8% 2010	180,000,000	788	0.08
USA 0.44%			
US Treasury 5.625% Bond 2008	2,185,000	1,074	0.11
US Treasury 5% Bond 2011	2,580,000	1,333	0.13
US Govt TIPS 3% 2012	3,270,000	1,998	0.20
		<hr/>	<hr/>
PORTFOLIO OF INVESTMENTS		948,914	95.73
NET OTHER ASSETS		42,318	4.27
		<hr/>	<hr/>
NET ASSETS		991,232	100.00
		<hr/> <hr/>	<hr/> <hr/>

The CBF Church of England Investment Fund

Balance Sheet

at 30 November 2007

	Notes	30.11.2007		30.11.2006	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments			948,914		943,129
Debtors	8	9,019		9,757	
Cash and bank balances	9	43,652		<u>24,533</u>	
Total other assets			52,671		<u>34,290</u>
Total assets			1,001,585		<u>977,419</u>
LIABILITIES					
Creditors	10	667		634	
Distribution payable on income shares		9,686		<u>7,967</u>	
Total liabilities			10,353		<u>8,601</u>
Net assets attributable to shareholders			991,232		<u><u>968,818</u></u>
Approved on behalf of the Trustee 30 January 2008				R Broadhurst, <i>Chairman</i> , CBF Funds Trustee Limited	

The notes on pages 17 to 24 form part of these accounts.

Summary of Material Portfolio Changes

for the year ended 30 November 2007

	<i>Cost</i> <i>£'000</i>
Total purchases for the year (Note 16)	226,159
Major purchases:	
Treasury 5.75% Stock 2009	11,800
RREEF Pan-Euro Infrastructure	9,756
Unilever	6,762
Treasury 8% Stock 2013	6,452
Treasury 5% Stock 2008	5,436
Royal & Sun Alliance	5,079
Compass	5,042
Royal Dutch Shell B	3,445
BHP Billiton	3,101
Treasury 5.25% Stock 2012	2,968
Xstrata	2,964
HSBC	2,927
Vodafone	2,920
Severn Trent	2,907
Marks & Spencer	2,739
Aviva	2,442
Informa	2,244
Balfour Beatty	2,108
Treasury 5.625% Stock 2008	2,081
Shaftesbury	1,963
	<i>Proceeds</i> <i>£'000</i>
Total sales for the year (Note 16)	266,297
Major sales:	
GlaxoSmithKline	8,974
Scottish Power	8,436
Treasury 4.75% Stock 2038	8,104
BP	7,111
Rio Tinto	6,591
Resolution	5,506
AWG	5,207
Hanson	5,153
Merrill Lynch Smaller Companies Fund	5,090
Treasury 8.75% Stock 2017	5,041
Treasury 6% Stock 2028	4,996
Hammerson	4,472
AstraZeneca	4,423
Legal & General	4,383
HBOS	4,340
Land Securities	3,954
BG	3,755
Electra Investment Trust	3,736
Yell	3,665
Treasury 7.25% Stock 2007	3,624

The above represents the 20 largest purchases and sales aggregated per investment during the year.

The CBF Church of England Investment Fund

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

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

(b) Income recognition

Dividends on ordinary stocks, including special dividends where appropriate, are credited to income 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. Underwriting commission is recognised when an issue takes place and is taken to income, except where the Fund is required to take up some or all of the shares underwritten, in which case a portion of the commission is taken to capital.

Whether a special dividend, share buy-back or additional share issue is income or capital by nature depends upon the facts of each individual case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend is regarded as capital by nature. Otherwise, the special dividends are regarded as income.

(c) Expenses

The Manager's periodic charge, paid to the Manager, is charged to the capital of the Fund. During the year the fee was based on a fixed percentage of the value of the Fund, 0.30% p.a. plus VAT. During the year the Fund received a management fee rebate credited to the income expenses of the Fund for its holding in The CBF Church of England Property Fund and for the Fund's deposits in The CBF Church of England Deposit Fund where, in both Funds, management fees were charged to income. The Fund also received a management fee rebate credited to the capital of the Fund for its holding in The CBF Church of England UK Equity Fund where management fees were 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. Audit, legal, safe custody fees, transaction charges, insurance fees, direct property expenses and monitoring fees are charged separately to the income of the Fund before distribution. For the purposes of the distribution, the Manager's periodic charge and the Trustee's administration fee is charged to the capital of the Fund.

(d) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out fluctuations in income which arise over the years (see Note 11).

(e) 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 at the Fund's half-year and year end by the Manager on the basis of open market value as advised by independent chartered surveyors.

(f) 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 CBF Church of England Investment Fund

Notes to the Accounts

2. Net gains on investments

	30.11.2007 £'000	30.11.2006 £'000
The gains on investments during the year comprise:		
Non-derivative securities	<u>48,308</u>	<u>101,574</u>

3. Other losses

	30.11.2007 £'000	30.11.2006 £'000
Other losses comprise:		
Currency losses	<u>(2,319)</u>	<u>(358)</u>

4. Income

	30.11.2007 £'000	30.11.2006 £'000
UK dividends	15,791	16,386
The CBF Church of England Property Fund dividends	2,882	3,144
The CBF Church of England UK Equity Fund dividends	4,400	3,900
Overseas dividends	5,346	3,508
Dividends on unquoted stocks	273	273
Interest on debt securities	2,871	3,062
Rental income	41	43
Interest on The CBF Church of England Deposit Fund	1,620	732
Bank interest	291	229
Other income	4	14
	<u>33,519</u>	<u>31,291</u>

5. Expenses

	30.11.2007 £'000	30.11.2006 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see Note 1(c)	3,413	3,307
Manager's periodic charge rebate – see Note 1(c)*	<u>(1,195)</u>	<u>(1,122)</u>
	<u>2,218</u>	<u>2,185</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	115	106
Monitoring fee	16	14
Trustee's administration fee	20	-
Other expenses	3	2
	<u>154</u>	<u>122</u>
Other expenses:		
Insurance fee	21	13
Audit fee	9	11
Property expenses	27	16
Legal fees	1	-
	<u>58</u>	<u>40</u>
Total expenses	<u>2,430</u>	<u>2,347</u>

The above expenses include irrecoverable VAT where applicable.

* This amount represents the rebate of management fees credited to The Fund's income for its holding in The CBF Church of England Property Fund and for the Fund's deposits in The CBF Church of England Deposit Fund where, in both Funds, management fees were charged to income. This amount also includes a rebate which is credited to the capital of the Fund for its holding in The CBF Church of England UK Equity Fund, where management fees were charged to capital.

The CBF Church of England Investment Fund

Notes to the Accounts

6. Taxation

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

	30.11.2007	30.11.2006
	£'000	£'000
Overseas taxation suffered in the year	427	385
Overseas taxation recovered in the year	(28)	(103)
Total taxation	<u>399</u>	<u>282</u>

7. Finance costs

Distributions

Distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprise:

	30.11.2007	30.11.2006
	£'000	£'000
28 February – interim distribution	4,075	4,148
31 May – interim distribution	9,660	9,514
31 August – interim distribution	8,390	8,618
30 November – final distribution	9,874	8,099
	<u>31,999</u>	<u>30,379</u>
Add: income deducted on cancellation of shares	173	74
Deduct: income received on creation of shares	(69)	(46)
Net distribution for the year	<u>32,103</u>	<u>30,407</u>
Net income after taxation for the year	30,690	28,662
Transfer to income reserve – see Note 11	(1,384)	(961)
Manager's periodic charge – see Note 1(c)	2,777	2,706
Trustee's administration fee – see Note 1(c)	20	-
Net distribution for the year	<u>32,103</u>	<u>30,407</u>

Details of the distribution per share are set out in the distribution table on page 25.

8. Debtors

	30.11.2007	30.11.2006
	£'000	£'000
Sales awaiting settlement	2,815	4,068
Accrued income	6,174	5,676
Prepayments	5	13
Other debtors	25	-
	<u>9,019</u>	<u>9,757</u>

9. Cash and bank balances

	30.11.2007	30.11.2006
	£'000	£'000
Cash in The CBF Church of England Deposit Fund	24,279	18,986
Cash in overseas currencies	15,375	2,509
Cash at bank	3,998	3,038
	<u>43,652</u>	<u>24,533</u>

The CBF Church of England Investment Fund

Notes to the Accounts

10. Creditors

	30.11.2007	30.11.2006
	£'000	£'000
Purchases awaiting settlement	639	521
Accrued expenses	28	113
	<u>667</u>	<u>634</u>

11. Income reserve

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

	30.11.2007	30.11.2006
	£'000	£'000
Income reserve at start of the year	2,175	1,214
Transfer to income reserve	1,384	961
Income reserve at end of the year	<u>3,559</u>	<u>2,175</u>

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see Note 1(e)). 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.

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 income accrued but not yet received. In respect of income, receipts are converted to sterling shortly after receipt.

The CBF Church of England Investment Fund

Notes to the Accounts

At 30 November 2007, the Fund's foreign currency exposure was predominantly from the overseas equities it was invested in, which are detailed in the portfolio statement. The total exposure at 30 November was:

Currency exposure	30.11.2007	<i>30.11.2006</i>
	£'000	<i>£'000</i>
Australian Dollar	13,027	8,327
Brazilian Real	144	-
Danish Krone	798	248
Euro	80,153	63,933
Hong Kong Dollar	10,195	6,925
Indonesian Rupiah	1,088	-
Israel Shekel	796	-
Japanese Yen	25,213	30,559
Malaysian Dollar	1,140	132
Mexican Peso	492	-
New Zealand Dollar	747	-
Norwegian Krone	766	2
Singapore Dollar	4,357	2,409
South African Rand	614	-
South Korea Won	5,367	4,783
Swedish Krona	3,382	2,801
Swiss Franc	9,063	7,179
Taiwan Dollar	5,709	6,337
Thailand Baht	431	187
US Dollar	87,268	59,535
	<u>250,750</u>	<i><u>193,357</u></i>

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.

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 CBF Church of England Investment Fund

Notes to the Accounts

The interest rate profile of the Fund's financial assets and liabilities at 30 November 2007 was as set out below:

<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	28,279	46,018	675,899	750,196
Euro	5,587	10,732	64,473	80,792
US Dollar	3,817	4,405	79,045	87,267
Other	5,971	788	76,571	83,330
Total	43,654	61,943	895,988	1,001,585

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	9,714	9,714
Euro	-	-	639	639
Total	-	-	10,353	10,353

30 November 2006

<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	22,025	47,774	715,271	785,070
Euro	281	10,611	52,033	62,925
US Dollar	114	4,405	55,016	59,535
Other	2,113	782	66,994	69,889
Total	24,533	63,572	889,314	977,419

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	8,601	8,601

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

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

There were no derivatives held by the Fund at 30 November 2007 (30.11.2006, £nil).

The CBF Church of England Investment Fund

Notes to the Accounts

The fixed rate element of the portfolio as at 30 November 2007 is further analysed in the following table.

Currency	Fixed rate financial assets £'000	Weighted average interest rate %	Weighted average period for which the rate is fixed Years
Sterling	46,018	4.8%	4.2
Euro	10,732	4.1%	9.3
US Dollar	4,405	2.3%	3.3
Japan	788	0.8%	3.1

30 November 2006

<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	47,774	4.6%	14.1
Euro	10,611	3.7%	10.7
US Dollar	4,405	3.5%	9.7
Japan	782	1.1%	4.1

13. Commitments and contingent liabilities

There were no commitments or contingent liabilities at 30 November 2007 (30.11.2006, £nil).

14. Unquoted and other investments

Unquoted investments include the Fund's holding of 60% of the issued share capital of the Manager, which provides investment management and administrative services to The CBF Church of England Funds. The valuation of £8,750,300 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 2007 6.54% of the value of the Fund was held in The CBF Church of England Property Fund (30.11.2006, 6.95%), 13.91% of the value of the Fund was held in The CBF Church of England UK Equity Fund (30.11.2006, 13.46%) and 2.45% of the value of the Fund was held in The CBF Church of England Deposit Fund (30.11.2006, 1.96%). A further 0.50% of the value of the Fund was held in Authorised Unit Trust Schemes (30.11.2006, 0.50%).

At 30 November 2007 the Fund held 94.3% of the total shares on issue in The CBF Church of England UK Equity Fund (30.11.2006, 97.8%). The Fund also held 38.6% of the total shares on issue in The CBF Church of England Property Fund (30.11.2006, 38.6%) which may not be readily realisable. The Manager may impose a period of notice or delay before carrying out a redemption of shares in The CBF Church of England Property Fund if it is deemed to be necessary to protect the interests of shareholders in The CBF Church of England Property Fund or to permit properties to be sold to meet a redemption. The net assets of The CBF Church of England UK Equity Fund have not been consolidated as, due to the Trustee arrangements, the Fund is unable to exercise control over The CBF Church of England UK Equity Fund.

The CBF Church of England Investment Fund

Notes to the Accounts

15. Related party transactions

The Manager's periodic charge is paid to the Manager, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in Note 5. There were no outstanding balances due to the Manager at 30 November 2007 (30.11.2006, £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 5. There were no outstanding balances due to CBFFT at 30 November 2007 (30.11.2006, £nil). There were no other transactions entered into with CBFFT during the year.

At 30 November 2007 a cash balance of £24,278,517 (30.11.2006, £18,986,359) was held in The CBF Church of England Deposit Fund.

Further details of the Fund's holdings in other CBF Church of England Funds are disclosed in Note 14.

16. Portfolio transaction costs

	30.11.2007 £'000	30.11.2006 £'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	225,833	184,549
Commissions	326	300
Total gross purchases	<u>226,159</u>	<u>184,849</u>
Analysis of total sale costs:		
Sales in period before transaction costs	266,737	198,265
Commissions	(440)	(296)
Total sales net of transaction costs	<u>266,297</u>	<u>197,969</u>

The CBF Church of England Investment Fund

Distribution Table

for the year ended 30 November 2007

<i>Period ended</i>	<i>Date of payment</i>	<i>Dividends paid/payable pence per share</i>	
		<i>2007</i>	<i>2006</i>
Income shares			
28 February 2007	30 March 2007	5.00	5.00
31 May 2007	29 June 2007	12.00	11.50
31 August 2007	28 September 2007	10.50	10.50
30 November 2007	21 December 2007	12.50	10.00
		<u>40.00</u>	<u>37.00</u>
		<i>Income accumulated pence per share</i>	
Accumulation shares			
28 February 2007		8.61	8.23
31 May 2007		20.48	18.24
31 August 2007		16.26	14.82
30 November 2007		13.59	10.94
		<u>58.94</u>	<u>52.23</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 which it has appointed in accordance with the provisions of the Scheme;
- review the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with the Measure;
- 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 half year and year end valuation date. The net income 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 income per share, and the amount of income, 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 December 2005;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the accounts, as prepared, comply with the above requirements;
- makes judgments and estimates that are prudent and reasonable; and
- prepares the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

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

CCLA INVESTMENT MANAGEMENT LIMITED

The CBF Church of England Investment Fund

Trustee – CBF Funds Trustee Limited

R Broadhurst (Chairman)

J Clunie*

L Farrall

N Pearson

S Steele

Rev Dr R Turnbull*

R Williams*

* Members of the Audit Committee

J Fox (Secretary)

Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

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Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer from 1 May 2007)

D Butler (Chief Operating Officer to 30 April 2007)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

N Debenham (to 31 December 2007)

M Humphreys (from 1 January 2008)

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Socially Responsible Investment Unit

N White

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

Bates, Wells & Braithwaite LLP

2-6 Cannon Street, London EC4M 6YH

Farrer & Co LLP

66 Lincoln 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

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

- **Investment Fund**
 - A suitable 'all-in-one' long-term fund for most church organisations
 - Highly diversified and well-balanced spread of investments
 - Designed to help meet growth and income requirements
 - Focus on delivering attractive, growing income
 - Aligned with the Church of England's Ethical Investment Policy
- **Global Equity Income Fund**
 - Attractive income now
 - Rising income in the future
 - Strong growth opportunities from the global economy
- **UK Equity Fund**
 - The only UK equity fund entirely aligned with the Church of England's Ethical Investment Policy
 - High quality, well-diversified portfolio
 - Designed to help meet growth and income requirements
 - Usually held with other investments such as overseas equities, bonds and cash to give a broad spread of assets and achieve overall objectives
- **Fixed Interest Securities Fund**
 - Long-term investment focused on income
 - Gross income paid quarterly
 - Usually held with other investments such as equities and cash to give a broad spread of assets and achieve combined income and growth objectives
- **Property Fund**
 - High quality, well-diversified commercial and industrial property portfolio
 - Focus on delivering attractive income
 - Actively managed to add value
 - Usually held with other investments such as equities, bonds and cash to give a broad spread of assets and achieve combined income and growth objectives
- **Deposit Fund**
 - A great rate
 - Interest paid gross
 - No minimum balance
 - Easy access
 - Simple operation
 - Excellent service
 - Free BACS transfers
 - Aaa (triple A) credit rating*

*The Deposit Fund has consistently achieved a Aaa rating from the credit rating agency Moody's Investors Service – the highest possible.

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 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 is committed to making a positive contribution to environmental protection. We seek to ensure our suppliers are using environmentally friendly production processes. The paper and board used for this publication contains 50% recovered waste and 50% virgin fiber, and is certified as a Forest Stewardship Council (FSC) mixed source product.

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