

THE CBF CHURCH OF ENGLAND PROPERTY FUND  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

For the year ended 31 December 2023

**CCLA**

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\*Collectively, these comprise the Manager's Report.

\*\*Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

**Disability Discrimination Act 1995**

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

**REPORT OF THE TRUSTEE****for the year ended 31 December 2023**

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Financial Statements of The CBF Church of England Property 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 an Investment Fund, administered as a Common Fund and is established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000, the Church of England (Miscellaneous Provisions) Measure 2006, the Church of England (Miscellaneous Provisions) 2010, together (the Measure) and the Trustee Act 2000. The Fund was formed on 1 March 1999. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (FSMA).

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 appointed an Audit Committee which meets twice each year to review the Financial Statements and to monitor the control environment in which the Fund operates.

CBFFT has delegated to the Manager, which is authorised and regulated by the Financial Conduct Authority, the investment management, administration, registrar, secretarial and company functions of the Fund under an Investment Management Agreement dated September 2008.

Under the provisions of the 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 Financial Conduct Authority and the trustee directors of CBFFT are not required to be approved by the Financial Conduct Authority for this purpose.

Investments in the Fund are not covered by the Financial Services Compensation Scheme.

**Charitable status of the Fund**

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. 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 Measures 1958.

**Investment objective**

The Fund aims to provide investors with a high level of income and long-term capital appreciation.

**REPORT OF THE TRUSTEE****for the year ended 31 December 2023****Investment policy**

The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties, but may invest in other assets, which may be either liquid or illiquid in nature. It will gain this exposure by investing primarily in the COIF Charities Property Fund.

**Comparator Benchmark**

The comparator benchmark for the Fund is MSCI/AREF UK Other Balanced Open Ended Quarterly Property Fund Index.

**Target investors**

The Fund is intended for eligible charity investors, with at least a basic knowledge of property related investments, which are affiliated with the Church of England and seeking to invest in an actively managed fund that reflects the investment objective and investment policy of the Fund. Investors should be looking to invest for at least five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise. The Fund has indirect holdings in direct property, which is inherently illiquid, and investors should take particular note of the risk sections of the Scheme Information, and the actions the Manager may have to take in stressed market conditions, such as suspending or delaying Fund dealings. The Fund also has a minimum redemption notice period of 180 days. The Fund is therefore not suitable for investors that might have a need for immediate liquidity

in their investments. Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor. Investors may be either retail or professional clients (both per se and elective).

**Responsibilities of the Trustee**

CBFFT receives and reviews a report on the published Financial Statements prepared on its behalf by the Manager twice a year. CBFFT is wholly responsible for the Fund.

CBFFT reviews the property and cash management, administration, registrar, secretarial and company secretarial services provided by the Manager under the Investment Management Agreement. It meets quarterly with the Manager to monitor investment strategy, distribution policy, investment diversification, risk and to review the Fund's performance.

In addition, CBFFT reviews the objectives of the Fund annually and is responsible for appointing an Audit Committee, the Auditor and the Custodian.

**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 Church Funds Investment Measure 1958 and with the Investment Management Agreement.

**REPORT OF THE TRUSTEE**

for the year ended 31 December 2023

**Ethical investment**

The Fund is managed in accordance with ethical investment policies developed by the three National Investing Bodies (the Church Commissioners and Church of England Pensions Board being the other two) based on the advice of the Church's Ethical Investment Advisory Group (EIAG). Responsibility for accepting National Investing Bodies (NIBs) policy and EIAG recommendations rests with the Trustee. The Trustee is represented on the EIAG by C Chan, a director of the Trustee. The Ethical Investment Policy embraces stewardship, engagement and investment exclusions.

**Responsible investment and stewardship**

The Fund also implements CCLA's responsible investment policy, which we believe will improve long-term Shareholder returns. This includes policies to integrate Environmental, Social and Governance (ESG) factors into the investment decision making process and stewardship activities associated with the Fund's holdings, more details can be found at <https://www.ccla.co.uk/sustainability/corporate-governance/approach-esg>.

The Manager is a signatory to both the UK Stewardship Code and the United Nations Principles for Responsible Investment (PRI) and is a member of CDP (formerly the Carbon Disclosure Project), the Institutional Investors Group on Climate Change (IIGCC) and UK Sustainable Investment and Finance Association (UKSIF).

**Investment exclusions**

The NIBs do not wish to directly profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions is therefore maintained. The NIBs may, exceptionally, recommend exclusion from investment of any individual company in any line of business on ethical grounds.

**Our approach to ESG integration in property**

Responsible property investment, sustainability, and ESG considerations are at the core of our management approach and the investment process. This includes improving existing holdings as well as reviewing potential investments against existing ESG credentials and specifications, or where we believe that a credible improvement plan can be put in place. Our Responsible Investment in Property policy can be found at <https://www.ccla.co.uk/about-us/policies-and-reports>.

Energy Performance Certificates (EPCs) are an important focus with an aim to achieve asset level improvements in performance and ensure compliance with the Minimum Energy Efficiency Standards (MEES) regulations. As part of the Fund's approach, costings are being obtained to improve the sustainability credentials and EPC rating of the poorer rated properties and, where lease events provide opportunity, for greater engagement in this area with assets and

## REPORT OF THE TRUSTEE for the year ended 31 December 2023

tenants. Our standard lease terms feature green lease clauses which are designed to support our access to data across a range of metrics such as tenants' energy and water consumption, and waste and recycling regimes.

Over the period under review, work has continued with the Fund's approach and improving management systems. To enhance our capabilities in this area Evora Global have been appointed to advise the Fund and provide specialist support in developing policies and asset level plans.

In addition to these asset level initiatives CCLA has used its influence as an investment manager to address systemic risks that have not had the attention that they require. Within property we have sought to work with BNP Property Management to ensure that our work on tackling modern slavery has been addressed within its own operations including construction, refurbishment, and support service provision.

The activities of all tenants are reviewed on a quarterly basis. A list of client value related investment restrictions is available on the Managers website <https://www.ccla.co.uk/about-us/policies-and-reports>. All tenants are reviewed against these values before being approved for the fund. If as the result of an assignment the tenant's activity is in breach of a client value restriction CCLA Investment Committee would consider the appropriate way forward, there is no blanket requirement to dispose of the property, but the Investment Committee may require the sale of such an asset

over an appropriate time frame and dependent on market conditions.

### Controls and risk management

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

CBFFT has appointed HSBC Bank plc to monitor the Manager in respect of its activities related to the management, oversight, supervision and administration of the Fund, including the custody and safekeeping of the property of the Fund. This monitoring provides an additional layer of comfort for Shareholders.

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.

At its periodic audit committee meetings, CBFFT receives a report from the Chief Risk Officer of the Manager which includes the following areas amongst others:

- breaches and complaints recorded on the Fund during the reporting period;
- compliance monitoring reviews relevant to the Fund during the reporting period;
- a summary of the internal audit reviews carried out during the reporting period and any significant findings;

**REPORT OF THE TRUSTEE**

for the year ended 31 December 2023

- an enterprise risk report which outlines an operational risk events which impacted the Fund; and
- an investment risk report on the Fund with relevant metrics as at the last month end prior to the audit committee meeting.

The Manager is currently considering the launch of a Charity Authorised Investment Fund (“CAIF”), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to investor consultation and Trustee approval. Should this be approved, on completion of the transfer, The CBF Church of England Property Fund would cease operations and be wound up, with the investors’ existing holdings in The CBF Church of England Property Fund being replaced with their equivalent in the new CAIF fund. This change in structure is expected to result in savings on at least VAT to the end investor and increased regulatory protection for holders of the fund.

The Archbishops’ Council supported the draft legislation that went to Synod, enabling the future conversion of the funds; however, the timetable is still to be determined following the completion of Trustee approvals.

These events and circumstances therefore represent a material uncertainty which may cast significant doubt on The CBF Church of England Property Fund’s ability to continue as a going concern. In the event that the decision is taken not to make the changes the fund is expected to continue to operate as it does now, and hence continue as a going concern.

**Going Concern**

Notwithstanding the material uncertainty explained above, the Trustee, having made appropriate enquiries and considered the ability of the Fund to meet its ongoing liabilities, has concluded that it remains appropriate to continue to prepare the financial statements on a going concern basis. In reaching this conclusion, the Trustee has considered that the proposal is contingent on investor consultation and Trustee approval and that the Fund remains a going concern in all other regard.

A Brookes, Chair  
CBF Funds Trustee Limited  
23 May 2024

The EIAG was established in 1994 and includes representation from The Church Commissioners, The CBF Church of England Funds, the Church of England Pensions Board and up to seven independent members who are appointed by a dedicated Nominations Committee. It is currently

Chaired by Barbara Ridpath who took over from the Right Reverend David Walker, The Bishop of Manchester, on the 8 July 2020. More information about the EIAG is available at [www.churchofengland.org/eiag](http://www.churchofengland.org/eiag).

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2023

### Performance

For the year to 31 December 2023, the CBF Church of England Property Fund produced a total return of -1.2%. By comparison, the Fund's Benchmark, the MSCI/AREF UK Other Balanced Open-Ended Property Fund Index, recorded a weaker return of -2.0%. The Fund continues to produce a competitive set of results in terms of both its income distribution record and the total return over the longer term.

Property markets were subdued throughout 2023 reflecting a reduced appetite for risk that limited funding sources. Income returns held largely steady but capital values, which had

fallen precipitously in 2022 in response to a rapid rise in yields, remained under pressure. Investors were especially wary of the office sub-sector. The Fund's overweight positioning in the better-performing industrial warehouse market helped to support total returns over the period under review relative to the benchmark.

The Fund's more attractive income yield compared to the benchmark also represented a decisive performance advantage. The income distribution yield at the year-end was 5.3% and compares to a 4.1% average recorded by the MSCI/AREF UK Other Balanced Open-Ended Property Funds Benchmark.

### Annualised total capital and income return

To 31 December 2023	1 year %	5 years % p.a.	10 years % p.a.
<b>Performance against market indices (after expenses)</b>			
The CBF Church of England Property Fund*	<b>-1.19</b>	<b>2.21</b>	<b>6.48</b>
Comparator benchmark <sup>#</sup>	-2.04	1.23	5.67
Consumer Price Index (CPI)	3.93	4.30	2.87

<sup>#</sup> Comparator benchmark: AREF/MSCI UK Other Balanced Open Ended Property Fund Index.

\* NAV to NAV plus income re-invested for income units.

Source: CCLA.



## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2023

The Fund ended the year with a total value of £149.5m compared to £164.0m at the beginning of the year. The reduction was mainly due to lower asset valuations recorded by the Fund's external valuer. In addition to this, the year also featured a net outflow of investor capital due to Shareholder redemption requests that in the period amounted to £4.5m. Liquidity in the Fund has been managed successfully via the Unitholding in the COIF Charities Property Fund where several property assets were sold despite difficult operating conditions in UK property investment markets. Within the COIF Property Fund, by the year-end, total liquidity amounted to a cash holding of £47.7m compared to £13.7m at the start of the year, representing 8.8% of the Fund's assets. Given prevailing weak sentiment towards open-ended property fund investment and a rising volume of outflows across the sector this caution was found to be merited as an increase in redemption requests subject to the six-month notice period was recorded. At the year-end, outstanding redemption requests totalled £3.8m, with a modest net outflow a possibility over the remainder of 2024.

### Strategy

The aim is to maintain a well-diversified portfolio which captures sub-sector strength and fundamentals. This is combined with a dynamic approach that navigates short term sub-sector volatility and asset difficulties, whilst gaining from longer term trends.

The portfolio is weighted in favour of industrial warehouse property, where occupier market

fundamentals are the most attractive and supporting strong rental growth performance to underpin rental income and drive income growth at lease events. Elsewhere a material allocation is held in the retail warehouse sub-sector and this continues to offer good value with some defensive qualities. We also aim to increase the weighting to the range of uses within the Other category, which includes hotels and leisure facilities. These assets further support portfolio diversification and typically offer attractive longer-term income streams and assured growth mechanisms.

Meanwhile the Fund remains low and underweight shops and office, for which the outlook remains especially weak and challenging at the asset level. Prospects are best for those offices in strong locations with the highest quality specification as occupiers consolidate demand at the prime end.

### Market review

The property investment market offered no relief for investors all year with weakness severe and entrenched following the valuation shock experienced in 2022. At around £36 billion, transaction volumes for 2023 were the lowest total since 2012 and more than 30% below the 10-year average. Overseas buyers continued to dominate such activity as did take place and represented more than half of total volume. Industrial warehouses stabilised somewhat, whereas office markets were the weakest of the traditional sub-sectors.

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2023

Despite more resilience in occupier markets, rental growth and rental income flows, further weakness in capital performance as the year progressed led total returns into negative territory. The MSCI Quarterly Capital Index for All Property ended the year down -5.7% and with income the total return was -1.0%. Despite a year end set-back for valuations, industrial warehouses led the pack producing a positive total return at +4.1% and the only sub-sector to do so, with capital growth only slightly negative at -0.3%. Office capital valuation performance remained weak and ended the year down -14.1%. In contrast, MSCI Quarterly Rental Growth Indices increased by +3.7%, still led by industrial warehouse property, at +7.1%.

### Activity

The CBF Church of England Property Fund achieves its exposure to the UK property investment sector indirectly via a holding in the COIF Charities Property Fund, providing enhanced diversification benefits and risk control. The cash holding and enhanced liquidity prospects are also managed via the COIF Property Fund. The size of the Unitholding in this fund will vary subject to valuation movements, and changes in the size of the CBF Property Fund from investor capital flows in and out over time.

Activity within the COIF Property Fund portfolio this year was dominated by a programme of asset disposals. This was partly aimed at raising the cash holding in the face of heightened redemption requests. These disposals

also allowed us to continue pursuing our strategic repositioning of the portfolio away from those assets where prospects for future performance had weakened. The volume of sales success increased as the year progressed so that by the year end ten assets had been sold. These were two offices in Leicester, small shops in Truro and Newcastle Upon Tyne, retail warehouses in Bristol, Milton Keynes and Oldbury, a car showroom in Dartford and an industrial warehouse property at West Thurrock. The sales prices achieved overall compared well against the valuations bearing in mind market conditions, and in total £50m was raised.

The year was also busy in terms of portfolio lease management activities. With rent collection functions having returned to pre-Covid normality, asset and lease event management is now focused on opportunities to improve assets and letting terms and supporting portfolio income. The Fund's largest holding, an office building on Cannon Street in the City of London has had an especially active year as we continued the cycle of new vacancy, refurbishment and new leasing activity which is made possible by the asset's quality and prime location. Rents and tenant incentives have typically been at least maintained or displayed some growth at the rental headline level. Several other new leases, rent renewals and reviews were also completed on other property assets held in the Fund, most of which resulted in enhanced and/or more secure income streams.

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2023

### Our approach to ESG in managing the property portfolio

Properties are managed in alignment with our established ESG approach as outlined on page 5.

### Outlook

While higher interest rates will remain a drag on economic activity and growth, we can anticipate some improvement in property returns as we move through 2024.

Most observers expect that we have passed the peak of the interest rate cycle and that rates will begin to decline in the coming months, providing renewed support for property valuations. There is still scope for further valuation weakness as the market adapts to recent investor liquidity demands, but in due course rising transaction volumes will aid price discovery, support liquidity, and build further confidence in valuations. Meanwhile, unless economic conditions deteriorate severely and unexpectedly, the attractiveness and reliability of income from property investment can be expected to remain resilient. The potential for more attractive positive total returns for 2024 and 2025 will be driven by the income contribution and prospects for rental growth.

Within the market, however, we expect to see ongoing divergence in returns at sub-sector and asset levels, with implications for strategic structure and portfolio management activity. Higher portfolio turnover rates are likely as we continue to re-shape portfolio allocations, raise liquidity, repurpose some portfolio assets, and re-engineer rental streams to support the Fund's income and add value.

Paul Hannam  
Head of Property  
CCLA Investment Management Limited  
23 May 2024

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REPORT OF THE INVESTMENT MANAGER  
for the year ended 31 December 2023

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**Risk warning**

Investors should consider the risk factors identified in the Scheme Information. Past performance is not a reliable indicator of future results. The price of the Fund's Shares and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

Property and property related assets are inherently difficult to value because of the individual nature of each property. As a result valuations are open to substantial subjectivity. There is no assurance that the valuations of the properties will reflect the sale price achieved, even where such sale occurs shortly after the valuation point.

The performance of the Fund could be affected adversely by a downturn in the property market in terms of capital value or a weakening of rental yields. The revenue received by the Fund is dependent to a large extent upon the occupancy levels of any property owned by the Fund and the rents paid by these tenants.

Rental revenues and property values are affected by changes in general economic climate and local conditions.

Property values are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant credit worthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investment in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

The Fund's Shares are intended only for long term investment and are not suitable for money liable to be spent in the near future. The Shares are realisable only on each monthly dealing day and whilst investors can request a redemption at any time, all such requests are subject to a minimum notice period of 180 calendar days.

## INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Property Fund

**Report on the audit of the financial statements***Opinion*

In our opinion the financial statements of  
The CBF Church of England Property Fund  
(the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2023 and of the net revenue and the net capital loss on the property of the Fund for the year ended 31 December 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Church Funds Investment Measure 1958 ('the Measure') Scheme Information and the Trustee Act 2000.

We have audited the financial statements which comprise for each fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the cash flow statement;
- the distribution tables; and
- the summary of significant accounting policies, judgements and estimates applicable to all sub-funds and individual notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Church Funds Investment Measure 1958 ('the Measure') Scheme Information and the Trustee Act 2000.

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT**

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Property Fund

*Material uncertainty related to going concern*

We draw attention to note 1[a] in the financial statements, which indicates that the Manager is currently considering the launch of a Charity Authorised Investment Fund, a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity would be transferred. Any such change of structure and transfer would be subject to Investor consultation and Trustee approval. Should this be approved, on completion of the transfer the Fund would cease operations and be wound up. The plan under consideration has been discussed at General Synod and has the support of the Archbishops Council but not yet been put to shareholders and both the timetable and potential outcome of such a vote remain uncertain. As stated in note 1[a], these events or conditions, along with the other matters as set forth in note 1[a], indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the trustees and Manager with respect to going concern are described in the relevant sections of this report.

*Other information*

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*Responsibilities of trustees and Manager*

As explained more fully in the trustees' responsibilities statement and the Manager's responsibilities statement, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary

## INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Property Fund

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included The Church Funds Investment Measure 1958 and Trustee Act 2000.



## INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Property Fund

We discussed among the audit engagement team, including relevant internal specialists such as financial instruments specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the sub-funds. In response we have: agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

*Use of our report*

This report is made solely to the shareholders of the Fund, as a body, in accordance with paragraph 14 of the Schedule to the Church Investment Funds Measure 1958. 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 shareholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
23 May 2024



## SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements set out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the Recommended Holding Period.



The Manager has classified The CBF Church of England Property Fund as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level and poor market conditions are unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Fund for the Recommended Holding Period of five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

Property is recognised as an illiquid asset and is thus most suited to long-term investment. Whilst investors can request redemption at any time, all such requests are subject to a minimum notice period of 6 months. The Fund normally deals on the last business day of each month. The Fund does not include any protection from future market performance, so you could lose some or all your investment.

Property can be an illiquid asset class and the Manager may also defer redemptions on a dealing day if it considers there is insufficient liquidity in the Fund to meet redemptions and, in agreement with the Trustee, may suspend the buying and selling of Shares in the Fund due to stressed market conditions. Where an investor makes an application to sell or cancel Shares the Manager may, with the agreement of the Trustee, arrange to transfer scheme property out of the Fund in place of payment in cash for the Shares, but only if it is judged by the Manager not to disadvantage the remaining investors.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Information, which is available on the Manager's website or by request.

## COMPARATIVE TABLE

## Change in net assets per Share

	Year to 31.12.2023 pence per Share	Income Shares Year to 31.12.2022 pence per Share	Year to 31.12.2021 pence per Share
Opening net asset value per Share	128.50	145.59	127.42
Return before operating charges*	(1.33)	(10.56)	24.71
Operating charges	(0.03)	(0.02)	(0.03)
Return after operating charges*	(1.36)	(10.58)	24.68
Distributions on Income Shares	(6.51)	(6.51)	(6.51)
Closing net asset value per Share	120.63	128.50	145.59
* after direct transaction costs of:	–	–	–

## Performance

Return after charges	(1.06%)	(7.27%)	19.37%
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## Other information

Closing net asset value (£'000)	147,225	161,519	188,060
Closing number of Shares	122,048,098	125,692,322	129,174,921
Operating charges**	0.68%	0.65%	0.66%
Direct transaction costs	–	–	–

## Prices (pence per Share)

Highest Share price (offer)	132.01	165.15	151.96
Lowest Share price (bid)	120.61	128.50	128.29

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

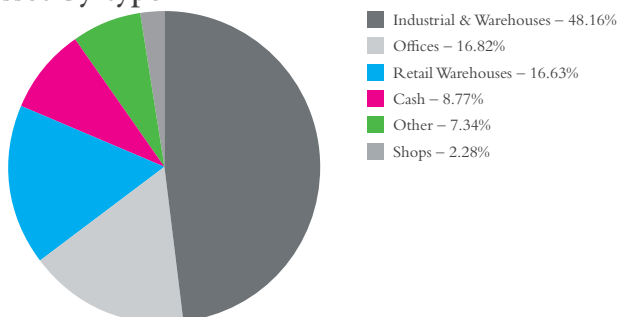
\*\* Operating charges reflect the Manager's annual management charge and other expenses annualised and divided by average net assets for the year. Industry guidance requires a 'synthetic' operating charge figure to be calculated where a Fund invests a substantial proportion of its assets in other funds. As substantially all of the Fund's assets are held in the COIF Charities Property Fund, the operating charge figure comprises the operating charge figure in the COIF Charities Property Fund (0.71%), less rebates (0.05%) plus expenses in the Fund (0.02%).

PORTFOLIO ANALYSIS  
at 31 December 2023

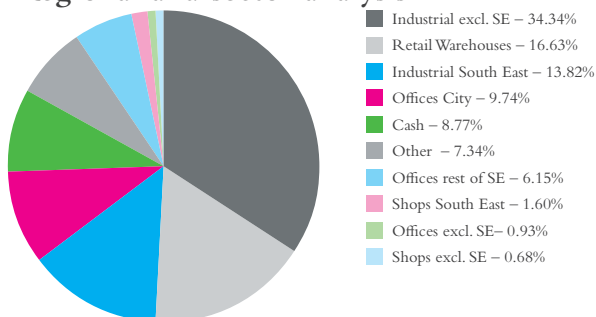
Top Ten Property Holdings

Property		% of Property Portfolio
London, 80 Cannon Street	Offices/Shops	8.93
Mendlesham, Norwich Road	Industrial	7.17
Brighton, Lewes Road	Retail Warehouses	6.75
Ashby-de-la-Zouch, 15 Coalfield Way	Industrial	6.09
Lutterworth, 3320, Hunter Boulevard	Industrial	4.45
Bath, Rossiter Road	Other	4.23
Bristol, 1400-1600 Aztec West Business	Industrial	4.01
Lutterworth, 3220, Wellington Parkway	Industrial	3.94
Solihull, Solihull Gate Retail Park	Retail Warehouses	3.30
Bow, 7 St Andrew's Way	Industrial	3.28

Asset by type



Regional and sector analysis



Portfolio turnover

	31.12.2023	31.12.2022
Portfolio turnover rate	0.10%	3.90%

The portfolio turnover rates are calculated by the total sales or purchases (excluding cash), whichever is less, divided by average monthly assets during the year.

## PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000
COIF Charities Property Fund Income units	142,307,735	146,278
<b>INVESTMENT ASSETS</b>		146,278
<b>NET OTHER ASSETS</b>		947
<b>TOTAL NET ASSETS</b>		147,225

STATEMENT OF TOTAL RETURN  
for the year ended 31 December 2023

	Note	Year ended 31.12.2023		Year ended 31.12.2022	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(8,724)		(21,962)
Revenue	3	8,212		8,798	
Expenses	4	(1,190)		(1,463)	
Net revenue before taxation		7,022		7,335	
Taxation	5	–		–	
Net revenue after taxation			7,022		7,335
<b>Total deficit before distributions</b>			<b>(1,702)</b>		<b>(14,627)</b>
Distributions	6		(8,077)		(8,616)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(9,779)</b>		<b>(23,243)</b>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
for the year ended 31 December 2023

	Year ended 31.12.2023		Year ended 31.12.2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>		<b>161,519</b>		<b>188,060</b>
Amounts receivable on issue of Shares	1,049		13,991	
Amounts payable on cancellation of Shares	(5,564)		(17,289)	
		(4,515)		(3,298)
Change in net assets attributable to Shareholders from investment activities		(9,779)		(23,243)
<b>Closing net assets attributable to Shareholders</b>		<b>147,225</b>		<b>161,519</b>

The notes on pages 24 to 35 and distribution table on page 36 form part of these financial statements.

**BALANCE SHEET**  
at 31 December 2023

	<i>Note</i>	31.12.2023		31.12.2022	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Fixed assets:					
Investments			146,278		160,576
Current assets:					
Debtors	7	2,042		2,127	
Cash equivalents	8	742		715	
Cash and bank balances	8	224		233	
Total current assets			3,008		3,075
<b>Total assets</b>			<b>149,286</b>		<b>163,651</b>
<b>LIABILITIES</b>					
Creditors:					
Other creditors	9	108		121	
Distribution payable on Income Shares		1,953		2,011	
Total creditors			2,061		2,132
<b>Total liabilities</b>			<b>2,061</b>		<b>2,132</b>
<b>Net assets attributable to Shareholders</b>			<b>147,225</b>		<b>161,519</b>

The financial statements on pages 21 to 36 have been approved and authorised for issue by the Trustee.

Approved on behalf of the Trustee  
23 May 2024

A Brookes, Chair  
CBF Funds Trustee Limited

The notes on pages 24 to 35 and distribution table on page 36 form part of these financial statements.

## CASH FLOW STATEMENT

for the year ended 31 December 2023

	<i>Note</i>	Year ended 31.12.2023		Year ended 31.12.2022	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	13		7,094		7,389
Net cash inflow from investment activities					
Payments to acquire investments		(780)		(10,346)	
Proceeds on disposal of investment		5,199		13,614	
Manager's periodic charge rebate		1,154		1,431	
			5,573		4,699
Net cash outflow from financing activities					
Issue of shares		1,049		13,993	
Cancellation of shares		(5,563)		(17,290)	
Distributions paid		(8,135)		(8,674)	
			(12,649)		(11,971)
Increase in cash	14		18		117

The notes on pages 24 to 35 and distribution table on page 36 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2023

#### 1. Accounting policies

##### *(a) Basis of preparation*

The financial statements have been prepared on a going concern basis, in compliance with FRS 102, the Scheme Information, The Church Funds Investment Measures Act 1958 and the Trustee Act 2000.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments.

The Manager is currently considering the launch of a Charity Authorised Investment Fund (“CAIF”), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to investor consultation and Trustee approval. Should this be approved, on completion of the transfer, The CBF Church of England Property Fund would cease operations and be wound up, with the investors’ existing holdings in The CBF Church of England Property Fund being replaced with their equivalent in the new CAIF fund. This change in structure is expected to result in savings on at least VAT to the end investor and increased regulatory protection for holders of the fund.

The Archbishops’ Council supported the draft legislation that went to Synod, enabling the future conversion of the funds; however, the timetable is still to be determined following the completion of Trustee approvals.

These events and circumstances therefore represent a material uncertainty which may cast significant doubt on The CBF Church of England Property Fund’s ability to continue as a going concern. In the event that the decision is taken not to make the changes the fund is expected to continue to operate as it does now, and hence continue as a going concern.

Notwithstanding the material uncertainty explained above, the Trustee, having made appropriate enquiries and considered the ability of the Fund to meet its ongoing liabilities, has concluded that it remains appropriate to continue to prepare the financial statements on a going concern basis. In reaching this conclusion, the Trustee has considered that the proposal is contingent on investor consultation and Trustee approval and that the Fund remains a going concern in all other regard.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

1. Accounting policies (*continued*)

(b) Revenue recognition

Property income distributions received are credited to revenue on the dates when the investments are first quoted ex-dividend or otherwise, on receipt of cash. Interest on bank deposits and interest on deposits in The CBF Church of England Deposit Fund are credited to revenue on receipt of cash.

(c) Expenses

During the year, the annual management charge (AMC), paid to the Manager, was taken to the capital of the Fund. The AMC is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT on the first £100m, then 0.50% p.a. plus VAT thereafter. VAT is recoverable.

The Fund received AMC rebates credited to the capital of the Fund for its holdings during the year in The COIF Charities Property Fund. The fee payable to the Manager is offset against the fee charged by the Manager on The COIF Charities Property Fund which represents all of the property assets of the Fund. The Fund also received AMC rebates credited to revenue of the Fund for its deposits in The CBF Church of England Deposit Fund, where the AMC is charged to revenue.

On a daily basis, the net asset value of the Fund at the end of the previous day is taken to calculate the AMC due. The Manager charges an AMC for the provision of managing investments. From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit fee, legal fees, safe custody fees and transaction charges, insurance fees and other fees are charged separately to the revenue of the Fund before distribution.

(d) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 10). Movements in the income reserve are therefore adjustments made to the net revenue in determining the distributions.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

1. Accounting policies (continued)

(e) Basis of valuation

The investment is valued at bid-market values, at the close of business, on the last business day of the accounting period.

Freehold and leasehold properties, held by The COIF Charities Property Fund, are valued at each monthly dealing date and at quarter-end dates on the basis of Fair Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) as advised by Knight Frank LLP, Chartered Surveyors. In addition, the Manager reviews these values at each intervening month end and makes adjustments where necessary. Additions to the portfolio are valued externally after acquisition. Please refer to note 15 for more details.

(f) Cash equivalents

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

2. Net capital losses

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
The net capital losses during the year comprise:		
Unrealised losses on non-derivative securities*	(10,086)	(24,881)
Realised gains on non-derivative securities*	208	1,488
Manager's annual management charge rebate – see note 1(c)**	1,154	1,431
	<b>(8,724)</b>	<b>(21,962)</b>

\* Where net realised gains include gains/(losses) arising in previous reporting periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

\*\* This amount represents the annual management charge credited to the Fund's capital. This is for the Fund's holdings in the COIF Charities Property Fund where the annual management charge is charged to capital.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

3. Revenue

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Property income distributions	8,100	8,642
Manager's annual management charge rebate*	74	151
Interest on The CBF Church of England Deposit Fund	28	4
Bank interest	10	1
	<b>8,212</b>	<b>8,798</b>

\* This amount represents the annual management charge rebates credited to the Fund's revenue. This is for the Fund's deposits in The CBF Church of England Deposit Fund where the annual management charge is charged to revenue.

4. Expenses

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(c)	1,154	1,431
	<b>1,154</b>	<b>1,431</b>
Other expenses:		
Audit fee	10	12
Monitoring fee	5	6
Insurance fee	2	3
Other fees	19	11
	<b>36</b>	<b>32</b>
Total expenses	<b>1,190</b>	<b>1,463</b>

Audit fee net of VAT is £8,750 (31.12.2022, £8,320).

The above expenses include VAT where applicable.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

**5. Taxation**

The Fund has charitable status and is not liable to UK tax on gains arising on disposal of investments or on income from investments. Distributions are paid and reinvested revenue credited gross to shareholders on the basis that all appropriate UK taxation has been both reclaimed and recovered.

**6. Distributions**

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

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
31 March – interim distribution	2,227	2,390
30 June – interim distribution	1,968	2,118
30 September – interim distribution	1,929	2,097
31 December – final distribution	1,953	2,011
	<b>8,077</b>	<b>8,616</b>
Net revenue after taxation for the year	7,022	7,335
Manager's annual management charge – see note 1(c)	1,154	1,431
Transfer from income reserve – see note 10	(109)	(150)
Income deficit taken to capital	10	–
Net distribution for the year	<b>8,077</b>	<b>8,616</b>

Details of the distribution per Share are set out in the distribution tables on page 36.

The Manager's annual management charge is charged to capital, so this amount is added back in the table above to the net distribution for the year and deducted from capital.

There were unclaimed distributions as at 31 December 2023 of £4,430 (31.12.2022, £1,287).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

7. Debtors

	31.12.2023 £'000	31.12.2022 £'000
Accrued revenue	1,949	2,007
Annual management charge rebates receivable	92	119
Prepayments	1	1
	<b>2,042</b>	<b>2,127</b>

8. Cash equivalents, cash and bank balances

	31.12.2023 £'000	31.12.2022 £'000
Cash equivalent: cash in The CBF Church of England Deposit Fund	742	715
Cash and bank balance: cash at bank	224	233

9. Other creditors

	31.12.2023 £'000	31.12.2022 £'000
Accrued expenses	108	121
	<b>108</b>	<b>121</b>

10. Income reserve

The income reserve, accumulated out of revenue, is used to smooth fluctuations paid out by the Fund. The income reserve is included in the total value of the Fund and is attributable to Income Shareholders.

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Income reserve at the start of the year	803	680
Transfer to income reserve	109	150
Equalisation of the income reserve	(25)	(27)
Income reserve at the end of the year	<b>887</b>	<b>803</b>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2023

#### 11. Financial instruments

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*

Whilst the value of direct property is independently valued on a monthly basis, such valuations are a matter of the valuer's opinion and such values may or may not be achieved on disposal. The underlying Fund, The COIF Charities Property Fund, seeks to minimise the impact of these risks by maintaining a well diversified portfolio, both geographically and by sector.

At 31 December 2023, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £7,314,000 (31.12.2022, £8,029,000).

##### *Liquidity risk*

By their very nature, direct property investments held in The COIF Charities Property Fund are less liquid and therefore the underlying investments may not be readily realisable. The Fund's liquidity may be affected by unexpected or high levels of redemptions. Under these circumstances, a period of notice of up to six months may be imposed for the redemption of Shares. The Shares are realisable only on each monthly dealing day and all such requests are subject to a minimum notice period of 90 calendar days. From 18 October 2022, redemptions are subject to a minimum notice period of 180 calendar days.

##### *Currency risk*

There is no exposure to foreign currency fluctuations as all investment, revenue and short-term debtors and creditors are denominated in sterling.

There were no derivatives held by the Fund during the year or prior year.

##### *Credit risk*

Credit risk is the risk that one party to a financial arrangement will cause a financial loss for the other party by failing to discharge an obligation. The Fund has an indirect credit risk exposure through its investment in The COIF Charities Property Fund. The COIF Charities Property Fund assesses the credit risk of third parties before entering into business with them. Debtor balances are monitored on a regular basis to mitigate The COIF Charities Property Fund's exposure to bad debts and, in addition, the ongoing credit strength of third parties are monitored.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

11. Financial instruments (continued)

*Interest rate risk*

Any changes in interest rates will not significantly affect the Fund except in so far as they affect rental levels of properties held by The COIF Charities Property Fund. All cash and bank balances earn interest at floating rates based on either SONIA or base rate. Debtors and creditors of the Fund do not pay or receive interest. A sensitivity analysis for interest rate risk is not shown as the impact is unlikely to be significant.

The total exposure at 31 December 2023 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	966	–	148,320	149,286

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	2,061	2,061

The total exposure at 31 December 2022 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	948	–	162,703	163,651

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	2,132	2,132

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

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

12. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of this, inclusive of annual management charge rebates are disclosed in note 4. Please see note 1 (c) for further information. An amount of £1,776 was due to the Manager at 31 December 2023 (31.12.2022, £11,927). There were no other transactions entered into with the Manager during the year (31.12.2022, £nil).

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2023 (31.12.2022, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2022, £nil).

At 31 December 2023 a cash balance of £742,257 (31.12.2022, £714,539) was held in The CBF Church of England Deposit Fund. During the year, the Fund received interest of £27,718 (31.12.2022, £4,669) from The CBF Church of England Deposit Fund.

At 31 December 2023 the Fund held 27.20% (31.12.2022, 27.69%) of the value of The COIF Charities Property Fund, a related party to the Fund, as CCLA is the Investment Manager for both funds.

At 31 December 2023, The CBF Church of England Investment Fund held 32.49% (31.12.2022, 36.70%) of the value of the Fund.

13. Reconciliation of net revenue to net cash inflow from operating activities

	31.12.2023 £'000	31.12.2022 £'000
Net revenue for the year	7,022	7,335
Decrease in accrued revenue	58	55
Decrease in debtors	27	6
Decrease in creditors	(13)	(7)
Net cash inflow from operating activities	7,094	7,389



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

14. Reconciliation of net cash flow to movement in cash balances

	31.12.2023 £'000	31.12.2022 £'000
Net cash at the beginning of the year	948	831
Movement in cash during the year	18	117
Net cash at the end of the year	966	948

15. Portfolio transaction costs

*For the year ended 31 December 2023:*

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread as at 31 December 2023 was 3.04%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike Shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

*For the year ended 31 December 2022:*

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread as at 31 December 2022 was 3.06%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike Shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

16. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.2023
	Income Shares
Opening number of Shares at beginning of year	125,692,322
Shares issued in year	806,268
Shares cancelled in year	(4,450,492)
Closing number of Shares at end of year	122,048,098

All Shares carry the same rights.

17. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities, other than investments, there is no material difference between their value, as shown on the balance sheet, and their fair value.

The fair values of all investments are derived from valuation techniques using observable data, being the prices provided by the Manager of The COIF Charities Property Fund.

The COIF Charities Property Fund itself derives the fair values of its property investments using unobservable data. Further information is provided in the financial statements of that Fund.

The fair value of investments has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2023

17. Fair value of financial assets and financial liabilities (*continued*)

For the year ended 31 December 2023

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	–	146,278	–	146,278
	–	146,278	–	146,278

For the year ended 31 December 2022

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	–	160,576	–	160,576
	–	160,576	–	160,576

## DISTRIBUTION TABLE

for the year ended 31 December 2023

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2023	2022	2023	2022
<b>Income Shares</b>				
31 March	<b>31 May</b>	31 May	1.77	1.77
30 June	<b>31 August</b>	31 August	1.57	1.57
30 September	<b>30 November</b>	30 November	1.57	1.57
31 December	<b>29 February</b>	28 February	1.60	1.60
			<b>6.51</b>	6.51

The distributions for Income Shares were paid in the same year, apart from the distribution declared on 31 December in the current year which is payable on 29 February in the subsequent year.

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**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 from time to time) and the Trustee Act 2000 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 agree their terms of engagement;
- determine the rate of remuneration of the Manager in accordance with the Church Funds Investment Measure 1958 and the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Church Funds Investment Measure 1958 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 Church Funds Investment Measure 1958 and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme Information;
- 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 Church Funds Investment Measure 1958;
- make distributions to investors holding Income Shares; 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.

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**STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES****Preparation of financial statements**

The Trustee of the Fund is required, by the Church Funds Investment Measure 1958, to prepare Financial Statements which give a true and fair view of the financial position of the Fund at each interim and year end valuation date. The net revenue for the period, together with a report on the operation of the Fund, is also required.

The financial statements show the net asset value of the Shares in the Fund as at the date to which the financial statements 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 Church Funds Investment Measure 1958. In preparing the financial statements, 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 FRS 102;
  - follows generally accepted accounting principles and applicable United Kingdom accounting standards;
  - keeps proper accounting records which enables them to demonstrate that the financial statements, as prepared, comply with the above requirements;
- makes judgments and estimates that are prudent and reasonable; and
  - prepares the financial statements on the going concern basis unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Church Funds Investment Measure 1958 and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Church Funds Investment Measure 1958.

**Manager responsibilities**

The Manager is required to carry out these duties in accordance with the Church Funds Investment Measure 1958 and take reasonable steps for the prevention and detection of fraud and other irregularities.

**CBF Funds Trustee Limited**  
(Charity Registration No. 1116932)

**DIRECTORY**

**Trustee Directors**

A Brookes (Chair)  
C Chan\*  
P Chandler  
G Dixon\* – resigned on 22 May 2023  
O Home – appointed on 4 September 2023  
C Johnson  
N Lewis\* – resigned on 4 September 2023  
A Milligan\* – appointed on 4 September 2023  
M Orr\* – appointed on 4 September 2023  
D Rees\*

\* *Members of the Audit Committee*

**Manager and Registrar**

CCLA Investment Management Limited  
Registered Office Address:  
One Angel Lane  
London  
EC4R 3AB  
Telephone: 0207 489 6000  
Client Service:  
Freephone: 0800 022 3505  
Email: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)  
[www.ccla.co.uk](http://www.ccla.co.uk)  
*Authorised and regulated by the Financial Conduct Authority*

**Transfer Agent**

FNZ TA Services Limited  
7th Floor, 2 Redman Place  
London  
EC20 1JQ

**Administrator**

HSBC Bank plc  
8 Canada Square  
Canary Wharf  
London  
E14 5HQ  
*HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority*

**Executive Directors of the Manager**

P Hugh Smith (Chief Executive Officer)  
E Sheldon (Chief Operating Officer)  
A Robinson, MBE (Director Market Development)

**Non-Executive Directors of the Manager**

R Horlick (Chair)  
J Jesty  
C Johnson  
A Roughead  
C West  
J Hobart

**Head of Property**

P Hannam

**Company Secretary**

J Fox

**Chief Risk Officer**

J-P Lim

**Head of Sustainability**

J Corah

**Third Party Advisers**

**Banker**

HSBC Bank plc  
8 Canada Square  
Canary Wharf  
London  
E14 5HQ

**Custodian**

HSBC Bank plc  
8 Canada Square  
Canary Wharf  
London  
E14 5HQ

**Independent Auditor**

Deloitte LLP  
110 Queen Street  
Glasgow  
G1 3BX

## ABOUT CCLA

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Founded in 1958, CCLA is now the UK's largest charity fund manager. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to our clients, irrespective of their size.

# CCLA

**CCLA Investment Management Limited**  
One Angel Lane, London EC4R 3AB  
T: 0800 022 3505 E: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)

[www.ccla.co.uk](http://www.ccla.co.uk)

CCLA is the trading name for CCLA Investment Management Limited (Registered in England and Wales No. 2183088) and CCLA Fund Managers Limited (Registered in England and Wales No. 8735639)

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