

THE CBF CHURCH OF ENGLAND UK EQUITY 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 UK Equity Fund (the “Fund”), which includes a separate report from CCLA Investment Management Limited (the “Manager”) as Manager of the Fund. The Manager is authorised and regulated by the Financial Conduct Authority (“FCA”).

Structure and management of the Fund

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) Measure 2010 (together the “Measure”) and the Trustee Act 2000. The Fund was formed on 1 December 2004. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (“FSMA”) as amended or changed from time to time.

CBF Funds Trustee Limited (the “Trustee”) is the Trustee and Operator of the Fund. The Trustee is a company incorporated under the Companies Act 1985 (now Companies Act 2006). It is a registered charity (No. 1116932) and is incorporated in England and Wales as a company limited by guarantee.

The Manager has been appointed by the Trustee pursuant to the investment management agreement dated September 2008 to provide discretionary investment management services as well as administrative and registration services under the investment management agreement.

Under the provisions of FSMA, the Trustee is not considered to be operating the Fund “by way of business”. Consequently, it is not required to be authorised or regulated by the FCA and its members are not required to be approved by the FCA for this purpose.

As the Fund is structured as an unregulated fund, investments in the Fund are not covered by the Financial Services Compensation Scheme.

Charitable status

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. In the administration of the Fund, the Trustee 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 growth in capital and income over the long-term.

Investment policy

The Fund is an actively managed, diversified portfolio of UK equities. It will principally invest in UK equities, but may also invest in other assets, which may be either liquid or illiquid in nature.

REPORT OF THE TRUSTEE for the year ended 31 December 2023

Comparator benchmark

The comparator benchmark for the Fund is the MSCI™ United Kingdom Investable Market Index. The comparator benchmark sets a standard against which the performance of the Fund can be assessed.

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, 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.

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).

Review of investment activities and policies of the Fund

The Trustee is ultimately responsible for The CBF Church of England UK Equity Fund and receives reports on the published financial statements.

The Trustee holds at least four meetings each year and monitors the investment, property and cash management, administration, registration and company secretarial services provided the Manager under the investment management agreement. The Trustee has appointed an audit committee to review the financial statements of the Fund and to receive and consider regular reports from the Manager on the management and administration of the Fund.

The Trustee has appointed the custodian to hold the securities of the Fund in specially designated accounts in safe custody.

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, the Trustee 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

Controls and risk management

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

The Trustee has appointed HSBC Bank plc Trustee and Depositary Services to oversee 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. HSBC Bank plc Trustee and Depositary Services also provide semi-annual reviews to the Trustee. This oversight 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, the Trustee receives a report from the Chief Risk Officer of the Manager which covers 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;
- an enterprise risk report which outlines any 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 UK Equity Fund would cease operations and be wound up, with the investors’ existing holdings in The CBF Church of England UK Equity 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.

REPORT OF THE TRUSTEE for the year ended 31 December 2023

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 UK Equity 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

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

Strategy

The investment objective of the Fund is to provide capital growth over the long term and an attractive level of income. To achieve this objective it has a diversified portfolio of good quality companies, predominantly listed on the London stock exchange but with some holdings in companies listed on stock exchanges overseas; this provides access to sectors and industries which are not well represented in the UK-listed market. During the period under review, the CBF Board approved an increase in the proportion of the Fund's assets which may be held in non-UK listed equities, from 10% to 20%.

The portfolio is biased towards companies with a robust financial position and which are not dependent on cyclical trends in the broad economy to grow earnings. There is an above

average weighting to companies which have a high international component to their activities. At the sector level there are relatively high weightings to high quality industrials, technology, healthcare and non-bank financial businesses. Conversely there are low weightings to energy and utilities stocks.

Performance

Over the year the Fund achieved a total return after expenses of 14.62% on an income share (accumulation share: 14.62%). This compares with a return on the benchmark UK index of +2.3%. The Fund is actively managed and it is common for performance to be either above or below that of the comparator benchmark over any given reporting period. As discussed below, over the latest six-month period the returns from the UK-listed equities market as a whole

Annualised total capital and income return

To 31 December 2023	1 year %	5 years % p.a.	10 years % p.a.
Performance against market indices (after expenses)			
CBF Church of England UK Equity Fund	14.62	8.13	6.80
Income shares*	14.62	8.13	6.80
Accumulation shares*	14.62	8.14	6.81
Comparator benchmark#	7.96	6.34	5.00
MSCI UK Investable Market Index	7.96	6.34	5.04
MSCI UK MID Cap	21.59	6.79	5.04
Consumer Price Index (CPI)	3.93	4.30	2.87

Comparator benchmark – Composite: from 01.01.16 MSCI UK IMI. To 31.12.15 MSCI UK All Cap. To 30.11.14 MSCI UK All Cap adjusted for EIAG Ethical Restrictions.

* Mid to mid plus income re-invested.

Source: CCLA.

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

were held back by weak performance from sectors which are heavily represented in the domestic index, such as traditional energy, mining and banking stocks. The Fund's portfolio has little exposure to these sectors. Meanwhile some of the Fund's holdings in information technology, healthcare and non-bank financial services performed well and this also contributed positively to the Fund's performance relative to the benchmark.

Market review

Equity markets remained volatile during 2023 but made progress over the period as a whole. Shifts in sentiment were most often driven by changing investor expectations for the direction of monetary policy.

For example shares rallied in the early weeks of the year in response to declining inflation rates and reports of weakening economic growth, leading investors to anticipate that the major central banks would be able to soften their approach in setting interest rates. The mood promptly reversed when central bankers signalled that they regarded the fight against inflation as having some way to go, and that further rate hikes could still be to come. Higher and especially rising interest rates are generally detrimental to asset valuations, so equity markets retreated in response.

In the event interest rates set by the major western central banks (the US Federal Reserve, the European Central Bank and the Bank of England) peaked over the course of the summer, although monetary policy leaders remained keen to impress upon markets that rates could remain 'higher for longer' because persistent pressure to curb demand would be required to squeeze inflation out of the system. Such messaging, coupled with a degree of uncertainty about the possible impact on the world economy of the sudden escalation of tensions in the Middle East, led to a setback for equity markets in the early autumn.

As the year drew to a close, however, markets benefited from mounting optimism that inflation could come back down to policy makers' target levels without a severe economic recession being triggered and that interest rate cuts could be on the horizon for 2024.

As noted above, the UK index performed less well than the global index over the period. One reason for this was the UK-listed market's high exposure to sectors such as traditional energy (oil and gas) and mining stocks, which lagged the broader market as the price of oil and a number of other commodities remained weak. Meanwhile the large technology businesses which accounted for much of the progress in the global index are predominantly listed in the US; the UK market has relatively little representation from the technology sector.

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

Outlook

The portfolio's holdings, although predominantly UK-listed, are mostly large internationally-focused businesses with limited dependence on UK economic activity. At the global level in which these companies operate, economic growth is likely to take some time to recover from the post-pandemic inflation shock and the rapid tightening of monetary policy that came in response. Inflation has declined sharply from its 2022 highs and the peak of the interest rate cycle now looks to be behind us, but we should not expect a return to the pre-pandemic conditions of very low inflation and interest rates.

The onset of rate cuts, which are widely expected to commence during 2024, could support a positive trend for the market as a whole – especially if the major economies can continue to avoid a meaningful recession, as now seems the most likely scenario. However there is always the potential for geopolitical developments, whether the elections taking place this year in many large economies or less predictable but sometimes shocking escalations of international tension, to unsettle markets. In any event, now that we have left behind the era of ultra-loose monetary policy and the support that it provided for asset prices, markets are likely to remain volatile for the foreseeable future.

We can expect to see continued divergence between sectors and individual stocks as investors digest the prospects for different businesses in this environment of higher inflation and higher yields. We find that some companies are better able than others to raise their own prices and thus protect revenues, and to control costs to support net earnings.

C Ryland
Head of Investment
CCLA Investment Management Limited
23 May 2024

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

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
Kainos	1,063	Dechra Pharmaceuticals	2,353
UnitedHealth Group	1,026	Rio Tinto	1,016
S&P Global	814	Keywords Studios	905
Intercontinental Exchange Group	811	Unilever	854
Accenture	678	London Stock Exchange Group	828
Thermo Fisher Scientific	521	RWS	773
Visa A	470	DS Smith	769
Spirax-Sarco Engineering	464	Lloyds Banking Group	653
Greggs	403	CME Group	579
Watches of Switzerland Group	400	Sage Group	561

When a stock has both purchases and sales in the reporting period, these transactions have been netted and the net amount has been reflected as either a net purchase or net sale in the table above.

Risk warning

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.

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. Shares are realisable on each dealing day only. The Fund mainly invests in stocks from a single geographical area which can lead to risk of concentration.

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

STATEMENT OF ETHICAL INVESTMENT POLICY**to the Shareholders of The CBF Church of England UK Equity Fund****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).

Engagement

The NIBs expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice. The NIBs engage with investee companies to seek improvement in ethical standards in these areas. From time to time, policies, papers and reports are also published to inform engagement on individual environmental and social issues.

STATEMENT OF ETHICAL INVESTMENT POLICY**to the Shareholders of The CBF Church of England UK Equity Fund****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.

Direct investments in equities and corporate debt:

The NIBs do not invest in any company involved in indiscriminate weaponry. Moreover, they do not invest in companies involved in conventional weapons if their strategic military sales exceed 10% of revenue. The NIBs do not invest in any company that derives more than 3% of revenue from the production or distribution of pornography or in any company, a major part of whose business activity or focus (defined as more than 10% of group revenue) is tobacco, gambling, non-military firearms, or high interest rate lending. The National Investing Bodies will exclude from their investments any company deriving more than 25% of its revenue from the production or licensed sale of alcoholic drinks, except in the case of companies who sole business is the provision of alcoholic drinks with

food. The climate change policy (2015) does not allow investments in companies that derive more than 10% of revenue from tar sands or thermal coal. In addition, the Fund Trustee has approved a restriction on investment in any company that derives more than 10% of its revenue from the production, extraction or refining of oil and gas.

Individual policy documents are published separately setting out the criteria employed in each area to determine whether companies breach then NIB's policy and to explain the theology, ethics and reasoning underlying the policies. More information can be found at <https://www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group/policies-and-reviews>

Direct investments in property: The NIBs apply the same exclusions to direct property investments as are used for equities and corporate debt investments. To implement this policy, we seek to screen properties prior to investing in them. We do this by assessing the activities undertaken by the underlying tenants. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

STATEMENT OF ETHICAL INVESTMENT POLICY
to the Shareholders of The CBF Church of England UK Equity Fund

Indirect investments via pooled funds:

The NIBs are only able to invest in some assets, asset classes and investment strategies through pooled funds. Pooled funds are funds in which a number of different investors invest. Because the ethical investment policies of the EIAG and NIBs cannot be applied fully, or at all, in these investments, the Pooled Funds Policy gives detailed guidance on how the NIBs should ensure that their use of pooled funds is consistent with ethical investment. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of The CBF Church of England UK Equity Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The CBF Church of England UK Equity 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 gains 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 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 of The CBF Church of England UK Equity 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 of The CBF Church of England UK Equity 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. 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 of The CBF Church of England UK Equity 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: 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 UK Equity Fund as 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level and poor market conditions could 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.

Investors can request redemption at any time and the Fund deals on a daily basis. The Fund does not include any protection from future market performance, so you could lose some or all of your investment.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Information document available on CCLA'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	178.04	222.06	188.81
Return before operating charges*	26.90	(36.36)	40.92
Operating charges**	(1.21)	(1.20)	(1.34)
Return after operating charges*	25.69	(37.56)	39.58
Distributions on Income Shares	(6.65)	(6.46)	(6.33)
Closing net asset value per Share	197.08	178.04	222.06
* after direct transaction costs of:	0.02	0.04	0.03

Performance

Return after charges	14.43%	(16.91%)	20.96%
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Other information

Closing net asset value (£'000)	68,436	62,643	78,874
Closing number of Shares	34,725,629	35,184,578	35,519,134
Operating charges**	0.67%***	0.67%***	0.65%
Direct transaction costs	0.01%	0.02%	0.02%

Prices (pence per Share)

Highest Share price (offer)	199.45	223.20	225.36
Lowest Share price (bid)	171.71	165.14	186.46

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 comprise the Manager's annual management charge and other expenses, including VAT, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year.

*** Operating charges includes VAT reclaims received during the year. Industry guidance requires a 'synthetic' operating charge figure to be calculated where a Fund invests a proportion of its assets in other funds. Operating charges as at 31 December 2023 and 31 December 2022 include synthetic costs of 0.03% and 0.03% respectively which represent the OCF of the underlying funds weighted on the basis of the investment proportion. Synthetic costs were not included in previous periods.

COMPARATIVE TABLE

Change in net assets per Share

	Accumulation Shares		
	Year to 31.12.2023 pence per Share	Year to 31.12.2022 pence per Share	Year to 31.12.2021 pence per Share
Opening net asset value per Share	341.08	410.32	338.35
Return before operating charges*	52.38	(67.00)	74.40
Operating charges**	(2.34)	(2.24)	(2.43)
Return after operating charges*	50.04	(69.24)	71.97
Distributions on Accumulation Shares	(7.67)	(7.98)	(6.28)
Retained distributions on Accumulation Shares	7.67	7.98	6.28
Closing net asset value per Share	391.12	341.08	410.32
* after direct transaction costs of:	0.05	0.07	0.06
Performance			
Return after charges	14.67%	(16.87%)	21.27%
Other information			
Closing net asset value (£'000)	2,243	2,040	2,453
Closing number of Shares	573,365	598,202	597,808
Operating charges**	0.67%***	0.67%***	0.65%
Direct transaction costs	0.01%	0.02%	0.02%
Prices (pence per Share)			
Highest Share price (offer)	391.76	412.42	413.46
Lowest Share price (bid)	337.79	313.46	334.14

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 comprise the Manager's annual management charge and other expenses, including VAT, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year.

*** Operating charges includes VAT reclaims received during the year. Industry guidance requires a 'synthetic' operating charge figure to be calculated where a Fund invests a proportion of its assets in other funds. Operating charges as at 31 December 2023 and 31 December 2022 include synthetic costs of 0.03% and 0.03% respectively which represent the OCF of the underlying funds weighted on the basis of the investment proportion. Synthetic costs were not included in previous periods.

OPERATING CHARGES ANALYSIS

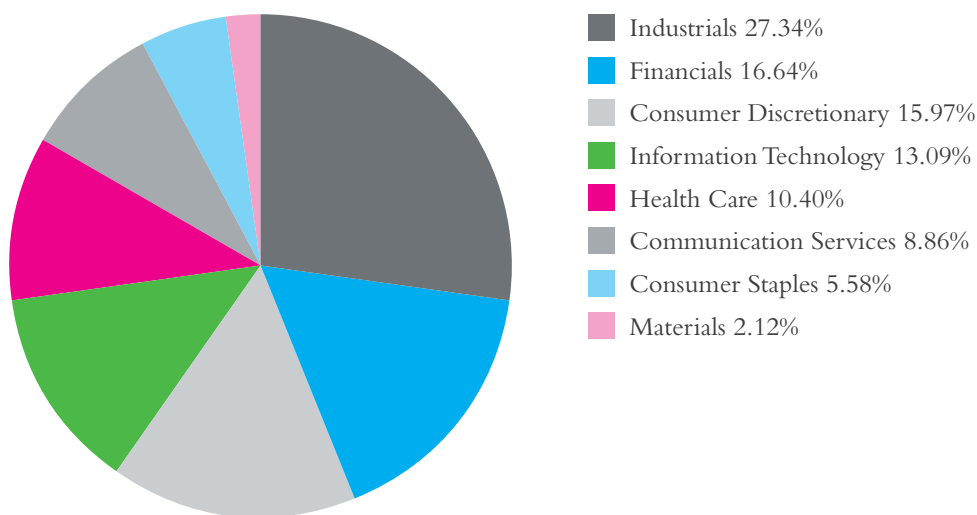
for the year ended 31 December 2023

The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2023 %	31.12.2022 %
Manager's annual management charge including VAT	0.60	0.60
Safe custody fees and depositary fee	0.01	0.01
Other expenses	0.03	0.03
Total operating charges	0.64	0.64

PORTFOLIO ANALYSIS
at 31 December 2023

Portfolio Allocation



The portfolio analysis above differs from the following portfolio statement because prices used here are mid-market rather than bid.

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
UNITED KINGDOM 81.73% (31.12.2022 – 90.09%)			
Communication Services 7.47% (31.12.2022 – 6.25%)			
Auto Trader	361,989	2,603	3.68
Rightmove	463,264	2,675	3.79
Consumer Discretionary 14.37% (31.12.2022 – 13.89%)			
The Berkeley Group Holdings	21,357	1,008	1.43
Burberry	90,438	1,283	1.82
Compass Group	92,426	1,988	2.81
Greggs	47,301	1,230	1.74
InterContinental Hotels Group	33,236	2,364	3.34
Watches of Switzerland Group	322,237	2,283	3.23
Consumer Staples 4.58% (31.12.2022 – 6.73%)			
Reckitt Benckiser	28,588	1,554	2.20
Unilever	44,346	1,686	2.38
Financials 11.89% (31.12.2022 – 13.02%)			
Admiral Group	55,390	1,493	2.11
Intermediate Capital Group	169,509	2,843	4.02
London Stock Exchange Group	25,929	2,409	3.41
Prudential	187,429	1,658	2.35
Health Care 6.96% (31.12.2022 – 10.99%)			
AstraZeneca	17,061	1,804	2.55
CVS Group	94,956	1,602	2.27
Genus	70,281	1,511	2.14

PORTFOLIO STATEMENT

at 31 December 2023

Industrials 26.67% (31.12.2022 – 24.44%)

Bunzl	58,141	1,860	2.63
Diploma	56,172	2,018	2.86
Discoverie Group	160,000	1,261	1.78
Experian	87,144	2,792	3.95
Ferguson Newco	17,255	2,613	3.70
Genuit Group	293,586	1,186	1.68
Intertek Group	41,212	1,756	2.48
Judges Scientific	11,965	1,089	1.54
RELX	86,704	2,695	3.81
Spirax-Sarco Engineering	14,984	1,581	2.24

Information Technology 7.72% (31.12.2022 – 7.16%)

Halma	74,497	1,707	2.41
Sage Group	232,533	2,744	3.88
Kainos	89,296	1,008	1.43

Materials 2.07% (31.12.2022 – 5.40%)

Croda International	28,802	1,461	2.07
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Real Estate 00.00% (31.12.2022 – 2.21%)**OVERSEAS EQUITIES 15.82% (31.12.2022 – 8.48%)****DEVELOPED EUROPE 0.86% (31.12.2022 – 1.02%)****Consumer Staples 0.86% (31.12.2022 – 1.02%)**

Kerry Group	8,929	608	0.86
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NORTH AMERICA 13.96% (31.12.2022 – 6.64%)**Communication Services 1.18% (31.12.2022 – 0.62%)**

Alphabet Class C	7,540	836	1.18
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Consumer Discretionary 1.20% (31.12.2022 – 0.48%)

Amazon.com	7,062	850	1.20
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Health Care 3.18% (31.12.2022 – 1.09%)

Thermo Fisher Scientific	2,814	1,178	1.67
UnitedHealth Group	2,603	1,072	1.51

PORTFOLIO STATEMENT

at 31 December 2023

Financials 4.35% (31.12.2022 – 0.87%)			
Intercontinental Exchange Group	9,488	957	1.35
Visa A	5,739	1,173	1.66
S&P Global	2,730	947	1.34
Information Technology 4.05% (31.12.2022 – 3.58%)			
Accenture	2,764	763	1.08
Adobe	1,405	657	0.93
Microsoft	4,888	1,439	2.04
ASIA PACIFIC EX JAPAN 1.00% (31.12.2022 – 0.82%)			
Information Technology 1.00% (31.12.2022 – 0.82%)			
Taiwan Semiconductor Manufacturing Company	8,607	707	1.00
INFRASTRUCTURE & OPERATING 0.83%			
(31.12.2022 – 0.00%)			
Empiric Student Property	623,301	587	0.83
PROPERTY 1.25% (31.12.2022 – 0.00%)			
Tritax Big Box REIT	522,007	880	1.25
INVESTMENT ASSETS		70,419	99.63
NET OTHER ASSETS		260	0.37
TOTAL NET ASSETS		70,679	100.00

All investments, are listed on recognised stock exchanges or traded on or under the rules of an eligible securities market.

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 gains/(losses)	2		8,245		(14,821)
Revenue	3	1,443		1,585	
Expenses	4	(435)		(435)	
Net revenue before taxation		1,008		1,150	
Taxation	5	16		(4)	
Net revenue after taxation			1,024		1,146
Total return/(deficit) before distributions			9,269		(13,675)
Distributions	6		(2,369)		(2,323)
Change in net assets attributable to Shareholders from investment activities			6,900		(15,998)

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
Opening net assets attributable to Shareholders		64,683		81,327
Amounts receivable on issue of Shares	142		496	
Amounts payable on cancellation of Shares	(1,092)		(1,190)	
		(950)		(694)
Change in net assets attributable to Shareholders from investment activities		6,900		(15,998)
Retained distributions on Accumulation Shares		46		48
Closing net assets attributable to Shareholders		70,679		64,683

The notes on pages 28 to 42 and distribution tables on page 43 form part of these financial statements.

BALANCE SHEET
at 31 December 2023

	Note	31.12.2023		31.12.2022	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			70,419		63,761
Current assets:					
Debtors	7	111		123	
Cash equivalents	8	–		1,175	
Cash and bank balances	8	804		252	
Total current assets			915		1,550
Total assets			71,334		65,311
LIABILITIES					
Creditors:					
Other creditors	9	51		47	
Distribution payable on Income Shares		604		581	
Total creditors			655		628
Total liabilities			655		628
Net assets attributable to Shareholders			70,679		64,683

The financial statements on pages 26 to 43 have been approved and authorised for issue by the Trustee and authorised for issue.

Approved on behalf of the Trustee
23 May 2024

A Brookes, Chair
CBF Funds Trustee Limited

The notes on pages 28 to 42 and distribution tables on page 43 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 Fund is exempt from preparing a statement of cash flows under FRS 102 and The Church Funds Investment Measures Act 1958 as substantially all of the Fund's investments are highly liquid, substantially all of the Fund's investments are carried at market value and the Fund provides a statement of change in net assets.

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 UK Equity Fund would cease operations and be wound up, with the investors' existing holdings in The CBF Church of England UK Equity 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 UK Equity 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

Dividends on investments, including special dividends where appropriate are accrued to revenue on the dates when the investments are first quoted ex-dividend or otherwise on receipt of cash. Interest on bank deposits are accrued on a daily basis and interest on deposits in The CBF Church of England Deposit Fund are credited to revenue on receipt of cash.

Revenue is stated net of irrecoverable tax credits. In the case where revenue is received after the deduction of withholding tax, the revenue is shown gross of taxation and the tax consequences are shown within the tax charge. Overseas tax recovered is recorded in the period it is received.

(c) Stock dividends

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

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

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

It is likely that where the receipt of a special dividend, share buy-back, additional share issues results in a significant reduction in the capital value of the holding, then the special dividend, share buy-back, additional share issue is treated as capital in nature so as to ensure the matching principle is applied to gains and losses. Otherwise, the special dividend, share buy-back, traditional share issue is treated as revenue.

(e) 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 and was 0.50% pa plus VAT.

The Fund also received AMC rebates credited to the 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 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.

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

1. Accounting policies (*continued*)

(e) Expenses (*continued*)

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.

(f) Distributions

Distributions are paid quarterly and can also be supported by the Fund's capital.

A reconciliation of the net distribution to the net income of the Fund as reported in the statement of total return is shown in note 6.

The Fund can utilise an income reserve to even out the fluctuations in revenue which arise over the years. Movements in the income reserve are therefore adjustments made to net revenue in determining the distributions. The income reserve was £nil as at 31 December 2023. There was no change in the income reserve balance during the current and prior reporting period.

(g) Basis of valuation

Quoted investments are valued at bid-market values at 12pm London time on the last business day of the accounting period.

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.

(h) Foreign exchange

Transactions in foreign currencies during the period are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at 12pm London time on 29 December 2023, the last valuation point in the accounting period.

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

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

1. Accounting policies (*continued*)

(i) 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 gains/(losses)

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
The net capital gains/(losses) during the year comprise:		
Realised gains on non-derivative securities*	2,735	2,641
Unrealised gains/(losses) on non-derivative securities*	5,466	(17,462)
Currency gains	44	–
	8,245	(14,821)

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

3. Revenue

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Overseas dividends	157	154
UK dividends	1,160	1,325
Interest on The CBF Church of England Deposit Fund	36	5
Property income distributions	58	93
Bank interest	30	6
Manager's annual management charge rebate*	2	2
	1,443	1,585

* 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.

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

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 annual management charge – see note 1(e)	405	407
	405	407
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Monitoring fee	6	6
Safe custody fees	3	2
	9	8
	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Other expenses:		
Audit fee	10	12
Insurance fee	1	1
Other fees	10	7
	21	20
Total expenses	435	435

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 exempt from UK Income and Capital Gains Tax pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid and reinvested revenue credited gross to Shareholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas revenue. Recoverable withholding tax is credited to revenue, on receipt.

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Overseas taxation suffered in the year	1	4
Overseas recoverable withholding tax (windfall)/written off in the year	(17)	–
Total taxation	(16)	4

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	570	571
30 June – interim distribution	572	578
30 September – interim distribution	612	585
31 December – final distribution	611	589
	2,365	2,323
Add: revenue deducted on cancellation of Shares	4	2
Deduct: revenue received on issue of Shares	–	(2)
Net distribution for the year	2,369	2,323
Net revenue after taxation for the year	1,024	1,146
Distributions from capital	940	770
Manager's periodic charge – see note 1(e)	405	407
Net distribution for the year	2,369	2,323

Details of the distribution per Share are set out in the distribution tables on page 43.

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

6. Distributions (*continued*)

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 £289 (31.12.2022, £267).

7. Debtors

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Accrued revenue	107	122
Income tax recoverable	4	1
	111	123

8. Cash equivalents, cash and bank balances

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Cash equivalent – cash in The CBF Church of England Deposit Fund	–	1,175
Cash and bank balances – cash at bank	804	252

9. Other creditors

	Year ended 31.12.2023 £'000	Year ended 31.12.2022 £'000
Accrued expenses	51	47
	51	47

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

10. Financial instruments

Fair value

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

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

Market price risk

This is an actively managed Fund which invests mainly in UK and overseas equities. 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 positive 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 and also by the Board.

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 £3,521,000 (31.12.2022, £3,188,000).

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.

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

10. Financial instruments (continued)

Liquidity risk

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

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and revenue are denominated in currencies other than sterling, the base currency of the Fund. The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates on investments and revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2023, if the value of sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would decrease or increase respectively by approximately £112,000 (31.12.2022, increase or decrease respectively by £55,000).

The total foreign currency exposure at 31 December 2023 and 31 December 2022 was:

Currency	31.12.2023			31.12.2022		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Euro	–	608	608	–	658	658
US dollar	17	10,578	10,595	28	4,831	4,859
Total	17	11,186	11,203	28	5,489	5,517

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

10. Financial instruments (continued)

Interest rate risk

The majority of the Fund's financial assets are equities which neither receive interest nor have maturity dates. The Fund also invests in cash deposits, the revenue of which may be affected by changes to interest rates relevant to cash deposits or as a result of the Manager being unable to secure similar returns following the withdrawal of the cash deposits.

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	Financial assets not carrying interest £'000	Total £'000
Sterling	804	59,327	60,131
Euro	–	608	608
US dollar	–	10,595	10,595
Total	804	70,530	71,334

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	655	655
Total	–	655	655

The total exposure at 31 December 2022 was:

Currency	Floating rate financial assets* £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,427	58,367	59,794
Euro	–	658	658
US dollar	–	4,859	4,859
Total	1,427	63,884	65,311

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

10. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'0000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	628	628
Total	–	628	628

* 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.

11. Commitments and contingent liabilities

There were no other commitments or contingent liabilities as at 31 December 2023 (31.12.2022, £nil).

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(e) for further information. An amount of £35,474 was due to the Manager at 31 December 2023 (31.12.2022, £33,613).

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 £nil (31.12.2022, £1,175,000) was held in The CBF Church of England Deposit Fund. During the year the Fund received interest of £35,821 (31.12.2022: £4,678) from the The CBF Church of England Deposit Fund.

At 31 December 2023, CBF Church of England Investment Fund held 82.76% (31.12.2022, 81.28%) of the value of the Fund.

There is no individual investor holding more than 20% of the Fund.

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

13. Portfolio transaction costs

For the year ended 31 December 2023

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total purchases costs						
Equity transactions	10,463	4	0.04	–	–	10,467
Total	10,463	4				10,467

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total sales costs						
Equity transactions	12,014	(5)	0.04	–	–	12,009
Total	12,014	(5)				12,009

Commissions and taxes as a percentage of average net assets

Commissions 0.01%

Taxes 0.00%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2023 was 0.19%

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

13. Portfolio transaction costs (*continued*)

For the year ended 31 December 2022

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total purchases costs						
Equity transactions	14,358	6	0.04	–	–	14,364
Total	14,358	6			–	14,364

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total sales costs						
Equity transactions	15,853	(7)	0.04	–	–	15,846
Total	15,853	(7)		–	–	15,846

Commissions and taxes as a percentage of average net assets

Commissions	0.02%
Taxes	0.00%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2022 was 0.23%

For the current year and the comparative year, in the case of equities, commissions and taxes are paid by the Fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike equities, the majority of other types of investments (such as bonds, funds, 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

14. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.2023	
	Income Shares	Accumulation Shares
Opening number of Shares at beginning of year	35,184,578	598,202
Shares issued in year	65,564	4,938
Shares cancelled in year	(524,513)	(29,775)
Closing number of Shares at end of year	34,725,629	573,365

All Shares carry the same rights.

15. 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.

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

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 that 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

15. 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	70,419	–	–	70,419
	70,419	–	–	70,419

For the year ended 31 December 2022

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	63,761	–	–	63,761
	63,761	–	–	63,761

For financial instruments which have quoted prices for identical instruments in active markets, those prices are taken to be fair value.

DISTRIBUTION TABLES

for the year ended 31 December 2023

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2023	2022	2023	2022
Income Shares				
31 March	31 May	31 May	1.59	1.59
30 June	31 August	31 August	1.59	1.59
30 September	30 November	30 November	1.73	1.63
31 December	29 February	28 February	1.74	1.65
			6.65	6.46

Period ended	Revenue accumulated pence per Share	
	2023	2022
Accumulation Shares		
31 March	1.77	1.92
30 June	3.12	2.89
30 September	1.53	1.77
31 December	1.25	1.40
	7.67	7.98

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

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 make allocations to investors holding Accumulation Shares in proportion to their respective share 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.

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 year, 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
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

Fund Manager

C Ryland

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

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

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)

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: One Angel Lane, London EC4R 3AB.

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