

Financial statements

Year to 28 February 2021

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Statement of the Council's Responsibilities

The Methodist Church Funds Act 1960 requires the Council, for each financial year, to prepare financial statements which give a true and fair view of the state of affairs of the Board's funds and of the return of the Board's funds for that period. In preparing those financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Board's Funds will continue in business.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board's funds and to enable them to ensure that the financial statements comply with the Methodist Church Funds Act 1960. The Council is also responsible for safeguarding the assets of the Board's funds and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved on behalf of
The Central Finance Board of the Methodist Church



John Sandford
29 April 2021

Chair's statement

Introduction

I started last year's Chair's statement reflecting upon the extraordinary times that we were in. Twelve months later and the extraordinary has become the normal. David, our CEO, started writing a weekly newsletter to all staff when we first commenced working shifts in the office just before lockdown started properly. He is now approaching update Number 60. Most of our colleagues have not stepped into Bonhill Street for over a year. We learnt very rapidly how to work remotely, and I am pleased to report that, after the initial adjustment and sharp market falls, we have had a relatively problem free year. We even managed to launch a new Fund during this time and run some successful campaigns for new business. The support of our Directors and Council members during this time has been extraordinary and I must thank you all for the faith that you have shown in me and in the management team at the Central Finance Board over the last twelve months. I must also acknowledge the work of the management and staff at the CFB who have coped admirably with the disruption to working patterns and homelife. We have seen families and friends of our colleagues suffer losses during the Pandemic and we send our prayers and deepest condolences to them and all that have suffered loss or hardship over the last year. It is at times like these that I am so grateful to be part of the community that is the Methodist Church.

Our financial position

At the start of this financial year, we faced an uncertain time as Global equity markets suffered severe falls. As our revenue is based upon a percentage of AUM, these declines severely impacted upon our first quarter's earnings. Since then, we have seen a good recovery in the Global stock markets and our revenue from the international assets that the CFB manages has recovered. In contrast the UK Equity market continues to be well below pre-Pandemic levels as it also had to deal with the UK's tortuous exit from the European Union. Our new business was behind expectations; hardly surprising given that for many charities the focus has been on survival rather than investment for the last 12 months.

The consolidated position for the CFB, including Epworth Investment Management shows a deficit of £148,426. This includes exceptional costs that were incurred in the fourth quarter of the year following a management re-organisation. The budget for the year ahead suggests that the CFB should return to a broadly balanced position for 2021/22. The consolidated net current assets of the organisation remain above £2 million and the Council continue to stress test the CFB's financial resources and has no concerns about its continued financial stability.

Assets under management

The "de-risking" of pension assets that I described last year continued during 2020 as we saw one of our long-standing pension clients close their account with the CFB. This represented the conclusion of a 20-year recovery plan for the Scheme and we wish them well as the underlying charity deals with the twin financial strains of a pension deficit and falling donor revenue. Our other Methodist Pension scheme clients have deferred further de-risking for the time being, but we expect this to resume as deficits close. To compensate for this client loss, we had some successful new business campaigns during the year that David describes below. Overall, in a year of extraordinary volatility, the CFB assets under management finished the year virtually unchanged at £1.05 bln (2020 £1.06bln).

The climate emergency

The Joint Advisory Committee on the Ethics of Investment ('JACEI') delivered a special report to the 2020 Methodist Conference about the alignment of the oil, gas, and mining sectors with the long-term temperature change commitments of the Paris Accord. This report advised that a number of companies were not aligned, resulting in the sale by the CFB of several positions, including BP. The report also concluded that four companies were aligned, or may be closely aligned, with the Accord. These companies included Shell. The online 2020 Conference referred this report to Methodist Council and they in turn have asked JACEI to review the findings in relation to these four companies.

The Climate Emergency has been a focus of the CFB and JACEI for almost two decades. We initially focused our limited resources on the "users" of carbon fuels such as utility companies but then refocused to the suppliers of these fuels as required by the Methodist Conference motion of 2017. For the last 42 months we have undertaken a highly comprehensive analysis of the companies in the oil, gas, and mining sectors to evaluate whether they align with the "well below 2 degrees" requirements of the Paris Accord.

The easy solution for JACEI and the CFB in response to the 2017 motion would have been to have undertaken immediate and complete divestment from the oil and gas sector. However, we also recognise our obligation to use all the powers that we have to address the climate catastrophe that we are facing. We do believe in the value of shareholder engagement – through our voting powers in co-operation with others we have a voice that the company management must listen to. I sincerely believe that Shell's recent policy changes to improve their emissions disclosures, increase investment in alternative energies and partially link executive pay to GHG performance came as a result of pressure from the broad shareholder community. I am proud that the CFB has been part of that. However, I totally understand the view of many church members that, in the context of a climate emergency, this is now not enough.

JACEI has set aside a special meeting in April to review their previous conclusions on the alignment of these four companies with the Paris Accord and we will follow their advice.

CFB working party

The CFB has set up a working party to consider the role of the CFB within Methodism. This has been prompted by recent decisions of Conference regarding the ethical investment policies of the CFB, requests for information from the CFB from within the Church, and the increasing pressures upon the assets held by the Church arising from the funding needs of the Church's pension schemes. I am grateful to Rev. Peter Howson, a Council member, for chairing this working party. It will be reaching out to all interested parties within the Church over the next year for information and contributions and I commend it to the Board.

New council members

Following the retirements of Anne Goodwin and Terry Wynn last year we have co-opted two new members to the CFB Council, and they will be offered for nomination at the 2021 AGM. Matthew Tattersall is the Director of Finance & Resources for the Connexion. Julian de G Parker has been a Director of Epworth Investment Management Ltd since 2015 and is highly experienced in regulation and compliance. Matt and Julian will bring strong financial and regulatory oversight to Council and I highly commend them to the Annual General Meeting

Chair's statement

Changes in senior management

At the end of the year, we said goodbye to Stephen Beer, our Chief Investment Officer. Stephen had been with the CFB for 27 years and has contributed to its growth and development. Stephen will be much missed, and I thank him for his strong commitment and support.

I am very pleased to announce two new senior roles in the CFB. Roz Amos will be joining us shortly as Chief Investment Strategist. Roz started her career with 15 years as an investment consultant with Towers Watson. When Roz left Towers Watson in 2012, she was head of their New Ideas research team and their Indexation research team. Roz then joined UBS and she has spent the last 4 years in Zurich leading product development and investment oversight. Roz arrives at the CFB with a macro, multi asset view and the disciplines that 24 years at an investment consultant & investment bank bring.

We have also created a new role of Head of Ethics. This role acknowledges the incredible legacy that the CFB and Epworth Investment Management Ltd have in the world of ethical investors. Given our long and proud history in this field, the Council determined that we should create a new role that focuses on ethical thought leadership. This role will not only drive forward the current priorities of the Church on issues such as the Climate Emergency, Israel/Palestine and Tax Justice but will also identify emerging ethical trends that require research and original thinking. I am delighted to announce that Rev. Andrew Harper, formerly the Head of Global & Learning Innovation at Cliff College, joined us in this role in early April. Andrew is a Texan by birth, studied for his undergraduate degree in theology at Manchester University and was ordained in Nigeria. He has just completed his Doctor of Ministry at Wesley University in Ondo, Nigeria.

John Sandford
Chair
April 2021



Chief Executive Officer's report

Investment review of the year

Moving into 2020 the outlook for global markets appeared relatively benign. The world was heading into election year in the USA, but the UK had returned a sizeable Conservative majority that seemed to remove much of the uncertainty surrounding BREXIT. Interest rates looked set to gradually increase with stable economic growth stable and equities looked good value, particularly in comparison with bond yields that were reflecting a decades long bull run.

Then on 5 January the World Health Organisation published news of an outbreak of a new form of Coronavirus in China. Initially the markets reflected on the relatively low mortality rate from this latest outbreak in comparison with other forms of coronavirus such as SARS and MERS. However, there was an initial failure to recognise the highly infectious nature of this new pathogen. By March COVID 19 had become a global pandemic and many Governments had taken drastic preventative measures to restrict the movement of people in a bid to slowdown the spread of the disease. Investors fled from equity markets into safe havens such as Government bonds and gold, leading to some of the most dramatic falls in stock market history. We entered one of the sharpest equity bear markets in history. For many markets it was also one of the shortest.

The initial economic shocks from the Pandemic were severe. The jobless rate in the USA hit 14.7%, 4.7% higher than at the worst of the 2007 financial crises. In the UK we saw a decline of 19.8% in GDP in the 3 months to June. Central Bank and Government responses were robust. China and the US announced several enormous stimulus bills and the UK Government continues to support the employment and property markets. With so much stimulus the second half of the year has seen a recovery by most global equity markets. The Technology sector was a major benefactor and led to a strong performance by the US. The UK market has underperformed its global rivals – held back by its lack of technology companies and large exposure to oil companies and banks. The former hurt by the lack of economic activity and the latter by the very low interest rate environment. The continued uncertainty over BREXIT also held the UK market back.

The outlook remains uncertain. The Bank of England is planning for two scenarios – one where interest rates remain exceptionally low as the UK economy struggles to regain its lost ground amidst rising taxes to pay for the costs of the pandemic; and a second where the exit from lockdown and successful vaccination programme leads to a surge in economic activity and a spike in inflation. In the United States the new Democratic Government is likely to reverse some of Trump's tax cuts but re-open America's doors to world trade. We expect there to be significant sector rotation, the UK stock market to recover some of its underperformance and Bond markets to be nervous about rising inflation.

Ethical review

John has already described the intense body of work that has been undertaken on the Climate Emergency and the alignment of the oil, gas, and mining sectors with the Paris Accord. This work absorbed much of our resources this year, but we have been able to lead on several other themes during the year, most notably Tax Justice. I am very proud to report that Epworth became the first asset manager in the UK to receive the Fair Tax Mark accreditation and engagement with our investee companies on their tax policy is now part of our standard conversation. Several of these companies have applied or have indicated that they will apply for the Fair Tax Mark. Others, whilst not recognising the accreditation, have changed the way they present their tax reporting following our engagement on the issue. Towards the end of the year, the CFB and JACEI began work on our Israel/Palestine policy following a direction from Methodist Council. I hope to be able to report more on this next year. For full details on our ethical work during the year may I refer you to the JACEI Annual report for 2021 which will be presented to this year's Methodist Conference.

Fund changes during the year

During the year, the CFB closed the Inflation Linked Fund due to the withdrawal from the Fund by a substantial unit holder. The residual assets in the Fund were converted to the CFB Gilt Fund on 10 August 2020.

The investment rules of the CFB Short Fixed Interest Fund have been amended to allow investment into Eurobonds issued by sovereign or supranational bodies, in addition to Gilts. This change was made to take advantage of the slightly higher yields available from these issuers relative to Gilts.

Epworth added a new fund to its Epworth Investment fund for Charities - the Climate Stewardship Fund. This Sub fund applies all of the CFB/Epworth's existing ethical policies and in addition excludes companies that extract or refine fossil fuels; have a material involvement in supplying the fossil fuel industry; and minimises exposure to companies that are responsible for high levels of GHG emissions. The Sub fund also looks to invest in companies that positively contribute to the transition to a low carbon economy. This Sub fund was launched in response to the demand from Epworth's clients for an investment Fund that does not have exposure to the oil & gas sector. The Sub fund's design was driven by a client round table held in Bonhill Street in late 2019. The initial investors switched from the UK Equity Sub fund and the Climate Stewardship Sub fund now has assets under management of more than £30m.

The CFB has explored launching its own Climate Stewardship Fund (which would feed into the Epworth Sub fund) but to do so £1m of initial investment is required. To date there has not been a sufficient level of interest in this fund from within the Methodist Church.

CFB fund performance

I am pleased to report that the CFB UK Equity Fund is now showing an outperformance of its benchmark over all periods (see table 1). This is largely due to the decision in the underlying Epworth UK Equity Fund to increase the focus on companies where we expect long-term share price out-performance. This has been achieved with no noticeable increase in the overall volatility of unit prices in the Fund.

The CFB Overseas Fund has also seen some recent outperformance and we hope to build on this through more cross investment into the appropriate Epworth Fund. The CFB's Fixed Interest Funds have shown mixed performances as we remain cautious at the end of a prolonged bull market. The average duration in these funds is shorter than benchmark and, in the Corporate Bond Fund, higher credit quality than that implied in the Fund's benchmark.

Epworth Investment Fund for Charities

Last year I described the conversion of Epworth's Charity Investment Funds into Charity Authorised Investment Funds and the launch of several new Sub funds to broaden Epworth's offering to the Charity market. Many of the CFB's funds invested into these Epworth Funds with the CFB UK Equity and Overseas Equity fund initially investing 25% of their assets in the Epworth vehicles. Since that time the Epworth Funds have continued to perform well and the CFB UK Equity Fund is now fully invested into the Epworth UK equity Fund.

The CFB Overseas Equity Fund remains 25% invested into the Epworth Global Equity Fund but a transition plan has been agreed to fully cross invest into the Epworth Fund. This reflects the better performance of the Epworth Fund and its lower costs. It also has better ethical outcomes because the directly invested nature of the underlying assets gives greater visibility on the Funds ethical performance than some of the Funds used by the CFB Overseas Fund.

For internal purposes only, table 2 summarises the cross investment between the CFB and Epworth funds and the performance of the Epworth funds since inception:

Chief Executive Officer's report

Table 1 - CFB fund performance summary

As at 28 February 2021

	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
CFB UK Equity Fund	5.7	3.2	7.0	6.1
Benchmark	3.5	1.2	5.9	5.5
Excess return	2.2	2.0	1.1	0.6
CFB Overseas Equity Fund	21.4	10.9	14.8	11.4
Benchmark	20.3	10.7	15.3	11.5
Excess return	1.1	0.2	-0.5	-0.1
CFB Gilt Fund	-3.9	2.9	2.6	4.5
Benchmark	-4.3	3.2	2.9	4.8
Excess return	0.4	-0.3	-0.3	-0.3
CFB Short Fixed Interest Fund	-0.4	1.7	1.3	2.6
Benchmark	-0.8	1.7	1.2	2.6
Excess return	0.4	0.0	0.1	0.0
CFB Corporate Bond Fund	-0.6	3.4	3.7	5.1
Benchmark	2.0	4.6	4.6	5.6
Excess return	-2.6	-1.2	-0.9	-0.5

All figures after fees

Table 2 - Cross investment between the CFB and Epworth funds summary

	Fund size £m	CFB holding £m	Date of inception	Performance since inception % p.a.
Epworth UK Equity Fund for Charities	375.8	331.0	01.05.19	0.4
Benchmark				-1.8
Excess return				2.2
Epworth Global Equity Fund for Charities	88.3	72.7	01.05.19	12.6
Benchmark				11.2
Excess return				1.4
Epworth Sterling Sovereign Bond Fund for Charities	15.8	5.2	01.05.19	2.6
Benchmark				3.3
Excess return				-0.7
Epworth Corporate Bond Fund for Charities	129.7	109.2	01.05.19	3.3
Benchmark				5.4
Excess return				-2.1
Epworth Multi-Asset Fund for Charities	31.4	28.8	01.08.19	2.6
Benchmark				2.6
Excess return				0.0
Epworth Climate Stewardship Fund for Charities	31.6	3.7	29.05.20	6.4
Benchmark				9.9
Excess return				-3.5
Affirmative Deposit Fund for Charities	537.4	373.7		
Total	1,210.0	924.3		

Chief Executive Officer's report

ADF & ECSF campaigns

During 2020 Epworth undertook two marketing campaigns, one for each of the Affirmative Deposit fund and the Epworth Climate Stewardship Fund. These campaigns involved a series of emails to over 30,000 charities, with follow up calls from an agency on behalf of Epworth. Together the campaigns raised more than £60m in new assets for Epworth. The ADF campaign was particularly successful and introduced to Epworth several high value new clients. These become our pipeline for the year ahead for other products and services offered by Epworth.

ADF review & interest rates

The Epworth Board has undertaken a full review of the Affirmative Deposit Fund into which the CFB Deposit Fund invests. This review was triggered by the threat of negative interest rates in the UK. The Bank of England cut its key base rate to 0.1% in March 2020 and rates currently payable in the money markets are even lower than this. Considering Epworth/CFB's management fees and other third-party costs, the actual interest rate accruing to depositors is already in negative territory. A positive interest rate is being maintained on the Funds thanks to the interest reserve account that has been built up over many years. However, this will eventually be depleted and, unless market interest rates pick up, the CFB/Epworth will have to consider lowering its management fee or charging clients to hold cash in the Funds – or more likely both. The Board are considering options to improve the yield received in the Fund by accepting additional credit risk. We are also engaging with the CFB's software suppliers to ensure that our operations can cope with negative interest rates. The CFB is also in discussion with TMCP regarding their Trustee Interest Fund which has to bear additional costs from TMCP. This Fund (which sits within the CFB Deposit Fund) may accept increased duration risk to achieve additional gross returns for depositors.

The CFB's voting record

The CFB continues to be a very active investor. Our voting policy follows the agreed template of the Church Investors Group. Under the template most of the Christian investment bodies in the UK vote together on such issues as Executive pay and boardroom diversification. The CFB's voting record in 2020/21 can be seen in table 3.

Looking forward to 2021/22

The investment review has highlighted the knife edge upon which investment markets sit. Will economic activity recover quickly or will the high cost of the pandemic hamstring Governments for years ahead as they repay the massive debts that have been accumulated. For Epworth the critical impact is on ADF where the Board have been scenario planning for the event of negative interest rates in the UK. There is no doubt that negative rates will be a shock to our depositors and our planning seeks to ensure that we are not a first mover to declare negative interest rates.

I am very excited about our new senior management team. Roz's breadth of experience will add tremendously to our strategic investment thinking and improve our presence in some of the key distribution channels for Epworth. Andrew brings an energy and dynamism to our ethical thought leadership that will get attention. Over the last few years, we have significantly improved our client proposition and we have plans for further changes in the year ahead. Our Fund management team have delivered strong risk adjusted equity performance for several years. We have also made substantial investment in our operations, compliance, and risk functions. The finance function has always been in very strong hands. With this tremendous base and our new leadership team, 2021 holds great promise as we emerge from the Pandemic this summer.

David Palmer
Chief Executive Officer
April 2021

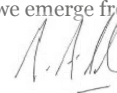


Table 3 - CFB voting record

Year to 28 February 2021

	For	Oppose	Abstain	Against or abstain
Auditors	183	1	0	1%
Directors	1,143	120	34	12%
Remuneration	205	139	17	43%
Executive Pay Scheme (UK)	9	4	1	36%
Shareholder Capital (Overseas)	178	15	0	8%
Other	886	117	26	14%
Total	2,604	396	78	15%

Principles of corporate governance

The Methodist Church Funds Act, 1960

The activities of the Central Finance Board of the Methodist Church (CFB) are governed by the Methodist Church Funds Act, 1960 and its responsibilities are defined in the Second Schedule of the Act.

Membership

The membership of the CFB consists of a maximum of 74 members, those being the President, Vice President and Secretary of the Conference (the ex-officio members), one representative of each of the 30 Methodist Districts (the nominated members) and up to 40 members elected by the Conference (the elected members).

General meetings

At least one General Meeting shall be held in each calendar year as decided by the CFB Council. Normally the annual General Meeting takes place in April. It is also within the powers of the President of the Conference to convene a General Meeting. At least 14 days written notice shall be given to members of the place, day, time and general nature of the agenda. However, the accidental omission to give appropriate notice does not invalidate the proceedings of the General Meeting.

The business of the annual General Meeting shall include:

- the election of members of the CFB Council;
- consideration of the Annual Reports and Accounts furnished by the Council;
- the appointment of and the fixing of the remuneration of the auditors.

A quorum shall be constituted by a resolution of the General Meeting and is at present 10. Every member present has one vote and in the event of a tie, the Chair has a second or casting vote. The Act states that there shall be no voting by proxy. Although there is no specific provision in the Act, as a matter of practice the Annual Reports and Accounts are put to the annual General Meeting for approval. It is also understood that the General Meeting has the authority to question and hold to account the Council in relation to the reports set before it.

The Chair

The Chair of the Council shall act as the Chair of the General Meeting. In his or her absence the General Meeting shall appoint its own Chair. Although not specified in the Act, it has been the usual practice for the Council to appoint a Vice Chair. The Chair has responsibility for the conduct of Council and Board meetings and for ensuring that Council members are properly briefed to enable full, constructive Council discussions.

The Council

The Council shall have a minimum of 6 and a maximum of 12 members elected by the General Meeting. Casual vacancies to serve until the following annual General Meeting may be filled by the Council. It shall elect one of its number to be Chair and both set quorum (at present 3) and regulate proceedings, including the delegation of powers to committees of council members, as it sees fit.

Council members are all non-executive and appointments are unpaid (although out-of-pocket expenses are reimbursed).

The business of the CFB shall be managed by the Council, which may exercise all such powers that are not required by the Act to be exercised by the General Meeting. Specific duties specified by the Act are to:

- cause proper accounts to be kept and audited of receipts and expenditure of Council and any investment or deposit fund administered by the CFB;
- submit these accounts together with a report on the CFB operations to the annual General Meeting.

There is no published Code which applies directly to the CFB, but the importance of high standards of corporate governance in the conduct of its affairs is recognised. The Council has therefore defined its terms of reference, which are reviewed regularly by the Audit, Risk and Governance Committee.

The number of Council meetings each year is six. It exercises its responsibilities by setting and reviewing financial targets; ethical policies; performance targets; risk management strategies; the internal compliance regime; financial controls and monitoring the activities of the executive team.

The Council aims to ensure that its members and its committees have a suitable breadth of skills, experience and gender to enable them to function effectively. The names and biographies of current Council members are identified in the Annual Report. One third of the Council members are required to retire by rotation each year and no member (other than the Chair) is permitted to remain on the Council for more than nine consecutive years.

To enable the Council to function effectively and allow it to discharge its duties, all Council members are given full and timely access to all relevant information. In general, Council papers are circulated a week in advance of Council meetings to give members adequate time to prepare for the meeting and to enable members who cannot attend the meeting to have an opportunity to review the matters to be discussed.

Council committees

The Council has delegated authority to a number of committees to deal with and report back to the Council on certain matters.

Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee comprises three members of the Council together with at least one non executive director of Epworth Investment Management Limited with the CEO and CFB Secretary/Chief Financial Officer in attendance. Members of the Audit, Risk and Governance Committee have broad financial experience which the Council considers appropriate to enable the Committee to carry out its responsibilities. It currently meets three times a year. The external auditors, internal auditors and external compliance consultants each attend one meeting, by invitation.

The Committee has defined terms of reference, which are reviewed regularly. It is responsible for reviewing accounting policies and reporting requirements; ensuring that accounting systems and internal controls are effective; reviewing the appointment of the external auditors every five years (last undertaken in February 2017) and reviewing the CFB risk management systems. An annual programme of activity has been agreed to ensure that all key risks and issues are considered in a timely and appropriate manner.

The Audit, Risk and Governance Committee has appointed a firm to undertake ongoing internal audit of the Firms processes and retained risks. The Committee will agree a risk-based programme of activities for the internal audit function using a thematic approach.

The Committee also reviews the reports of an external compliance consulting Firm that undertakes a Compliance monitoring program in conjunction with the Compliance officer.

Principles of corporate governance

Management and Remuneration Committee

The Management and Remuneration Committee comprises of the Chair, Vice Chair and three Council members with the Chief Executive and Secretary/ Chief Financial Officer in attendance. It meets four times each year and is responsible for:

- Ensuring that the CFB has a remuneration policy that enables it to attract and retain committed employees with the necessary skills and experience to ensure that it can achieve the aims and objectives as set out in the CFB Mission Statement;
- Ensuring that Council membership is maintained at an adequate level, with a suitable breadth of skills and experience to enable it to function effectively and representation from the CFB's major client base;
- Planning the longer-term development of the CFB and guiding the Executive on operational matters as appropriate.
- Reviewing operational issues, including investment strategy and performance, between Council meetings

Nominations Committee

The Nominations Committee is convened to oversee recruitment to executive team level posts.

Management structure

The CFB Council are responsible under its Act of Parliament for the management of the business of the CFB. It achieves this by delegating the day to day management functions to the Executive Team, whilst retaining its monitoring and oversight role through its Council and Management Committee meetings.

Executive Committee

The CFB Team is led by the Chief Executive assisted by the Chief Investment Strategist and the Secretary/Chief Financial Officer who together form the Executive Committee. The Compliance Officer also attends meetings of the Executive. The Committee meets formally usually on a weekly basis and more informally as required. It defines and ensures implementation of appropriate strategies to ensure the long-term success of the CFB through meeting the needs of its clients. It is responsible for all matters related to the day to day business of the CFB, which include:

- **Identification and review of strategic, operational, business, investment & financial risks**
The Executive Committee is responsible for identifying the major risks faced by the CFB and for determining the appropriate course of action to manage and mitigate those risks. This includes investment risks relating to the investment funds managed by the CFB and Epworth Investment Management Ltd. The Compliance & Risk Manager, whilst an independent function reporting to the Board, will advise EXCO in the identification, management & mitigation of risks. The Audit, Risk and Governance Committee review risk assessments produced by management at each meeting, considering and assessing the actions taken and proposed.
- **Insurances**
The CFB maintains insurance cover, including professional indemnity cover, and works closely with brokers to ensure that appropriate levels of cover are maintained with reputable insurers.
- **Ethics**
The CFB aims to follow a discipline in which the ethical dimension is an integral part of all investment decisions; to construct investment portfolios which are consistent with the moral stance and teachings of the Christian faith; to encourage strategic thinking on the ethics of investment; and to be a Christian witness in the investment community. To assist the CFB in this aim, the Methodist Church established the Joint Advisory Committee on the Ethics of Investment (JACEI) which reports annually to the Methodist Conference.

The CFB appoints five members of JACEI. At present these are made up of two Council members, two Board members and the Chief Executive. Five other members and the Chair are appointed by the Methodist Council. Following the inclusion of JACEI in Methodist Church Standing Orders, each JACEI member (unless ex-officio) will be appointed for an initial period of three years. This term can be extended for a maximum of two further three-year periods. Reciprocal observer status has been agreed between JACEI and the Ethical Investment Advisory Group of the Church of England.

The CFB works with other churches and denominations both in the UK and Overseas mainly through the Church Investors Group (CIG). It exercises its responsibilities as a shareholder by voting all shares according templates agreed with and through CIG. It is a signatory of the UK Stewardship Code, the Carbon Disclosure Project and the UN Principles for Responsible Investment. It also works through membership of collaborative organisations such as the Institutional Investors Group on Climate Change. All CFB Ethical Policies are available on our website.

- **Employees**
The CFB appreciates its responsibility to encourage and assist in the employment, training, promotion and personal career development of all employees, without prejudice. It is committed to maintaining a working environment where members of staff are individually valued and recognised, and assists its employees in achieving an appropriate work/life balance, including policies on maternity and paternity leave, and emergency time off. The CFB is an accredited Living Wage Employer.
- **Health & safety**
The CFB recognises and accepts its responsibility for, and is committed to ensuring the provision of, adequate systems for the health, safety and welfare of employees. It aims to achieve best practice in health, safety and welfare of staff and employs external specialist advisors to carry out six monthly reviews on all related matters. These reports sent to and considered by the Audit Committee.
- **Environment**
The CFB, as a Methodist organisation, seeks to meet the requirements of the Methodist Church set out in its Policy, 'Caring for the Earth'. The Executive Committee reviews environmental matters from time to time and encourages staff to minimise the carbon footprint of the CFB through their working practices
- **Suppliers**
The CFB aims to develop long term business relationships with its suppliers who are required to adhere to business principles consistent with those of the CFB. We expect them to adopt and implement acceptable safety, environmental, labour, human rights and legal standards in line with these standards.
- **Relations with unit holders and depositors**
The CFB encourages interaction with its unit holders and depositors and holds an Annual Conference to assist with their understanding of investment issues. Members of the Executive meet with key clients regularly throughout the year

Independent auditor's report to the Members of the Central Finance Board of the Methodist Church

Opinion

We have audited the financial statements of Central Finance Board of the Methodist Church Funds ("the CFB's funds") (UK Equity Fund, Overseas Fund, Property Fund, Managed Equity Fund, Managed Fixed Interest Fund, Managed Mixed Fund, Managed Medium Term Fund, Managed Long Term Fund, Short Fixed Interest Fund, Gilt Fund, Corporate Bond Fund and Inflation Linked Fund) for the year ended 28 February 2021. The financial statements comprise the Statement of total return, the Statement of change in net assets attributable to unitholders, the Price and income history, the Balance sheet, the Distribution table, the Net asset value table, the Total expense ratios (where applicable), the Summary of investments and other assets, the Summary of investments by credit rating (where applicable), the Portfolio valuation (where applicable) and related notes to the financial statements. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the CFB's funds' affairs as at 28 February 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Methodist Church Funds Act 1960.

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 CFB's funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the CFB's funds' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Council members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chair's statement and Chief Executive Officer's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chair's statement and Chief Executive Officer's report has been prepared in accordance with applicable legal requirements.

Matters on which we report by exception

In the light of the knowledge and understanding of the CFB's funds and its environment obtained in the course of the audit, we have not identified material misstatements in the Chair's statement and Chief Executive Officer's report.

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Council members

As explained more fully in the Council's responsibilities statement, the members are 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 members determine is necessary 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 members are responsible for assessing the Council'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 members either intend to liquidate the CFB's funds or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the Members of the Central Finance Board of the Methodist Church

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.

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:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the CFB's funds through discussions with Council members and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; we considered the impact of COVID-19 on the CFB's Funds and its internal controls;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the CFB's Funds including the Methodist Church Fund Act 1960 as applied to the CFBs funds, The Financial Services and Markets Act 2000, and taxation legislation; and
- we considered the impact of Brexit on the CFB's Funds and the laws and regulations above.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the CFB's Funds to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process, taking into account the impact of COVID-19 on controls during the year;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the CFB's Funds management; and
- carried out substantive testing to check the occurrence and cut-off of income and expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Council members and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Section 35 to the second schedule of the Methodist Church Funds Act 1960. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the CFB and the members, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Chapman (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

CFB UK Equity Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net gains/(losses) on investments during the period	2	11,508	(10,600)
		11,508	(10,600)
Income	3	9,586	14,182
Expenses	4	(1,627)	(1,505)
Net income		7,959	12,677
Total return for the period		19,467	2,077
Finance costs: distributions	8	(7,961)	(12,678)
Change in net assets attributable to unitholders		11,506	(10,601)

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	351,345	429,168
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	45,480	24,533
Amounts payable on cancellation of units	(84,116)	(91,833)
	(38,636)	(67,300)
Dilution levy/adjustment	11	78
Change in net assets attributable to unitholders from investment activities	11,506	(10,601)
Closing net assets attributable to unitholders	324,226	351,345

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.09.99 £
Charity & Pension units				
2017	1,987.5	1,668.0	67.56	45.17
2018	2,135.5	1,954.6	67.06	44.83
2019	2,173.3	1,911.2	71.52	47.82
2020	2,226.3	1,947.6	66.54	44.49
2021	2,076.8	1,531.5	42.64	28.51

CFB UK Equity Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		323,456	350,579
Current assets			
Debtors	9	1,435	1,759
Cash and bank balances	10	497	2,683
Total current assets		1,932	4,442
Total assets		325,388	355,021
Liabilities			
Creditors	11	(77)	(1,814)
Distribution payable		(1,085)	(1,862)
Total liabilities		(1,162)	(3,676)
Net assets attributable to unitholders		324,226	351,345

Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
Charity units				
1 March 2020 to 31 May 2020	13.82	(0.02)	13.80	20 July 2020
1 June 2020 to 31 August 2020	10.65	0.29	10.94	20 October 2020
1 September 2020 to 30 November 2020	11.36	0.12	11.48	20 January 2021
1 December 2020 to 28 February 2021	6.57	(0.15)	6.42	20 April 2021
Pension units				
1 March 2020 to 31 May 2020	13.82	0.31	14.13	20 July 2020
1 June 2020 to 31 August 2020	11.47	(0.15)	11.32	20 October 2020
1 September 2020 to 30 November 2020	12.11	(0.25)	11.86	20 January 2021
1 December 2020 to 28 February 2021	6.85	(0.02)	6.83	20 April 2021

CFB UK Equity Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Units in issue Pension units	Net asset value p per unit
28 February 2017	391.9	5,010,400	14,910,615	1,967.3
28 February 2018	397.9	8,803,378	11,105,819	1,998.8
28 February 2019	429.2	9,399,617	11,938,682	2,011.3
29 February 2020	351.3	5,868,154	12,212,645	1,943.2
28 February 2021	324.2	4,486,119	11,671,792	2,006.6

Average dealing spread

	28.02.21	29.02.20
	%	%
	0.50	0.54

Total expense ratios

	2021 %	2020 %
Administration grant (including custody and transaction costs)	0.50	0.38
Epworth UK Equity Fund for Charities & external fund manager charges	0.21	0.20
	0.71	0.58

CFB UK Equity Fund

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	28.02.21 Benchmark* %	29.02.20 Market value £'000s	29.02.20 CFB %	29.02.20 Benchmark* %
Oil & gas producers	-	-	-	30,020	8.6	10.3
Oil equipment & services	-	-	-			0.2
Chemicals	-	-	-	3,315	0.9	0.7
Forestry & paper	-	-	-			0.4
Industrial metals	-	-	-			0.1
Mining	-	-	-	12,725	3.6	5.9
Construction & materials	-	-	-	6,368	1.8	1.4
Aerospace	-	-	-			2.0
General industrials	-	-	-	3,158	0.9	0.9
Electronic & electrical equipment	-	-	-			0.7
Industrial engineering	-	-	-	3,072	0.9	0.9
Industrial transportation	-	-	-			0.3
Support services	-	-	-	16,936	4.8	5.8
Automobiles & parts	-	-	-			0.0
Beverages	-	-	-			3.5
Food producers	-	-	-	8,071	2.3	0.7
Household goods & home construction	-	-	-	13,646	3.9	3.8
Leisure goods	-	-	-			0.1
Personal goods	-	-	-	7,580	2.2	2.6
Tobacco	-	-	-			4.1
Healthcare equipment & services	-	-	-	2,505	0.7	1.1
Pharmaceuticals & biotechnology	-	-	-	29,525	8.4	8.4
Food & drug retailers	-	-	-	7,433	2.1	1.7
General retailers	-	-	-	6,134	1.7	1.9
Media	-	-	-	13,763	3.9	3.8
Travel & leisure	-	-	-	3,824	1.1	4.4
Fixed-line telecommunications	-	-	-	7,797	2.2	0.7
Mobile telecommunications	-	-	-			1.8
Electricity	-	-	-	2,593	0.7	0.8
Gas, water & multi-utilities	-	-	-	5,584	1.6	2.7
Banks	-	-	-	24,553	7.0	9.4
Non-life Insurance	-	-	-			1.1
Life insurance	-	-	-	8,156	2.3	3.5
Real estate investment trusts	-	-	-	6,379	1.8	2.6
Real estate investment services	-	-	-			0.5
Financial services	-	-	-	10,584	3.0	4.6
Equity investment instruments	323,456	100.0	100.0	107,674	30.8	5.6
Software & computer services	-	-	-	9,184	2.6	1.0
Technology hardware & equipment	-	-	-			0.1
Total investments	323,456	100.0	100.0	350,579	100.0	100.0
Net cash	770			766		
Total value of fund	324,226			351,345		

* Benchmark: All Share

CFB UK Equity Fund

Portfolio valuation

As at 28 February 2021

	Holding 000s	Market value £'000s	%
Equity investment instruments			100.0
Epworth UK Equity for Charities CFB	206,440	322,232	99.6
Impax New Energy Investors II LP	304	32	0.0
Impax New Energy Investors III LP	26	1,192	0.4
Media			0.0
Lion Hudson	171	0	0.0
Total investments		323,456	100.0
Net current assets		770	
Total value of Fund		324,226	

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

Management expenses, including custodian charges and transaction fees, are charged to the funds monthly based on the net assets of each fund at the month end. As at 28 February 2021 expenses were recovered at the following rate:

- 0.50% per annum (29.02.20: 0.50%)

(d) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. 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 or if the Managers do not expect any returns for the Fund.

(f) Foreign exchange

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

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which have been paid for

our of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Net gains/(losses) on investments

	2021 £'000s	2020 £'000s
Proceeds from sales of investments	350,892	253,636
Original cost of investments sold	(324,662)	(203,259)
Net realised gains on sales	26,230	50,377
Net unrealised (losses)	(14,732)	(60,966)
Currency gains/(losses)	10	(11)
Net gains/(losses) on investments	11,508	(10,600)

3. Gross income

	2021 £'000s	2020 £'000s
UK dividends	9,358	13,988
Overseas dividends	28	250
Bank interest	20	36
Equalisation	(11)	(78)
Management fee recharge	191	(14)
Total income	9,586	14,182

4. Expenses

	2021 £'000s	2020 £'000s
Administration grant	1,627	1,505

5. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	1,943.2	2,011.3	1,998.8
Return before operating charges	114.4	6.0	91.5
Operating charges	(8.4)	(7.6)	(7.5)
Return after operating charges	106	(1.6)	84.0
Distribution on income units	(42.6)	(66.5)	(71.5)
Closing net asset value per unit	2,006.6	1,943.2	2,011.3

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	5.5	(0.1)	4.3

Pension units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	1,943.2	2,011.3	1,998.8
Return before operating charges	114.3	6.1	91.5
Operating charges	(6.8)	(7.8)	(8.3)
Return after operating charges	107.5	(1.7)	83.2
Distribution on income units	(44.1)	(66.4)	(70.7)
Closing net asset value per unit	2,006.6	1,943.2	2,011.3

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	5.5	(0.1)	4.2

CFB UK Equity Fund

6. Portfolio transaction costs

	2021 £'000s	2020 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	312,243	189,158
Commissions	25	23
Custodian transaction costs	3	3
Total purchase costs	28	26
Gross purchase total	312,271	189,184
Analysis of total sale costs		
Gross sales before transaction costs	350,921	253,666
Commissions	26	26
Custodian transaction costs	3	4
Total sale costs	29	30
Total net sales	350,892	253,636

The direct transaction costs expressed as a percentage of the net asset value are not considered to be material as all are below 0.1%.

7. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

8. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
31 May 2020	2,706	3,892
31 August 2020	2,090	3,798
30 November 2020	2,080	3,126
28 February 2021	1,085	1,862
	7,961	12,678
Income on creation and cancellation of units	11	78
Net distribution for year	7,972	12,756

9. Debtors

	2021 £'000s	2020 £'000s
Accrued income	1,434	1,759
Sales awaiting settlement	1	-
	1,435	1,759

10. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	105	2,491
Other bank accounts	392	192
	497	2,683

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

11. Creditors

	2021 £'000s	2020 £'000s
Purchases awaiting settlement	-	1,799
Other creditors	77	15
	77	1,814

12. Portfolio turnover

	2021 %	2020 %
Portfolio turnover	164.9	81.5

13. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

Each Fund is exposed to currency risks as certain of its assets are denominated in currencies other than sterling. The CFB does not seek to avoid this exposure since it believes that, in the long term hedging is detrimental to total return.

At 28 February 2021 foreign currency exposure was:

Currency	2021 £'000s	2020 £'000s
Euro	1,223	2,299
Norwegian Krone	-	1,648
	1,223	3,947

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

14. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A “Related Party Disclosures”.

15. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Overseas Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net gains on investments during the period	2	27,288	12,954
		27,288	12,954
Income	3	2,289	2,686
Expenses	4	(860)	(495)
Taxation: irrecoverable withholding tax	7	(61)	(127)
Net income		1,368	2,064
Total return for the period		28,656	15,018
Finance costs: distributions	8	(1,368)	(2,063)
Change in net assets attributable to unitholders		27,288	12,955

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	144,950	180,239
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	31,908	4,903
Amounts payable on cancellation of units	(55,269)	(53,231)
	(23,361)	(48,328)
Dilution levy/adjustment	33	84
Change in net assets attributable to unitholders from investment activities	27,288	12,955
Closing net assets attributable to unitholders	148,910	144,950

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.09.99 £
Charity & Pension units				
2017	566.1	426.3	6.46	32.53
2018	619.0	554.9	6.96	35.04
2019	658.1	578.5	7.52	37.86
2020	730.6	617.3	7.81	39.32
2021	828.2	577.5	4.70	23.67

CFB Overseas Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		146,895	143,837
Current assets			
Debtors	9	718	292
Cash and bank balances	10	1,575	1,286
Total current assets		2,293	1,578
Total assets		149,188	145,415
Liabilities			
Creditors	11	3	(73)
Distribution payable		(281)	(392)
Total liabilities		(278)	(465)
Net assets attributable to unitholders		148,910	144,950

Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
Charity units				
1 March 2020 to 31 May 2020	1.49	0.03	1.52	20 July 2020
1 June 2020 to 31 August 2020	1.72	(0.03)	1.69	20 October 2020
1 September 2020 to 30 November 2020	0.69	(0.02)	0.67	20 January 2021
1 December 2020 to 28 February 2021	0.82	-	0.82	20 April 2021
Pension units				
1 March 2020 to 31 May 2020	2.33	(0.03)	2.30	20 July 2020
1 June 2020 to 31 August 2020	2.53	0.01	2.54	20 October 2020
1 September 2020 to 30 November 2020	1.56	0.01	1.57	20 January 2021
1 December 2020 to 28 February 2021	1.78	-	1.78	20 April 2021

CFB Overseas Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Units in issue Pension units	Net asset value p per unit
28 February 2017	188.6	8,228,774	25,088,134	566.0
28 February 2018	191.3	18,710,874	13,188,881	599.6
28 February 2019	180.2	17,418,040	11,865,878	615.5
29 February 2020	145.0	11,089,078	10,943,709	657.9
28 February 2021	148.9	5,516,747	13,221,753	794.7

Average dealing spread

	28.02.21 %	29.02.20 %
	0.09	0.30

Total expense ratios

	2021 %	2020 %
Administration grant (including custody and transaction costs)	0.59	0.29
Epworth Global Equity Fund for Charities & external fund manager charges	0.54	0.59
	1.13	0.88

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
North America	45,229	30.8	58,489	40.6
Europe	9,909	6.7	14,157	9.8
Japan	5,630	3.8	8,508	6.0
Pacific Basin ex-Japan	11,336	7.7	14,339	10.0
Rest of the World	74,791	51.0	48,344	33.6
Total investments	146,895	100.0	143,837	100.0
Net current assets	2,015		1,113	
Total value of fund	148,910		144,950	

CFB Overseas Fund

Portfolio valuation

As at 28 February 2021

	Holding 000s	Market value £'000s	%
North America			
United States		45,229	30.8
Ishares MSCI KLD 400 Social ETF	192	10,111	6.9
MSCI North America (Lon) Soc Res A ETF	96	10,987	7.5
Wespath US Equity Fund	262	12,184	8.3
Wespath US Equity Index Fund	799	11,947	8.1
Europe			
Germany		2,218	1.5
Adidas	1	159	0.1
Allianz	1	239	0.1
BASF	3	177	0.1
Bayer	3	142	0.1
Daimler	3	154	0.1
Deutsche Boerse	1	72	0.0
Deutsche Post	3	115	0.1
Deutsche Telekom	11	139	0.1
Infineon Technologies	4	134	0.1
Muenchener Rueckversicherung	1	98	0.1
SAP	4	330	0.2
Siemens	3	281	0.2
Volkswagen Pref	1	92	0.1
Vonovia	2	86	0.1
Denmark		451	0.3
DSV	1	88	0.1
Novo Nordisk	5	275	0.1
Vestas Windsystems	1	88	0.1
Switzerland		2,472	1.7
ABB	6	122	0.1
Compagnie Financiere Warrants	3	0	-
Givaudan	1.00	84	-
Lonza	1.0	113	0.1
Nestle	9	694	0.5
Novartis	7	442	0.3
Richemont	2	116	0.1
Roche Holding	2	546	0.4
Sika	1	87	-
UBS Group	11	123	0.1
Zurich Insurance Group	1	145	0.1
Spain		401	0.3
Banco Santander	56	141	0.1
Iberdrola	20	178	0.1
Inditex	3	82	0.1

	Holding 000s	Market value £'000s	%
Finland		74	-
Kone B	1	74	-
France		1,319	0.9
Axa	6	115	0.1
BNP Paribas	4	153	0.1
Danone	2	98	-
Essilorluxottica	1	114	0.1
Kering	1.0	111	0.1
L'Air Lge Sc Anyme	2.0	167	0.1
L'Oreal	1.0	209	0.1
Sanofi	4	238	0.2
Vinci	2	114	0.1
Italy		270	0.2
Enel	26	175	0.1
Intesa Sanpaolo	51	95	0.1
Netherlands		863	0.6
Adyen	1.0	148	0.1
Asml Holding	1	531	0.4
Koninklijke Ahold Delhaize	4	67	0.0
Philips	3	117	0.1
Sweden		254	0.2
Atlas Copco A	2	86	0.1
Ericsson	10	88	0.1
Investor B	2	80	-
European composite		1,587	1.1
Vanguard FTSE Dev Europe	57	1,587	1.1
Japan		5,630	3.8
First State Inv Japan Equity B	1,814	4,773	3.2
Vanguard FTSE Japan	33	857	0.6
Pacific Basin composite		11,336	7.7
Generation IM Asia	24	3,825	2.6
Stewart Inv Asia B Sustainability	771	5,723	3.9
Vanguard FTSE Asia Pacific ex Japan	81	1,788	1.2
Rest of the world		1,656	1.1
Stewart Inv Latin B	330	799	0.5
Vanguard FTSE EMM UCTIS	17	857	0.6

CFB Overseas Fund

As at 28 February 2021

	Holding 000s	Market value £'000s	%
Global		73,135	49.8
Epworth Global Equity Charities CFB	50,720	62,076	42.2
Generation IM Climate Solution Fd	3,252	1,670	1.1
Generation IM Global Equity B	15	7,476	5.1
Impax New Energy Investors	12	561	0.4
Vanguard FTSE All World	17,375	1,352	1.0
Total investments		146,895	100.0
Net cash		2,015	
Total value of Fund		148,910	

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

Management expenses, including custodian charges and transaction fees, are charged to the funds monthly based on the net assets of each fund at the month end. As at 28 February 2021 expenses were recovered at the following rate:

- 0.59% per annum (29.02.20: 0.59%)

(d) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. 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 or if the Managers do not expect any returns for the Fund.

(f) Foreign exchange

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

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which have been paid for

our of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Net gains on investments

	2021 £'000s	2020 £'000s
Proceeds from sales of investments	76,454	158,187
Original cost of investments sold	(53,645)	(113,999)
Net realised gains on sales	22,809	44,188
Net unrealised gains/(losses)	4,773	(31,202)
Currency losses	(294)	(32)
Net gains on investments	27,288	12,954

3. Gross income

	2021 £'000s	2020 £'000s
Overseas dividends	1,906	2,623
Bank interest	3	12
Equalisation	(33)	(84)
Management fee recharge	413	135
Total income	2,289	2,686

4. Expenses

	2021 £'000s	2020 £'000s
Administration grant	860	495

5. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	657.9	615.5	599.6
Return before operating charges	145.7	52.1	24.9
Operating charges	(4.2)	(1.9)	(1.5)
Return after operating charges	141.5	50.2	23.4
Distribution on income units	(4.7)	(7.8)	(7.5)
Closing net asset value per unit	794.7	657.9	615.5

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	21.5	3.9	7.2

Pension units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	657.9	615.5	599.6
Return before operating charges	145.8	52.1	25.0
Operating charges	(0.8)	(0.7)	(0.6)
Return after operating charges	145.0	51.4	24.4
Distribution on income units	(8.2)	(9.0)	(8.5)
Closing net asset value per unit	794.7	657.9	615.5

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	22.0	8.4	4.1

CFB Overseas Fund

6. Portfolio transaction costs

	2021 £'000s	2020 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	51,913	110,071
Commissions	13	22
Custodian transaction costs	3	11
Total purchase costs	16	33
Gross purchase total	51,929	110,104
Analysis of total sale costs		
Gross sales before transaction costs	76,480	158,235
Commissions	16	17
Custodian transaction costs	10	31
Total sale costs	26	48
Total net sales	76,454	158,187

The direct transaction costs expressed as a percentage of the net asset value are not considered to be material as all are below 0.1%.

7. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

	2021 £'000s	2020 £'000s
Withholding tax	61	127

8. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
31 May 2020	431	735
31 August 2020	444	530
30 November 2020	212	406
28 February 2021	281	392
	1,368	2,063
Income on creation and cancellation of units	11	84
Net distribution for year	1,379	2,147

9. Debtors

	2021 £'000s	2020 £'000s
Accrued income	317	292
Sales awaiting settlement	401	-
	718	292

10. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	828	581
Other bank accounts	747	705
	1,575	1,286

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

11. Creditors

	2021 £'000s	2020 £'000s
Purchases awaiting settlement	-	74
Other creditors	(3)	(1)
	(3)	73

12. Portfolio turnover

	2021 %	2020 %
Portfolio turnover	28.4	123.3

13. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

Each Fund is exposed to currency risks as certain of its assets are denominated in currencies other than sterling. The CFB does not seek to avoid this exposure since it believes that, in the long term hedging is detrimental to total return.

At 28 February 2021 foreign currency exposure was:

	2021 £'000s	2020 £'000s
Currency		
Canadian Dollar	-	4,774
United States Dollar	39,738	55,742
Euro	5,704	8,245
Swiss Franc	2,472	3,239
Danish Krone	451	447
Norwegian Krone	-	101
Swedish Krona	254	503
	48,619	73,051

CFB Overseas Fund

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

14. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

15. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Property Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net (losses) on investments during the period	2	(1,224)	(603)
		(1,224)	(603)
Income	3	854	1,188
Expenses		-	-
Net income		854	1,188
Total return for the period		(370)	585
Finance costs: distributions	7	(852)	(1,189)
Change in net assets attributable to unitholders		(1,222)	(604)

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	20,946	24,495
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	1,208	919
Amounts payable on cancellation of units	(259)	(3,864)
	949	(2,945)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(1,222)	(604)
Closing net assets attributable to unitholders	20,673	20,946

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.12.05 £
Charity units				
2017	71.2	68.1	4.27	43.70
2018	74.6	72.5	4.08	41.76
2019	76.7	73.2	4.22	43.19
2020	76.3	72.2	3.99	40.84
2021 (*)	70.0	67.5	2.92	29.89

(*) The fund was suspended from 03.20 to 09.20. The highest and lowest prices shown are those at which units could be bought and sold outside of the period of suspension.

CFB Property Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		20,655	20,946
Current assets			
Debtors and accrued income	8	153	81
Cash and bank balances	9	94	206
Total current assets		247	287
Total assets		20,902	21,233
Liabilities			
Creditors		-	-
Distribution payable	10	(229)	(287)
Total liabilities		(229)	(287)
Net assets attributable to unitholders		20,673	20,946

Distribution

Distribution period	Distribution payable p per unit	Date payable
Charity units		
1 March 2020 - 31 March 2020	0.26	17 July 2020
1 April 2020 - 30 April 2020	0.20	17 July 2020
1 May 2020 - 31 May 2020	0.25	17 July 2020
1 June 2020 - 30 June 2020	0.21	17 October 2020
1 July 2020 - 31 July 2020	0.23	17 October 2020
1 August 2020 - 31 August 2020	0.24	17 October 2020
1 September 2020 - 30 September 2020	0.24	18 January 2021
1 October 2020 - 31 October 2020	0.27	18 January 2021
1 November 2020 - 30 November 2020	0.25	18 January 2021
1 December 2020 - 31 December 2020	0.27	18 April 2021
1 January 2021 - 31 January 2021	0.26	18 April 2021
1 February 2021 - 28 February 2021	0.24	18 April 2021

CFB Property Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Net asset value p per unit
28 February 2017	20.8	30,167,198.82	68.8
28 February 2018	23.3	32,110,351.43	72.5
28 February 2019	24.5	32,946,346.96	74.3
29 February 2020	20.9	28,998,487.95	74.1
28 February 2021	20.7	30,344,825.97	68.1

Average dealing spread

	28.02.21 %	29.02.20 %
	2.71	2.56

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
Mayfair Property Income Trust for Charities	20,655	100.0	20,946	100.0
Total investments	20,655	100.0	20,946	100.0
Net current assets	18		-	
Total value of fund	20,673		20,946	

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(d) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. 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 or if the Managers do not expect any returns for the Fund.

(e) Foreign exchange

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

(f) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Net (losses) on investments

	2021	2020
	£'000s	£'000s
Proceeds from sales of investments	259	-
Original cost of investments sold	(279)	-
Net realised gains/(losses) on sales	(20)	-
Net unrealised gains/(losses)	(1,204)	(603)
Currency gains	-	-
Net (losses) on investments	(1,224)	(603)

3. Gross income

	2021	2020
	£'000s	£'000s
UK dividends	853	1,187
Overseas dividends	-	-
Bank interest	1	1
Equalisation	-	-
Total income	854	1,188

4. Change in net assets per unit

Charity units

	28.02.21	29.02.20	28.02.19
	p per unit	p per unit	p per unit
Opening net asset value per unit	72.2	74.3	72.5
Return before operating charges	(1.2)	1.8	5.9
Operating charges	-	-	-
Return after operating charges	(1.2)	1.8	5.9
Distribution on income units	(2.9)	(3.9)	(4.1)
Closing net asset value per unit	68.1	72.2	74.3

Performance

	28.02.21	29.02.20	28.02.19
	%	%	%
Return after charges	(1.6)	2.3	8.5

CFB Property Fund

5. Portfolio transaction costs

	2021 £'000s	2020 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	11,143	714
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	11,143	714
Analysis of total sale costs		
Gross sales before transaction costs	181	3,659
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	181	3,659

The direct transaction costs expressed as a percentage of the net asset value are not considered to be material as all are below 0.1%.

6. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

7. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
31 March 2020	75	119
30 April 2020	58	109
31 May 2020	73	109
30 June 2020	61	111
31 July 2020	67	89
31 August 2020	69	97
30 September 2020	70	83
31 October 2020	78	92
30 November 2020	72	92
31 December 2020	77	113
31 January 2021	79	90
28 February 2021	73	84
Net distribution for year	852	1,188

8. Debtors

	2021 £'000s	2020 £'000s
Accrued income	153	81
	153	81

9. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	94	206
	94	206

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

10. Distributions payable

	2021 £'000s	2020 £'000s
Distributions payable	229	287
	229	287

11. Portfolio turnover

	2021 %	2020 %
Portfolio turnover	-	-

12. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

Property Fund gearing, investment, liquidity and other risks

The Property Fund invests solely in the units of the Property Income Trust for Charities (PITCH), an exempt unauthorised unit trust managed by Mayfair Capital Investment Management Limited. PITCH is permitted to borrow in order to purchase property up to a maximum of 50% loan to value. In order to minimise risk, and to provide certainty of income flow, borrowings are arranged on a fixed rate basis for 6 years.

In order to minimise portfolio risk, no property will amount to more than 10% of the portfolio's value; the three largest properties will not exceed 25% of the portfolio's value; excluding the UK Government (and

CFB Property Fund

related bodies) no tenant will account for more than 15% of portfolio income; and, PITCH will not undertake any speculative investment.

Property Fund units can only be realised at three monthly intervals. In extreme circumstances the illiquid nature of the underlying property assets of the fund may result in unit redemptions being suspended for unspecified periods.

During March 2020, the CFB Property Fund was suspended due to the suspension of the underlying Fund, the Property Income Trust for Charities. This fund was suspended due to the low conviction applied to property valuations by the independent valuers at a time when rents were being re-negotiated or withheld and access to property was severely curtailed as a result of COVID-19. The suspension was lifted in September 2020.

13. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

14. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Managed Equity Fund

Statement of total return

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Net gains/(losses) on investments during the period	1,580	(512)
	1,580	(512)
Income	557	885
Expenses	-	-
Net income	557	885
Total return for the period	2,137	373
Finance costs: distributions	(557)	(885)
Change in net assets attributable to unitholders	1,580	(512)

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	28,041	29,609
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	420	219
Amounts payable on cancellation of units	(1,300)	(1,275)
	(880)	(1,056)
Dilution levy/adjustment		
Change in net assets attributable to unitholders from investment activities	1,580	(512)
Closing net assets attributable to unitholders	28,741	28,041

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.09.99 £
Charity units				
2017	2,521.1	2,081.7	76.64	48.96
2018	2,719.3	2,479.5	76.60	48.94
2019	2,771.7	2,452.0	83.46	53.32
2020	2,884.5	2,536.4	78.54	50.17
2021	2,773.7	2,027.0	50.76	32.42

CFB Managed Equity Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		28,740	28,040
Current assets			
Debtors	4	83	136
Cash and bank balances	5	1	1
Total current assets		84	137
Total assets		28,824	28,177
Liabilities			
Creditors		-	-
Distribution payable	6	(83)	(136)
Total liabilities		(83)	(136)
Net assets attributable to unitholders		28,741	28,041

Distribution

Distribution period	Distribution payable p per unit	Date payable
Charity units		
1 March 2020 to 31 May 2020	12.29	20 July 2020
1 June 2020 to 31 August 2020	13.23	20 October 2020
1 September 2020 to 30 November 2020	13.40	20 January 2021
1 December 2020 to 28 February 2021	7.74	20 April 2021

CFB Managed Equity Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Net asset value p per unit
28 February 2017	30.1	1,203,202	2,500.7
28 February 2018	30.0	1,171,152	2,640.6
28 February 2019	29.6	1,146,473	2,582.6
29 February 2020	28.0	1,107,837	2,531.1
28 February 2021	28.7	1,073,474	2,677.4

Average dealing spread

	28.02.21 %	29.02.20 %
	0.16	0.16

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
CFB UK Equity Fund	24,663	85.8	24,064	85.8
CFB Overseas Fund	4,077	14.2	3,976	14.2
Total investments	28,740	100.0	28,040	100.0
Net current assets	1		1	
Total value of fund	28,741		28,041	

CFB Managed Equity Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

In respect of the CFB Managed Equity Fund, no further costs are recovered from this fund by the CFB beyond the costs borne by the underlying holdings in the CFB Funds. At 28 February 2021, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.50% (29.02.20: 0.50%)
- CFB Overseas Fund 0.59% (29.02.20: 0.59%)

(d) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. 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 or if the Managers do not expect any returns for the Fund.

(f) Foreign exchange

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

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment

in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	2,531.1	2,582.6	2,558.9
Return before operating charges	197.4	27.0	106.4
Operating charges	-	-	-
Return after operating charges	197.4	27.0	106.4
Distribution on income units	(51.1)	(78.5)	(82.7)
Closing net asset value per unit	2,677.4	2,531.1	2,582.6

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	8.0	1.0	4.2

3. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

4. Debtors

	2021 £'000s	2020 £'000s
Accrued income	83	136
	83	136

5. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	1	1
Other bank accounts	-	-
	1	1

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

6. Distributions payable

	2021 £'000s	2020 £'000s
Distributions payable	83	136
	83	136

CFB Managed Equity Fund

7. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

Each Fund is exposed to currency risks as certain of its assets are denominated in currencies other than sterling. The CFB does not seek to avoid this exposure since it believes that, in the long term hedging is detrimental to total return.

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

8. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

9. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Managed Fixed Interest Fund

Statement of total return

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Net (losses)/gains on investments during the period	(168)	413
	(168)	413
Income	52	71
Expenses	-	-
Net income	52	71
Total return for the period	(116)	484
Finance costs: distributions	(52)	(71)
Change in net assets attributable to unitholders	(168)	413

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	7,534	7,199
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	-	188
Amounts payable on cancellation of units	(203)	(266)
	(203)	(78)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(168)	413
Closing net assets attributable to unitholders	7,163	7,534

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.09.99 £
Charity units				
2017	214.7	199.6	3.05	18.46
2018	208.4	201.7	2.63	15.92
2019	206.3	200.0	2.70	16.34
2020	215.7	205.4	2.02	12.22
2021	220.7	210.5	1.51	9.13

CFB Managed Fixed Interest Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		7,162	7,533
Current assets			
Debtors	4	12	16
Cash and bank balances	5	1	1
Total current assets		13	17
Total assets		7,175	7,550
Liabilities			
Creditors		-	-
Distribution payable	6	(12)	(16)
Total liabilities		(12)	(16)
Net assets attributable to unitholders		7,163	7,534

Distribution

Distribution period	Distribution payable p per unit	Date payable
Charity units		
1 March 2020 to 31 May 2020	0.39	20 July 2020
1 June 2020 to 31 August 2020	0.37	20 October 2020
1 September 2020 to 30 November 2020	0.40	20 January 2021
1 December 2020 to 28 February 2021	0.35	20 April 2021

CFB Managed Fixed Interest Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Net asset value p per unit
28 February 2017	7.8	3,762,683	206.8
28 February 2018	7.5	3,694,567	201.7
28 February 2019	7.2	3,535,105	203.6
29 February 2020	7.5	3,499,452	215.3
28 February 2021	7.2	3,406,596	210.3

Average dealing spread

	28.02.21	29.02.20
	%	%
	0.14	0.14

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
CFB Gilt Fund	2,586	36.1	2,692	35.7
CFB Corporate Bond Fund	855	11.9	863	11.5
CFB Short Fixed Interest Fund	3,721	52.0	3,978	52.8
Total investments	7,162	100.0	7,533	100.0
Net current assets	1		1	
Total value of fund	7,163		7,534	

CFB Managed Fixed Interest Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

In respect of the CFB Managed Fixed Fund, no further costs are recovered from this fund by the CFB beyond the costs borne by the underlying holdings in the CFB Funds. At 28 February 2021, the costs recovered by the CFB from the underlying funds were as follows:

- CFB Gilt Fund 0.23% (29.02.20: 0.23%)
- CFB Corporate Bond Fund 0.32% (29.02.20: 0.32%)
- CFB Short Fixed Interest Fund 0.21%: (29.02.20: 0.21%)

(d) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. 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 or if the Managers do not expect any returns for the Fund.

(f) Foreign exchange

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

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no

significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	215.3	203.6	201.8
Return before operating charges	(3.5)	13.7	4.4
Operating charges	-	-	-
Return after operating charges	(3.5)	13.7	4.4
Distribution on income units	(1.5)	(2.0)	(2.6)
Closing net asset value per unit	210.3	215.3	203.6

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	(1.7)	6.7	2.2

3. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

4. Debtors

	2021 £'000s	2020 £'000s
Accrued income	12	16
	12	16

5. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	1	1
Other bank accounts	-	-
	1	1

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

6. Distributions payable

	2021 £'000s	2020 £'000s
Distributions payable	12	16
	12	16

CFB Managed Fixed Interest Fund

7. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

8. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

9. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Managed Mixed Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net gains on investments during the period		1,813	428
		1,813	428
Income		563	771
Expenses	2	(147)	(106)
Net income		416	665
Total return for the period		2,229	1,093
Finance costs: distributions	5	(416)	(666)
Change in net assets attributable to unitholders		1,813	427

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	27,593	27,536
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	450	449
Amounts payable on cancellation of units	(1,168)	(819)
	(718)	(370)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	1,813	427
Closing net assets attributable to unitholders	28,688	27,593

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.03.98 £
Charity units				
2017	447.8	387.3	14.12	48.88
2018	475.7	444.1	13.83	47.87
2019	483.9	442.9	15.03	52.02
2020	510.6	461.5	11.02	38.14
2021	518.2	400.3	7.20	24.92

CFB Managed Mixed Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		28,677	27,589
Current assets			
Debtors	6	133	147
Cash and bank balances	7	11	4
Total current assets		144	151
Total assets		28,821	27,740
Liabilities			
Creditors		-	-
Distribution payable	8	(133)	(147)
Total liabilities		(133)	(147)
Net assets attributable to unitholders		28,688	27,593

Distribution

Distribution period	Distribution payable p per unit	Date payable
Charity units		
1 March 2020 to 31 May 2020	2.39	20 July 2020
1 June 2020 to 31 August 2020	1.50	20 October 2020
1 September 2020 to 30 November 2020	1.66	20 January 2021
1 December 2020 to 28 February 2021	1.65	20 April 2021

CFB Managed Mixed Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Net asset value p per unit
28 February 2017	27.1	6,087,961	445.0
28 February 2018	27.4	6,035,966	465.0
28 February 2019	27.5	6,000,099	458.9
29 February 2020	27.6	5,923,524	465.2
28 February 2021	28.7	5,760,466	488.7

Average dealing spread

	28.02.21 %	29.02.20 %
	0.30	0.30

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
Epworth Multi-Asset Fund for Charities	28,677	100.0	27,589	100.0
Total investments	28,677	100.0	27,589	100.0
Net current assets	11		4	
Total value of fund	28,688		27,593	

CFB Managed Mixed Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

The CFB Managed Mixed Fund is fully cross invested into the Epworth Multi Asset Fund. Within this fund, they are held in a nil fee share class. Therefore, costs are recovered by the CFB. At 28 February 2021, the costs CFB from the recovered were as follows:

- 0.54% per annum (29.02.20: 0.54%)

(d) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. 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 or if the Managers do not expect any returns for the Fund.

(f) Foreign exchange

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

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which

have been paid for our of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Expenses

	2021 £'000s	2020 £'000s
Administration grant	147	106

3. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	465.2	458.9	453.5
Return before operating charges	30.6	17.5	20.1
Operating charges	-	-	-
Return after operating charges	30.6	17.5	20.1
Distribution on income units	(7.1)	(11.2)	(14.7)
Closing net asset value per unit	488.7	465.2	458.9

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	8.7	3.8	4.5

4. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

5. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
Net distribution for year	416	666

6. Debtors

	2021 £'000s	2020 £'000s
Accrued income	133	147
	133	147

7. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	11	4
Other bank accounts	-	-
	11	4

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

CFB Managed Mixed Fund

8. Distributions payable

	2021	2020
	£'000s	£'000s
Distributions payable	133	147
	133	147

9. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

10. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

11. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Methodist Council Managed Medium Term Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net gains on investments during the period		973	608
Income		973	608
Expenses		376	532
Net income		-	-
Total return for the period		376	532
Finance costs: distributions	4	1,349	1,140
Change in net assets attributable to unitholders		(376)	(533)
		973	607

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	25,029	26,955
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	-	-
Amounts payable on cancellation of units	-	(2,533)
	-	(2,533)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	973	607
Closing net assets attributable to unitholders	26,002	25,029

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.03.98 £
Charity units				
2017	105.5	100.0	1.6	15.1
2018	109.7	105.1	2.35	22.79
2019	111.4	105.8	2.70	26.18
2020	116.2	108.7	2.35	22.79
2021	118.0	101.4	1.66	16.10

CFB Methodist Council

Managed Medium Term Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		26,002	25,030
Current assets			
Debtors	5	68	95
Cash and bank balances	6	11	13
Total current assets		79	108
Total assets		26,081	25,138
Liabilities			
Creditors		-	-
Distribution payable	7	(79)	(109)
Total liabilities		(79)	(109)
Net assets attributable to unitholders		26,002	25,029

Distribution

Distribution period	Distribution payable p per unit	Date payable
Charity units		
1 March 2020 to 31 May 2020	0.48	20 July 2020
1 June 2020 to 31 August 2020	0.42	20 October 2020
1 September 2020 to 30 November 2020	0.41	20 January 2021
1 December 2020 to 28 February 2021	0.35	20 April 2021

CFB Methodist Council Managed Medium Term Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Net asset value p per unit
28 February 2017	28.4	27,015,183	105.2
28 February 2018	28.5	26,749,537	108.0
28 February 2019	27.0	24,957,858	108.0
29 February 2020	25.0	22,656,886	110.5
28 February 2021	26.0	22,656,886	114.8

Average dealing spread

	28.02.21 %	29.02.20 %
	0.30	0.30

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
CFB UK Equity Fund	5,746	22.1	5,395	21.5
CFB Overseas Fund	5,083	19.5	4,639	18.5
CFB Corporate Bond Fund	3,945	15.2	3,975	15.9
CFB Short Fixed Interest Fund	8,471	32.6	8,300	33.2
CFB Property Fund	2,757	10.6	2,721	10.9
Total investments	26,002	100.0	25,030	100.0
Net current assets	-		(1)	
Total value of fund	26,002		25,029	

CFB Methodist Council Managed Medium Term Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

In respect of the CFB Methodist Council Managed Medium Term Fund, no further costs are recovered from this fund by the CFB beyond the costs borne by the underlying holdings in the CFB Funds. At 28 February 2021, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.50% (29.02.20: 0.50%)
- CFB Overseas Fund 0.59% (29.02.20: 0.59%)
- CFB Corporate Bond Fund 0.32% (29.02.20: 0.32%)
- CFB Short Fixed Interest Fund 0.21% (29.02.20: 0.21%)
- CFB Property Fund nil (29.02.20: nil)

(d) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. 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 or if the Managers do not expect any returns for the Fund.

(f) Foreign exchange

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

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members,

worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	110.5	108.0	106.5
Return before operating charges	6.0	4.9	4.0
Operating charges	-	-	-
Return after operating charges	6.0	4.9	4.0
Distribution on income units	(1.7)	(2.4)	(2.5)
Closing net asset value per unit	114.8	110.5	108.0

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	5.3	4.5	3.8

3. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

4. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
Net distribution for year	376	533

5. Debtors

	2021 £'000s	2020 £'000s
Accrued income	68	95
	68	95

6. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	11	13
Other bank accounts	-	-
	11	13

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

CFB Methodist Council

Managed Medium Term Fund

7. Distributions payable

	2021	2020
	£'000s	£'000s
Distributions payable	79	109
	79	109

8. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

Property Fund gearing, investment, liquidity and other risks

The Property Fund invests solely in the units of the Property Income Trust for Charities (PITCH), an exempt unauthorised unit trust managed by Mayfair Capital Investment Management Limited. PITCH is permitted to borrow in order to purchase property up to a maximum of 50% loan to value. In order to minimise risk, and to provide certainty of income flow, borrowings are arranged on a fixed rate basis for 6 years.

In order to minimise portfolio risk, no property will amount to more than 10% of the portfolio's value; the three largest properties will not exceed 25% of the portfolio's value; excluding the UK Government (and related bodies) no tenant will account for more than 15% of portfolio income; and, PITCH will not undertake any speculative investment.

Property Fund units can only be realised at three monthly intervals. In extreme circumstances the illiquid nature of the underlying property assets of the fund may result in unit redemptions being suspended for unspecified periods.

During March 2020, the CFB Property Fund was suspended due to the suspension of the underlying Fund, the Property Income Trust for Charities. This fund was suspended due to the low conviction applied to property valuations by the independent valuers at a time when rents were being re-negotiated or withheld and access to property was severely curtailed as a result of COVID-19. The suspension was lifted in September 2020.

9. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

10. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Methodist Council Managed Long Term Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net gains on investments during the period		5,617	1,156
		5,617	1,156
Income		1,474	2,094
Expenses		-	-
Net income		1,474	2,094
Total return for the period		7,091	3,250
Finance costs: distributions	4	(1,470)	(2,097)
Change in net assets attributable to unitholders		5,621	1,153

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	76,936	75,783
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	-	-
Amounts payable on cancellation of units	-	-
	-	-
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	5,621	1,153
Closing net assets attributable to unitholders	82,557	76,936

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.03.98 £
Charity units				
2017	109.1	100.0	2.02	13.40
2018	117.0	108.2	3.08	20.43
2019	120.3	110.2	3.40	22.55
2020	126.5	115.1	3.16	20.96
2021	128.4	101.3	2.22	14.73

CFB Methodist Council Managed Long Term Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		82,550	76,934
Current assets			
Debtors	5	253	361
Cash and bank balances	6	52	61
Total current assets		305	422
Total assets		82,855	77,356
Liabilities			
Creditors		-	-
Distribution payable	7	(298)	(420)
Total liabilities		(298)	(420)
Net assets attributable to unitholders		82,557	76,936

Distribution

Distribution period	Distribution payable p per unit	Date payable
Charity units		
1 March 2020 to 31 May 2020	0.65	20 July 2020
1 June 2020 to 31 August 2020	0.57	20 October 2020
1 September 2020 to 30 November 2020	0.55	20 January 2021
1 December 2020 to 28 February 2021	0.45	20 April 2021

CFB Methodist Council Managed Long Term Fund

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Net asset value p per unit
28 February 2017	70.0	64,457,399	108.6
28 February 2018	74.3	66,126,145	114.5
28 February 2019	75.8	66,292,119	114.3
29 February 2020	76.9	66,292,119	116.1
28 February 2021	82.6	66,292,119	124.5

Average dealing spread

	28.02.21 %	29.02.20 %
	0.35	0.35

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
CFB UK Equity Fund	30,859	37.4	28,327	36.8
CFB Overseas Fund	28,401	34.4	25,924	33.7
CFB Corporate Bond Fund	8,358	10.1	7,998	10.4
CFB Inflation Linked Fund	-	-	2,072	2.7
CFB Gilt Fund	2,178	2.6	-	-
CFB Property Fund	12,754	15.5	12,613	16.4
Total investments	82,550	100.0	76,934	100.0
Net current assets	7		2	
Total value of fund	82,557		76,936	

CFB Methodist Council Managed Long Term Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on fixed interest stocks is accrued on a day to day basis. Dividends and distributions on other investments are credited to income when the securities are quoted ex-dividend.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

In respect of the CFB Methodist Council Managed Long Term Fund, no further costs are recovered from this fund by the CFB beyond the costs borne by the underlying holdings in the CFB Funds. At 28 February 2021, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.50% (29.02.20: 0.50%)
- CFB Overseas Fund 0.59% (29.02.20: 0.59%)
- CFB Corporate Bond Fund 0.32% (29.02.20: 0.32%)
- CFB Gilt Fund 0.23% (29.02.20: 0.23%)
- CFB Inflation Linked Fund n/a (closed 10.08.20): (29.02.20: 0.23%)
- CFB Property Fund nil (29.02.20: nil)

(d) Distribution policy

All income of the Funds, after deduction of management and other expenses is distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the single prices quoted. Suspended securities are valued by the Manager having regard to the last dealing price on the 29 April 2021 of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years or if the Managers do not expect any returns for the Fund.

(f) Foreign exchange

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

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to

being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	116.1	114.3	112.3
Return before operating charges	10.6	5.0	5.3
Operating charges	-	-	-
Return after operating charges	10.6	5.0	5.3
Distribution on income units	(2.2)	(3.2)	(3.3)
Closing net asset value per unit	124.5	116.1	114.3

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	9.2	4.4	4.8

3. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income when it is declared.

4. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
Net distribution for year	1,470	2,097

5. Debtors

	2021 £'000s	2020 £'000s
Accrued income	253	361
	253	361

6. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	52	61
Other bank accounts	-	-
	52	61

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

CFB Methodist Council

Managed Long Term Fund

7. Distributions payable

	2021	2020
	£'000s	£'000s
Distributions payable	298	420
	298	420

8. Risk management policies

Securities held by the Funds are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unit holders should they wish to sell their units. Other financial assets and liabilities of the Funds are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

These are actively managed funds, which invest in UK and overseas equities. Funds are therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets each Fund is invested in. Each Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

Credit risk

The Funds' transactions in securities expose them to the risk that a counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Funds only deal with an approved list of brokers maintained by the Council.

Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

Property Fund gearing, investment, liquidity and other risks

The Property Fund invests solely in the units of the Property Income Trust for Charities (PITCH), an exempt unauthorised unit trust managed by Mayfair Capital Investment Management Limited. PITCH is permitted to borrow in order to purchase property up to a maximum of 50% loan to value. In order to minimise risk, and to provide certainty of income flow, borrowings are arranged on a fixed rate basis for 6 years.

In order to minimise portfolio risk, no property will amount to more than 10% of the portfolio's value; the three largest properties will not exceed 25% of the portfolio's value; excluding the UK Government (and related bodies) no tenant will account for more than 15% of portfolio income; and, PITCH will not undertake any speculative investment.

Property Fund units can only be realised at three monthly intervals. In extreme circumstances the illiquid nature of the underlying property assets of the fund may result in unit redemptions being suspended for unspecified periods.

During March 2020, the CFB Property Fund was suspended due to the suspension of the underlying Fund, the Property Income Trust for Charities. This fund was suspended due to the low conviction applied to property valuations by the independent valuers at a time when rents were being re-negotiated or withheld and access to property was severely curtailed as a result of COVID-19. The suspension was lifted in September 2020.

9. Related party transactions

The financial statements do not include disclosures of transactions

between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

10. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Short Fixed Interest Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net (losses)/gains on investments during the period	2	(160)	434
		(160)	434
Income	3	127	150
Expenses	4	(29)	(23)
Net income		98	127
Total return for the period		(62)	561
Finance costs: distributions	8	(97)	(127)
Change in net assets attributable to unitholders		(159)	434

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	14,941	16,718
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	2,189	1,861
Amounts payable on cancellation of units	(1,967)	(4,074)
	222	(2,213)
Dilution levy/adjustment	(2)	2
Change in net assets attributable to unitholders from investment activities	(159)	434
Closing net assets attributable to unitholders	15,002	14,941

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.09.99 £
Charity and Pension units				
2017	122.7	118.0	1.24	12.40
2018	121.3	118.3	0.92	9.20
2019	120.3	117.9	1.01	10.10
2020	123.2	120.0	1.03	10.30
2021	124.8	121.7	0.83	8.30

CFB Short Fixed Interest Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		14,488	14,543
Current assets			
Debtors	9	66	63
Cash and bank balances	10	550	366
Total current assets		616	429
Total assets		15,104	14,972
Liabilities			
Creditors	11	(81)	(2)
Distribution payable		(21)	(29)
Total liabilities		(102)	(31)
Net assets attributable to unitholders		15,002	14,941

Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
Charity units				
1 March 2020 to 31 May 2020	0.24	-	0.24	20 July 2020
1 June 2020 to 31 August 2020	0.22	-	0.22	20 October 2020
1 September 2020 to 30 November 2020	0.20	-	0.20	20 January 2021
1 December 2020 to 28 February 2021	0.16	0.1	0.17	20 April 2021
Pension units				
1 March 2020 to 31 May 2020	-	-	-	20 July 2020
1 June 2020 to 31 August 2020	-	-	-	20 October 2020
1 September 2020 to 30 November 2020	0.22	-	0.22	20 January 2021
1 December 2020 to 28 February 2021	0.22	-	0.22	20 April 2021

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Units in issue Pension units	Net asset value p per unit
28 February 2017	18.8	14,395,048	1,182,948	120.7
28 February 2018	17.8	14,501,775	590,500	118.3
28 February 2019	16.7	13,411,605	590,500	119.4
29 February 2020	14.9	12,163,802	-	122.8
28 February 2021	15.0	12,123,855	209,508	121.6

CFB Short Fixed Interest Fund

Average dealing spread

	28.02.21	29.02.20
	%	%
	0.23	0.20

Total expense ratios

	2021	2020
	%	%
Administration grant (including custody and transaction costs)	0.21	0.15
	0.21	0.15

Summary of investments and other assets

As at 28 February 2021

	28.02.21	28.02.21	29.02.20	29.02.20
	Market value	CFB	Market value	CFB
	£'000s	%	£'000s	%
British Government	10,862	75.0	10,869	74.7
Collateralised	407	2.8	414	2.8
Debentures	167	1.2	169	1.2
Supranational	1,467	10.1	1,498	10.3
Corporate unsecured financial	857	5.9	853	5.9
Corporate unsecured non-financial	728	5.0	740	5.1
Total investments	14,488	100.0	14,543	100.0
Net current assets	514		398	
Total value of fund	15,002		14,941	

Summary of investments by credit rating

As at 28 February 2021

	28.02.21	28.02.21	29.02.20	29.02.20
	Market value	CFB	Market value	CFB
	£'000s	%	£'000s	%
AAA	1,874	12.5	1,762	11.8
AA	11,498	76.7	10,407	69.6
A	678	4.5	687	4.6
BBB	271	1.8	0	0.0
Debentures - Not Rated	167	1.1	1,687	11.3
Cash	514	3.4	398	2.7
	15,002	100.0	14,941	100.0

CFB Short Fixed Interest Fund

Portfolio valuation

As at 28 February 2021

	Holding 000s	Market value £'000s	%
British Government		10,862	75.0
Treasury 1/8% 2023	1,300	1,300	9.0
Treasury 3/4% 2023	225	228	1.6
Treasury 1/8% 2024	1,850	1,845	12.7
Treasury 1% 2024	470	482	3.3
Treasury 2 3/4% 2024	100	109	0.8
Treasury 5/8% 2025	1,500	1,524	10.5
Treasury 1 1/2% 2026	1,325	1,400	9.7
Treasury 1 1/4% 2027	1,550	1,618	11.2
Treasury 1 5/8% 2028	400	429	3.0
Treasury 7/8% 2029	1,200	1,211	8.3
Treasury 3/8% 2030	750	716	4.9
Collateralised		407	2.8
Bank of Scotland 4 7/8% 2024	350	407	2.8

	Holding 000s	Market value £'000s	%
Debentures		167	1.2
Scottish American 8% 2022	150	167	1.2
Supranational		1,467	10.1
Temasek Financial 4 5/8% 2022	350	370	2.5
KFW 7/8% 2026	550	558	3.9
Eur Bk Recon & Dev 5 5/8% 2028	400	539	3.7
Corporate unsecured financial		857	5.9
Skandinaviska 1 1/4% 2022	500	506	3.5
Svenska Handelsbank 2 3/4% 2022	125	130	0.9
Nationwide 3% 2026	200	221	1.5
Corporate unsecured - non-financial		728	5.0
Glaxosmithkline 3 3/8% 2027	400	457	3.1
Telf Emisiones 5.289% 2022	250	271	1.9
Total investments		14,488	
Net current assets		514	
Total value of fund		15,002	100.0

CFB Short Fixed Interest Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on Government stocks, debentures eurobonds and other fixed interest stocks is accrued on a day-to-day basis. Amortisation of the purchase premium or discount is set off against income over the remaining life of the security, with the exception of the Inflation Linked Fund where the CFB policy is to protect the capital value of the unitholders investment.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

Management expenses, including custody and transaction fees, are charged to the funds monthly based on the net assets of each fund at the month end. As at 28 February 2021 expenses were recovered at the following rate:

- 0.21% per annum (29.02.20: 0.21%)

(d) Transaction costs

No direct transaction costs are incurred in respect of dealing in the CFB fixed interest funds.

(e) Distribution policy

All income for the Funds, after deduction of management and other expenses are distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(f) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the quoted single prices. 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 or if the Managers do not expect any return for the Funds.

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of

the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Net (losses)/gains on investments

	2021 £'000s	2020 £'000s
Proceeds from sales of investments	6,302	6,763
Original cost of investments sold	(6,253)	(6,686)
Net realised gains on sales	49	77
Net unrealised (losses)/gains	(209)	357
Net (losses)/gains on investments	(160)	434

3. Gross income

	2021 £'000s	2020 £'000s
Interest on debt securities	123	149
Bank interest	2	3
Equalisation	2	(2)
Total income	127	150

4. Expenses

	2021 £'000s	2020 £'000s
Administration grant	29	23

5. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	122.8	119.4	118.3
Return before operating charges	(0.2)	4.6	2.3
Operating charges	(0.2)	(0.2)	(0.2)
Return after operating charges	(0.4)	4.4	2.1
Distribution on income units	(0.8)	(1.0)	(1.0)
Closing net asset value per unit	121.6	122.8	119.4

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	(0.3)	3.7	1.7

Pension units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	124.1	-	118.3
Return before operating charges	(2.2)	-	2.3
Operating charges	(0.1)	-	(0.1)
Return after operating charges	(2.3)	-	2.2
Distribution on income units	(0.2)	-	(1.1)
Closing net asset value per unit	121.6	-	119.4

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	(1.8)	-	1.8

CFB Short Fixed Interest Fund

6. Portfolio transaction costs

	2021 £'000s	2020 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	6,491	4,639
Commissions	1	1
Custodian transaction costs	-	-
Total purchase costs	1	1
Gross purchase total	6,492	4,640
Analysis of total sale costs		
Gross sales before transaction costs	6,303	6,763
Commissions	(1)	(1)
Custodian transaction costs	-	-
Total sale costs	(1)	(1)
Total net sales	6,302	6,762

The direct transaction costs expressed as a percentage of the net asset value are not considered to be material as all are below 0.1%.

7. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Withholding tax is credited to income when it is recovered.

8. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
31 May 2020	27	35
31 August 2020	25	34
30 November 2020	24	29
28 February 2021	21	29
	97	127
Income/(expenses) on creation and cancellation of units	(2)	2
Net distribution for year	95	129

9. Debtors

	2021 £'000s	2020 £'000s
Accrued income	56	63
Other debtors	10	-
	66	63

10. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	546	363
Other bank accounts	4	3
	550	366

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

11. Creditors

	2021 £'000s	2020 £'000s
Other creditors	81	2
	81	2

12. Portfolio turnover

	2021 %	2020 %
Portfolio turnover	60.2	36.0

13. Risk management policies

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

Market price risk

This is an actively managed fund, which invests in sterling fixed interest securities. The fund is therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a widely diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

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

Credit risk

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

Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition, the Managers' policy is that the Fund's liquidity should be 5% or less.

Interest rate risk

The Fund invests in fixed interest securities. The income may be affected by the manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2021 was:

	2021 £'000s	2020 £'000s
£ fixed rate financial assets	14,488	14,543
£ financial assets not carrying interest	616	429
£ financial liabilities not carrying interest	(102)	(31)
	15,002	14,941

CFB Short Fixed Interest Fund

14. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

15. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Gilt Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net (losses)/gains on investments during the period	2	(271)	350
		(271)	350
Income	3	35	41
Expenses	4	(9)	(6)
Net income		26	35
Total return for the period		(245)	385
Finance costs: distributions	8	(26)	(34)
Change in net assets attributable to unitholders		(271)	351

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	3,134	4,602
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	2,914	67
Amounts payable on cancellation of units	(507)	(1,886)
	2,407	(1,819)
Dilution levy/adjustment	(3)	-
Change in net assets attributable to unitholders from investment activities	(271)	351
Closing net assets attributable to unitholders	5,267	3,134

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.11.02 £
Charity and Pension units				
2017	178.8	160.0	2.97	23.42
2018	169.6	162.6	2.68	21.13
2019	168.2	160.5	2.57	20.27
2020	180.8	167.0	1.61	12.69
2021	187.8	172.7	1.02	8.04

CFB Gilt Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		5,207	3,079
Current assets			
Debtors	9	69	10
Cash and bank balances	10	56	49
Total current assets		125	59
Total assets		5,332	3,138
Liabilities			
Creditors	11	(57)	2
Distribution payable		(8)	(6)
Total liabilities		(65)	(4)
Net assets attributable to unitholders		5,267	3,134

Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
Charity units				
1 March 2020 to 31 May 2020	0.21	-	0.21	20 July 2020
1 June 2020 to 31 August 2020	0.24	-	0.24	20 October 2020
1 September 2020 to 30 November 2020	0.29	-	0.29	20 January 2021
1 December 2020 to 28 February 2021	0.27	0.01	0.28	20 April 2021
Pension units				
1 March 2020 to 31 May 2020	-	-	-	20 July 2020
1 June 2020 to 31 August 2020	0.25	-	0.25	20 October 2020
1 September 2020 to 30 November 2020	0.61	-	0.61	20 January 2021
1 December 2020 to 28 February 2021	0.33	-	0.33	20 April 2021

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Units in issue Pension units	Net asset value p per unit
28 February 2017	26.2	3,523,520	17,412,232	168.1
28 February 2018	11.6	3,408,427	3,690,282	163.2
28 February 2019	4.6	2,789,389	-	165.0
29 February 2020	3.1	1,734,287	-	180.7
28 February 2021	5.2	3,021,917	28,884	172.6

Average dealing spread

	28.02.21 %	29.02.20 %
	0.12	0.08

CFB Gilt Fund

Total expense ratios

	2021	2020
	%	%
Administration grant (including custody and transaction costs)	0.23	0.16
Epworth Sterling Sovereign Bond Fund for Charities charges	0.31	0.21
Total	0.54	0.37

Summary of investments and other assets

As at 28 February 2021

	28.02.21	28.02.21	29.02.20	29.02.20
	Market value	CFB	Market value	CFB
	£'000s	%	£'000s	%
Epworth Sterling Sovereign Bond Fund for Charities	5,207	100.0	3,079	100.0
Total investments	5,207	100.0	3,079	100.0
Net current assets	60		55	
Total value of fund	5,267		3,134	

Summary of investments by credit rating

As at 28 February 2021

	28.02.21	28.02.21	29.02.20	29.02.20
	Market value	CFB	Market value	CFB
	£'000s	%	£'000s	%
AAA	1,323	25.4	311	9.9
AA	3,650	70.1	2,599	82.9
Not rated	-	-	95	3.1
Cash	234	4.5	129	4.1
	5,207	100.0	3,134	100.0

Credit rating breakdown relates to the Fund's investment in the Epworth Sterling Sovereign Bond Fund for Charities

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on Government stocks, debentures eurobonds and other fixed interest stocks is accrued on a day-to-day basis. Amortisation of the purchase premium or discount is set off against income over the remaining life of the security, with the exception of the Inflation Linked Fund where the CFB policy is to protect the capital value of the unitholders investment.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

Management expenses, including custody and transaction fees, are charged to the funds monthly based on the net assets of each fund at the month end. As at 28 February 2021 expenses were recovered at the following rate:

- 0.23% per annum (29.02.20: 0.23%)

(d) Transaction costs

No direct transaction costs are incurred in respect of dealing in the CFB fixed interest funds.

(e) Distribution policy

All income for the Funds, after deduction of management and other expenses are distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(f) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the quoted single prices. 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 or if the Managers do not expect any return for the Funds.

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of

the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Net (losses)/gains on investments

	2021 £'000s	2020 £'000s
Proceeds from sales of investments	481	6,645
Original cost of investments sold	(450)	(6,198)
Net realised (losses)/gains on sales	31	447
Net unrealised (losses)	(302)	(97)
Net (losses)/gains on investments	(271)	350

3. Gross income

	2021 £'000s	2020 £'000s
Interest on debt securities	32	40
Bank interest	-	1
Equalisation	3	-
Total income	35	41

4. Expenses

	2021 £'000s	2020 £'000s
Administration grant	9	6

5. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	180.7	165.0	163.2
Return before operating charges	(6.7)	17.6	4.6
Operating charges	(0.4)	(0.3)	(0.2)
Return after operating charges	(7.1)	17.3	4.4
Distribution on income units	(1.0)	(1.6)	(2.6)
Closing net asset value per unit	172.6	180.7	165.0

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	(3.9)	10.5	2.7

Pension units

	10.08.20 - 28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	186.0	-	163.2
Return before operating charges	(12.2)	-	2.6
Operating charges	-	-	(0.1)
Return after operating charges	(12.2)	-	2.5
Distribution on income units	(1.2)	-	(0.7)
Closing net asset value per unit	172.6	-	165.0

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	(6.5)	-	2.7

CFB Gilt Fund

6. Portfolio transaction costs

	2021 £'000s	2020 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	2,880	4,901
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	2,880	4,901
Analysis of total sale costs		
Gross sales before transaction costs	481	6,645
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	481	6,645

The direct transaction costs expressed as a percentage of the net asset value are not considered to be material as all are below 0.1%.

7. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Withholding tax is credited to income when it is recovered.

8. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
31 May 2020	4	16
31 August 2020	7	6
30 November 2020	7	6
28 February 2021	8	6
	26	34
(Expenses)/income on creation and cancellation of units	(3)	-
Net distribution for year	23	34

9. Debtors

	2021 £'000s	2020 £'000s
Accrued income	12	10
Other debtors	57	-
	69	10

10. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	53	46
Other bank accounts	3	3
	56	49

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

11. Creditors

	2021 £'000s	2020 £'000s
Other creditors	57	(2)
	57	(2)

12. Portfolio turnover

	2021 %	2020 %
Portfolio turnover	-1.5	269.2

13. Risk management policies

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

Market price risk

This is an actively managed fund, which invests in sterling fixed interest securities. The fund is therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a widely diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

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

Credit risk

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

Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition, the Managers' policy is that the Fund's liquidity should be 5% or less.

Interest rate risk

The Fund invests in fixed interest securities. The income may be affected by the manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2021 was:

	2021 £'000s	2020 £'000s
£ fixed rate financial assets	5,207	3,079
£ financial assets not carrying interest	125	59
£ financial liabilities not carrying interest	(65)	(4)
	5,267	3,134

14. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A “Related Party Disclosures”.

15. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Corporate Bond Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net (losses)/gains on investments during the period	2	(2,195)	7,205
		(2,195)	7,205
Income	3	1,727	2,155
Expenses	4	(317)	(330)
Net income		1,410	1,825
Total return for the period		(785)	9,030
Finance costs: distributions	8	(1,410)	(1,829)
Change in net assets attributable to unitholders		(2,195)	7,201

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	110,537	102,183
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	28,017	13,039
Amounts payable on cancellation of units	(30,423)	(11,890)
	(2,406)	1,149
Dilution levy/adjustment	(8)	4
Change in net assets attributable to unitholders from investment activities	(2,195)	7,201
Closing net assets attributable to unitholders	105,928	110,537

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.11.02 £
Charity and Pension units				
2017	150.3	134.5	3.77	33.80
2018	144.5	139.1	3.60	32.28
2019	140.9	136.8	3.38	30.31
2020	149.3	140.2	2.19	19.63
2021	152.8	141.2	1.84	16.50

CFB Corporate Bond Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		105,373	109,989
Current assets			
Debtors	9	2,058	613
Cash and bank balances	10	443	379
Total current assets		2,501	992
Total assets		107,874	110,981
Liabilities			
Creditors	11	(1,578)	(29)
Distribution payable		(368)	(415)
Total liabilities		(1,946)	(444)
Net assets attributable to unitholders		105,928	110,537

Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
Charity units				
1 March 2020 to 31 May 2020	0.46	0.01	0.47	20 July 2020
1 June 2020 to 31 August 2020	0.43	-	0.43	20 October 2020
1 September 2020 to 30 November 2020	0.50	-	0.50	20 January 2021
1 December 2020 to 28 February 2021	0.43	0.01	0.44	20 April 2021
Pension units				
1 March 2020 to 31 May 2020	0.53	0.01	0.54	20 July 2020
1 June 2020 to 31 August 2020	0.49	-	0.49	20 October 2020
1 September 2020 to 30 November 2020	0.57	0.01	0.58	20 January 2021
1 December 2020 to 28 February 2021	0.51	0.01	0.52	20 April 2021

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Units in issue Pension units	Net asset value p per unit
28 February 2017	105.9	13,774,488	60,679,953	142.3
28 February 2018	100.3	14,573,996	57,875,591	138.4
28 February 2019	102.2	14,995,384	58,897,823	138.3
29 February 2020	110.5	14,193,036	60,557,038	147.9
28 February 2021	105.9	14,228,417	58,690,379	145.3

Average dealing spread

	28.02.21 %	29.02.20 %
	1.10	0.80

CFB Corporate Bond Fund

Total expense ratios

	2021 %	2020 %
Administration grant	0.32	0.30
Epworth Corporate Bond Fund for Charities charges	0.14	0.15
	0.46	0.45

* Trustees fees and other charges including vat relate to the Fund's investment in the Affirmative Corporate Bond Fund for Charities

Summary of investments and other assets

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
Epworth Corporate Bond Fund for Charities	105,373	100.0	109,989	100.0
Total investments	105,373	100.0	109,989	100.0
Net current assets	555		548	
Total value of fund	105,928		110,537	

Summary of investments by credit rating

As at 28 February 2021

	28.02.21 Market value £'000s	28.02.21 CFB %	29.02.20 Market value £'000s	29.02.20 CFB %
AAA	36,333	34.3	38,799	35.1
AA	24,363	23.0	36,588	33.1
A	25,529	24.1	19,012	17.2
BBB	7,573	7.1	7,959	7.2
Debentures - not rated	3,972	3.8	4,311	3.9
Cash	8,158	7.7	3,869	3.5
	105,928	100.0	110,537	100.0

Credit rating breakdown relates to the Fund's investment in the Epworth Corporate Bond Fund for Charities

CFB Corporate Bond Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on Government stocks, debentures eurobonds and other fixed interest stocks is accrued on a day-to-day basis. Amortisation of the purchase premium or discount is set off against income over the remaining life of the security, with the exception of the Inflation Linked Fund where the CFB policy is to protect the capital value of the unitholders investment.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

Management expenses, including custody and transaction fees, are charged to the funds monthly based on the net assets of each fund at the month end. As at 28 February 2021 expenses were recovered at the following rate:

- 0.32% per annum (29.02.20: 0.32%)

(d) Transaction costs

No direct transaction costs are incurred in respect of dealing in the CFB fixed interest funds.

(e) Distribution policy

All income for the Funds, after deduction of management and other expenses are distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(f) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the quoted single prices. 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 or if the Managers do not expect any return for the Funds.

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of

the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Net (losses)/gains on investments

	2021 £'000s	2020 £'000s
Proceeds from sales of investments	29,888	121,901
Original cost of investments sold	(28,581)	(110,780)
Net realised gains on sales	1,307	11,121
Net unrealised (losses)	(3,502)	(3,916)
Net (losses)/gains on investments	(2,195)	7,205

3. Gross income

	2021 £'000s	2020 £'000s
Interest on debt securities	1,557	1,996
Bank interest	3	4
Equalisation	8	(27)
Management fee recharge	159	182
Total income	1,727	2,155

4. Expenses

	2021 £'000s	2020 £'000s
Administration grant	317	330

5. Change in net assets per unit

Charity units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	147.9	138.3	138.4
Return before operating charges	(0.4)	12.2	3.7
Operating charges	(0.4)	(0.4)	(0.4)
Return after operating charges	(0.8)	11.8	3.3
Distribution on income units	(1.8)	(2.2)	(3.4)
Closing net asset value per unit	145.3	147.9	138.3

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	(0.5)	8.6	2.4

Pension units

	28.02.21 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	147.9	138.3	138.4
Return before operating charges	(0.3)	12.2	3.7
Operating charges	(0.2)	(0.1)	(0.1)
Return after operating charges	(0.5)	12.1	3.6
Distribution on income units	(2.1)	(2.5)	(3.7)
Closing net asset value per unit	145.3	147.9	138.3

Performance

	28.02.21 %	29.02.20 %	28.02.19 %
Return after charges	(0.3)	8.8	2.6

CFB Corporate Bond Fund

6. Portfolio transaction costs

	2021 £'000s	2020 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	27,466	122,874
Commissions	-	21
Custodian transaction costs	-	-
Total purchase costs	-	21
Gross purchase total	27,466	122,895
Analysis of total sale costs		
Gross sales before transaction costs	29,888	121,901
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	29,888	121,901

The direct transaction costs expressed as a percentage of the net asset value are not considered to be material as all are below 0.1%.

7. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Withholding tax is credited to income when it is recovered.

8. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
31 May 2020	350	578
31 August 2020	313	429
30 November 2020	379	407
28 February 2021	368	415
	1,410	1,829
(Expenses)/income on creation and cancellation of units	(8)	27
Net distribution for year	1,402	1,856

9. Debtors

	2021 £'000s	2020 £'000s
Accrued income	526	613
Other debtors	1,532	-
	2,058	613

10. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	441	377
Other bank accounts	2	2
	443	379

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

11. Creditors

	2021 £'000s	2020 £'000s
Purchase awaiting settlement	1,535	-
Other creditors	43	29
	1,578	29

12. Portfolio turnover

	2021 %	2020 %
Portfolio turnover	-1.1	199.8

13. Risk management policies

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

Market price risk

This is an actively managed fund, which invests in sterling fixed interest securities. The fund is therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a widely diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

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

Credit risk

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

Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition, the Managers' policy is that the Fund's liquidity should be 5% or less.

Interest rate risk

The Fund invests in fixed interest securities. The income may be affected by the manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2021 was:

	2021 £'000s	2020 £'000s
£ fixed rate financial assets	105,373	109,989
£ financial assets not carrying interest	2,501	992
£ financial liabilities not carrying interest	(1,946)	(444)
	105,928	110,537

14. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

15. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

CFB Inflation Linked Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Net gains on investments during the period	2	1,085	2,695
		1,085	2,695
Income	3	40	154
Expenses	4	(14)	(45)
Net income		26	109
Total return for the period		1,111	2,804
Finance costs: distributions	8	(26)	(109)
Change in net assets attributable to unitholders		1,085	2,695

Statement of change in net assets attributable to unitholders

For the year ended 28 February 2021

	28.02.21 £'000s	29.02.20 £'000s
Opening net assets attributable to unitholders	22,736	19,230
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	526	5,323
Amounts payable on cancellation of units	(24,358)	(4,512)
	(23,832)	811
Dilution levy/adjustment	11	-
Change in net assets attributable to unitholders from investment activities	1,085	2,695
Closing net assets attributable to unitholders	-	22,736

Price and income history

Year to February

	Highest price p	Lowest price p	Income p per unit	Per £1,000 invested at 01.03.98 £
Charity and Pension units				
2017	459.8	368.4	2.42	16.56
2018	460.5	426.6	2.05	14.15
2019	471.8	428.9	1.96	13.52
2020	527.3	460.7	1.96	13.52
2021 (*)	539.2	462.1	0.90	6.21

(*) The fund closed on 10 August 2020. The prices and income quoted for this financial year is from the period 1 March 2020 until the closure of the fund on 10 August 2020.

CFB Inflation Linked Fund

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		-	22,275
Current assets			
Debtors	9	-	27
Cash and bank balances	10	-	462
Total current assets		-	489
Total assets		-	22,764
Liabilities			
Creditors	11	-	(2)
Distribution payable		-	(26)
Total liabilities		-	(28)
Net assets attributable to unitholders		-	22,736

Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
Charity units				
1 March 2020 to 31 May 2020	0.47	-	0.47	20 July 2020
1 June 2020 to 31 August 2020	0.42	-	0.42	20 October 2020
1 September 2020 to 30 November 2020	-	-	-	20 January 2021
1 December 2020 to 28 February 2021	-	-	-	20 April 2021
Pension units				
1 March 2020 to 31 May 2020	0.61	0.01	0.62	20 July 2020
1 June 2020 to 31 August 2020	0.50	0.04	0.54	20 October 2020
1 September 2020 to 30 November 2020	-	-	-	20 January 2021
1 December 2020 to 28 February 2021	-	-	-	20 April 2021

Net asset value/fund size

Date	Net asset value £m	Units in issue Charity units	Units in issue Pension units	Net asset value p per unit
28 February 2017	23.6	695,296	4,649,685	442.2
28 February 2018	21.1	495,521	4,359,215	435.5
28 February 2019	19.2	331,524	3,979,952	446.0
29 February 2020	22.7	445,827	4,075,383	502.9
28 February 2021	-	-	-	-

CFB Inflation Linked Fund

Average dealing spread

	28.02.21	29.02.20
	%	%
	-	0.37

Total expense ratios

	2021	2020
	%	%
Administration grant (including custody and transaction costs)	0.23	0.20
	0.23	0.20

Summary of investments and other assets

As at 28 February 2021

	28.02.21	28.02.21	29.02.20	29.02.20
	Market value	CFB	Market value	CFB
	£'000s	%	£'000s	%
British Government	-	-	19,883	89.3
Supranational	-	-	1,049	4.7
Corporate unsecured financial	-	-	809	3.6
Corporate unsecured non-financial	-	-	534	2.4
Total investments	-	-	22,275	100.0
Net current assets	-	-	461	-
Total value of fund	-	-	22,736	-

Summary of investments by credit rating

As at 28 February 2021

	28.02.21	28.02.21	29.02.20	29.02.20
	Market value	CFB	Market value	CFB
	£'000s	%	£'000s	%
AAA	-	-	568	2.5
AA	-	-	20,343	91.3
A	-	-	-	-
BBB	-	-	546	2.5
BB	-	-	-	-
Not rated	-	-	818	3.7
	-	-	22,275	100.0

CFB Inflation Linked Fund

Portfolio valuation

As at 28 February 2021

	Holding ooos	Market value £'ooos	%
Total investments	-	-	-
Net current assets	-	-	-
Total value of fund	-	-	-

CFB Inflation Linked Fund

Notes to the accounts

For the year ended 28 February 2021

The CFB Inflation Linked Fund closed on 10 August 2020. The remaining units held in the Fund were converted to units held in the CFB Gilt Fund on that date.

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice issued by the Investment Management Association in 2014 and the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on Government stocks, debentures eurobonds and other fixed interest stocks is accrued on a day-to-day basis. Amortisation of the purchase premium or discount is set off against income over the remaining life of the security, with the exception of the Inflation Linked Fund where the CFB policy is to protect the capital value of the unitholders investment.

(c) Management expenses

All administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

Management expenses, including custody and transaction fees, are charged to the funds monthly based on the net assets of each fund at the month end. As at 28 February 2021 expenses were recovered at the following rate:

- 0.23% per annum pro rated until the closure of the fund on 10 August 2020 (29.02.20: 0.23%)

(d) Transaction costs

No direct transaction costs are incurred in respect of dealing in the CFB fixed interest funds.

(e) Distribution policy

All income for the Funds, after deduction of management and other expenses are distributed to unit holders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units.

(f) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Investments in single priced funds are valued at the quoted single prices. 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 or if the Managers do not expect any return for the Funds.

2. Net gains on investments

	2021 £'000s	2020 £'000s
Proceeds from sales of investments	25,348	5,440
Original cost of investments sold	(20,501)	(4,694)
Net realised gains on sales	4,847	746
Net unrealised (losses)/gains	(3,762)	1,949
Net gains on investments	1,085	2,695

3. Gross income

	2021 £'000s	2020 £'000s
Interest on debt securities	41	151
Bank interest	3	3
Equalisation	(11)	-
Management fee recharge	7	20
Total income	40	174

4. Expenses

	2021 £'000s	2020 £'000s
Administration grant	14	45

5. Change in net assets per unit

Charity units

	Fund close 10.08.20 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	502.9	446.0	435.5
Return before operating charges	33.8	59.9	13.4
Operating charges	(0.3)	(1.0)	(0.9)
Return after operating charges	33.5	58.9	12.5
Distribution on income units	(0.9)	(2.0)	(2.0)
Closing net asset value per unit	535.5	502.9	446.0

Performance

	To fund close 10.08.20 %	29.02.20 %	28.02.19 %
Return after charges	6.7	13.2	2.7

Pension units

	Fund close 10.08.20 p per unit	29.02.20 p per unit	28.02.19 p per unit
Opening net asset value per unit	502.9	446.0	435.5
Return before operating charges	34.0	59.9	13.4
Operating charges	(0.2)	(0.5)	(0.5)
Return after operating charges	33.8	59.4	12.9
Distribution on income units	(1.2)	(2.5)	(2.4)
Closing net asset value per unit	535.5	502.9	446.0

Performance

	To fund close 10.08.20 %	29.02.20 %	28.02.19 %
Return after charges	6.7	13.3	2.8

CFB Inflation Linked Fund

6. Portfolio transaction costs

	2021 £'000s	2020 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	1,987	5,965
Commissions	-	1
Custodian transaction costs	-	-
Total purchase costs	-	1
Gross purchase total	1,987	5,966
Analysis of total sale costs		
Gross sales before transaction costs	25,354	5,441
Commissions	(5)	(1)
Custodian transaction costs	(1)	-
Total sale costs	(6)	(1)
Total net sales	25,348	5,440

The direct transaction costs expressed as a percentage of the net asset value are not considered to be material as all are below 0.1%.

7. Taxation

The Funds are exempt from UK income tax and capital gains tax due to their charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Withholding tax is credited to income when it is recovered.

8. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2021 £'000s	2020 £'000s
31 May 2020	23	29
31 August 2020	3	27
30 November 2020	-	27
28 February 2021	-	26
	26	109
Income on creation and cancellation of units	11	-
Net distribution for year	37	109

9. Debtors

	2021 £'000s	2020 £'000s
Accrued income	-	27
	-	27

10. Cash and bank balances

	2021 £'000s	2020 £'000s
CFB Deposit Fund	-	458
Other bank accounts	-	4
	-	462

Uninvested sterling cash balances are held on deposit with the CFB Deposit Fund, a common deposit fund established under the Methodist Church Funds Act 1960. Funds deposited with the CFB Deposit Fund earn interest at competitive rates, whilst also being available on call when required for further investment. Funds held in currencies other than sterling are held on deposit with HSBC Bank plc.

11. Creditors

	2021 £'000s	2020 £'000s
Other creditors	-	2
	-	2

12. Portfolio turnover

	2021 %	2020 %
Portfolio turnover	37.6	7.0

13. Risk management policies

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

Market price risk

This is an actively managed fund, which invests in sterling fixed interest securities. The fund is therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a widely diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

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

Credit risk

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

Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition, the Managers' policy is that the Fund's liquidity should be 5% or less.

Interest rate risk

The Fund invests in fixed interest securities. The income may be affected by the manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2021 was:

	2021 £'000s	2020 £'000s
£ floating rate financial assets	-	22,275
£ financial assets not carrying interest	-	489
£ financial liabilities not carrying interest	-	(28)
	-	22,736

14. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A “Related Party Disclosures”.

15. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: £Nil).

Independent auditor's report to the Members of the Central Finance Board of the Methodist Church

Opinion

We have audited the financial statements of the Deposit Fund of the Central Finance Board of the Methodist Church Funds ("the Deposit fund") for the year ended 28 February 2021. The financial statements comprise the Statement of total return, the Balance sheet, the Distribution table, the Summary of deposits by maturity, the Summary of investments by credit rating, the Summary of deposits by banking group, the Net asset value table, the Income distribution history, the Total expense ratios and related notes to the financial statements. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Deposit fund's affairs as at 28 February 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Methodist Church Funds Act 1960.

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 Deposit fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Deposit fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Council members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement

in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chair's statement and Chief Executive Officer's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chair's statement and Chief Executive Officer's report has been prepared in accordance with applicable legal requirements.

Matters on which we report by exception

In the light of the knowledge and understanding of the Deposit fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Chair's statement and Chief Executive Officer's report.

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Council members

As explained more fully in the Council's responsibilities statement, the members are 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 members determine is necessary 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 members are responsible for assessing the Council'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 members either intend to liquidate the Deposit fund account or to cease operations, or have 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.

Independent auditor's report to the Members of the Central Finance Board of the Methodist Church

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:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the Deposit fund through discussions with Council members and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; we considered the impact of COVID-19 on the deposit fund and its internal controls;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Deposit fund including the Methodist Church Fund Act 1960 as applied to the Deposit fund, The Financial Services and Markets Act 2000, and taxation legislation; and
- we considered the impact of Brexit on the Deposit fund and the laws and regulations above.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the Deposit fund to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process, taking into account the impact of COVID-19 on controls during the year;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the Deposit funds management; and
- carried out substantive testing to check the occurrence and cut-off of income and expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Council members and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Section 35 to the second schedule of the Methodist Church Funds Act 1960. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the CFB and the members, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Chapman (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

CFB Deposit Fund

Statement of total return

For the year ended 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Gross income		2,452	3,533
Expenses	2	(522)	(586)
Net income and total return for the period		1,930	2,947
Finance costs: distributions		(1,867)	(2,948)
Net undistributed income		63	(1)

Balance sheet

As at 28 February 2021

	Note	28.02.21 £'000s	29.02.20 £'000s
Assets			
Fixed assets			
Investments		356,126	368,106
Current assets			
Debtors	5	-	2
Cash and bank balances		151	232
Total assets		151	234
Current liabilities			
Creditors	8	(6)	(54)
		(6)	(54)
Net current assets		145	180
Net assets		356,271	368,286
Represented by:			
Current deposits	6	310,676	302,754
Term deposits	6	45,500	65,500
Income reserve	9	95	32
Unitholders' funds		356,271	368,286

CFB Deposit Fund

Distribution

For the period ended	Total £'000s	Rate %	AER %
31 March 2020	288	0.72	0.72
30 April 2020	264	0.70	0.70
31 May 2020	265	0.70	0.70
30 June 2020	258	0.70	0.70
31 July 2020	264	0.70	0.70
31 August 2020	264	0.70	0.70
30 September 2020	255	0.70	0.70
31 October 2020	202	0.45	0.45
30 November 2020	153	0.30	0.30
31 December 2020	108	0.10	0.10
31 January 2021	83	0.01	0.01
28 February 2021	48	0.01	0.01

Income distribution history

For the year ended 28 February

	Average rate %	Average AER %
2017	0.51	0.51
2018	0.34	0.34
2019	0.57	0.57
2020	0.72	0.72
2021	0.48	0.48

Net asset value/fund size

Date	Net asset value £m
28 February 2017	369.8
28 February 2018	370.6
28 February 2019	370.9
29 February 2020	368.3
28 February 2021	356.3

Total expense ratios

	2021 %	2020 %
Administration grant (including custody and transaction costs)	0.21	0.21
Trustee fees	0.02	0.02
Other expenses	0.01	0.01
	0.24	0.24

Trustees fees relate to the Fund's investment in the Affirmative Deposit Fund for Charities

CFB Deposit Fund

Summary of deposits by maturity

As at 28 February 2021

	28.02.21	29.02.20
		£'000s
Repayable within		
On call	25,545	983
Overnight	14,692	24,954
5 business days	47,860	54,801
1 month	39,312	34,454
2 months	55,446	44,875
3 months	66,621	50,155
6 months	73,427	95,093
1 year	30,070	62,791
2 years	3,153	-
Total deposits	356,126	368,106

* Figures based on underlying holding in the Affirmative Deposit Fund for Charities

Summary of investments by credit rating

As at 28 February 2021

	28.02.21	28.02.21	29.02.20	29.02.20
	£'000s	%	£'000s	%
Aa1	65,811	18.5	60,298	16.4
Aa2	23,447	6.6	23,748	6.4
Aa3	43,405	12.2	97,534	26.5
A1	213,635	60.0	182,637	49.6
A2	-	-	-	-
A3	-	-	-	-
Not rated*	9,828	2.7	3,889	1.1
	356,126	100.0	368,106	100.0

Figures based on underlying holding in the Affirmative Deposit Fund for Charities

* This investment is not rated by Moodys but is rated by S&P and Fitch

CFB Deposit Fund

Summary of deposits by banking group

As at 28 February 2021

	28.02.21 %	29.02.20 %
Development Bank of Singapore	16.7	14.5
Santander	12.1	1.3
Lloyds	11.2	12.3
Mitsubishi UFJ Trust and Banking Corporation	10.2	6.2
Barclays	8.4	5.2
Nationwide	7.4	13.5
Sumitomo Mitsui Banking Corporation Europe	6.5	7.1
Standard Chartred	4.3	1.0
Landesbank Baden-Wuerttemberg	4.3	-
Svenska Handelsbanken	2.8	1.0
Toronto Dominion	2.5	2.1
Bank of Nova Scotia	2.2	2.5
BNP Paribas	2.0	4.1
HSBC	2.0	0.3
Commonwealth Bank of Australia	1.9	2.1
CIC	1.3	2.1
Nordea Bank	0.9	2.1
Mizuho	0.9	1.0
CIBC	0.7	0.8
ANZ Bank	0.7	0.8
Natonal Australia Bank	0.6	0.6
Credit Suisse	0.4	5.2
Sumitomo Mitsui Banking Corporation	-	4.2
Societe Generale	-	4.1
Mitsubishi UFG	-	2.1
Citybank NA	-	1.0
Credit Agricole	-	1.0
UBS	-	1.0
Bank of Montreal	-	0.8
	100.0	100.0

Figures based on underlying holding in the Affirmative Deposit Fund for Charities

CFB Deposit Fund

Notes to the accounts

For the year ended 28 February 2021

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historic cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice issued by the Investment Management Association in 2014, and the requirements of the Methodist Church Funds Act 1960.

(b) Recognition of income

Interest on bank and building society deposits is accrued on a daily basis. Premiums and discounts arising on the purchase of short dated investments are amortised on a straight line basis from the date of purchase to maturity. This amortisation is taken to the Income account.

(c) Management expenses

All administrative expenses in relation to the management of the Fund, including audit, legal, safe custody and transaction charges, are recovered by deduction from income before a distribution is declared. No other management charges are levied. Audited financial statements for the CFB Management Account detailing the total costs incurred in the management of all CFB funds are presented to the Board annually.

Management expenses are charged to the funds monthly based on the net assets of the fund at the end of each day. As at 28 February 2021 expenses were recovered at a rate of

- 0.21% per annum (29.02.20: 0.21%).

(d) Transaction costs

No direct transaction costs are incurred in respect of dealing in the CFB Deposit fund.

(e) Distribution policy

All income of the Fund, after deduction of management and other expenses, and transfers to/from income reserve, is distributed to account holders. The Fund maintains an income reserve to facilitate the payment of interest to depositors (Note 9).

(f) Basis of valuation

The Fund does not invest directly with the Money Market following a decision by the CFB Council to invest entirely through the Affirmative Deposit Fund for Charities, a Charity Commission established Common Deposit Fund managed by Epworth Investment Management Limited. All deposits with the Affirmative Deposit Fund for Charities are valued at cost.

(g) Going concern

COVID-19 impacted on the CFB shortly after last year's financial year end. Significant business continuity planning had taken place over the previous year and more specific COVID-19 related business continuity planning took place in January and February 2020. This culminated during March 2020 in the CFB staff moving from being office based to being home based for all but two staff members during the period of lockdown. CFB staff members, supported by CFB Council members, worked hard to transition to these new working arrangements. At the time of signing these accounts, a full service is being offered to customers and normal controls continue to be in place. There are no significant additional costs of working remotely with the exception of the investment in some further IT infrastructure in March 2020 which have been paid for out of designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

2. Expenses

	2021	2020
	£'000s	£'000s
Administration grant	523	568
Bank charges	(1)	18
	522	586

3. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Withholding tax is credited to income when it is recovered.

4. Deposits with authorised banks

All deposits are with the Affirmative Deposit Fund for Charities. Deposits made by the Affirmative Deposit Fund for Charities are with financial institutions which have permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits.

5. Debtors

	2021	2020
	£'000s	£'000s
Interest receivable	-	2

6. Current & term deposits

	2021	2020
	£'000s	£'000s
CFB Fund accounts	2,144	4,603
Churches, trusts and others	354,032	363,651
Current and term deposits	356,176	368,254

7. Maturity analysis

	2021	2020
	£'000s	£'000s
On demand	40,237	25,937
Within 3 months	209,239	184,285
Within 1 year	103,497	157,884
Within 2 years	3,153	-
Unitholders' funds	356,126	368,106

Figures relate to the Fund's investment in the Affirmative Deposit Fund for Charities

8. Creditors

	2021	2020
	£'000s	£'000s
Other accruals	6	54

9. Income reserve

The Fund operates an income reserve which is accumulated out of income and held on trust for depositors for the time being. The income reserve is maintained to ensure payment of interest to depositors each month even though a proportion of the income earned by the Fund will not be received until maturity of individual deposits. The reserve is also available to augment the Fund's deposit rate and to provide against potential default of counterparties.

	2021	2020
	£'000s	£'000s
Balance at start of period	32	33
Transfer to reserves	63	(1)
Balance at 28 February	95	32

CFB Deposit Fund

10. Risk management policies

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

Interest rate risk

The Fund invests in fixed rate and floating rate deposits with an approved list of institutions maintained by the Manager. Changes in the interest rates may result in income either increasing or decreasing. The financial profile of the Fund's financial assets and liabilities at 28 February 2021 is set out below:

	2021	2020
	£'000s	£'000s
£ floating rate financial assets	33,893	36,896
£ fixed rate financial assets	322,233	331,210
£ financial assets not carrying interest	151	234
£ financial liabilities not carrying interest	(6)	(54)
	356,271	368,286

Figures relate to the Fund's investment in the Affirmative Deposit Fund for Charities

Credit risk

The Fund's transactions expose it to the risk that the counterparty will not repay the deposit on maturity. To minimise this risk, investments are made with banks and other institutions which meet rigorous criteria based on independent credit ratings and size, with a maximum average maturity date for the investments of no more than 180 days. Risk is further minimised by limiting the proportion of the Fund deposited with any single bank or other institution.

Liquidity risk

To ensure that the Fund can meet obligations that may arise from depositors wishing to make withdrawals, the Manager must maintain at all times a minimum of 10% of the Fund's assets in investments realisable within 5 working days.

11. Related party transactions

The entire money market activities of the CFB Deposit Fund are invested through the Affirmative Deposit Fund for Charities, a Charity Commission established Common Deposit Fund managed by Epworth Investment Management Limited. Epworth Investment Management Limited is a related party in that the Central Finance Board of the Methodist Church holds 100% of the company's share capital. (2020: 100%)

12. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities of which we are aware. (2020: Nil).

Independent auditor's report to the Members of the Central Finance Board of the Methodist Church

Opinion

We have audited the financial statements of the Central Finance Board of the Methodist Church Management Account ("the Management account") for the year ended 28 February 2021. The financial statements comprise the Income and expenditure account, the Balance sheet, the Cash flow Statement and related notes to the financial statements. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Management account's affairs as at 28 February 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Methodist Church Funds Act 1960.

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 Management account in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the management account's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Council members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chair's statement and Chief Executive Officer's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chair's statement and Chief Executive Officer's report has been prepared in accordance with applicable legal requirements.

Matters on which we report by exception

In the light of the knowledge and understanding of the Management account and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Council members

As explained more fully in the Council's responsibilities statement, the members are 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 members determine is necessary 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 members are responsible for assessing the Council'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 members either intend to liquidate the Management account or to cease operations, or have 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.

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:

Independent auditor's report to the Members of the Central Finance Board of the Methodist Church

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the Management account through discussions with Council members and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; we considered the impact of COVID-19 on the management account and its internal controls;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Management account including the Methodist Church Fund Act 1960 as applied to the Management account, The Financial Services and Markets Act 2000, employment legislation and taxation legislation; and
- we considered the impact of Brexit on the Management account and the laws and regulations above.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the Management account to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process, taking into account the impact of COVID-19 on controls during the year;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the Management accounts management; and
- carried out substantive testing to check the occurrence and cut-off of income and expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Financial Conduct Authority and the Management account's legal advisors.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Council members and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members, as a body, in accordance with Section 35 to the second schedule of the Methodist Church Funds Act 1960. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the CFB and the members, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Chapman (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Management account

Income and expenditure account

For the year to 28 February 2021

	Notes	28.02.2021 General £	28.02.2021 Designated £	28.02.2021 Total £	29.02.2020 General £	29.02.2020 Designated £	29.02.2020 Total £
Income	2	3,764,597	-	3,764,597	3,261,372	-	3,261,372
Expenditure							
Income recharge		606,362	-	606,362	313,444	-	313,444
Personnel costs	3	2,394,443	-	2,394,443	2,124,056	-	2,124,056
Establishment costs		180,533	-	180,533	164,688	-	164,688
Administration expenses	4	802,408	11,967	814,375	957,948	23,603	981,551
		3,983,746	11,967	3,995,713	3,560,136	23,603	3,583,739
(Loss)/surplus for the year		(219,149)	(11,967)	(231,116)	(298,764)	(23,603)	(322,367)

The income and expenditure account relates entirely to continuing operations.

There are no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been prepared.

Balance sheet

As at 28 February 2021

	Note	28.02.21 £	29.02.20 £
Fixed assets			
Tangible fixed assets	1c/5	27,514	20,714
Investments	6	919,750	919,750
		947,264	940,464
Current assets			
Debtors and prepayments	7	758,595	611,048
Deposit Fund		839,510	1,103,628
Cash at bank		170,847	120,798
Petty cash		166	279
		1,769,118	1,835,753
Current liabilities			
Creditors and accruals	8	671,256	499,975
Net current assets		1,097,862	1,335,778
Total net assets		2,045,126	2,276,242
Accumulated fund			
Balance brought forward		2,099,845	2,398,609
Designated surplus brought forward		176,397	200,000
Designated (loss) generated in the year		(11,967)	(23,603)
(Loss) for the year		(219,149)	(298,764)
		2,045,126	2,276,242

The only movement on the accumulated fund is the retention of the deficit as shown on the income and expenditure account.

Management account

Income and expenditure account

For the year to 28 February 2021

	Note	28.02.21 £	29.02.20 £
Cash flow generated from operating activities			
(Loss)/surplus for the year		(231,116)	(322,367)
Add back : depreciation for the year		5,514	79,940
Decrease/(increase) in debtors		(147,547)	114,946
Increase/(decrease) in creditors		171,281	143,362
Net cash flow from operating activities		(201,868)	15,881
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	5	(12,314)	(12,944)
Payment to acquire shares in Epworth Investment Management Limited		-	-
Cash (outflow)/inflow before management of liquid resources and financing		(214,182)	2,937
(Decrease)/increase in cash	9	(214,182)	2,937

Notes to the accounts

For the year to 28 February 2021

1. Accounting policies

(a) Accounting convention

The accounts have been prepared in accordance with the historic cost convention and applicable law on United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

(b) Going concern

The Management Account has been prepared on a going concern basis as the Central Finance Board of the Methodist Church has undertaken to support the Management Account so that it may meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements.

(c) Tangible fixed assets

Tangible fixed assets are written off over their expected useful lives by providing depreciation under the straight line method. A full year's provision is taken to income and expenditure account in the year of purchase.

Depreciation rates per annum are as follows:

Improvements to premises 20%; Office equipment 25%; Furniture for refurbished office 20%

(d) Taxation

As an organisation with exempt charity status, the Management Account is not subject to UK Taxation.

(e) Operating lease

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the lease.

(f) Income

Recharges to funds represent recharges of costs to the CFB Funds. Fees receivable are amounts, excluding VAT, invoiced in respect of services to Epworth Investment Management Limited.

(g) Pension costs

Contributions payable to the pension scheme are charged to the income and expenditure account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

Management account

2. Income

	28.02.2021 General £	28.02.2021 Designated £	28.02.2021 Total £	29.02.2020 General £	29.02.2020 Designated £	29.02.2020 Total £
Recharges to funds	2,768,848	-	2,768,848	2,744,637	-	2,744,637
Fees receivable	990,792	-	990,792	508,160	-	508,160
Interest receivable	4,851	-	4,851	8,513	-	8,513
Other income	106	-	106	62	-	62
	3,764,597	-	3,764,597	3,261,372	-	3,261,372

All income is derived in the United Kingdom.

3. Staff costs

For the year to 28 February 2021

	28.02.21 £	29.02.20 £
Wages and salaries	1,689,544	1,491,429
Social security costs	215,205	195,397
Other pension costs	410,774	329,011
Other personnel costs	78,920	108,219
	2,394,443	2,124,056

Key Management Personnel compensation for the year to 28 February 2021 was £646,705 (£697,754 including employer's pension contributions). The corresponding figures for the year to 29 February 2020 were £533,651 (£570,591) including employer's pension contributions).

4. Administration expenses

For the year to 28 February 2021

	28.02.21 £	29.02.20 £
Audit fees	42,450	34,137
Computer systems	279,504	255,862
Custodial fees	41,526	56,864
Information services and systems	323,109	304,376
Professional indemnity insurance	28,853	18,012
Operations review	(88)	107,027
Other costs	99,021	205,273
	814,375	981,551

5. Tangible assets

	Improvements to premises £	Furniture for refurbished office £	Office equipment £	Total £
Cost at 01.03.20	320,211	68,506	27,977	416,694
Additions	66	-	12,248	12,314
Cost at 28.02.21	320,277	68,506	40,225	429,008
Depreciation at 01.03.20	307,856	68,122	20,002	395,980
Charge for the year	2,650	194	2,670	5,514
Depreciation at 28.02.21	310,506	68,316	22,672	401,494
Net book value at 28.02.21	9,771	190	17,553	27,514
Net book value at 29.02.20	12,355	384	7,975	20,714

Management account

6. Fixed asset investments

	Unlisted £	Total £
Other investments other than loans		
Cost		
Cost at 01.03.20	919,750	919,750
Additions	-	-
Cost at 28.02.21	919,750	919,750
Provision for impairment		
At 01.03.20	-	-
Charge for the year	-	-
At 28.02.21	-	-
Net book value		
At 28.02.21	919,750	919,750
At 29.02.20	919,750	919,750

The unlisted investments above include a 100% interest in the issued ordinary and preference share capital of Epworth Investment Management Limited, a company registered in England and Wales, The cost of the investment is £919,750 and it is valued by the directors at £1,043,302. This amount represents 100% of the total assets of Epworth Investment Management Limited.

7. Debtors and prepayments

Due within one year

	28.02.21 £	29.02.20 £
Other debtors	538,081	282,669
Prepayments	220,514	328,679
	758,595	611,048

8. Creditors and accruals

Due within one year

	28.02.21 £	29.02.20 £
Other creditors	517,823	231,524
Accruals	153,433	268,451
	671,256	499,975

9. Cash flow

For the year to 28 February 2021

	28.02.21 £	29.02.20 £
Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash in year	(214,182)	2,937
Opening net cash	1,224,705	1,221,768
Net cash at year end	1,010,523	1,224,705
	28.02.21 £	Cash flow £
Analysis of net cash		
Petty cash	166	(113)
Bank	170,847	50,049
Deposit Fund	839,510	(264,118)
	1,010,523	(214,182)
		29.02.20 £
		279
		120,798
		1,103,628
		1,224,705

Management account

10. Reserves policy

Under the provisions of the Methodist Church Funds Act 1960, the CFB is set up as a non-profit making organisation and is entitled to retain from the income and capital of the funds under its care such amounts as are required to meet its costs. The Council of the CFB however recognises the need to retain additional amounts sufficient to permit the CFB to carry on and develop its activities in the best interests of its users. Such amounts (the reserves) may be required to enable it to finance its longer term operations, including capital spending activities relating to its premises, systems development, etc. The CFB Council reserves policy is committed to a position where the free reserves (defined as those not covering fixed assets or the investment in Epworth Investment Management Limited) cover 6 months worth of CFB expenditure. At 28 February 2021, the free reserves represented 58.5% of the future year's budget. (29 February 2020: 61.8%).

Although the CFB is exempted from the provisions of the Financial Services Act 1986 and is also not required to apply for regulation under the Financial Services & Markets Act 2000, its activities are very similar in nature to those that are carried on by a regulated investment management organisation. Such an organisation is required to maintain reserves at all times of an amount equivalent to that stipulated by the Financial Conduct Authority (FCA). At 28 February 2021, the reserves of the CFB are approximately £1,778,856 in excess of this requirement (29/02/2020 : £2,005,575 surplus).

11. Other financial commitments

At 28 February 2021 the Central Finance Board was committed to making the following annual payments in respect of the non-cancellable operating lease of 9 Bonhill Street, London EC2A 4PE.

	28.02.21
	£
Operating lease which expires:	
In 1 year	94,064
In 2 to 5 years	47,032

The lease is for a period from 23 March 2014 to 24 March 2024, with the tenant or landlord having the right to determine the lease from 1 September 2022 by giving 6 months notice.

12. Pension arrangements

Until 31 May 2019, the CFB participated in a funded multi - employer defined benefit pension scheme. At that date, the scheme ceased to accept contributions from existing and new members. It has not been possible for the CFB to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, in accordance with FRS 102 multi - employer exemption(28.11) ,the scheme is accounted for as if it were a defined contributions scheme.

From 1 June 2019, the CFB made available a defined contribution pension scheme via Aviva. This scheme is auto enrolment compliant and enables staff to choose the level of contributions they make within a defined range. The Central Finance Board double matches employee contributions up to maximum thresholds.

The pension cost charge for the period amounted to £410,774 (29/02/2020: £329,011).

13. Corporate status

The Central Finance Board of the Methodist Church is a body corporate established under the Methodist Church Funds Act, 1960.

14. Related party transactions

The financial statements do not include disclosures of transactions between the CFB and other entities which are wholly owned within the group, as the group is exempt from the requirements to disclose such transactions under FRS 102 paragraph 33.1A "Related Party Disclosures".

15. Contingent assets and liabilities

As at 28 February 2021, there are no commitments, contingent assets or liabilities other than the 'other financial commitments' disclosed in note 11 to the accounts (2020: Nil)

Management account

Cash flow statement

For the year to 28 February 2021

	28.02.21 General £	28.02.21 Designated £	28.02.21 Total £	29.02.20 General £	29.02.20 Designated £	29.02.20 Total £
Income						
Grants receivable	2,768,848	-	2,768,848	2,744,637	-	2,744,637
Fees receivable	990,792	-	990,792	508,160	-	508,160
Interest receivable	4,851	-	4,851	8,513	-	8,513
Other income	106	-	106	62	-	62
Legacy	-	-	-	-	-	0
Total income	3,764,597	-	3,764,597	3,261,372	-	3,261,372
Income recharge						
Income recharge to Epworth Investment Management Limited	606,362	-	606,362	313,444	-	313,444
	606,362	-	606,362	313,444	-	313,444
Personnel costs						
Salaries, Pension Schemes and Consultancy	2,394,443	-	2,394,443	2,124,056	-	2,124,056
	2,394,443	-	2,394,443	2,124,056	-	2,124,056
Establishment costs						
Rent and service charges	161,817	-	161,817	145,859	-	145,859
Electricity and gas	4,831	-	4,831	5,840	-	5,840
Cleaning	10,560	-	10,560	8,696	-	8,696
Repairs, maintenance and security - property	3,325	-	3,325	4,293	-	4,293
	180,533	-	180,533	164,688	-	164,688
Information and custodian costs						
Investment information services	268,880	-	268,880	248,721	-	248,721
Custodian fees	41,526	-	41,526	56,864	-	56,864
Performance measurement/risk assessment	54,229	-	54,229	55,655	-	55,655
	364,635	-	364,635	361,240	-	361,240
Computer costs						
Computer maintenance and development	267,537	11,967	279,504	232,259	23,603	255,862
	267,537	11,967	279,504	232,259	23,603	255,862
Administration costs						
Insurance	35,244	-	35,244	25,888	-	25,888
Telephones & communications	9,370	-	9,370	6,138	-	6,138
General expenses	12,436	-	12,436	28,364	-	28,364
Repairs and maintenance - office equipment	4,250	-	4,250	6,968	-	6,968
Publicity and annual report	275	-	275	1,737	-	1,737
Printing and stationery	8,938	-	8,938	10,070	-	10,070
Postage	11,954	-	11,954	12,242	-	12,242
Legal and professional fees	31,566	-	31,566	31,142	-	31,142
Board and committee expenses	8,327	-	8,327	20,796	-	20,796
Depreciation office equipment and furniture	5,514	-	5,514	79,940	-	79,940
Operations review	(88)	-	(88)	107,027	-	107,027
Audit fees	42,450	-	42,450	34,137	-	34,137
	170,236	-	170,236	364,449	-	364,449
Total expenditure	3,983,746	11,967	3,995,713	3,560,136	23,603	3,583,739
Surplus for the year	(219,149)	(11,967)	(231,116)	(298,764)	(23,603)	(322,367)

This page does not form part of the audited accounts.