

# Financial statements

## Year to 28 February 2022



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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

A handwritten signature in black ink, appearing to read 'J. P. Sandford', written over a horizontal line.

John Sandford  
28 April 2022

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# Chair's statement

## A year of change

It has been another extraordinary year and a year of change for the Central Finance Board (CFB). The COVID pandemic appears to be coming to an end and our office in Bonhill Street has returned to a new hybrid work in the office/work from home model. I am very grateful to all of our staff for their professionalism and diligence during the difficult days of the pandemic. One of the features of the pandemic has been “the great resignation” as people reflect upon their priorities and career objectives. The CFB has not been immune from this, and we have seen some turnover in our management team. In my report last year, I welcomed Roz Amos as our Chief Investment Strategist and Rev Dr Andrew Harper as our Head of Ethics. In this year's report I must also welcome Sarah Bourgein to our management team as Head of Client Relations. Sarah replaces Christophe Borysiewicz who has left us after 17 years of service. He left with our gratitude and appreciation for the service that he has given both the CFB and the Church. It is a strong management team that is outwardly focused, and I hope that the Churches, Circuits and charities that we serve will have the opportunity to meet some of them at Methodist Conference or at our own CFB Conference later this year.

## Our financial position

The Chief Executive Officer's report highlights the exceptional year that 2021/22 was for equity markets. This market strength helped both our funds under management and our revenue position. The combination of strong markets and cost savings on the timings of senior management recruitment meant that the CFB reported a surplus in 2021/22 of £219,733. Our regulated subsidiary, Epworth Investment Management Limited, also recorded a small profit meaning that the consolidated surplus for the financial year was £221,188.

However, the outlook for 2022/23 is more difficult. The Russian invasion of the Ukraine has damaged both geopolitical and financial confidence and we have seen sharp falls in market values at the start of our new financial year. Our Chief Executive reflects in his report on the disinvestment by the CFB from the oil and gas sector and in the short-term how this has hurt our relative investment performance as our Funds have not benefitted from the sharp rise in the price of oil that followed the invasion.

We are also seeing the climax of the disinvestment strategy from the CFB by the Methodist pension schemes. Defined benefit pension schemes have both assets and liabilities, the latter representing the future pension commitment to our Ministers and lay people. The value today of those future liabilities is greatly impacted by interest rates. With the recent rise in interest rates, today's value of those future liabilities has fallen. With this fall and the recent rise in the Schemes' asset values, the Trustees have taken the opportunity to “de-risk” those assets. In practical terms for the CFB this means that over the last year and in the next few months we will have lost a further £230m of assets under management.

## Risk

The CFB prioritises a strong risk management culture. The CFB Council members recognise that risk is inherent in their business and the markets they specialise in. The organisation faces a number of business risks which are actively managed. The principal risk areas are as follows:

- Strategic risk
- Operational risk
- Regulatory risk
- Investment risk

The CFB Council members have reviewed and endorsed a robust and realistic business plan, setting the strategic direction of the CFB. Under this plan there has been substantial investment in the operational, compliance and risk functions of the organisation. The key risks are logged in a central risk register and these are reviewed regularly and adapted as appropriate.

During the COVID-19 pandemic there have been no material issues with fund liquidity or fund investment risk and the CFB Funds continued to operate normally through this period.

## Raising Epworth Investment Management's profile

The Council of the CFB has asked our executive to be more vocal in our ethical engagement; to be prepared to speak up for the poor and marginalised. This has two key benefits – it fulfils our moral obligation as stewards of the assets of many faith and charity groups; it also raises the profile of Epworth. David notes in the CEO report some of the ethical activity that Epworth has undertaken in the last year. This has been noticed in the media and in ethical investment circles and we have started receiving unsolicited calls from charities seeking a strong ethical manager for their investment portfolio.

For the CFB to continue in its current form we need to replace those pension scheme assets that we have lost. Epworth's increasing profile and the new business activities that David describes below leave me confident in the long-term security of the CFB.

## HSBC

One issue that we have been particularly vocal on is the ethical performance of HSBC. We recognise that many treasurers within the Church are deeply unhappy with HSBC – for both their lending to the oil and gas sector and for their business practices. Over the last year we have called out HSBC very publicly for the support of the security laws in Hong Kong and for their hypocrisy in seeking to undermine the climate targets set by bodies in the financial sector. HSBC is deeply embedded in the operations of the CFB. They are not only our banker but also the custodian of our client assets and Trustee, administrator and unit registrar to Epworth's funds. We have heard the great disappointment with the performance of HSBC within the Church and in reaction to this have become one of their most vocal critics. We have a long-term project to review how we support our funds and this will include a review of the role of HSBC. This project is fraught with operational and regulatory risk and thus the review will be measured and deliberate.

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# Chair's statement

## **Lending to the Church**

The opportunity arose earlier this year for the CFB to support the Church financially in their move from Methodist Church House to Egmont House. We were able to provide short-term, fully secured, low risk finance that resolved an issue for the Church and enhanced the rate of return to our Depositors

## **The Climate Emergency**

I am very keen that we work with the Church on its journey to a carbon neutral world. I have been in correspondence with the Connexion about practical ways to finance the investment required to reduce the Church's carbon footprint. I am very pleased to note David's report on the relatively low carbon footprint of our existing funds. However, we must do more, and it is part of my commitment as your Chair to continue the drive to consider the climate implications of every investment we make or action that we undertake.

## **The future**

The CFB is in a strong position to face the future and I am excited by both the developments in our portfolio management service and by the real prospect that we will be able to serve the retail Christian investor in the near future, as described in the Chief Executive Officer's report.



John Sandford  
Chair  
28 April 2022

# Chief Executive Officer's report

Firstly, may I join John in welcoming the new members of our management team. Arguably one of our weaknesses in the past has been a lack of “outward facing” activity. We now have a management team that is vocal and engaging and I am confident that it will deliver the growth that John has described we need.

## Investment review of the year

The last 12 months have been a rollercoaster in many ways. We started the year with many countries still in lockdown due to Covid 19. Things improved, broadly speaking, in this dimension over the year due to large scale vaccine rollouts and developments of better treatments for the disease, and although recent outbreaks tell us it is not over, the acute phase for most of the world has passed. As the year progressed attention turned to inflation and energy prices, as the pace of reopening strained supply chains and people in many countries experienced inflation in prices while growth bounced back. Most recently the world has been shaken by Russia's invasion of Ukraine, which to date shows no sign of a resolution that ends the human suffering. The economic fallout from this to date has been to put further pressure on energy supply as the rest of the world moves to exclude Russia from global markets, and forecasts for growth in the next year have fallen.

Equity markets have, against this backdrop been volatile but surprisingly resilient overall. UK equities have returned around 16% in the year to 28 Feb 2022. Our portfolio has struggled in this environment, particularly in the last couple of months, and has returned 13% in the same period. Lack of holdings in the oil and gas sector, and a rotation away from growth stocks have both hurt our relative performance. Global equities also performed well, with the CFB global equity fund returning 11.3% over the period, with similar factors impacting relative performance. Bond markets have fallen as interest rates have risen from their historic lows. This has meant we could increase the rate on the CFB Deposit Fund from its historic lows, but that the bond funds have achieved negative returns for the year to 28 February. Property returns have been positive and ahead of benchmark over the period with our exposure to Mayfair Capital's Property Investment Trust for Charities rewarding us with sector leading performance.

## Ethical review

Tax Justice remains an issue of importance to the Central Finance Board and Epworth Investment Management Limited. We continue our engagement with the leadership of the companies that comprise the “conviction” part of our portfolio, encouraging them to seek the accreditation of the Fair Tax Mark. We have heard back from nearly all the companies, with encouraging responses on the need for transparent reporting. Following our engagement, we have seen several companies publish their tax strategies online, and others have committed to looking further at the Fair Tax Mark. We applaud all instances where companies take steps to be more transparent in their tax accounting and reporting. Epworth renewed its accreditation with the Fair Tax Foundation in the year. We are proud to be certified by a scheme that recognises companies which pay the right amount of tax at the right time and in the right place.

Another focus for the year has been on mining companies, where we have long term engagement projects aimed at holding these companies to account for their approaches to the environment, the welfare and safety of their employees, and the impact that their activities have on local communities in the remote areas that they operate in. We encourage companies to develop policies, to enforce these policies, and to report on them. Our ongoing engagement with these companies ensures that we can continue to influence them and to push them to continue improving on these important ethical issues. Notably, the Central Finance Board featured in a February 2021 edition

of the Sunday Times as one of the only investors willing to make serious comment after the mining company Rio Tinto published a report detailing systemic workplace toxicity including incidents of criminal harassment, rape, and racism with their company. This press exposure leveraged high-level meetings for our ethics team with Rio's management and has given the Board the opportunity to interrogate policy at the company.

In accordance with the request from Methodist Conference, the Joint Advisory Committee on the Ethics of Investment and the Central Finance Board have adopted an updated policy on Israel & Palestine. This policy will better enable the Board to navigate the complexities of the region with care and compassion. It also sets a precedent on how we form policy in conflict zones; regrettably a live issue with the war in the Ukraine.

Through the Church Investors Group voting policy, in 2021 we introduced new voting on ethnic representation at board level. This year we will continue to advance our expectations of companies in this area, increasing the number of companies that this applies to. Over the year, we saw an increase in companies in both the UK and global markets putting climate related resolutions to a vote as attention to how companies are transitioning to a low carbon economy increases.

## CFB Fund performance

Where possible, the CFB funds are now all cross invested into the equivalent sub-Fund in the offering from Epworth, the Epworth Investment Funds for Charities. The CFB Overseas fund has been renamed the CFB Global Equity fund.

Until the end of 2021 all equity funds were showing strong medium term relative and absolute performances. Some of this was lost during the first two months of 2022, largely due to the exclusion of companies in the oil and gas sector:

See Table 1.

## Change in the manner in which fund fees are taken

One amendment made during the year was to change the way in which the CFB collects its fees from the funds that it manages. Previously fees were charged to the “income account” of the relevant fund. Thus, fees were deducted from the dividends that were received by the Funds before a distribution was made to unit holders. From November 30, 2021, fees have been charged to the “capital account”. This means that all dividends received by the Funds are distributed, improving the income received in unit holder hands. However, with fees now being charged to capital, the cost of this is reduced long term capital growth. For unitholders that reinvest their dividends, there is no overall impact upon their total return.

## 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. For the CFB's voting record in 2021/22 see Table 2.

## Carbon footprint

One of other elements of fund performance that the CFB reports on is the relative carbon footprint of each fund. The following is the latest figures on the carbon footprints of the funds, compared to the benchmark indices that they are measured against. See Figure 1.



# Chief Executive Officer's report

**Table 1 - CFB fund performance summary**

As at 28 February 2022

	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
<b>CFB UK Equity Fund</b>	12.95	5.99	5.46	7.39
Benchmark	16.03	5.78	4.68	6.91
Excess return	-3.08	+0.21	+0.78	+0.48
<b>CFB Global Equity Fund</b>	11.30	13.57	10.29	12.58
Benchmark	12.87	14.12	10.60	12.77
Excess return	-1.57	-0.55	-0.31	-0.19
<b>CFB Gilt Fund</b>	-4.23	0.58	0.61	2.56
Benchmark	-3.19	1.25	1.01	2.94
Excess return	-0.96	-0.67	-0.40	-0.38
<b>CFB Short Fixed Interest Fund</b>	-2.44	0.32	0.28	1.43
Benchmark	-2.17	0.30	0.28	1.40
Excess return	-0.24	+0.02	-	+0.03
<b>CFB Corporate Bond Fund</b>	-4.71	0.97	1.01	3.59
Benchmark	-4.74	2.18	1.74	4.09
Excess return	+0.03	-1.21	-0.73	-0.50

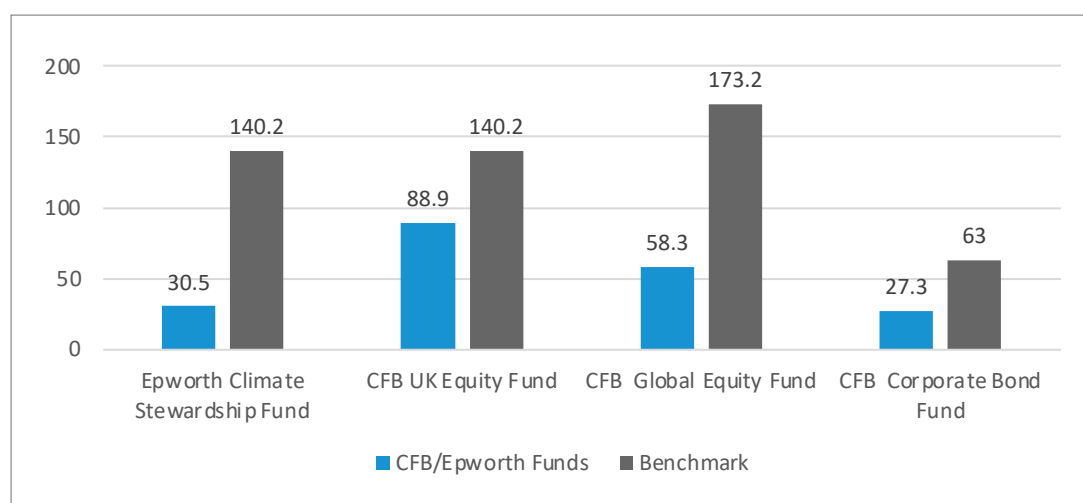
All figures annualised and after fees

**Table 2 - CFB voting record**

Year to 28 February 2022

	For	Oppose	Abstain	Against or abstain
Auditors	326	2	0	1%
Directors	2,773	444	24	14%
Remuneration	156	263	5	63%
Executive Pay Scheme (UK)	40	30	0	43%
Shareholder Capital (Overseas)	143	11	0	7%
Other	1,674	101	18	7%
Total	5,112	851	47	15%

**Figure 1 - CFB/Epworth equity funds carbon footprints (tCO2e/Mil USD)**



# Chief Executive Officer's report

## CFB Deposit Fund

2021 was a nadir for interest rates in the United Kingdom with the CFB Deposit Fund only able to pay an interest rate of 0.01%. Even this paltry rate had to be funded from reserves as the costs of running the fund were greater than the interest we could earn from external bank deposits. However, the rising inflationary environment in the United Kingdom led to two rises in the Bank of England's base rate at the end of the year enabling us to increase the rate on the CFB Deposit Fund to 0.27% by early March. As our rolling book of deposits matures, and we are able to fund at higher rates, I anticipate that the rates declared on the CFB Deposit fund will gradually increase throughout the year; bringing some much needed support to our treasurers.

## Attitude of Churches to disinvestment from oil & gas

For three years the Central Finance Board engaged with Methodist Conference to meet its request that the Church should not be invested in any companies in the oil and gas sector that were not aligned with the Paris Accord. After three years of in-depth research, we were unable to satisfy the Joint Advisory Committee on the Ethics of Investment that any company was fully aligned with a "well below two degrees" scenario. The Board and Epworth therefore sold the last of its investments in the sector in April 2021. To my surprise this decision has been criticised by some members of the Church and we have faced challenges to our management of individual church funds due to this decision. The Central Finance Board will always comply with the directions of Methodist Conference. The place for debate on these policies is Conference floor, not in the aftermath during the implementation of those decisions.

## Climate Stewardship Fund

Two years ago, Epworth launched its "Climate Stewardship Fund". This fund invests in UK equities but excludes any that are involved with the oil and gas sector or have high carbon footprints (such as cement manufacturers or airline companies). It also invests in companies that are supporting the transition to a lower carbon world. We are working with the Connexional team to replicate this fund for Methodist Council. We also hope to launch later this year a similar fund that invests in Global equities, again supported by Methodist Council.

## CFB Conference

For the last four years we have held an annual CFB Conference that updates our clients and members of the Church on our investment and ethical work. The last two conferences have been through a virtual platform, but I hope that this year we will be able to visit several locations around the country. We will be reaching out to possible locations and if you would like to host a visit from the CFB's team later this year please let me know.

## Platform

In addition to its Fund offering, Epworth's investment proposition includes a portfolio management service. Because of our operational structure these portfolios can currently only consist of Epworth's own funds and an external commercial property fund. Epworth is well advanced in an operational enhancement to this portfolio offering that involves using a third-party technology provider and custodian. Once this project is completed Epworth's clients will be able to elect to hold their portfolio on a third-party platform, enabling Epworth to invest in external funds where there are gaps in our current choice of asset class. Clients on this platform will also be able to access their valuations electronically daily. We will not be able to extend this service to any portfolio clients investing in the CFB funds until we are able to improve the dealing cycle on these funds to daily.

## Retail clients

Last summer Epworth applied to its regulator, the FCA, to expand its regulatory permissions to act for the general public (retail permissions). Epworth is still waiting to hear if it is being granted these extra permissions but in the meantime is working on a solution that will deliver an ethical solution based upon our Christian beliefs to the person in the pew. In the United States "biblically responsible investing" (BRI) is a well-established market; in the UK there are funds readily available for the Muslim investor. But there are no retail Christian solutions available. Epworth therefore sees this as a new business opportunity; as well as fulfilling part of our calling. The operational requirements of such a venture are substantial and Epworth has therefore partnered with a leading City investment firm. Epworth is joining the Association of Christian Financial Advisers and will be the lead sponsor of their Autumn annual conference.

## Rev Jen Smith

I would like to finish this report with my thanks to Rev Jen Smith, the superintendent at Wesley's Chapel. Jen has supported our weekly prayer group without complaint, dialling in even when travelling to the North of Scotland where her husband currently serves. The prayer group is a time of reflection that lies at the heart of our culture. Jen's leadership has guided us through very troubling times as we have to balance our financial commitment to our clients with our ethical obligations in a dangerous and challenging world. This is at the heart of why the CFB and Epworth are different to any other investment manager and our prayer group will always be a core part of our DNA.



David Palmer  
Chief Executive Officer  
28 April 2022

# 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. These may be in person meetings or virtual as appropriate. 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 on the CFB website ([www.cfbmethodistchurch.org.uk](http://www.cfbmethodistchurch.org.uk)). 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. As with the Council meetings, the committees may meet in person or virtually as appropriate.

### Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee normally 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. During 2021/22 the Committee comprised of two members. Currently, there is an active workstream to increase membership appropriately. 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 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 Firm's 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 Head of Compliance.

# Principles of corporate governance

## Management and Remuneration Committee

The Management and Remuneration Committee comprises of the Chair, Vice Chair and up to 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, the Secretary/Chief Financial Officer and the Head of Compliance, who together form the Executive Committee. 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 to templates agreed with and through CIG. It is a signatory of the UK Stewardship Code, CDP (formally 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. Reports on health and safety issues are considered by the Audit, Risk and Governance Committee.
- **Environment**  
in its policies and workstreams including its commitments to net zero targets. 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 regular user Conferences 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, Global Equity 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 2022. 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/fund size table, the Total expense ratios, the Average dealing spread (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 2022 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
- 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 Council 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 Council 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 Council 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 Council members either intend to liquidate the CFB's funds 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 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 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](http://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.

Buzzacott LLP

Jonathan West (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL  
28 April 2022

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## CFB unitised funds

# CFB UK Equity Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net gains on investments during the period	2	31,221	11,508
			11,508
Income	3	8,256	9,586
Expenses	4	(896)	(1,627)
Net income		7,360	7,959
Total return for the period		38,581	19,467
Finance costs: distributions	8	(7,360)	(7,961)
Change in net assets attributable to unitholders		31,221	11,506

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	324,226	351,345
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	1,358	45,480
Amounts payable on cancellation of units	(168,695)	(84,116)
	(167,337)	(38,636)
Dilution levy/adjustment	63	11
Change in net assets attributable to unitholders from investment activities	31,221	11,506
Closing net assets attributable to unitholders	188,173	324,226

## 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				
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
2022	2,329.8	2,062.8	63.01	42.13



# CFB UK Equity Fund

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		187,851	323,456
<b>Current assets</b>			
Debtors	9	900	1,435
Cash and bank balances	10	282	497
Total current assets		1,182	1,932
Total assets		189,033	325,388
<b>Liabilities</b>			
Creditors	11	22	(77)
Distribution payable		(882)	(1,085)
Total liabilities		(860)	(1,162)
Net assets attributable to unitholders		188,173	324,226

## Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
<b>Charity units</b>				
1 March 2021 to 31 May 2021	24.83	0.51	25.34	20 July 2021
1 June 2021 to 31 August 2021	8.20	0.33	8.53	20 October 2021
1 September 2021 to 30 November 2021	18.32	0.22	18.54	20 January 2022
1 December 2021 to 28 February 2022	10.59	0.01	10.60	20 April 2022
<b>Pension units</b>				
1 March 2021 to 31 May 2021	26.0	(0.30)	25.70	20 July 2021
1 June 2021 to 31 August 2021	8.02	(0.06)	7.96	20 October 2021
1 September 2021 to 30 November 2021	18.03	(0.10)	17.93	20 January 2022
1 December 2021 to 28 February 2022	9.96	0.11	10.07	20 April 2022

# 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 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
28 February 2022	188.2	4,294,962	4,240,949	2,204.5

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.50	0.50

## Total expense ratios

	2022 %	2021 %
Administration grant (including custody and transaction costs)	0.50	0.50
Epworth UK Equity Fund for Charities & external fund manager charges	0.24	0.21
	0.74	0.71

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# CFB UK Equity Fund

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.22 Benchmark* %	28.02.21 Market value £'000s	28.02.21 CFB %	28.02.21 Benchmark* %
Equity investment instruments	187,851	100.0	100.0	323,456	100.0	100.0
Total investments	187,851	100.0	100.0	323,456	100.0	100.0
Net cash	322			770		
Total value of fund	188,173			324,226		

\* Benchmark: All Share

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# CFB UK Equity Fund

## Portfolio valuation

As at 28 February 2022

	Holding 000s	Market value £'000s	%
<b>Equity investment instruments</b>			<b>100.0</b>
Epworth UK Equity for Charities CFB	108,325	186,134	99.1
Impax New Energy Investors II LP	304	24	0.0
Impax New Energy Investors III LP	26	1,693	0.9
<b>Media</b>			<b>0</b>
Lion Hudson	171	0	0
Total investments		187,851	100.0
Net current assets		322	
Total value of Fund		188,173	

# CFB UK Equity Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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

Until 30 November 2021 all administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges were recovered by deduction from income before a distribution was declared. From 1 December 2021 all administration expenses as set out above were deducted from capital rather than income. 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 2022 expenses were recovered at the following rate:

- 0.50% per annum (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which was paid for from 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

	2022 £'000s	2021 £'000s
Proceeds from sales of investments	168,881	350,892
Original cost of investments sold	(144,448)	(324,662)
Net realised gains on sales	24,433	26,230
Net unrealised gains/(losses)	7,140	(14,732)
Currency (losses)/gains	(2)	10
Administration grant capital	(350)	-
Net gains on investments	31,221	11,508

### 3. Gross income

	2022 £'000s	2021 £'000s
UK dividends	8,379	9,358
Overseas dividends	-	28
Bank interest	-	20
Equalisation	(63)	(11)
Management fee recharge	(60)	191
Total income	8,256	9,586

### 4. Expenses

	2022 £'000s	2021 £'000s
Administration grant	896	1,627

### 5. Change in net assets per unit

#### Charity units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	2,006.6	1,943.2	2,011.3
Return before operating charges	270.3	114.4	6.0
Operating charges	(9.4)	(8.4)	(7.6)
Return after operating charges	260.9	106	(1.6)
Distribution on income units	(63.0)	(42.6)	(66.5)
Closing net asset value per unit	2,204.5	2,006.6	1,943.2

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	13.0	5.5	(0.1)

#### Pension units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	2,006.6	1,943.2	2,011.3
Return before operating charges	269.7	114.3	6.1
Operating charges	(10.1)	(6.8)	(7.8)
Return after operating charges	259.6	107.5	(1.7)
Distribution on income units	(61.7)	(44.1)	(66.4)
Closing net asset value per unit	2,204.5	2,006.6	1,943.2

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	12.9	5.5	(0.1)

# CFB UK Equity Fund

## 6. Portfolio transaction costs

	2022 £'000s	2021 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	1,704	312,243
Commissions	-	25
Custodian transaction costs	-	3
Total purchase costs	-	28
Gross purchase total	1,704	312,271
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	168,881	350,921
Commissions	-	26
Custodian transaction costs	-	3
Total sale costs	-	29
Total net sales	168,881	350,892

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:

	2022 £'000s	2021 £'000s
31 May 2021	3,716	2,706
31 August 2021	887	2,090
30 November 2021	1,875	2,080
28 February 2022	882	1,085
	7,360	7,961
Income on creation and cancellation of units	63	11
Net distribution for year	7,423	7,972

## 9. Debtors

	2022 £'000s	2021 £'000s
Accrued income	900	1,434
Sales awaiting settlement	-	1
	900	1,435

## 10. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	7	105
Other bank accounts	275	392
	282	497

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

	2022 £'000s	2021 £'000s
Purchases awaiting settlement	-	-
Other creditors	(22)	77
	(22)	77

## 12. Portfolio turnover

	2022 %	2021 %
Portfolio turnover	0.2	164.9

## 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 2022 foreign currency exposure was:

	2022 £'000s	2021 £'000s
Currency		
Euro	1,717	1,223
	1,717	1,223

### 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Global Equity Fund (formerly CFB Overseas Fund)

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net gains on investments during the period	2	19,838	27,288
		19,838	27,288
Income	3	2,851	2,289
Expenses	4	(746)	(860)
Taxation: irrecoverable withholding tax	7	(9)	(61)
Net income		2,096	1,368
Total return for the period		21,934	28,656
Finance costs: distributions	8	(2,095)	(1,368)
Change in net assets attributable to unitholders		19,839	27,288

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	148,910	144,950
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	27,124	31,908
Amounts payable on cancellation of units	(56,897)	(55,269)
	(29,773)	(23,361)
Dilution levy/adjustment	67	33
Change in net assets attributable to unitholders from investment activities	19,839	27,288
Closing net assets attributable to unitholders	139,043	148,910

## 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				
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
2022	990.9	810.2	7.78	39.17



# CFB Global Equity Fund (formerly CFB Overseas Fund)

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		138,777	146,895
<b>Current assets</b>			
Debtors	9	650	718
Cash and bank balances	10	183	1,575
Total current assets		833	2,293
Total assets		139,610	149,188
<b>Liabilities</b>			
Creditors	11	(8)	3
Distribution payable		(559)	(281)
Total liabilities		(567)	(278)
Net assets attributable to unitholders		139,043	148,910

## Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
<b>Charity units</b>				
1 March 2021 to 31 May 2021	2.18	(0.01)	2.17	20 July 2021
1 June 2021 to 31 August 2021	1.85	0.01	1.86	20 October 2021
1 September 2021 to 30 November 2021	0.85	(0.03)	0.82	20 January 2022
1 December 2021 to 28 February 2022	2.93	0.00	2.93	20 April 2022
<b>Pension units</b>				
1 March 2021 to 31 May 2021	3.18	0.02	3.20	20 July 2021
1 June 2021 to 31 August 2021	3.03	(0.03)	3.00	20 October 2021
1 September 2021 to 30 November 2021	2.04	0.05	2.09	20 January 2022
1 December 2021 to 28 February 2022	3.81	0.02	3.83	20 April 2022

# CFB Global Equity Fund (formerly 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 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
28 February 2022	139.0	5,450,337	10,419,475	876.1

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.40	0.09

## Total expense ratios

	2022 %	2021 %
Administration grant (including custody and transaction costs)	0.59	0.59
Epworth Global Equity Fund for Charities & external fund manager charges	0.55	0.54
	1.14	1.13

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
North America	-	-	45,229	30.8
Europe	-	-	9,909	6.7
Japan	-	-	5,630	3.8
Pacific Basin ex-Japan	-	-	11,336	7.7
Rest of the World	138,777	100.0	74,791	51.0
Total investments	138,777	100.0	146,895	100.0
Net current assets	266		2,015	
Total value of fund	139,043		148,910	

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# CFB Global Equity Fund (formerly CFB Overseas Fund)

## Portfolio valuation

As at 28 February 2022

	Holding 000s	Market value £'000s	%
<b>Global</b>		<b>138,777</b>	<b>100.0</b>
Epworth Global Equity Charities CFB	99,570	134,121	96.6
Generation IM Climate Solution Fd	3,252	3,859	2.8
Impax New Energy Investors	12	797	0.6
Total investments		138,777	100.0
Net cash		266	
Total value of Fund		139,043	

# CFB Global Equity Fund (formerly CFB Overseas Fund)

## Notes to the accounts

For the year ended 28 February 2022

### 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

Until 30 November 2021 all administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges were recovered by deduction from income before a distribution was declared. From 1 December 2021 all administration expenses as set out above were deducted from capital rather than income. 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 2022 expenses were recovered at the following rate:

- 0.59% per annum (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	2022 £'000s	2021 £'000s
Proceeds from sales of investments	145,015	76,454
Original cost of investments sold	(100,333)	(53,645)
Net realised gains on sales	44,682	22,809
Net unrealised (losses)/gains	(24,383)	4,773
Currency losses	(135)	(294)
Administration grant capital	(326)	-
Net gains on investments	19,838	27,288

### 3. Gross income

	2022 £'000s	2021 £'000s
Overseas dividends	2,305	1,906
Bank interest	(2)	3
Equalisation	(66)	(33)
Management fee recharge	614	413
Total income	2,851	2,289

### 4. Expenses

	2022 £'000s	2021 £'000s
Administration grant	746	860

### 5. Change in net assets per unit

#### Charity units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	794.7	657.9	615.5
Return before operating charges	94.9	145.7	52.1
Operating charges	(5.7)	(4.2)	(1.9)
Return after operating charges	89.2	141.5	50.2
Distribution on income units	(7.8)	(4.7)	(7.8)
Closing net asset value per unit	876.1	794.7	657.9

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	11.3	21.5	3.9

#### Pension units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	794.7	657.9	615.5
Return before operating charges	94.0	145.8	52.1
Operating charges	(0.5)	(0.8)	(0.7)
Return after operating charges	93.5	145.0	51.4
Distribution on income units	(12.1)	(8.2)	(9.0)
Closing net asset value per unit	876.1	794.7	657.9

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	11.8	22.0	8.4

# CFB Global Equity Fund (formerly CFB Overseas Fund)

## 6. Portfolio transaction costs

	2022 £'000s	2021 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	116,598	51,913
Commissions	-	13
Custodian transaction costs	-	3
Total purchase costs	-	16
Gross purchase total	116,598	51,929
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	145,034	76,480
Commissions	17	16
Custodian transaction costs	2	10
Total sale costs	19	26
Total net sales	145,015	76,454
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.

	2022 £'000s	2021 £'000s
Withholding tax	9	61

## 8. Distributions

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

	2022 £'000s	2021 £'000s
31 May 2021	625	431
31 August 2021	575	444
30 November 2021	336	212
28 February 2022	559	281
	2,095	1,368
Income on creation and cancellation of units	67	11
Net distribution for year	2,162	1,379

## 9. Debtors

	2022 £'000s	2021 £'000s
Accrued income	640	317
Sales awaiting settlement	10	401
	650	718

## 10. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	174	828
Other bank accounts	9	747
	183	1,575

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

	2022 £'000s	2021 £'000s
Purchases awaiting settlement	-	-
Other creditors	8	(3)
	8	(3)

## 12. Portfolio turnover

	2022 %	2021 %
Portfolio turnover	97.7	28.4

## 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 2022 foreign currency exposure was:

	2022 £'000s	2021 £'000s
Currency		
Canadian Dollar	-	-
United States Dollar	3,859	39,738
Euro	796	5,704
Swiss Franc	-	2,472
Danish Krone	-	451
Norwegian Krone	-	-
Swedish Krona	-	254
	4,655	48,619

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# CFB Global Equity Fund

## (formerly 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Property Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net gains/(losses) on investments during the period	2	3,873	(1,224)
		3,873	(1,224)
Income	3	1,099	854
Expenses		-	-
Net income		1,099	854
Total return for the period		4,972	(370)
Finance costs: distributions	7	(1,098)	(852)
Change in net assets attributable to unitholders		3,874	(1,222)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	20,673	20,946
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	1,422	1,208
Amounts payable on cancellation of units	(205)	(259)
	1,217	949
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	3,874	(1,222)
Closing net assets attributable to unitholders	25,764	20,673

## 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				
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
2022	79.0	68.9	3.48	35.62

(\*) 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 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		25,744	20,655
<b>Current assets</b>			
Debtors and accrued income	8	211	153
Cash and bank balances	9	96	94
Total current assets		307	247
Total assets		26,051	20,902
<b>Liabilities</b>			
Creditors			-
Distribution payable	10	(287)	(229)
Total liabilities		(287)	(229)
Net assets attributable to unitholders		25,764	20,673

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2021 to 31 March 2021	0.26	17 July 2021
1 April 2021 to 30 April 2021	0.34	17 July 2021
1 May 2021 to 31 May 2021	0.28	17 July 2021
1 June 2021 to 30 June 2021	0.20	17 October 2021
1 July 2021 to 31 July 2021	0.26	17 October 2021
1 August 2021 to 31 August 2021	0.27	17 October 2021
1 September 2021 to 30 September 2021	0.26	18 January 2022
1 October 2021 to 31 October 2021	0.39	18 January 2022
1 November 2021 to 30 November 2021	0.32	18 January 2022
1 December 2021 to 31 December 2021	0.24	18 April 2022
1 January 2022 to 31 January 2022	0.37	18 April 2022
1 February 2022 to 28 February 2022	0.29	18 April 2022



# 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 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	72.2
28 February 2021	20.7	30,344,825.97	68.1
28 February 2022	25.7	31,998,589.50	80.5

## Average dealing spread

	28.02.22	28.02.21
	%	%
	2.74	2.71

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
Mayfair Property Income Trust for Charities	25,744	100.0	20,655	100.0
Total investments	25,744	100.0	20,655	100.0
Net current assets	20		18	
Total value of fund	25,764		20,673	

## Notes to the accounts

For the year ended 28 February 2022

### 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	2022 £'000s	2021 £'000s
Proceeds from sales of investments	205	259
Original cost of investments sold	1,876	(279)
Net realised gains/(losses) on sales	2,081	(20)
Net unrealised gains/(losses)	1,792	(1,204)
Currency gains	-	-
Net gains/(losses) on investments	3,873	(1,224)

### 3. Gross income

	2022 £'000s	2021 £'000s
UK dividends	1,099	853
Overseas dividends	-	-
Bank interest	-	1
Equalisation	-	-
Total income	1,099	854

### 4. Change in net assets per unit

#### Charity units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	68.1	72.2	74.3
Return before operating charges	15.9	(1.2)	1.8
Operating charges	-	-	-
Return after operating charges	15.9	(1.2)	1.8
Distribution on income units	(3.5)	(2.9)	(3.9)
Closing net asset value per unit	80.5	68.1	72.2

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	23.9	(1.6)	2.3

# CFB Property Fund

## 5. Portfolio transaction costs

	2022 £'000s	2021 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	1,422	11,143
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	1,422	11,143
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	205	181
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	205	181

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:

	2022 £'000s	2021 £'000s
31 March 2021	79	75
30 April 2021	103	58
31 May 2021	89	73
30 June 2021	63	61
31 July 2021	83	67
31 August 2021	86	69
30 September 2021	82	70
31 October 2021	124	78
30 November 2021	102	72
31 December 2021	76	77
31 January 2022	118	79
28 February 2022	93	73
Net distribution for year	1,098	852

## 8. Debtors

	2022 £'000s	2021 £'000s
Accrued income	211	153
	211	153

## 9. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	96	94
	96	94

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

	2022 £'000s	2021 £'000s
Distributions payable	287	229
	287	229

## 11. Portfolio turnover

	2022 %	2021 %
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

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# 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Managed Equity Fund

## Statement of total return

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Net gains on investments during the period	2,845	1,580
	2,845	1,580
Income	798	557
Expenses	-	-
Net income	798	557
Total return for the period	3,643	2,137
Finance costs: distributions	(798)	(557)
Change in net assets attributable to unitholders	2,845	1,580

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	28,741	28,041
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	171	420
Amounts payable on cancellation of units	(954)	(1,300)
	(783)	(880)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	2,845	1,580
Closing net assets attributable to unitholders	30,803	28,741

## 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				
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
2022	2,752.9	3,131.3	75.91	48.49

# CFB Managed Equity Fund

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		30,802	28,740
<b>Current assets</b>			
Debtors	4	142	83
Cash and bank balances	5	1	1
Total current assets		143	84
Total assets		30,945	28,824
<b>Liabilities</b>			
Creditors		-	-
Distribution payable	6	(142)	(83)
Total liabilities		(142)	(83)
Net assets attributable to unitholders		30,803	28,741

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2021 to 31 May 2021	30.06	20 July 2021
1 June 2021 to 31 August 2021	10.65	20 October 2021
1 September 2021 to 30 November 2021	21.66	20 January 2022
1 December 2021 to 28 February 2022	13.54	20 April 2022

# 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 2018	30.0	1,171,152	2,640.6
28 February 2019	29.6	1,146,473	2,584.0
29 February 2020	28.0	1,107,837	2,531.1
28 February 2021	28.7	1,073,474	2,677.4
28 February 2022	30.8	1,046,567	2,943.3

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.16	0.16

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
CFB UK Equity Fund	26,411	85.7	24,663	85.8
CFB Global Equity Fund (formerly CFB Overseas Fund)	4,391	14.3	4,077	14.2
Total investments	30,802	100.0	28,740	100.0
Net current assets	1		1	
Total value of fund	30,803		28,741	

# CFB Managed Equity Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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 2022, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.50% (28.02.21: 0.50%)
- CFB Global Equity Fund (formerly CFB Overseas Fund) 0.59% (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	2,677.4	2,531.1	2,582.6
Return before operating charges	341.8	197.4	27.0
Operating charges	-	-	-
Return after operating charges	341.8	197.4	27.0
Distribution on income units	(75.9)	(51.1)	(78.5)
Closing net asset value per unit	2,943.3	2,677.4	2,531.1

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	12.7	8.0	1.0

### 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

	2022 £'000s	2021 £'000s
Accrued income	142	83
	142	83

### 5. Cash and bank balances

	2022 £'000s	2021 £'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

	2022 £'000s	2021 £'000s
Distributions payable	142	83
	142	83



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# 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Managed Fixed Interest Fund

## Statement of total return

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Net (losses) on investments during the period	(268)	(168)
	(268)	(168)
Income	51	52
Expenses	-	-
Net income	51	52
Total return for the period	(217)	(116)
Finance costs: distributions	(51)	(52)
Change in net assets attributable to unitholders	(268)	(168)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	7,163	7,534
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	16	-
Amounts payable on cancellation of units	(453)	(203)
	(437)	(203)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(268)	(168)
Closing net assets attributable to unitholders	6,458	7,163

## 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				
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
2022	215.0	201.2	1.57	9.50

# CFB Managed Fixed Interest Fund

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		6,457	7,162
<b>Current assets</b>			
Debtors	4	16	12
Cash and bank balances	5	1	1
Total current assets		17	13
Total assets		6,474	7,175
<b>Liabilities</b>			
Creditors		-	-
Distribution payable	6	(16)	(12)
Total liabilities		(16)	(12)
Net assets attributable to unitholders		6,458	7,163

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2021 to 31 May 2021	0.32	20 July 2021
1 June 2021 to 31 August 2021	0.34	20 October 2021
1 September 2021 to 30 November 2021	0.40	20 January 2022
1 December 2021 to 28 February 2022	0.51	20 April 2022

# 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 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
28 February 2022	6.4	3,199,859	201.8

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.14	0.14

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
CFB Gilt Fund	2,268	35.1	2,586	36.1
CFB Corporate Bond Fund	736	11.4	855	11.9
CFB Short Fixed Interest Fund	3,453	53.5	3,721	52.0
Total investments	6,457	100.0	7,162	100.0
Net current assets	1		1	
Total value of fund	6,458		7,163	

# CFB Managed Fixed Interest Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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 2022, the costs recovered by the CFB from the underlying funds were as follows:

- CFB Gilt Fund 0.23% (28.02.21: 0.23%)
- CFB Corporate Bond Fund 0.32% (28.02.21: 0.32%)
- CFB Short Fixed Interest Fund 0.21% (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	210.3	215.3	203.6
Return before operating charges	(6.9)	(3.5)	13.7
Operating charges	-	-	-
Return after operating charges	(6.9)	(3.5)	13.7
Distribution on income units	(1.6)	(1.5)	(2.0)
Closing net asset value per unit	201.8	210.3	215.3

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	(3.3)	(1.7)	6.7

### 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

	2022 £'000s	2021 £'000s
Accrued income	16	12
	16	12

### 5. Cash and bank balances

	2022 £'000s	2021 £'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

	2022 £'000s	2021 £'000s
Distributions payable	16	12
	16	12

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# 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Managed Mixed Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net gains on investments during the period		2,659	1,813
		2,659	1,813
Income		845	563
Expenses	2	(168)	(147)
Net income		677	416
Total return for the period		3,336	2,229
Finance costs: distributions	5	(734)	(416)
Change in net assets attributable to unitholders		2,602	1,813

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	28,688	27,593
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	1,080	450
Amounts payable on cancellation of units	(1,661)	(1,168)
	(581)	(718)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	2,602	1,813
Closing net assets attributable to unitholders	30,709	28,688

## 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				
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
2022	578.9	509.1	12.94	44.79

# CFB Managed Mixed Fund

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		30,685	28,677
<b>Current assets</b>			
Debtors	6	185	133
Cash and bank balances	7	24	11
Total current assets		209	144
Total assets		30,894	28,821
<b>Liabilities</b>			
Creditors		-	-
Distribution payable	8	(185)	(133)
Total liabilities		(185)	(133)
Net assets attributable to unitholders		30,709	28,688

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2021 to 31 May 2021	3.92	20 July 2021
1 June 2021 to 31 August 2021	2.88	20 October 2021
1 September 2021 to 30 November 2021	2.86	20 January 2022
1 December 2021 to 28 February 2022	3.28	20 April 2022



# 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 2018	27.4	6,035,966	453.4
28 February 2019	27.5	6,000,099	458.9
29 February 2020	27.6	5,923,524	465.7
28 February 2021	28.7	5,760,466	498.5
28 February 2022	30.7	5,652,614	543.3

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.30	0.30

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
Epworth Multi-Asset Fund for Charities	30,685	100.0	28,677	100.0
Total investments	30,685	100.0	28,677	100.0
Net current assets	24		11	
Total value of fund	30,709		28,688	

# CFB Managed Mixed Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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 2022, the costs CFB from the recovered were as follows:

- 0.54% per annum (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

### 2. Expenses

	2022 £'000s	2021 £'000s
Administration grant	169	147

### 3. Change in net assets per unit

#### Charity units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	488.7	465.2	458.9
Return before operating charges	67.5	30.6	17.5
Operating charges	-	-	-
Return after operating charges	67.5	30.6	17.5
Distribution on income units	(12.9)	(7.1)	(11.2)
Closing net asset value per unit	543.3	488.7	465.2

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	11.7	8.7	3.8

### 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:

	2022 £'000s	2021 £'000s
Net distribution for year	733	416

### 6. Debtors

	2022 £'000s	2021 £'000s
Accrued income	185	133
	185	133

### 7. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	24	11
Other bank accounts	-	-
	24	11

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

	2022	2021
	£'000s	£'000s
Distributions payable	185	133
	185	133

## 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Methodist Council

## Managed Medium Term Fund

### Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net gains on investments during the period		1,073	973
		1,073	973
Income		470	376
Expenses		-	-
Net income		470	376
Total return for the period		1,543	1,349
Finance costs: distributions	4	(469)	(376)
Change in net assets attributable to unitholders		1,074	973

### Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	26,002	25,029
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	1,074	973
Closing net assets attributable to unitholders	27,076	26,002

### 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				
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
2022	125.6	116.4	2.07	20.07

# CFB Methodist Council

## Managed Medium Term Fund

### Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		27,075	26,002
<b>Current assets</b>			
Debtors	5	106	68
Cash and bank balances	6	15	11
Total current assets		121	79
Total assets		27,196	26,081
<b>Liabilities</b>			
Creditors		-	-
Distribution payable	7	(120)	(79)
Total liabilities		(120)	(79)
Net assets attributable to unitholders		27,076	26,002

### Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2021 to 31 May 2021	0.62	20 July 2021
1 June 2021 to 31 August 2021	0.40	20 October 2021
1 September 2021 to 30 November 2021	0.52	20 January 2022
1 December 2021 to 28 February 2022	0.53	20 April 2022

# 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 2018	28.5	26,749,537	106.5
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
28 February 2022	27.1	22,656,886	119.5

### Average dealing spread

	28.02.22 %	28.02.21 %
	0.30	0.30

### Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
CFB UK Equity Fund	5,896	21.8	5,746	22.1
CFB Global Equity Fund (formerly CFB Overseas Fund)	5,243	19.4	5,083	19.5
CFB Corporate Bond Fund	4,050	15.0	3,945	15.2
CFB Short Fixed Interest Fund	8,622	31.8	8,471	32.6
CFB Property Fund	3,264	12.0	2,757	10.6
Total investments	27,075	100.0	26,002	100.0
Net current assets	1		-	
Total value of fund	27,076		26,002	

# CFB Methodist Council Managed Medium Term Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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 2022, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.50% (28.02.21: 0.50%)
- CFB Global Equity Fund (formerly CFB Overseas Fund) 0.59% (28.02.21: 0.59%)
- CFB Corporate Bond Fund 0.32% (28.02.21: 0.32%)
- CFB Short Fixed Interest Fund 0.21% (28.02.21: 0.21%)
- CFB Property Fund nil (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to

its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	114.8	110.5	108.0
Return before operating charges	6.8	6.0	4.9
Operating charges	-	-	-
Return after operating charges	6.8	6.0	4.9
Distribution on income units	(2.1)	(1.7)	(2.4)
Closing net asset value per unit	119.5	114.8	110.5

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	5.9	5.3	4.5

### 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:

	2022 £'000s	2021 £'000s
Net distribution for year	469	376

### 5. Debtors

	2022 £'000s	2021 £'000s
Accrued income	106	68
	106	68

### 6. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	15	11
Other bank accounts	-	-
	15	11

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

	2022 £'000s	2021 £'000s
Distributions payable	120	79
	120	79

### 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).



# CFB Methodist Council Managed Long Term Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net gains on investments during the period		7,790	5,617
		7,790	5,617
Income		2,032	1,474
Expenses		-	-
Net income		2,032	1,474
Total return for the period		9,822	7,091
Finance costs: distributions	4	(2,029)	(1,470)
Change in net assets attributable to unitholders		7,793	5,621

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	82,557	76,936
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	7,793	5,621
Closing net assets attributable to unitholders	90,350	82,557

## 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				
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
2022	144.7	127.4	3.06	20.30

# CFB Methodist Council

## Managed Long Term Fund

### Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		90,341	82,550
<b>Current assets</b>			
Debtors	5	426	253
Cash and bank balances	6	74	52
Total current assets		500	305
Total assets		90,841	82,855
<b>Liabilities</b>			
Creditors		-	-
Distribution payable	7	(491)	(298)
Total liabilities		(491)	(298)
Net assets attributable to unitholders		90,350	82,557

### Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2021 to 31 May 2021	0.97	20 July 2021
1 June 2021 to 31 August 2021	0.56	20 October 2021
1 September 2021 to 30 November 2021	0.79	20 January 2022
1 December 2021 to 28 February 2022	0.74	20 April 2022

# 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 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
28 February 2022	90.4	66,292,119	136.3

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.35	0.35

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
CFB UK Equity Fund	33,021	36.5	30,859	37.4
CFB Global Equity Fund (formerly CFB Overseas Fund)	31,165	34.5	28,401	34.4
CFB Corporate Bond Fund	7,858	8.7	8,358	10.1
CFB Gilt Fund	2,071	2.3	2,178	2.6
CFB Property Fund	16,226	18.0	12,754	15.5
Total investments	90,341	100.0	82,550	100.0
Net current assets	9		7	
Total value of fund	90,350		82,557	

# CFB Methodist Council Managed Long Term Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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 2022, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.50% (28.02.21: 0.50%)
- CFB Global Equity Fund (formerly CFB Overseas Fund) 0.59% (28.02.21: 0.59%)
- CFB Corporate Bond Fund 0.32% (28.02.21: 0.32%)
- CFB Gilt Fund 0.23% (28.02.21: 0.23%)
- CFB Inflation Linked Fund n/a (closed 10.08.20): (28.02.21: 0.23%)
- CFB Property Fund nil (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020,

returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	124.5	116.1	114.3
Return before operating charges	14.9	10.6	5.0
Operating charges	-	-	-
Return after operating charges	14.9	10.6	5.0
Distribution on income units	(3.1)	(2.2)	(3.2)
Closing net asset value per unit	136.3	124.5	116.1

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	11.9	9.2	4.4

### 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:

	2022 £'000s	2021 £'000s
Net distribution for year	2,029	1,470

### 5. Debtors

	2022 £'000s	2021 £'000s
Accrued income	426	253
	426	253

### 6. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	74	52
Other bank accounts	-	-
	74	52

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

	2022	2021
	£'000s	£'000s
Distributions payable	491	298
	491	298

### 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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Short Fixed Interest Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net (losses) on investments during the period	2	(472)	(160)
		(472)	(160)
Income	3	116	127
Expenses	4	(21)	(29)
Net income		95	98
Total return for the period		(377)	(62)
Finance costs: distributions	8	(95)	(97)
Change in net assets attributable to unitholders		(472)	(159)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	15,002	14,941
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	605	2,189
Amounts payable on cancellation of units	(176)	(1,967)
	429	222
Dilution levy/adjustment	-	(2)
Change in net assets attributable to unitholders from investment activities	(472)	(159)
Closing net assets attributable to unitholders	14,959	15,002

## 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				
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
2022	122.6	117.1	0.75	7.5

# CFB Short Fixed Interest Fund

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		14,627	14,488
<b>Current assets</b>			
Debtors	9	66	66
Cash and bank balances	10	298	550
Total current assets		364	616
Total assets		14,991	15,104
<b>Liabilities</b>			
Creditors	11	(2)	(81)
Distribution payable		(30)	(21)
Total liabilities		(32)	(102)
Net assets attributable to unitholders		14,959	15,002

## Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
<b>Charity units</b>				
1 March 2021 to 31 May 2021	0.16	-	0.16	20 July 2021
1 June 2021 to 31 August 2021	0.16	-	0.16	20 October 2021
1 September 2021 to 30 November 2021	0.19	-	0.19	20 January 2022
1 December 2021 to 28 February 2022	0.24	-	0.24	20 April 2022
<b>Pension units</b>				
1 March 2021 to 31 May 2021	0.19	-	0.19	20 July 2021
1 June 2021 to 31 August 2021	0.19	-	0.19	20 October 2021
1 September 2021 to 30 November 2021	0.22	-	0.22	20 January 2022
1 December 2021 to 28 February 2022	0.26	-	0.26	20 April 2022

## 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 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
28 February 2022	15.0	12,447,882	236,243	117.9

# CFB Short Fixed Interest Fund

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.19	0.23

## Total expense ratios

	2022 %	2021 %
Administration grant (including custody and transaction costs)	0.21	0.21
	0.21	0.21

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
British Government	8,413	57.5	10,862	75.0
Collateralised	-	-	407	2.8
Debentures	151	1.0	167	1.2
Supranational	3,706	25.4	1,467	10.1
Corporate unsecured financial	835	5.7	857	5.9
Corporate unsecured non-financial	1,522	10.4	728	5.0
Total investments	14,627	100.0	14,488	100.0
Net current assets	332		514	
Total value of fund	14,959		15,002	

## Summary of investments by credit rating

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
AAA	3,710	24.8	1,874	12.5
AA	9,873	66.0	11,498	76.7
A	643	4.3	678	4.5
BBB	254	1.7	271	1.8
Debentures - Not Rated	150	1.0	167	1.1
Cash	329	2.2	514	3.4
	14,959	100.0	15,002	100.0



# CFB Short Fixed Interest Fund

## Portfolio valuation

As at 28 February 2022

	Holding 000s	Market value £'000s	%
<b>British Government</b>		<b>8,413</b>	<b>57.5</b>
Treasury 1/8% 2023	800	795	5.4
Treasury 3/4% 2023	225	224	1.5
Treasury 1/8% 2024	1,550	1,522	10.4
Treasury 1% 2024	470	469	3.2
Treasury 2 3/4% 2024	100	104	0.7
Treasury 1/4% 2025	100	98	0.7
Treasury 5/8% 2025	750	740	5.1
Treasury 1 1/2% 2026	850	867	5.9
Treasury 1 1/4% 2027	950	958	6.6
Treasury 1 5/8% 2028	400	413	2.8
Treasury 7/8% 2029	200	195	1.3
Treasury 3/8% 2030	750	694	4.7
Treasury 1/4% 2031	950	855	5.9
Treasury 1% 2032	500	479	3.3
<b>Debentures</b>		<b>151</b>	<b>1.0</b>
Scottish American 8% 2022	150	151	1.0

	Holding 000s	Market value £'000s	%
<b>Supranational</b>		<b>3,706</b>	<b>25.4</b>
Temasek Financial 4 5/8% 2022	350	355	2.4
KFW 7/8% 2026	550	538	3.7
Intl.Finance Corp. 2020 3/4% 22/07/27	400	386	2.7
Intl.Dev. 2021 3/8% 22/09/27	500	472	3.2
Eur.Bk.Recon.&.Dev 5 5/8% 07/12/28	400	506	3.5
BNG Bank Nv 1999 5.2% 07/12/28	300	369	2.5
Inblk.Recon.&.Dev. 2020 1% 21/12/29	500	481	3.3
FMS Wertmanagement 1 3/8% 07/03/25	400	399	2.7
Landw.Rentenbank 2018 1 3/8% 08/09/25	200	200	1.4
<b>Corporate unsecured financial</b>		<b>835</b>	<b>5.7</b>
Skandinaviska 1 1/4% 2022	500	500	3.4
Svenska Handelsbank 2 3/4% 2022	125	126	0.9
Nationwide 3% 2026	200	209	1.4
<b>Corporate unsecured - non-financial</b>		<b>1,522</b>	<b>10.4</b>
Telf Emisiones 5.289% 2022	250	257	1.8
Nestle Hdg Inco 2021 5/8% 18/12/25	400	384	2.6
Glaxosmithkline 3 3/8% 2027	400	429	2.9
Walmart Inco. 2000 5 3/4% 19/12/30	350	452	3.1
Total investments		14,627	
Net current assets		332	
Total value of fund		14,959	100.0

# CFB Short Fixed Interest Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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

Until 30 November 2021 all administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges were recovered by deduction from income before a distribution was declared. From 1 December 2021 all administration expenses as set out above were deducted from capital rather than income. 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 2022 expenses were recovered at the following rate:

- 0.21% per annum (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	2022 £'000s	2021 £'000s
Proceeds from sales of investments	4,096	6,302
Original cost of investments sold	(4,090)	(6,253)
Net realised gains on sales	6	49
Net unrealised (losses)	(468)	(209)
Administration grant capital	(10)	-
Net (losses) on investments	(472)	(160)

### 3. Gross income

	2022 £'000s	2021 £'000s
Interest on debt securities	116	123
Bank interest	-	2
Equalisation	-	2
Total income	116	127

### 4. Expenses

	2022 £'000s	2021 £'000s
Administration grant	21	29

### 5. Change in net assets per unit

#### Charity units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	121.6	122.8	119.4
Return before operating charges	(2.7)	(0.2)	4.6
Operating charges	(0.3)	(0.2)	(0.2)
Return after operating charges	(3.0)	(0.4)	4.4
Distribution on income units	(0.7)	(0.8)	(1.0)
Closing net asset value per unit	117.9	121.6	122.8

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	(2.4)	(0.3)	3.7

#### Pension units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	121.6	124.1	-
Return before operating charges	(2.7)	(2.2)	-
Operating charges	(0.1)	(0.1)	-
Return after operating charges	(2.8)	(2.3)	-
Distribution on income units	(0.9)	(0.2)	-
Closing net asset value per unit	117.9	121.6	-

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	(2.3)	(1.8)	-

# CFB Short Fixed Interest Fund

## 6. Portfolio transaction costs

	2022 £'000s	2021 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	4,790	6,491
Commissions	-	1
Custodian transaction costs	-	-
Total purchase costs	-	1
Gross purchase total	4,790	6,492
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	4,096	6,303
Commissions	-	(1)
Custodian transaction costs	-	-
Total sale costs	-	(1)
Total net sales	4,096	6,302

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:

	2022 £'000s	2021 £'000s
31 May 2021	20	27
31 August 2021	21	25
30 November 2021	24	24
28 February 2022	30	21
	95	97
Income/(expenses) on creation and cancellation of units	-	(2)
Net distribution for year	95	95

## 9. Debtors

	2022 £'000s	2021 £'000s
Accrued income	66	56
Other debtors	-	10
	66	66

## 10. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	182	546
Other bank accounts	116	4
	298	550

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

	2022 £'000s	2021 £'000s
Other creditors	2	81
	2	81

## 12. Portfolio turnover

	2022 %	2021 %
Portfolio turnover	53.3	60.2

## 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 2022 was:

	2022 £'000s	2021 £'000s
£ fixed rate financial assets	14,627	14,488
£ financial assets not carrying interest	364	616
£ financial liabilities not carrying interest	(32)	(102)
	14,959	15,002

## **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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Gilt Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net (losses) on investments during the period	2	(248)	(271)
		(248)	(271)
Income	3	45	35
Expenses	4	(8)	(9)
Net income		37	26
Total return for the period		211	(245)
Finance costs: distributions	8	(37)	(26)
Change in net assets attributable to unitholders		(248)	(271)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	5,267	3,134
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	36	2,914
Amounts payable on cancellation of units	(206)	(507)
	(170)	2,407
Dilution levy/adjustment	-	(3)
Change in net assets attributable to unitholders from investment activities	(248)	(271)
Closing net assets attributable to unitholders	4,849	5,267

## 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				
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
2022	179.6	163.7	1.30	10.25

# CFB Gilt Fund

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		4,772	5,207
<b>Current assets</b>			
Debtors	9	17	69
Cash and bank balances	10	76	56
Total current assets		93	125
Total assets		4,865	5,332
<b>Liabilities</b>			
Creditors	11	(3)	(57)
Distribution payable		(13)	(8)
Total liabilities		(16)	(65)
Net assets attributable to unitholders		4,849	5,267

## Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
<b>Charity units</b>				
1 March 2021 to 31 May 2021	0.23	-	0.23	20 July 2021
1 June 2021 to 31 August 2021	0.26	(0.01)	0.25	20 October 2021
1 September 2021 to 30 November 2021	0.33	-	0.33	20 January 2022
1 December 2021 to 28 February 2022	0.45	-	0.45	20 April 2022
<b>Pension units</b>				
1 March 2021 to 31 May 2021	0.28	-	0.28	20 July 2021
1 June 2021 to 31 August 2021	0.30	0.01	0.31	20 October 2021
1 September 2021 to 30 November 2021	0.38	-	0.38	20 January 2022
1 December 2021 to 28 February 2022	0.47	0.01	0.48	20 April 2022

## 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 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	5.3	3,021,917	28,884	172.6
28 February 2022	4.8	2,908,322	46,768	164.1

## Average dealing spread

	28.02.22 %	28.02.21 %
	0.12	0.12

# CFB Gilt Fund

## Total expense ratios

	2022 %	2021 %
Administration grant (including custody and transaction costs)	0.23	0.23
Epworth Sterling Sovereign Bond Fund for Charities charges	0.16	0.31
Total	0.39	0.54

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
Epworth Sterling Sovereign Bond Fund for Charities	4,772	100.0	5,207	100.0
Total investments	4,772	100.0	5,207	100.0
Net current assets	77		60	
Total value of fund	4,849		5,267	

## Summary of investments by credit rating

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
AAA	1,188	24.5	1,323	25.4
AA	3,564	73.5	3,650	70.1
Cash	97	2.0	234	4.5
	4,849	100.0	5,207	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 2022

### 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

Until 30 November 2021 all administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges were recovered by deduction from income before a distribution was declared. From 1 December 2021 all administration expenses as set out above were deducted from capital rather than income. 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 2022 expenses were recovered at the following rate:

- 0.23% per annum (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	2022 £'000s	2021 £'000s
Proceeds from sales of investments	191	481
Original cost of investments sold	(190)	(450)
Net realised gains on sales	1	31
Net unrealised (losses)	(245)	(302)
Administration grant capital	(4)	
Net (losses) on investments	(248)	(271)

### 3. Gross income

	2022 £'000s	2021 £'000s
Interest on debt securities	45	32
Bank interest	-	-
Equalisation	-	3
Total income	45	35

### 4. Expenses

	2022 £'000s	2021 £'000s
Administration grant	8	9

### 5. Change in net assets per unit

#### Charity units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	172.6	180.7	165.0
Return before operating charges	(6.7)	(6.7)	17.6
Operating charges	(0.5)	(0.4)	(0.3)
Return after operating charges	(7.2)	(7.1)	17.3
Distribution on income units	(1.3)	(1.0)	(1.6)
Closing net asset value per unit	164.1	172.6	180.7

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	(4.2)	(3.9)	10.5

#### Pension units

	28.02.22 p per unit	10.08.20 - 28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	172.6	186.0	-
Return before operating charges	(6.6)	(12.2)	-
Operating charges	(0.4)	-	-
Return after operating charges	(7.0)	(12.2)	-
Distribution on income units	(1.5)	(1.2)	-
Closing net asset value per unit	164.1	172.6	-

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	(4.1)	(6.5)	-



# CFB Gilt Fund

## 6. Portfolio transaction costs

	2022 £'000s	2021 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	-	2,880
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	-	2,880
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	191	481
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	191	481

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:

	2022 £'000s	2021 £'000s
31 May 2020	7	4
31 August 2020	7	7
30 November 2020	10	7
28 February 2021	13	8
	37	26
(Expenses)/income on creation and cancellation of units	-	(3)
Net distribution for year	37	23

## 9. Debtors

	2022 £'000s	2021 £'000s
Accrued income	17	12
Other debtors	-	57
	17	69

## 10. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	73	53
Other bank accounts	3	3
	76	56

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

	2022 £'000s	2021 £'000s
Other creditors	3	57
	3	57

## 12. Portfolio turnover

	2022 %	2021 %
Portfolio turnover	-1.0	-1.5

## 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 2022 was:

	2022 £'000s	2021 £'000s
£ fixed rate financial assets	4,772	5,207
£ financial assets not carrying interest	93	125
£ financial liabilities not carrying interest	(16)	(65)
	4,849	5,267

## **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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

# CFB Corporate Bond Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net (losses) on investments during the period	2	(6,276)	(2,195)
		(6,276)	(2,195)
Income	3	1,877	1,727
Expenses	4	(232)	(317)
Net income		1,645	1,410
Total return for the period		(4,631)	(785)
Finance costs: distributions	8	(1,643)	(1,410)
Change in net assets attributable to unitholders		(6,274)	(2,195)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	105,928	110,537
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	8,125	28,017
Amounts payable on cancellation of units	(10,647)	(30,423)
	(2,522)	(2,406)
Dilution levy/adjustment	18	(8)
Change in net assets attributable to unitholders from investment activities	(6,274)	(2,195)
Closing net assets attributable to unitholders	97,150	105,928

## 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				
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
2022	149.6	137.3	2.01	18.02

# CFB Corporate Bond Fund

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		96,685	105,373
<b>Current assets</b>			
Debtors	9	562	2,058
Cash and bank balances	10	408	443
Total current assets		970	2,501
Total assets		97,655	107,874
<b>Liabilities</b>			
Creditors	11	(56)	(1,578)
Distribution payable		(449)	(368)
Total liabilities		(505)	(1,946)
Net assets attributable to unitholders		97,150	105,928

## Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
<b>Charity units</b>				
1 March 2021 to 31 May 2021	0.43	0.01	0.44	20 July 2021
1 June 2021 to 31 August 2021	0.47	0.01	0.48	20 October 2021
1 September 2021 to 30 November 2021	0.48	0.01	0.49	20 January 2022
1 December 2021 to 28 February 2022	0.60	-	0.60	20 April 2022
<b>Pension units</b>				
1 March 2021 to 31 May 2021	0.50	0.01	0.51	20 July 2021
1 June 2021 to 31 August 2021	0.55	0.01	0.56	20 October 2021
1 September 2021 to 30 November 2021	0.57	0.01	0.58	20 January 2022
1 December 2021 to 28 February 2022	0.65	0.01	0.64	20 April 2022

## 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 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
28 February 2022	97.2	14,449,848	56,686,911	136.6

## Average dealing spread

	28.02.22 %	28.02.21 %
	1.10	1.10

# CFB Corporate Bond Fund

## Total expense ratios

	2022 %	2021 %
Administration grant	0.30	0.32
Epworth Corporate Bond Fund for Charities charges	0.12	0.14
	0.44	0.46

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

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
Epworth Corporate Bond Fund for Charities	96,685	100.0	105,373	100.0
Total investments	96,685	100.0	105,373	100.0
Net current assets	465		555	
Total value of fund	97,150		105,928	

## Summary of investments by credit rating

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
AAA	24,968	25.7	36,333	34.3
AA	25,745	26.5	24,363	23.0
A	26,619	27.4	25,529	24.1
BBB	10,784	11.1	7,573	7.1
Debentures - not rated	3,886	4.0	3,972	3.8
Cash	5,148	5.3	8,158	7.7
	97,150	100.0	105,928	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 2022

### 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

Until 30 November 2021 all administration expenses in relation to the management of the Funds, including audit, legal, safe custody and transaction charges were recovered by deduction from income before a distribution was declared. From 1 December 2021 all administration expenses as set out above were deducted from capital rather than income. 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 2022 expenses were recovered at the following rate:

- 0.32% per annum (28.02.21: 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 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from 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

	2022 £'000s	2021 £'000s
Proceeds from sales of investments	10,298	29,888
Original cost of investments sold	(10,138)	(28,581)
Net realised gains on sales	160	1,307
Net unrealised (losses)	(6,329)	(3,502)
Administration capital grant	(107)	-
Net (losses) on investments	(6,276)	(2,195)

### 3. Gross income

	2022 £'000s	2021 £'000s
Interest on debt securities	1,729	1,557
Bank interest	-	3
Equalisation	(18)	8
Management fee recharge	166	159
Total income	1,877	1,727

### 4. Expenses

	2022 £'000s	2021 £'000s
Administration grant	232	317

### 5. Change in net assets per unit

#### Charity units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	145.3	147.9	138.3
Return before operating charges	(6.2)	(0.4)	12.2
Operating charges	(0.5)	(0.4)	(0.4)
Return after operating charges	(6.7)	(0.8)	11.8
Distribution on income units	(2.0)	(1.8)	(2.2)
Closing net asset value per unit	136.6	145.3	147.9

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	(4.7)	(0.5)	8.6

#### Pension units

	28.02.22 p per unit	28.02.21 p per unit	29.02.20 p per unit
Opening net asset value per unit	145.3	147.9	138.3
Return before operating charges	(6.2)	(0.3)	12.2
Operating charges	(0.2)	(0.2)	(0.1)
Return after operating charges	(6.4)	(0.5)	12.1
Distribution on income units	(2.3)	(2.1)	(2.5)
Closing net asset value per unit	136.6	145.3	147.9

#### Performance

	28.02.22 %	28.02.21 %	29.02.20 %
Return after charges	(4.5)	(0.3)	8.8

# CFB Corporate Bond Fund

## 6. Portfolio transaction costs

	2022 £'000s	2021 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	7,779	27,466
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	7,779	27,466
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	10,298	29,888
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	10,298	29,888

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:

	2022 £'000s	2021 £'000s
31 May 2021	373	350
31 August 2021	421	313
30 November 2021	400	379
28 February 2022	449	368
	1,643	1,410
(Expenses)/income on creation and cancellation of units	18	(8)
Net distribution for year	1,661	1,402

## 9. Debtors

	2022 £'000s	2021 £'000s
Accrued income	562	526
Other debtors	-	1,532
	562	2,058

## 10. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	406	441
Other bank accounts	2	2
		443

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

	2022 £'000s	2021 £'000s
Purchase awaiting settlement	-	1,535
Other creditors	56	43
	56	1,578

## 12. Portfolio turnover

	2022 %	2021 %
Portfolio turnover	-0.6	-1.1

## 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 2022 was:

	2022 £'000s	2021 £'000s
£ fixed rate financial assets	96,685	105,373
£ financial assets not carrying interest	970	2,501
£ financial liabilities not carrying interest	(505)	(1,946)
	97,150	105,928

## **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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).



# CFB Inflation Linked Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Net gains on investments during the period	2	-	1,085
		-	1,085
Income	3	-	40
Expenses	4	-	(14)
Net income		-	26
Total return for the period		-	1,111
Finance costs: distributions	8	-	(26)
Change in net assets attributable to unitholders		-	1,085

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Opening net assets attributable to unitholders	-	22,736
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	-	526
Amounts payable on cancellation of units	-	(24,358)
	-	(23,832)
Dilution levy/adjustment	-	11
Change in net assets attributable to unitholders from investment activities	-	1,085
Closing net assets attributable to unitholders	-	-

## 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				
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
2022	-	-	-	-

(\*) 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 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		-	-
<b>Current assets</b>			
Debtors	9	-	-
Cash and bank balances	10	-	-
Total current assets		-	-
Total assets		-	-
<b>Liabilities</b>			
Creditors	11	-	-
Distribution payable		-	-
Total liabilities		-	-
Net assets attributable to unitholders		-	-

## Distribution

Distribution period	Net income p per unit	Equalisation p per unit	Distribution payable p per unit	Date payable
<b>Charity units</b>				
1 March 2021 to 31 May 2021	-	-	-	20 July 2021
1 June 2021 to 31 August 2021	-	-	-	20 October 2021
1 September 2021 to 30 November 2021	-	-	-	20 January 2022
1 December 2021 to 28 February 2022	-	-	-	20 April 2022
<b>Pension units</b>				
1 March 2021 to 31 May 2021	-	-	-	20 July 2021
1 June 2021 to 31 August 2021	-	-	-	20 October 2021
1 September 2021 to 30 November 2021	-	-	-	20 January 2022
1 December 2021 to 28 February 2022	-	-	-	20 April 2022

## 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 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	-	-	-	-
28 February 2022	-	-	-	-

# CFB Inflation Linked Fund

## Average dealing spread

	28.02.22	28.02.21
	%	%
	-	-

## Total expense ratios

	2022	2021
	%	%
Administration grant (including custody and transaction costs)	n/a	0.23
	n/a	0.23

## Summary of investments and other assets

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
British Government	-	-	-	-
Supranational	-	-	-	-
Corporate unsecured financial	-	-	-	-
Corporate unsecured non-financial	-	-	-	-
Total investments	-	-	-	-
Net current assets	-	-	-	-
Total value of fund	-	-	-	-

## Summary of investments by credit rating

As at 28 February 2022

	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.21 Market value £'000s	28.02.21 CFB %
AAA	-	-	-	-
AA	-	-	-	-
A	-	-	-	-
BBB	-	-	-	-
BB	-	-	-	-
Not rated	-	-	-	-
	-	-	-	-

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# CFB Inflation Linked Fund

## Portfolio valuation

As at 28 February 2022

	Holding 000s	Market value £'000s	%
Total investments	-	-	-
Net current assets	-	-	-
Total value of fund	-	-	-

# CFB Inflation Linked Fund

## Notes to the accounts

For the year ended 28 February 2022

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 2022 expenses were recovered at the following rate:

- n/a (28.02.21 pro rated until the closure of the fund on 10 August 2020)

#### (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

	2022 £'000s	2021 £'000s
Proceeds from sales of investments	-	25,348
Original cost of investments sold	-	(20,501)
Net realised gains on sales	-	4,847
Net unrealised (losses)	-	(3,762)
Net gains on investments	-	1,085

### 3. Gross income

	2022 £'000s	2021 £'000s
Interest on debt securities	-	41
Bank interest	-	3
Equalisation	-	(11)
Management fee recharge	-	7
Total income	-	40

### 4. Expenses

	2022 £'000s	2021 £'000s
Administration grant	-	14

### 5. Change in net assets per unit

#### Charity units

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

#### Performance

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

#### Pension units

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

#### Performance

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

# CFB Inflation Linked Fund

## 6. Portfolio transaction costs

	2022 £'000s	2021 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	-	1,987
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	-	1,987
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	-	25,354
Commissions	-	(5)
Custodian transaction costs	-	(1)
Total sale costs	-	(6)
Total net sales	-	25,348

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:

	2022 £'000s	2021 £'000s
31 May 2021	-	23
31 August 2021	-	3
30 November 2021	-	-
28 February 2022	-	-
	-	26
Income on creation and cancellation of units	-	11
Net distribution for year	-	37

## 9. Debtors

	2022 £'000s	2021 £'000s
Accrued income	-	-
	-	-

## 10. Cash and bank balances

	2022 £'000s	2021 £'000s
CFB Deposit Fund	-	-
Other bank accounts	-	-
	-	-

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

	2022 £'000s	2021 £'000s
Other creditors	-	-
	-	-

## 12. Portfolio turnover

	2022 %	2021 %
Portfolio turnover	-	37.6

## 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 2022 was:

	2022 £'000s	2021 £'000s
£ floating rate financial assets	-	-
£ financial assets not carrying interest	-	-
£ financial liabilities not carrying interest	-	-
	-	-

## **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 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: £Nil).

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## CFB Deposit Fund



# 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 2022. The financial statements comprise the Statement of total return, the Balance sheet, the Distribution table, the Income distribution history table, the Net asset value/fund size table, the Total expense ratios, the Summary of deposits by maturity, the Summary of investments by credit rating, the Summary of deposits by banking group 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 2022 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
- 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 Council 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.

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 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 fund's management; and
- carried out substantive testing to check the occurrence and cut-off of 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](http://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.



Jonathan West (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL  
28 April 2022

# CFB Deposit Fund

## Statement of total return

For the year ended 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
Gross income		1,091	2,452
Expenses	2	(611)	(522)
Net income and total return for the period		480	1,930
Finance costs: distributions		(361)	(1,867)
Net undistributed income		119	63

## Balance sheet

As at 28 February 2022

	Note	28.02.22 £'000s	28.02.21 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		484,691	356,126
<b>Current assets</b>			
Debtors	5	43	-
Cash and bank balances		(281)	151
Total assets		(238)	151
<b>Current liabilities</b>			
Creditors	8	(39)	(6)
		(39)	(6)
Net current assets		(277)	145
<b>Net assets</b>		484,414	356,271
Represented by:			
Current deposits	6	443,200	310,676
Term deposits	6	41,000	45,500
Income reserve	9	214	95
Unitholders' funds		484,414	356,271

# CFB Deposit Fund

## Distribution

For the period ended	Total £'000s	Rate %	AER %
31 March 2021	26	0.01	0.01
30 April 2021	26	0.01	0.01
31 May 2021	24	0.01	0.01
30 June 2021	22	0.01	0.01
31 July 2021	22	0.01	0.01
31 August 2021	22	0.01	0.01
30 September 2021	20	0.01	0.01
31 October 2021	22	0.01	0.01
30 November 2021	23	0.01	0.01
31 December 2021	28	0.01	0.01
31 January 2022	57	0.09	0.09
28 February 2022	69	0.14	0.14

## Income distribution history

For the year ended 28 February	Average rate %	Average AER %
2018	0.34	0.34
2019	0.57	0.57
2020	0.72	0.72
2021	0.48	0.48
2022	0.03	0.03

## Net asset value/fund size

Date	Net asset value £m
28 February 2018	370.6
28 February 2019	370.9
29 February 2020	368.3
28 February 2021	356.3
28 February 2022	484.4

## Total expense ratios

	2022 %	2021 %
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 Epworth Cash Plus Fund for Charities (formerly Affirmative Deposit Fund for Charities)

# CFB Deposit Fund

## Summary of deposits by maturity

As at 28 February 2022

	28.02.22 £'000s	28.02.21 £'000s
Repayable within		
On call	1	25,545
Overnight	25,926	14,692
5 business days	46,260	47,860
1 month	119,886	39,312
2 months	52,451	55,446
3 months	52,679	66,621
6 months	95,552	73,427
1 year	51,964	30,070
2 years	39,972	3,153
Total deposits	484,691	356,126

Figures based on underlying holding in the Epworth Cash Plus Fund for Charities (formerly Affirmative Deposit Fund for Charities)

## Summary of investments by credit rating

As at 28 February 2022

	28.02.22 £'000s	28.02.22 %	28.02.21 £'000s	28.02.21 %
Aa1	63,052	13.0	65,811	18.5
Aa2	23,849	4.9	23,447	6.6
Aa3	85,872	17.7	43,405	12.2
A1	295,565	61.0	213,635	60.0
A2	16,353	3.4	-	-
Not rated*	-	-	9,828	2.7
	484,691	100.0	356,126	100.0

Figures based on underlying holding in the Epworth Cash Plus Fund for Charities (formerly 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 2022

	28.02.22 %	28.02.21 %
Mitsubishi UFJ Trust and Banking Corporation	10.6	10.2
Societe Generale	9.8	-
Development Bank of Singapore	8.9	16.7
Sumitomo Mitsui Banking Corporation Europe	8.1	6.5
Goldman Sachs International Bank	8.1	-
Credit Suisse	7.8	0.4
Lloyds	5.7	11.2
Landesbank Baden-Wuerttemberg	5.6	4.3
Barclays	4.1	8.4
Standard Chartered	4.1	4.3
BNP Paribas	4.1	2.0
Nordea Bank	3.3	0.9
National Westminster Group	3.3	-
Toronto Dominion	3.0	2.5
Bank of Nova Scotia	1.6	2.2
Commonwealth Bank of Australia	1.6	1.9
Mizuho Bank	1.6	0.9
CIBC	1.6	0.7
Credit Agricole	1.6	-
Royal Bank of Canada	1.3	-
UBS	1.0	-
Nationwide	0.8	7.4
Svenska Handelsbanken	0.8	2.8
CIC	0.8	1.3
Bank of Montreal	0.8	-
ANZ Bank	-	0.7
National Australia Bank	-	0.6
HSBC	-	2.0
Santander	-	12.1
	100.0	100.0

Figures based on underlying holding in the Epworth Cash Plus Fund for Charities (formerly Affirmative Deposit Fund for Charities)

# CFB Deposit Fund

## Notes to the accounts

For the year ended 28 February 2022

### 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 2022 expenses were recovered at a rate of

- 0.21% per annum (28.02.21: 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 Epworth Cash Plus Fund for Charities (formerly Affirmative Deposit Fund for Charities), a Charity Commission established Common Deposit Fund managed by Epworth Investment Management Limited. All deposits with the Epworth Cash Plus Fund for Charities (formerly Affirmative Deposit Fund for Charities) are valued at cost.

#### (g) Going concern

COVID-19 has impacted the CFB, like the rest of the world since March 2020. Significant business continuity planning had taken place during 2019/20 and this has been updated regularly throughout the pandemic. The majority of CFB staff moved to be home based from March 2020, returning to the office in a hybrid working model from September 2021. Throughout this period, the CFB has offered a full service to its customers and this continues to be the case today. There are no significant additional costs of working remotely with the exception of some further IT infrastructure investment in March 2020 which were paid for from designated reserves. Taking into account the information set out above, the accounts have been prepared on a going concern basis.

### 2. Expenses

	2022 £'000s	2021 £'000s
Administration grant	593	523
Bank charges	18	(1)
	611	522

### 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 Epworth Cash Plus Fund for Charities (formerly Affirmative Deposit Fund for Charities). Deposits made by the Epworth Cash Plus Fund for Charities (formerly 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

	2022 £'000s	2021 £'000s
Interest receivable	43	-

### 6. Current & term deposits

	2022 £'000s	2021 £'000s
CFB Fund accounts	1,322	2,144
Churches, trusts and others	482,878	354,032
Current and term deposits	484,200	356,176

### 7. Maturity analysis

	2022 £'000s	2021 £'000s
On demand	25,927	40,237
Within 3 months	271,277	209,239
Within 1 year	147,515	103,497
Within 2 years	39,772	3,153
Unitholders' funds	484,491	356,126

Figures relate to the Fund's investment in the Epworth Cash Plus Fund for Charities (formerly Affirmative Deposit Fund for Charities)

### 8. Creditors

	2022 £'000s	2021 £'000s
Other accruals	39	6

# CFB Deposit Fund

## 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.

	2022 £'000s	2021 £'000s
Balance at start of period	95	32
Transfer to reserves	119	63
Balance at 28 February	214	95

## 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 2022 is set out below:

	2022 £'000s	2021 £'000s
£ floating rate financial assets	39,630	33,893
£ fixed rate financial assets	445,061	322,233
£ financial assets not carrying interest	(238)	151
£ financial liabilities not carrying interest	(39)	(6)
	484,414	356,271

Figures relate to the Fund's investment in the Epworth Cash Plus Fund for Charities (formerly 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 Epworth Cash Plus Fund for Charities (formerly 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. (2021: 100%)

## 12. Contingent assets and liabilities

As at 28 February 2022, there are no commitments, contingent assets or liabilities of which we are aware. (2021: Nil).



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Consolidated accounts of  
The CFB Management Account and  
Epworth Investment Management Limited

# 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") and its subsidiaries ("the Group") for the year ended 28 February 2022. The financial statements comprise the Consolidated and Management Account income and expenditure account, the Consolidated and Management account balance sheet, the Consolidated and Management Account 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 Group and Management account's affairs as at 28 February 2022 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 Group 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 Group or 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 Group and 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
- 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 Council 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 Council 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 Group or 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.

# 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 Group and 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 Group and 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 Group and 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 Group and 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 Group and 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 Group or Management accounts management; and
- carried out substantive testing to check the occurrence and cut-off of 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](http://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.

Buzzacott LLP

Jonathan West (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL  
28 April 2022

# Consolidated accounts of the CFB Management Account and Epworth Investment Management Limited

## Income and expenditure account - CFB Management Account

For the Year to 28 February 2022

	Notes	28.02.2022 General £	28.02.2022 Designated £	28.02.2022 Total £	28.02.2021 General £	28.02.2021 Designated £	28.02.2021 Total £
<b>Income</b>	2	4,499,250	15,955	4,515,205	3,764,597	-	3,764,597
<b>Expenditure</b>							
Income recharge		1,036,710	-	1,036,710	606,362	-	606,362
Personnel costs	3	2,310,832	-	2,310,832	2,394,443	-	2,394,443
Establishment costs		132,216	-	132,216	180,533	-	180,533
Administration expenses	4	805,756	9,958	815,714	802,408	11,967	814,375
		4,285,514	9,958	4,295,472	3,983,746	11,967	3,995,713
Surplus/(loss) for the year		213,736	5,997	219,733	(219,149)	(11,967)	(231,116)

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.

## Consolidated income and expenditure account

For the Year to 28 February 2022

	Notes	28.02.2022 General £	28.02.2022 Designated £	28.02.2022 Total £	28.02.2021 General £	28.02.2021 Designated £	28.02.2021 Total £
<b>Income</b>	2	3,898,606	15,955	3,914,561	3,711,007	-	3,711,007
<b>Expenditure</b>							
Personnel costs	3	2,310,832	-	2,310,832	2,394,443	-	2,394,443
Establishment costs		132,216	-	132,216	180,533	-	180,533
Administration expenses	4	1,240,026	9,958	1,249,984	1,272,490	11,967	1,284,457
Corporation tax		341	-	341	4,251	-	4,251
		3,683,415	9,958	3,693,373	3,851,717	11,967	3,863,684
Surplus/(loss) for the year		215,191	5,997	221,188	(140,710)	(11,967)	(152,677)

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.

# Consolidated accounts of the CFB Management Account and Epworth Investment Management Limited

## Balance sheet

As at 28 February 2022

		CFB Management Account		Group	
	Note	28.02.22 £	28.02.21 £	28.02.22 £	28.02.21 £
<b>Fixed assets</b>					
Tangible fixed assets	1c/5	19,404	27,514	19,404	27,514
Investments	6	919,750	919,750	-	-
		939,154	947,264	19,404	27,514
<b>Current assets</b>					
Debtors and prepayments	7	990,768	758,595	530,680	499,900
Cash at bank and in hand		854,240	1,010,523	2,179,248	2,140,455
		1,845,008	1,769,118	2,709,928	2,640,355
<b>Creditors</b>					
Amounts falling due within one year	8	(519,303)	(671,256)	(343,716)	(503,441)
<b>Net current assets</b>		1,325,705	1,097,862	2,366,212	2,136,914
<b>Net assets</b>		2,264,859	2,045,126	2,385,616	2,164,428
<b>Accumulated fund</b>					
Balance brought forward		1,880,696	2,099,845	1,999,998	2,140,708
Designated surplus brought forward		164,430	176,397	164,430	176,397
Designated surplus/(loss) generated in the year		5,997	(11,967)	5,997	(11,967)
Surplus/(loss) for the year		213,736	(219,149)	215,191	(140,710)
		2,264,859	2,045,126	2,385,616	2,164,428

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

# Consolidated accounts of the CFB Management Account and Epworth Investment Management Limited

## Cashflow statement

For the Year to 28 February 2022

		CFB Management Account		Group	
	Note	28.02.22 £	28.02.21 £	28.02.22 £	28.02.21 £
<b>Cash flow generated from operating activities</b>					
Surplus/(loss) for the year		219,733	(231,116)	221,188	(152,677)
Add back : depreciation for the year		9,532	5,514	9,532	5,514
(Increase)/decrease in debtors		(232,173)	(147,547)	(30,780)	114,685
(Decrease)/increase in creditors		(151,953)	171,281	(159,725)	9,426
Net cash flow from operating activities		(154,861)	(201,868)	40,215	(23,052)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets	5	(1,422)	(12,314)	(1,422)	(12,314)
Payment to acquire shares in Epworth Investment Management Limited		-	-	-	-
<b>Cash (outflow) before management of liquid resources and financing</b>		(156,283)	(214,182)	38,793	(35,366)
<b>(Decrease)/increase in cash</b>	9	(156,283)	(214,182)	38,793	(35,366)

## Notes to the accounts

For the Year to 28 February 2022

### 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". The CFB Council members have chosen to consolidate the accounts of the CFB Management Account and its wholly owned subsidiary, Epworth Investment Management Limited to show a clearer overall position of the group.

#### (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) Basis of consolidation

The Income and Expenditure Account and Balance Sheet consolidate the financial statements of the Central Finance Board Management Account together with the financial results of Epworth Investment Management Limited, its wholly owned subsidiary. The results of the subsidiary entity are consolidated on a line by line basis in accordance with section 9 of FRS 102. Any inter entity balances have been eliminated on consolidation. Each of the two entities have the same reporting date and uniform group accounting policies have been adopted.

No group entities have been excluded from the consolidation.

#### (d) 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%

#### (e) Taxation

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

#### (f) Operating lease

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

#### (g) 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.

#### (h) Pension costs

Contributions payable to the pension scheme are charged to the income and expenditure as they are incurred.

# Consolidated accounts of the CFB Management Account and Epworth Investment Management Limited

## 2.1 Income - CFB Management Account

	28.02.2022 General £	28.02.2022 Designated £	28.02.2022 Total £	28.02.2021 General £	28.02.2021 Designated £	28.02.2021 Total £
Recharges to funds	2,797,127	-	2,797,127	2,768,848	-	2,768,848
Fees receivable	1,611,525	-	1,611,525	990,792	-	990,792
Interest receivable	217	-	217	4,851	-	4,851
Other income	90,381	15,955	106,336	106	-	106
	4,499,250	15,955	4,515,205	3,764,597	-	3,764,597

All income is derived in the United Kingdom.

## 2.2 Income - Group

	28.02.2022 General £	28.02.2022 Designated £	28.02.2022 Total £	28.02.2021 General £	28.02.2021 Designated £	28.02.2021 Total £
Recharges to funds	2,797,127	-	2,797,127	2,768,848	-	2,768,848
Fees receivable	1,010,841	-	1,010,841	936,957	-	936,957
Interest receivable	257	-	257	5,096	-	5,096
Other income	90,381	15,955	106,336	106	-	106
	3,898,606	15,955	3,914,561	3,711,007	-	3,711,007

All income is derived in the United Kingdom.

## 3. Staff costs

For the Year to 28 February 2022

	CFB Management Account		Group	
	28.02.22 £	28.02.21 £	28.02.22 £	28.02.21 £
Wages and salaries	1,598,832	1,689,544	1,598,832	1,689,544
Social security costs	190,609	215,205	190,609	215,205
Other pension costs	353,387	410,774	353,387	410,774
Other personnel costs	168,004	78,920	168,004	78,920
	2,310,832	2,394,443	2,310,832	2,394,443

Key Management Personnel compensation for the Year to 28 February 2022 was £552,235 (£614,360 including employer's pension contributions). The corresponding figures for the year to 28 February 2021 were £646,705 (£697,754 including employer's pension contributions).

## 4. Administration expenses

For the Year to 28 February 2022

	CFB Management Account		Group	
	28.02.22 £	28.02.21 £	28.02.22 £	28.02.21 £
Audit fees	29,075	42,450	37,661	49,939
Computer systems	275,939	279,504	275,939	279,504
Custodial fees	5,372	41,526	5,372	41,526
Information services and systems	280,613	323,109	280,613	323,109
Professional indemnity insurance	37,584	28,853	37,584	28,853
Operations review	-	(88)	-	(88)
Other costs	187,131	99,021	641,890	604,064
	815,714	814,375	1,249,984	1,284,457

# Consolidated accounts of the CFB Management Account and Epworth Investment Management Limited

## 5. Tangible assets - CFB Management Account and Group

	Improvements to premises £	Furniture for refurbished office £	Office equipment £	Total £
Cost at 01.03.21	320,277	68,506	40,225	429,008
Additions	-	-	1,422	1,422
<b>Cost at 28.02.22</b>	<b>320,277</b>	<b>68,506</b>	<b>41,647</b>	<b>430,430</b>
Depreciation at 01.03.21	310,506	68,316	22,672	401,494
Charge for the year	2,602	190	6,740	9,532
<b>Depreciation at 28.02.22</b>	<b>313,108</b>	<b>68,506</b>	<b>29,412</b>	<b>411,026</b>
<b>Net book value at 28.02.22</b>	<b>7,169</b>	<b>-</b>	<b>12,236</b>	<b>19,404</b>
<b>Net book value at 28.02.21</b>	<b>9,771</b>	<b>190</b>	<b>17,553</b>	<b>27,514</b>

## 6. Fixed asset investments

	CFB Management Account		Group	
	28.02.22 £	28.02.21 £	28.02.22 £	28.02.21 £
<b>Unlisted investments</b>				
<b>Cost</b>				
Cost at 01.03.21	919,750	919,750	-	-
Additions	-	-	-	-
Cost at 28.02.22	919,750	919,750	-	-
<b>Provision for impairment</b>				
At 01.03.21	-	-	-	-
Charge for the year	-	-	-	-
At 28.02.22	-	-	-	-
<b>Net book value</b>				
At 28.02.22	919,750	919,750	-	-
At 29.02.21	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

	CFB Management Account		Group	
	28.02.22 £	28.02.21 £	28.02.22 £	28.02.21 £
Other debtors	768,304	538,081	300,588	260,066
Prepayments	222,464	220,514	230,092	239,834
	990,768	758,595	530,680	499,900

## 8. Creditors and accruals

Due within one year

	CFB Management Account		Group	
	28.02.22 £	28.02.21 £	28.02.22 £	28.02.21 £
Other creditors	356,892	517,823	147,384	285,222
Accruals	162,411	153,433	196,332	218,219
	519,303	671,256	343,716	503,441



# Consolidated accounts of the CFB Management Account and Epworth Investment Management Limited

## 9. Cash flow

For the Year to 28 February 2022

	CFB Management Account		Group	
	28.02.22	28.02.21	28.02.22	28.02.21
	£	£	£	£
<b>Reconciliation of net cash flow to movement in net debt</b>				
(Decrease)/increase in cash in year	(156,283)	(214,182)	38,793	(35,366)
Opening net cash	1,010,523	1,224,705	2,140,455	2,175,821
Net cash at year end	854,240	1,010,523	2,179,248	2,140,455

	CFB Management Account				Group	
	28.02.22	Cash flow	28.02.21	28.02.22	Cash flow	28.02.21
	£	£	£	£	£	£
<b>Analysis of net cash</b>						
Petty cash	157	(9)	166	157	(9)	166
Bank	21,114	(149,733)	170,847	1,346,122	45,343	1,300,779
Deposit Fund	832,969	(6,541)	839,510	832,969	(6,541)	839,510
	854,240	(156,283)	1,010,523	2,179,248	38,793	2,140,455

## 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 2022, the free reserves represented 64.5% of the future year's budget. (28 February 2021: 58.5%).

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 regulated wholly owned subsidiary, Epworth Investment Management Limited (Epworth), is subject to the capital adequacy rules as set out by the FCA.

From 1 January 2022, a new capital adequacy regime came into force. As part of this, Epworth chose to apply a group capital test which takes into account not only the capital of Epworth but also of the Central Finance Board as its parent. The impact of this is that Epworth held regulatory capital at 28 February 2022 of £1,040k compared to a capital adequacy requirement of £568.9k. In addition to this, the Central Finance Board is required to hold capital in excess of the value of its investment in Epworth. At 28 February 2022, the value of the holding in Epworth was £919,750 and the Central Finance Board's capital at that date was £2,265k which is in excess of this figure by £1,345k. (28 February 2021 CFB Capital held was £2,045k which exceeded the value of the investment in Epworth by £1,125k).

## 11. Other financial commitments

At 28 February 2022 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.

	28.02.22
	£
Operating lease which expires:	
In 1 year	94,065
In 2 to 5 years	94,065

The lease is for a period from 23 March 2014 to 24 March 2024.

## 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 £353,387 (28/02/2021: £410,774).

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# Consolidated accounts of the CFB Management Account and Epworth Investment Management Limited

## **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 2022, there are no commitments, contingent assets or liabilities other than the 'other financial commitments' disclosed in note 11 to the accounts (2021: Nil)