

# Financial statements

## Year to 28 February 2023



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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

Peter Hobbs  
25 April 2023

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# Chair's statement

## Another year of change

I started this report last year with the heading “A year of change”. Unfortunately, 2022/23 has also been a year of change that has seen a substantial loss of assets under management by the Central Finance Board (CFB) and a mini restructuring of the organisation in response to this. I must thank the Connexional leadership and Methodist Council for their outstanding support during this period that has given us the time and space to continue our plans to replace these lost assets through the external market and Epworth Investment Management (Epworth). The year has also seen many successes which we should celebrate:

- The development of our Christian ethical presence as a witness in the Investment community, in particular the development of our Pillars document that gives a theological underpinning to our investment approach.
- The platforming of the Epworth charity clients to give them better service.
- The launch of our Christian ethical retail product so that individual Christians can invest in accordance with their values. This is a first for the UK.
- The award for Epworth of the ‘Best Charity Investment Fund Management Firm’ in the Wealth and Finance awards.

David expands on these in his report.

## A sharp decline in assets under management

I have reported previously on the Methodist pension schemes’ (Schemes) long-term strategy to “de-risk” their asset portfolios by switching their equity portfolios held with the CFB into liability matching instruments managed by third parties. A recovery plan had been agreed with the lead employers in the Schemes that would lead to full disinvestment from the CFB by the Schemes by the next decade. In anticipation of this loss of assets over the next seven years, the CFB has been developing projects for new asset growth in Epworth. Members of the Schemes will be aware that the Schemes have been reporting deficits in their recent actuarial valuations – the assets that the schemes hold have been insufficient to meet the Schemes’ future liabilities (i.e. the pensions of Ministers and lay people). This has placed pressure upon the Church to finance this funding gap, something that the Connexional Treasurer addressed at the 2022 Methodist Conference. These deficits also led the Trustees of the Schemes to keep some of their investments with the CFB due to the need for investment growth to aid in the reduction of these deficits.

This financial situation changed dramatically last summer as the turmoil within the Conservative party led to a loss of confidence in the UK’s investment markets and a sharp rise in the yield on UK Government Bonds. A key input to the actuarial valuation of the Schemes funding positions is Gilt yields as these are used to work out the present value of those future liabilities. With the surge in rates in August 2022 the net present value of these future liabilities fell sharply, meaning that the deficits in the schemes were substantially reduced. The Trustees therefore no longer needed to keep “risk on” in their asset portfolios and were able to move the substantial part of their portfolios held within CFB into liability matching assets held elsewhere. This is terrific news for the Church as a major financial concern has been addressed. Unfortunately for the CFB it meant that our assets under management fell by £382m, or 37%, during 2022.

## Ethical exclusions hurt the CFB’s investment returns

The extreme hardship suffered by Ukrainians continues as Putin’s War seems to be at a stalemate in the country’s east. Many sectors of the stock market have benefitted from these events; not least the Oil & Gas sector as Russia’s energy supplies to the West faced severe sanctions. Defence companies and high yielding sectors such as tobacco have also had good years. However, the ethical investment policies of the Joint Advisory Committee on the Ethics of Investment preclude investment from most of these sectors, leading to a difficult year for our equity portfolios. The CFB has received several emails from Church members questioning the decision to disinvest from the Oil & Gas sector. From an investment perspective the timing of the disinvestment was poor; from an ethics point of view the recent action of the Oil & Gas companies in increasing their capital expenditure on exploration for new reserves supports the decision of Methodist Conference to disinvest. There has been a three-year long debate at Conference on the ethics of the Oil & Gas sector that required the CFB to undertake extensive research on the alignment of companies in this sector with a “well below two degrees” scenario. At the time, our research concluded that no oil and gas company was unambiguously aligned with the requirements of the Paris Accord; the events of the last year have confirmed this assessment.

## The CFB’s financial position

Last year I was reporting on a surplus in the CFB but was wary of the difficult financial markets that lay ahead after Russia’s invasion of Ukraine. I also warned of the accelerated path of disinvestment from the CFB that the Methodist pensions schemes were on following the rise in interest rates. Both of these strategic risks accelerated during 2022/23.

Ironically, Epworth received an industry award for the investment of Charity assets in the same week that it received notice from the pension schemes of their switch out of the majority of their risk assets with the CFB. The CFB Council reacted quickly and decisively to remediate this loss of income by entering into a period of consultation with staff that resulted in four redundancies. The costs of these redundancies are reflected in this year’s trading position. Other cost cutting measures were implemented upon the withdrawal of assets by the Pension Schemes, but the CFB Council were determined to protect the resources committed to business development to ensure that the strategic plan to grow Epworth was given time to embed itself. A small fee increase was introduced on the Funds managed by the CFB but the Council limited these increases so that the Church does not pay fees any higher than those charged to third party clients by Epworth. In the CFB’s “cost recovery” financial model, limiting the CFB fees in this way has contributed to the losses reported in 2022/23. I am therefore extremely grateful that, after the financial year end, Methodist Council has confirmed to pay an additional management fee to the CFB of £500,000 to replace the lost revenue in 2022/23. This financial support is very welcome and greatly extends the window that Epworth has to grow its external business to replace the CFB’s lost assets through the initiatives that David describes in more detail in his report.

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# Chair's statement

Since the difficult news of last Autumn, the consolidated assets under management have shown good growth through better investment markets and new business in our Deposit Funds. Unfortunately, another flagship Methodist client, Wesley's Chapel, has seen the loss of assets and increases in CFB fund management fees as reasons to move their assets elsewhere. We are fighting this trend as much as we can and I should express our gratitude to the custodian trustee, the Trustees for Methodist Church Purposes, in helping us maintain our position with Church clients. The CFB represents the voice of the Church in the UK's financial markets; a voice that we demonstrably use to improve the lives of individuals and the weakening of this voice is perhaps the most disappointing aspect of the last year.

## **Lending to the Church**

Last year I reported on a loan to Methodist Council to support the financing of the purchase of new premises for the Connexion at Tavistock House. I am pleased to report that this loan was repaid without incident and that the CFB is now planning to join the Connexion in Tavistock Place next year. We were also approached by the Scheme trustees during the year who were concerned about potential liquidity risks during the extreme volatility of their leveraged Gilt positions with other Managers during the market turmoil of the Truss Government. In the end, our assistance was not required but this incident was a good illustration of one of the benefits that the CFB provides to the Church is our ability to react quickly in times of financial crises.

## **The Future**

The restructuring forced upon the CFB by the recent loss of assets and the focus upon new business growth in Epworth is the strategy for the future. A couple of years ago, the Council asked Epworth to focus its messaging on the good that investing using a Christian ethical overlay can do for the world. In the past I felt that we talked too much about what we shouldn't do. This change of messaging has had a real impact and we regularly see Epworth and the CFB in the media and on-line feeds leading discussions on corporate behaviours. We are influencing the world for the better. While not wanting to diminish our current financial position, we have taken action to return to surplus and have an exciting growth plan. In particular, we can now, not only serve the ethical needs of Charities, but also, we can serve the needs of the individual Christian investor. I am very optimistic about the future and that we will continue to be a voice in the investment community for the Methodist Church, the poor and the marginalised.

John Sandford  
Chair  
25 April 2023

# Chief Executive Officer's report

Firstly, may I express my thanks to everyone at the CFB, Council and colleagues, for their support and understanding during the difficult last year. I must also thank the broader Church who, with a few exceptions, have been incredibly supportive and have given us great encouragement to continue our work representing the Methodist Church in the financial markets. We are privileged to be part of this wonderful faith and I am looking forward to joining the Connexion in Tavistock Place next year.

## Investment review of the year

The last year has been a challenging one in many ways. While COVID is now largely in the rear-view mirror, there have been other challenges throughout this period which have, collectively, given people and investment markets a difficult time. Putin had just invaded Ukraine when we wrote our last report; one year on, there remains no sign of an end to the suffering created by this. Russian assets, notably fossil fuels, have been gradually removed from global supply chains as sanctions have tightened, and while this caused an acute spike in energy prices initially it has fallen back in recent months. On the positive side, global economic growth has been more resilient than expected in this environment, leading to higher than anticipated inflation in many markets. This has left many policymakers with difficult trade-offs to balance, between controlling inflation and raising interest rates while most people are feeling a cost-of-living squeeze.

Equity markets have, against this backdrop been volatile but surprisingly resilient overall. UK equities have returned around 7% in the year to 28 Feb 2023. Our UK portfolio has struggled in this environment, particularly in the early part of the year where sectors that benefited from Putin's war effort rose and has returned 1.5% in the same period. A rotation away from growth stocks in 2022 hurt our relative performance, although this has reversed somewhat in 2023 to date. Global equities also gave a net positive return of around 2% over the twelve months. The CFB global equity fund returned -1% over the period, with similar factors impacting performance overall. 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 to an interest rate of over 3.60% at time of writing, but that the bond funds have achieved negative returns for the year to 28 February. Property returns started strong but became sharply negative as the year wore on and investors contemplated the impact of higher interest rates on the sector.

## Ethical review

Our theological motivation and focus remains at the forefront of all we do. As such, the CFB and Epworth have strengthened our theological grounding through the development of ethical pillars. These pillars underpin policies, keep the organization grounded in its theology, and allow the CFB/Epworth to better respond to existing and emerging issues. The ethical pillars are guided by God's call to care for people and planet, and informed by the Wesleyan tradition of equality, fairness, individual responsibility, and societal care. The pillars are also linked to the United Nations Sustainable Development Goals (SDGs). CFB/Epworth supports the utilization of the SDGs, but feel that without a robust theological underpinning, they risk being misused by corporations or organizations attempting to appear ethical. By linking the theological pillars to the SDGs, the CFB/Epworth develops a common industry voice whilst better embedding theology into engagement action.

The development of these ethical pillars has enabled us to develop a more concise policy format that clearly outlines expectations we have for investee companies. This new format has already been applied and tested with the mining sector through a key collaborative activity where the CFB/Epworth serve as co-leads for Climate Action 100+'s Anglo American Engagement. Anglo American is a large, multinational diversified mining company specialising in the production of platinum,

diamonds, copper, nickel and iron ore. As co-leads for Climate Action 100+ engagement with Anglo, we helped influence better climate performance at the miner. Notably, the miner has committed to reduce net emissions to zero in the long-term, publication of a detailed pathway of actions, publication of a scope 3 inventory, scenario analysis and improved governance and transparency on indirect lobbying.

We also recognise the ongoing concerns within the Church surrounding the banking sector. From local branch closures to investment in fossil fuels, to activities with nations in violation of international law, the sector is not without its problems. We also recognise, however, the absolute importance of participating in the sector as individuals, institutions and investors, and the banks' essential role in fostering global markets. Plainly, the world simply needs banks, but it also needs banks to be better. Working alongside the Joint Advisory Committee on the Ethics of Investment, the CFB has published a sector specific policy on banks that seeks to better hold them to account and improve their practices through company engagement.

On December 14th 2022, HSBC announced it would no longer provide direct financing to new oil and gas fields, making it the world's biggest bank to do so. The CFB/Epworth felt this sent a strong market signal that banks appetite for financing new oil and gas is diminishing, as well as setting a new minimum standard for major European banks committed to net zero. HSBC's announcement was in direct response to engagement by ShareAction and investors, including the CFB/Epworth.

In the wake of HSBC's announcement to cease new fossil fuel project funding, the CFB/Epworth co-signed letters organised by ShareAction to Barclays and BNP Paribas, encouraging these banks to do the same and cease direct financing of new oil and gas fields.

We are also resolute in our commitment to play whatever part we can in supporting Ukraine during this time of illegal invasion by the Russian state. The CFB/Epworth do not hold any Russian securities directly, and both organisations have eliminated small indirect exposure to Russian companies through holdings of emerging market-focused vehicles.

We also seek to engage with investee companies where operations in Russia may still exist. After a series of engagements, the CFB was invited for high level discussion with the head of the Catholic Church in the UK, Cardinal Vincent Nichols, and two of HSBC's senior advisors on human rights and policy. At the meeting with HSBC, we were able to challenge the bank on issues surrounding Hong Kong, Palestine, and Russia. Further discussion was had on the banks approach to human rights and lending practices to the arms trade.

## 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 Fund for Charities. To show the impact of the Pension Schemes disinvestment, Fund values are shown at the end of 2021/22 and 2022/23 in Table 1. The negative performance of the Equity funds over one year in comparison with the benchmarks, broadly reflect the impact of our ethical exclusions of companies that have benefitted from Russia's invasion of the Ukraine. The equity fund benchmarks are whole of market benchmarks, unadjusted for any ethical exclusions.

## The CFB's voting record

The CFB continues to be a very active investor. Our voting policy follows the agreed template of the Church Investors Group. Under the template most of the Christian investment bodies in the UK vote together on such issues as Executive pay and boardroom diversification. The CFB's voting record in 2022/23 is shown in Table 2.



# Chief Executive Officer's report

**Table 1 - CFB fund performance summary**

To 28 February 2023

	Fund size 28.02.22 £m	Fund size 28.02.23 £m	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
<b>CFB UK Equity Fund</b>	188.2	63.4	1.45	6.60	4.72	6.15
Benchmark			7.30	8.82	5.25	6.26
Excess return			-5.85	-2.22	-0.53	-0.11
<b>CFB Global Equity Fund</b>	139.0	49.8	-1.07	10.22	8.53	10.73
Benchmark			2.28	11.57	9.38	11.36
Excess return			-3.35	-1.28	-0.85	-0.63
<b>CFB Gilt Fund</b>	4.9	5.2	-21.43	-10.26	-3.87	-0.15
Benchmark			-21.24	-9.96	-3.47	0.26
Excess return			-0.19	-0.30	-0.40	-0.41
<b>CFB Corporate Bond Fund</b>	97.1	22.3	-11.67	-5.75	-1.42	1.44
Benchmark			-12.08	-5.12	-0.88	1.90
Excess return			+0.41	-0.63	-0.54	-0.46

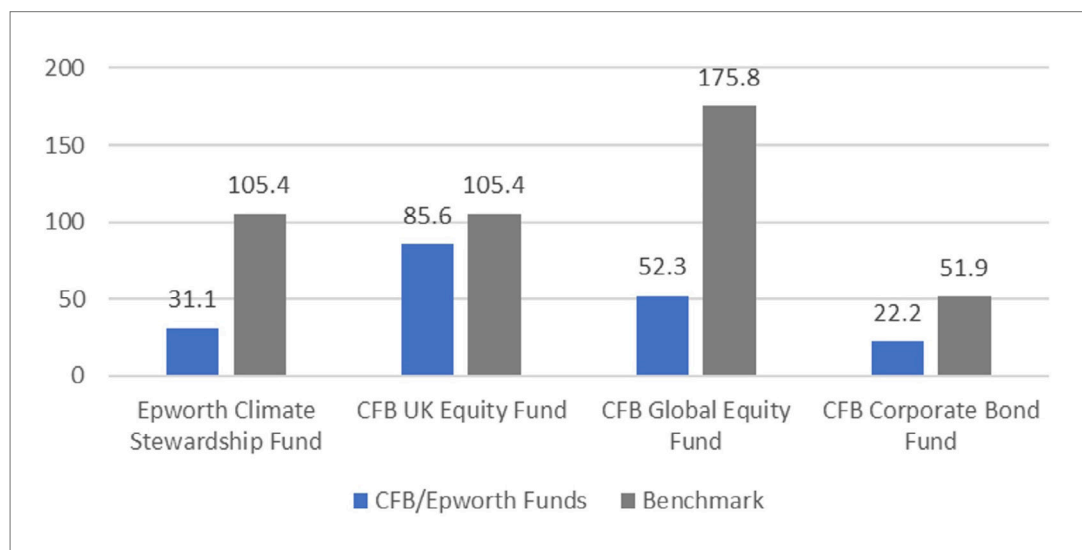
All figures annualised and after fees

**Table 2 - CFB voting record**

Year to 28 February 2023

	For	Oppose	Abstain	Against or abstain
Auditors	418	2	0	0%
Directors	2,723	469	6	15%
Remuneration	129	234	4	65%
Executive Pay Scheme (UK)	29	20	0	41%
Shareholder Capital (Overseas)	108	9	0	8%
Other	1,772	129	31	8%
Total	5,179	863	41	15%

**Figure 1 - CFB/Epworth funds' carbon footprints (tCO<sub>2</sub>e/Mil USD)**



Sources for the above data chart - Sustainalytics for the equity funds, and Clarity AI for the Corporate Bond Fund

# Chief Executive Officer's report

## Carbon footprint

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

## CFB Deposit Fund

Last year I was reflecting on the extremely low rates being paid to our Depositors by the CFB Deposit Fund. This has rapidly changed. As I write this the CFB is paying our Depositors 3.63%. The surge in inflationary pressures has led to central banks rapidly raising interest rates and we are now probably close to the top of the interest rate cycle. However, many banks are not passing the increase in wholesale rates onto their savers and hence we are seeing the CFB Deposit Fund offering a substantial uplift on the rates available from most banks' same day access accounts. In Epworth we have jumped on this opportunity to market the Epworth Cash Plus Fund to charities and this has led to some of the recovery in our assets under management reported by John previously. With supply chains still imperilled and Labour market struggles, we do not expect interest rates to fall significantly any time soon.

## Portfolio clients

Our portfolio offering to churches and charities has traditionally been based upon the Epworth funds, held in the client's own name. Whilst delivering our Christian approach to ethics, our tool box for asset allocation decisions was relatively limited. Over the last six months we have been working with a third-party platform provider to migrate our portfolio clients onto an independent custodian and on-line valuation system. This platform greatly enhances our client experience, broadening our fund choice and giving clients daily access to their portfolio values. The Epworth Funds remain at the heart of our clients' equity exposure and any third party funds that we use undergo a stringent ethical screening before they are selected. I must extend my thanks to Sarah Bourgein, our Head of Client Relations, who has spent many hours with our clients reviewing their financial needs and appetite for risk and guiding them through the agreement and transfer process to move to the new platform. It has been a major commitment for the organization over the last year but it brings our portfolio offering into the modern world with a transparent fee structure, daily client access and active asset allocation.

## Retail clients

This time last year I advised that we were still waiting to hear from the UK regulator as to whether Epworth would be extended permission to handle general retail clients. I am pleased to report that this did come through and that last Autumn we formally launched our managed portfolio service (MPS) at the Association of Christian Financial Advisers. We use our Christian ethical overlay to screen potential investments and then our joint venture partner, Canaccord Genuity, manages the portfolios on various third-party platforms on our behalf.

Currently our MPS is available to clients of Independent Financial Advisers (IFAs) on three platforms. This service is only available through IFAs due to the strict – and appropriate – rules concerning gathering of financial information, attitude to risk and understanding of a client's full financial affairs before making an investment into our MPS service. Epworth does not have the structure or staff to support a stand-alone retail offering at present. We expect this business to grow slowly but consistently; delivering us a broad client base that greatly reduces our reliance on a few core clients.

## Taking environmental, social, and governance (ESG) thinking forward

The ethical pillars that are described previously have been developed by our Chief Responsibility Officer, Revd. Dr Andrew Harper. He joined us in 2021 with a mandate to change our approach to ethical thinking; to change from a negative mindset to a positive one – not what we won't do, but what we can do. Andrew has delivered a foundational document for the CFB and Epworth that will be at the heart of our work for many years to come. The next challenge that I have set Andrew is to consider a new paradigm for ethical investing. ESG is in danger of becoming stale; every national and international investment firm is leading with it. The Central Finance Board was at the very forefront of ethical thinking in the 1970s when we disinvested from apartheid South Africa. Epworth kept this going in 1996 with the launch of a range of funds managed using Christian values. I am very excited to see what Andrew comes up with for the next evolution in ethical investment thinking.

## Award

I am delighted to announce that Epworth received the award for Best Charity Investment Fund Management Firm in the UK last year from the Wealth & Finance Awards. The judges were keen to observe that this award was made in recognition of Epworth's leading work in the field of ethical investment.

David Palmer  
Chief Executive Officer  
25 April 2023

# 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 consists of three members, none of whom are employees of the CFB, but at least one will be a non-executive director of Epworth Investment Management Limited, with the CEO and CFB Secretary in attendance. During 2022/23 the Committee comprised of three members. 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 arising from the 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/Head of Finance in attendance. It meets as required 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/Head of Finance, the Chief Responsibility 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 external subject matter experts and the Chief Responsibility Officer. 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**  
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 and Corporate Bond Fund) for the year ended 28 February 2023. 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 2023 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 members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the CFB's funds or to cease operations, or have no realistic alternative but to do so.

## 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; and
- 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 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;
- 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.

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

25 April 2023

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## CFB unitised funds

# CFB UK Equity Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses)/gains on investments during the period	2	(12,219)	31,221
		(12,219)	31,221
Income	3	4,516	8,256
Expenses	4	-	(896)
Net income		4,516	7,360
Total return for the period		(7,703)	38,581
Finance costs: distributions	8	(4,516)	(7,360)
Change in net assets attributable to unitholders		(12,219)	31,221

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	188,173	324,226
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	883	1,358
Amounts payable on cancellation of units	(113,942)	(168,695)
	(113,059)	(167,337)
Dilution levy/adjustment	495	63
Change in net assets attributable to unitholders from investment activities	(12,219)	31,221
Closing net assets attributable to unitholders	63,390	188,173

## 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				
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
2023	2,267.5	1,872.6	71.75	47.97



# CFB UK Equity Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		63,156	187,851
<b>Current assets</b>			
Debtors	9	1,531	900
Cash and bank balances	10	445	282
Total current assets		1,976	1,182
Total assets		65,132	189,033
<b>Liabilities</b>			
Creditors	11	(1,473)	22
Distribution payable		(268)	(882)
Total liabilities		(1,741)	(860)
Net assets attributable to unitholders		63,390	188,173

## 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 2022 to 31 May 2022	27.18	(0.27)	26.91	20 July 2022
1 June 2022 to 31 August 2022	16.39	(0.32)	16.07	20 October 2022
1 September 2022 to 30 November 2022	20.47	(0.61)	19.86	20 January 2023
1 December 2022 to 28 February 2023	9.18	(0.27)	8.91	20 April 2023
<b>Pension units</b>				
1 March 2022 to 31 May 2022	26.89	0.27	27.16	20 July 2022
1 June 2022 to 31 August 2022	16.15	0.16	16.31	20 October 2022
1 September 2022 to 30 November 2022	20.13	0.20	20.33	20 January 2023
1 December 2022 to 28 February 2023	9.57	(0.08)	9.49	20 April 2023

# 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 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
28 February 2023	63.4	1,733,993	1,197,271	2,162.6

## Average dealing spread

	28.02.23	28.02.22
	%	%
	0.50	0.50

## Total expense ratios

As at 28 February 2023

	2023 %	2022 %
Administration grant (including custody and transaction costs)	0.55	0.50
Epworth UK Equity Fund for Charities & external fund manager charges	0.25	0.24
	0.80	0.74

# CFB UK Equity Fund

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.23 Benchmark* %	28.02.22 Market value £'000s	28.02.22 CFB %	28.02.22 Benchmark* %
Equity investment instruments	63,156	100.0	100.0	187,851	100.0	100.0
Total investments	63,156	100.0	100.0	187,851	100.0	100.0
Net cash	234			322		
Total value of fund	63,390			188,173		

\* Benchmark: All Share

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# CFB UK Equity Fund

## Portfolio valuation

As at 28 February 2023

	Holding 000s	Market value £'000s	%
<b>Equity investment instruments</b>			<b>100.0</b>
Epworth UK Equity Fund for Charities	35,930	60,829	96.3
Impax New Energy Investors II LP	304	12	0.0
Impax New Energy Investors III LP	26	2,315	3.7
Total investments		63,156	100.0
Net current assets		234	
Total value of Fund		63,390	

# CFB UK Equity Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 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 2023 expenses were recovered at the following rate:

- 0.55% per annum (28.02.22: 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.

### 2. Net (losses)/gains on investments

	2023	2022
	£'000s	£'000s
Proceeds from sales of investments	113,841	168,881
Original cost of investments sold	(106,326)	(144,448)
Net realised gains on sales	7,515	24,433
Net unrealised (losses)/gains	(19,047)	7,140
Currency gains/(losses)	-	(2)
Administration grant capital	(687)	(350)
Net (losses)/gains on investments	(12,219)	31,221

### 3. Gross income

	2023	2022
	£'000s	£'000s
UK dividends	4,966	8,379
Overseas dividends	-	-
Bank interest	10	-
Equalisation	(494)	(63)
Management fee recharge	34	(60)
Total income	4,516	8,256

### 4. Expenses

	2023	2022
	£'000s	£'000s
Administration grant	-	896

### 5. Change in net assets per unit

#### Charity units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	2,204.5	2,006.6
Return before operating charges	42.1	270.3
Operating charges	(12.0)	(9.4)
Return after operating charges	30.1	260.9
Distribution on income units	(72.0)	(63.0)
Closing net asset value per unit	2,162.6	2,204.5

#### Performance

	28.02.23	28.02.22
	%	%
Return after charges	1.4	13.0

#### Pension units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	2,204.5	2,006.6
Return before operating charges	41.8	269.7
Operating charges	(10.7)	(10.1)
Return after operating charges	31.1	259.6
Distribution on income units	(73.0)	(61.7)
Closing net asset value per unit	2,162.6	2,204.5

#### Performance

	28.02.23	28.02.22
	%	%
Return after charges	1.4	12.9

# CFB UK Equity Fund

## 6. Portfolio transaction costs

	2023 £'000s	2022 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	678	1,704
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	678	1,704
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	113,841	168,881
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	113,841	168,881

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:

	2023 £'000s	2022 £'000s
31 May 2022	2,296	3,716
31 August 2022	1,301	887
30 November 2022	651	1,875
28 February 2023	268	882
	4,516	7,360
Income on creation and cancellation of units	-	63
Net distribution for year	4,516	7,423

## 9. Debtors

	2023 £'000s	2022 £'000s
Accrued income	274	900
Sales awaiting settlement	1,257	-
	1,531	900

## 10. Cash and bank balances

	2023 £'000s	2022 £'000s
CFB Deposit Fund	444	7
Other bank accounts	1	275
	445	282

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

	2023 £'000s	2022 £'000s
Purchases awaiting settlement	1,450	-
Other creditors	23	(22)
	1,473	(22)

## 12. Portfolio turnover

	2023 %	2022 %
Portfolio turnover	(0.2)	0.2

Based on COLL 4 Annex 2 Portfolio turnover calculation.

## 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

This is an actively managed fund, that invests in UK equities. 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 diversified portfolio of investments in line with the Fund's investment objectives.

### Transaction 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 delegate.

### Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

#### **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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Global Equity Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses)/gains on investments during the period	2	(4,379)	19,838
		(4,379)	19,838
Income	3	1,676	2,851
Expenses	4	-	(746)
Taxation: irrecoverable withholding tax	7	-	(9)
Net income		1,676	2,096
Total return for the period		(2,704)	21,934
Finance costs: distributions	8	(1,677)	(2,095)
Change in net assets attributable to unitholders		(4,380)	19,839

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	139,043	148,910
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	19,185	27,124
Amounts payable on cancellation of units	(104,122)	(56,897)
	(84,937)	(29,773)
Dilution levy/adjustment	63	67
Change in net assets attributable to unitholders from investment activities	(4,380)	19,839
Closing net assets attributable to unitholders	49,789	139,043

## 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				
2019	658.10	578.50	7.52	37.86
2020	730.60	617.30	7.81	39.32
2021	828.20	577.50	4.70	23.67
2022	990.90	810.20	7.78	39.17
2023	903.60	784.10	13.24	66.66



# CFB Global Equity Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		49,441	138,777
<b>Current assets</b>			
Debtors	9	1,566	650
Cash and bank balances	10	621	183
Total current assets		2,187	833
Total assets		51,628	139,610
<b>Liabilities</b>			
Creditors	11	(1,668)	(8)
Distribution payable		(171)	(559)
Total liabilities		(1,839)	(567)
Net assets attributable to unitholders		49,789	139,043

## 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 2022 to 31 May 2022	3.14	0.00	3.14	20 July 2022
1 June 2022 to 31 August 2022	4.78	0.05	4.83	20 October 2022
1 September 2022 to 30 November 2022	2.52	0.03	2.55	20 January 2023
1 December 2022 to 28 February 2023	2.72	0.00	2.72	20 April 2023
<b>Pension units</b>				
1 March 2022 to 31 May 2022	3.37	0.04	3.41	20 July 2022
1 June 2022 to 31 August 2022	5.05	0.05	5.10	20 October 2022
1 September 2022 to 30 November 2022	3.01	0.03	3.04	20 January 2023
1 December 2022 to 28 February 2023	3.14	0.01	3.15	20 April 2023

# CFB Global 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 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
28 February 2023	49.8	2,865,497	2,966,990	855.2

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.40	0.40

## Total expense ratios

As at 28 February 2023

	2023 %	2022 %
Administration grant (including custody and transaction costs)	0.65	0.59
Epworth Global Equity Fund for Charities & external fund manager charges	0.42	0.55
	1.07	1.14

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
North America	-	-	-	-
Europe	-	-	-	-
Japan	-	-	-	-
Pacific Basin ex-Japan	-	-	-	-
Rest of the World	49,441	100.0	138,777	100.0
Total investments	49,441	100.0	138,777	100.0
Net current assets	348		266	
Total value of fund	49,789		139,043	

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# CFB Global Equity Fund

## Portfolio valuation

As at 28 February 2023

	Holding 000s	Market value £'000s	%
<b>Global</b>		<b>49,441</b>	<b>100.0</b>
Epworth Global Equity Charities CFB	35,293	47,232	95.5
Generation IM Climate Solution Fd	3,252	1,120	2.3
Impax New Energy Investors	12,362	1,089	2.2
Total investments		49,441	100.0
Net cash		348	
Total value of Fund		49,789	

# CFB Global Equity Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 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 2023 expenses were recovered at the following rate:

- 0.65% per annum (28.02.22: 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.

### 2. Net (losses)/gains on investments

	2023	2022
	£'000s	£'000s
Proceeds from sales of investments	97,689	145,015
Original cost of investments sold	(90,467)	(100,333)
Net realised gains on sales	7,222	44,682
Net unrealised (losses)	(10,982)	(24,383)
Currency gains/(losses)	-	(135)
Administration grant capital	(620)	(326)
Net (losses)/gains on investments	(4,379)	19,838

### 3. Gross income

	2023	2022
	£'000s	£'000s
Overseas dividends	1,653	2,305
Bank interest	4	(2)
Equalisation	(64)	(66)
Management fee recharge	83	614
Total income	1,676	2,851

### 4. Expenses

	2023	2022
	£'000s	£'000s
Administration grant	-	746

### 5. Change in net assets per unit

#### Charity units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	876.1	794.7
Return before operating charges	(3.5)	94.9
Operating charges	(5.7)	(5.7)
Return after operating charges	(9.2)	89.2
Distribution on income units	(13.2)	(7.8)
Closing net asset value per unit	853.7	876.1

#### Performance

	28.02.23	28.02.22
	%	%
Return after charges	(1.1)	11.3

#### Pension units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	876.1	794.7
Return before operating charges	(3.2)	94.0
Operating charges	(4.5)	(0.5)
Return after operating charges	(7.7)	93.5
Distribution on income units	(14.7)	(12.1)
Closing net asset value per unit	853.7	876.1

#### Performance

	28.02.23	28.02.22
	%	%
Return after charges	(0.9)	11.8

# CFB Global Equity Fund

## 6. Portfolio transaction costs

	2023 £'000s	2022 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	15,710	116,598
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	15,710	116,598
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	97,689	145,034
Commissions	-	17
Custodian transaction costs	-	2
Total sale costs	-	19
Total net sales	97,689	145,015

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.

	2023 £'000s	2022 £'000s
Withholding tax	-	9

## 8. Distributions

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

	2023 £'000s	2022 £'000s
31 May 2022	541	625
31 August 2022	794	575
30 November 2022	170	336
28 February 2023	171	559
	1,677	2,095
Income on creation and cancellation of units	(64)	67
Net distribution for year	1,613	2,162

## 9. Debtors

	2023 £'000s	2022 £'000s
Accrued income	311	640
Sales awaiting settlement	1,255	10
	1,566	650

## 10. Cash and bank balances

	2023 £'000s	2022 £'000s
CFB Deposit Fund	321	174
Other bank accounts	300	9
	621	183

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

	2023 £'000s	2022 £'000s
Purchases awaiting settlement	1,650	-
Other creditors	18	8
	1,668	8

## 12. Portfolio turnover

	2023 %	2022 %
Portfolio turnover	(10.1)	97.7

Based on COLL 4 Annex 2 Portfolio turnover calculation.

## 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

This is an actively managed fund that invests in UK and overseas equities. 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 diversified portfolio of investments in line with the Fund's investment objectives.

### Currency risk

The 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 2023 foreign currency exposure was:

	2023 £'000s	2022 £'000s
Currency		
Canadian Dollar	-	-
United States Dollar	1,120	3,859
Euro	1,089	796
Swiss Franc	-	-
Danish Krone	-	-
Norwegian Krone	-	-
Swedish Krona	-	-
	2,209	4,655

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# CFB Global Equity Fund

## **Transaction 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 Fund only deals with an approved delegate.

## **Liquidity risk**

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

## **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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Property Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses)/gains on investments during the period	2	(3,738)	3,873
		(3,738)	3,873
Income	3	948	1,099
Expenses		-	-
Net income		948	
Total return for the period		(2,791)	4,972
Finance costs: distributions	7	(949)	(1,098)
Change in net assets attributable to unitholders		(3,740)	3,874

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	25,764	20,673
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	143	1,422
Amounts payable on cancellation of units	(6,748)	(205)
	(6,605)	1,217
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(3,740)	3,874
Closing net assets attributable to unitholders	15,419	25,764

## 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				
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
2023	87.0	65.6	3.28	33.57

(\*) 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 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		15,401	25,744
<b>Current assets</b>			
Debtors and accrued income	8	145	211
Cash and bank balances	9	90	96
Total current assets		235	307
Total assets		15,636	26,051
<b>Liabilities</b>			
Creditors			-
Distribution payable	10	(217)	(287)
Total liabilities		(217)	(287)
Net assets attributable to unitholders		15,419	25,764

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2022 to 31 March 2022	0.29	17 July 2022
1 April 2022 to 30 April 2022	0.31	17 July 2022
1 May 2022 to 31 May 2022	0.28	17 July 2022
1 June 2022 to 30 June 2022	0.27	17 October 2022
1 July 2022 to 31 July 2022	0.31	17 October 2022
1 August 2022 to 31 August 2022	0.28	17 October 2022
1 September 2022 to 30 September 2022	0.33	18 January 2023
1 October 2022 to 30 October 2022	0.27	18 January 2023
1 November 2022 to 30 November 2022	0.34	18 January 2023
1 December 2022 to 31 December 2022	0.28	18 April 2023
1 January 2023 to 31 January 2023	0.32	18 April 2023
1 February 2023 to 28 February 2023	0.30	18 April 2023



# 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 2019	24.50	32,946,346.96	74.30
29 February 2020	20.90	28,998,487.95	72.20
28 February 2021	20.70	30,344,825.97	68.10
28 February 2022	25.70	31,998,589.50	80.50
28 February 2023	15.40	23,479,731.92	66.60

## Average dealing spread

	28.02.23	28.02.22
	%	%
	2.29	2.74

## Portfolio valuation

As at 28 February 2023

	Holding 000s	Market value £'000s	%
Mayfair Property Income Trust for Charities	19,685	15,401	100.0
Total investments		15,401	100.0
Net current assets		18	
Total value of fund		15,419	

## Notes to the accounts

For the year ended 28 February 2023

### 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.

### 2. Net (losses)/gains on investments

	2023 £'000s	2022 £'000s
Proceeds from sales of investments	6,748	205
Original cost of investments sold	(5,984)	1,876
Net realised gains on sales	764	2,081
Net unrealised (losses)/gains	(4,503)	1,792
Currency gains	-	-
Net (losses)/gains on investments	(3,738)	3,873

### 3. Gross income

	2023 £'000s	2022 £'000s
UK dividends	946	1,099
Overseas dividends	-	-
Bank interest	2	-
Equalisation	-	-
Total income	948	1,099

### 4. Change in net assets per unit

#### Charity units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	80.5	68.1
Return before operating charges	(11.3)	15.9
Operating charges	-	-
Return after operating charges	(11.3)	15.9
Distribution on income units	(3.6)	(3.5)
Closing net asset value per unit	65.6	80.5

#### Performance

	28.02.23 %	28.02.22 %
Return after charges	(14.0)	23.9

# CFB Property Fund

## 5. Portfolio transaction costs

	2023 £'000s	2022 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	143	1,422
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	143	1,422
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	6,748	205
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	6,748	205

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:

	2023 £'000s	2022 £'000s
31 March 2022	93	79
30 April 2022	84	103
31 May 2022	76	89
30 June 2022	73	63
31 July 2022	84	83
31 August 2022	76	86
30 September 2022	90	82
31 October 2022	69	124
30 November 2022	87	102
31 December 2022	72	76
31 January 2023	75	118
28 February 2023	70	93
Net distribution for year	949	1,098

## 8. Debtors

	2023 £'000s	2022 £'000s
Accrued income	145	211
	145	211

## 9. Cash and bank balances

	2023 £'000s	2022 £'000s
CFB Deposit Fund	90	96
	90	96

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

	2023 £'000s	2022 £'000s
Distributions payable	217	287
	217	287

## 11. Portfolio turnover

	2023 %	2022 %
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

This Fund invests in units of the Property Income Trust for Charities. It 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 market the Fund is invested in.

### 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.

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# CFB Property Fund

In order to minimise portfolio risk, no property in PITCH 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.

### **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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Managed Equity Fund

## Statement of total return

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Net (losses)/gains on investments during the period	(1,239)	2,845
	(1,239)	2,845
Income	834	798
Expenses	-	-
Net income	834	798
Total return for the period	(406)	3,643
Finance costs: distributions	(833)	(798)
Change in net assets attributable to unitholders	(1,239)	2,845

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	30,803	28,741
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	31	171
Amounts payable on cancellation of units	(644)	(954)
	(613)	(783)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(1,239)	2,845
Closing net assets attributable to unitholders	28,950	30,803

## 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				
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	3,131.3	2,752.9	75.91	48.49
2023	3,025.2	2,526.8	80.37	51.34

# CFB Managed Equity Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		28,949	30,802
<b>Current assets</b>			
Debtors	4	106	142
Cash and bank balances	5	1	1
Total current assets		107	143
Total assets		29,056	30,945
<b>Liabilities</b>			
Creditors		-	-
Distribution payable	6	(106)	(142)
Total liabilities		(106)	(142)
Net assets attributable to unitholders		28,950	30,803

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2022 to 31 May 2022	32.28	20 July 2022
1 June 2022 to 31 August 2022	20.70	20 October 2022
1 September 2022 to 30 November 2022	17.09	20 January 2023
1 December 2022 to 28 February 2023	10.30	20 April 2023

# 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 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
28 February 2023	28.9	1,025,117	2,824.1

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.16	0.16

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
CFB UK Equity Fund	14,255	49.2	26,411	85.7
CFB Global Equity Fund	14,694	50.8	4,391	14.3
Total investments	28,949	100.0	30,802	100.0
Net current assets	1		1	
Total value of fund	28,950		30,803	

# CFB Managed Equity Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 2023, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.55% per annum (28.02.22: 0.50%)
- CFB Global Equity Fund 0.65% per annum (28.02.22: 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.

## 2. Change in net assets per unit

### Charity units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	2,943.3	2,677.4
Return before operating charges	(38.8)	341.8
Operating charges	-	-
Return after operating charges	(38.8)	341.8
Distribution on income units	(80.4)	(75.9)
Closing net asset value per unit	2,824.1	2,943.3

### Performance

	28.02.23	28.02.22
	%	%
Return after charges	(1.3)	12.7

## 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

	2023	2022
	£'000s	£'000s
Accrued income	106	142
	106	142

## 5. Cash and bank balances

	2023	2022
	£'000s	£'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

	2023	2022
	£'000s	£'000s
Distributions payable	106	142
	106	142



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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

This is an actively managed fund that invests 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 the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

### Currency risk

The 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.

### Transaction risk

The underlying 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 delegate.

### Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

## 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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Managed Fixed Interest Fund

## Statement of total return

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Net (losses) on investments during the period	(1,403)	(268)
	(1,403)	(268)
Income	183	51
Expenses	-	-
Net income	183	51
Total return for the period	(1,220)	(217)
Finance costs: distributions	(182)	(51)
Change in net assets attributable to unitholders	(1,403)	(268)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	6,458	7,163
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	17,436	16
Amounts payable on cancellation of units	(684)	(453)
	16,751	(437)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(1,403)	(268)
Closing net assets attributable to unitholders	21,807	6,458

## 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				
2019	206.30	200.00	2.70	16.34
2020	215.70	205.40	2.02	12.22
2021	220.70	210.50	1.51	9.13
2022	215.00	201.20	1.57	9.50
2023	200.30	163.40	2.84	17.18

# CFB Managed Fixed Interest Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		21,798	6,457
<b>Current assets</b>			
Debtors	4	130	16
Cash and bank balances	5	8	1
Total current assets		138	17
Total assets		21,936	6,474
<b>Liabilities</b>			
Creditors		-	-
Distribution payable	6	(129)	(16)
Total liabilities		(129)	(16)
Net assets attributable to unitholders		21,807	6,458

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2022 to 31 May 2022	0.55	20 July 2022
1 June 2022 to 31 August 2022	0.58	20 October 2022
1 September 2022 to 30 November 2022	0.69	20 January 2023
1 December 2022 to 28 February 2023	1.02	20 April 2023

# 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 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
28 February 2023	21.8	12,665,088	172.2

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.14	0.14

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
CFB Gilt Fund	4,342	19.9	2,268	35.1
CFB Corporate Bond Fund	14,883	68.3	736	11.4
CFB Short Fixed Interest Fund	2,573	11.8	3,453	53.5
Total investments	21,798	100.0	6,457	100.0
Net current assets	8,721		1	
Total value of fund	21,807	100	6,458	

# CFB Managed Fixed Interest Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 Interest 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 2023, the costs recovered by the CFB from the underlying funds were as follows:

- CFB Gilt Fund 0.25% per annum (28.02.22: 0.23%)
- CFB Corporate Bond Fund 0.35% per annum (28.02.22: 0.32%)
- CFB Short Fixed Interest Fund 0.26% per annum (28.02.22: 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.

## 2. Change in net assets per unit

### Charity units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	201.8	210.3
Return before operating charges	(26.8)	(6.9)
Operating charges	-	-
Return after operating charges	(26.8)	(6.9)
Distribution on income units	(2.8)	(1.6)
Closing net asset value per unit	172.2	201.8

### Performance

	28.02.23	28.02.22
	%	%
Return after charges	(13.3)	(3.3)

## 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

	2023	2022
	£'000s	£'000s
Accrued income	130	16
	130	16

## 5. Cash and bank balances

	2023	2022
	£'000s	£'000s
CFB Deposit Fund	8	1
Other bank accounts	-	-
	8	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

	2023	2022
	£'000s	£'000s
Distributions payable	129	16
	129	16

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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

This is an actively managed Fund that invests in sterling bonds. 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 the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives.

### Transaction risk

The underlying 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 delegate.

### Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

## 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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Managed Mixed Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses)/gains on investments during the period		(1,386)	2,659
		(1,386)	2,659
Income		849	845
Expenses	2	-	(169)
Net income		849	676
Total return for the period		(537)	3,336
Administration grant capital		(166)	-
Finance costs: distributions	5	(848)	(733)
Change in net assets attributable to unitholders		(1,551)	2,603

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	30,709	28,688
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	924	1,080
Amounts payable on cancellation of units	(1,741)	(1,661)
	(817)	(581)
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(1,551)	2,602
Closing net assets attributable to unitholders	28,340	30,709

## 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				
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
2023	555.7	487.8	15.18	52.54

# CFB Managed Mixed Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		28,313	30,685
<b>Current assets</b>			
Debtors	6	222	185
Cash and bank balances	7	26	24
Total current assets		248	209
Total assets		28,561	30,894
<b>Liabilities</b>			
Creditors		(56)	-
Distribution payable	8	(165)	(185)
Total liabilities		(221)	(185)
Net assets attributable to unitholders		28,340	30,709

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2022 to 31 May 2022	4.58	20 July 2022
1 June 2022 to 31 August 2022	3.97	20 October 2022
1 September 2022 to 30 November 2022	3.63	20 January 2023
1 December 2022 to 28 February 2023	3.00	20 April 2023



# 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 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
28 February 2023	28.3	5,497,576	515.5

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.30	0.30

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
Epworth Multi-Asset Fund for Charities	28,313	100.0	30,685	100.0
Total investments	28,313	100.0	30,685	100.0
Net current assets	27		24	
Total value of fund	28,340		30,709	

# CFB Managed Mixed Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 2023, the costs CFB from the recovered were as follows:

- 0.60% per annum (28.02.22: 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.

## 2. Expenses

	2023	2022
	£'000s	£'000s
Administration grant	-	169

## 3. Change in net assets per unit

### Charity units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	543.3	488.7
Return before operating charges	(12.6)	67.5
Operating charges	-	-
Return after operating charges	(12.6)	67.5
Distribution on income units	(15.2)	(12.9)
Closing net asset value per unit	515.5	543.3

### Performance

	28.02.23	28.02.22
	%	%
Return after charges	(2.3)	11.7

## 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:

	2023	2022
	£'000s	£'000s
Net distribution for year	848	733

## 6. Debtors

	2023	2022
	£'000s	£'000s
Accrued income	162	185
Other debtors	60	-
	222	185

## 7. Cash and bank balances

	2023	2022
	£'000s	£'000s
CFB Deposit Fund	26	24
Other bank accounts	-	-
	26	24

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

	2023	2022
	£'000s	£'000s
Distributions payable	165	185
	165	185

## 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

This is an actively managed fund that invests in UK and overseas equities, sterling bonds and property. 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 diversified portfolio of investments in line with the Fund's investment objectives.

### Transaction risk

The underlying 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 delegate

### Liquidity risk

Most of the Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. However, the Property Fund held by the Fund can only be redeemed on a quarterly basis and there is a risk that unit holder redemptions may therefore be deferred.

## 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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Methodist Council Managed Medium Term Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses)/gains on investments during the period		(2,059)	1,073
		(2,059)	1,073
Income		528	470
Expenses		(18)	-
Net income		510	470
Total return for the period		(1,549)	1,543
Finance costs: distributions	4	(530)	(469)
Change in net assets attributable to unitholders		(2,078)	1,074

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	27,076	26,002
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	1,000	-
Amounts payable on cancellation of units	-	-
	1,000	-
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(2,078)	1,074
Closing net assets attributable to unitholders	25,998	27,076

## 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				
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
2023	120.4	105.5	2.28	22.11

# CFB Methodist Council

## Managed Medium Term Fund

### Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		25,600	27,075
<b>Current assets</b>			
Debtors	5	122	106
Cash and bank balances	6	432	15
Total current assets		554	121
Total assets		26,154	27,196
<b>Liabilities</b>			
Creditors		(18)	-
Distribution payable	7	(139)	(120)
Total liabilities		(157)	(120)
Net assets attributable to unitholders		25,998	27,076

### Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2022 to 31 May 2022	0.73	20 July 2022
1 June 2022 to 31 August 2022	0.63	20 October 2022
1 September 2022 to 30 November 2022	0.33	20 January 2023
1 December 2022 to 28 February 2023	0.59	20 April 2023

# 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 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
28 February 2023	26.0	23,498,954	110.7

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.30	0.30

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
CFB UK Equity Fund	-	-	5,896	21.8
CFB Global Equity Fund	-	-	5,243	19.4
CFB Corporate Bond Fund	-	-	4,050	15.0
Managed Fixed Interest Fund	4,938	19.3	-	-
Epworth Global Equity Fund	5,618	21.9	-	-
Epworth Climate Stewardship Fund	5,263	20.6	-	-
CFB Short Fixed Interest Fund	8,091	31.6	8,622	31.8
CFB Property Fund	1,690	6.6	3,264	12.0
Total investments	25,600	100.0	27,075	100.0
Net current assets	397		1	
Total value of fund	25,998		27,076	

# CFB Methodist Council Managed Medium Term Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 2023, the costs recovered by the CFB from the underlying funds were as follows:

- CFB UK Equity Fund 0.55% per annum (28.02.22: 0.50%)
- CFB Global Equity Fund 0.65% per annum (28.02.22: 0.59%)
- CFB Corporate Bond Fund 0.35% per annum (28.02.22: 0.32%)
- CFB Short Fixed Interest Fund 0.26% per annum (28.02.22: 0.21%)
- CFB Property Fund nil (28.02.22: 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.

## 2. Change in net assets per unit

### Charity units

	28.02.23	28.02.22
	p per unit	p per unit
Opening net asset value per unit	119.5	114.8
Return before operating charges	(6.5)	6.8
Operating charges	-	-
Return after operating charges	(6.5)	6.8
Distribution on income units	(2.3)	(2.1)
Closing net asset value per unit	110.7	119.5

### Performance

	28.02.23	28.02.22
	%	%
Return after charges	(5.4)	5.9

## 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:

	2023	2022
	£'000s	£'000s
Net distribution for year	530	469

## 5. Debtors

	2023	2022
	£'000s	£'000s
Accrued income	122	106
	122	106

## 6. Cash and bank balances

	2023	2022
	£'000s	£'000s
CFB Deposit Fund	432	15
Other bank accounts	-	-
	432	15

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

	2023	2022
	£'000s	£'000s
Distributions payable	139	120
	139	120

### 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

This is an actively managed fund that invests in UK and overseas equities, sterling bonds and property. 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 diversified portfolio of investments in line with the Fund's investment objectives

#### Transaction risk

The underlying 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 delegate.

#### Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

#### Property Fund gearing, investment, liquidity and other risks

The underlying 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.

### 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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).



# CFB Methodist Council Managed Long Term Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses)/gains on investments during the period		(4,706)	7,790
		(4,706)	7,790
Income		2,046	2,032
Expenses		(100)	-
Net income		1,946	2,032
Total return for the period		(2,760)	9,822
Finance costs: distributions	4	(2,048)	(2,029)
Change in net assets attributable to unitholders		(4,809)	7,793

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	90,350	82,557
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	(4,809)	7,793
Closing net assets attributable to unitholders	85,542	90,350

## 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				
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
2023	139.4	122.0	3.09	20.50

# CFB Methodist Council Managed Long Term Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		83,546	90,341
<b>Current assets</b>			
Debtors	5	422	426
Cash and bank balances	6	2,164	74
Total current assets		2,586	500
Total assets		86,132	90,841
<b>Liabilities</b>			
Creditors		(100)	-
Distribution payable	7	(491)	(491)
Total liabilities		(590)	(491)
Net assets attributable to unitholders		85,542	90,350

## Distribution

Distribution period	Distribution payable p per unit	Date payable
<b>Charity units</b>		
1 March 2022 to 31 May 2022	1.12	20 July 2022
1 June 2022 to 31 August 2022	0.93	20 October 2022
1 September 2022 to 30 November 2022	0.30	20 January 2023
1 December 2022 to 28 February 2023	0.74	20 April 2023

# 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 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
28 February 2023	85.6	66,292,119	129.1

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.35	0.35

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
CFB UK Equity Fund	-	-	33,021	36.5
CFB Global Equity Fund	-	-	31,165	34.5
CFB Corporate Bond Fund	-	-	7,858	8.7
CFB Gilt Fund	-	-	2,071	2.3
Managed Fixed Interest Fund	11,966	14.3	-	-
Epworth Global Equity Fund	31,243	37.4	-	-
Epworth Climate Stewardship Fund	31,036	37.2	-	-
CFB Property Fund	9,301	11.1	16,226	18.0
Total investments	83,546	100.0	90,341	100.0
Net current assets	1,996		9	
Total value of fund	85,542		90,350	

# CFB Methodist Council Managed Long Term Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 0.55% per annum (28.02.22: 0.50%)
- CFB Global Equity Fund 0.65% per annum (28.02.22: 0.59%)
- CFB Corporate Bond Fund 0.35% per annum (28.02.22: 0.32%)
- CFB Gilt Fund 0.25% per annum (28.02.22: 0.23%)
- CFB Property Fund nil (28.02.22: 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.

## 2. Change in net assets per unit

### Charity units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	136.3	124.5
Return before operating charges	(4.1)	14.9
Operating charges	-	-
Return after operating charges	(4.1)	14.9
Distribution on income units	(3.1)	(3.1)
Closing net asset value per unit	129.1	136.3

### Performance

	28.02.23 %	28.02.22 %
Return after charges	(3.0)	11.9

## 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:

	2023 £'000s	2022 £'000s
Net distribution for year	2,048	2,029

## 5. Debtors

	2023 £'000s	2022 £'000s
Accrued income	422	426
	422	426

## 6. Cash and bank balances

	2023 £'000s	2022 £'000s
CFB Deposit Fund	2,164	74
Other bank accounts	-	-
	2,164	74

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.

## 7. Distributions payable

	2023 £'000s	2022 £'000s
Distributions payable	491	491
	491	491

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# CFB Methodist Council

## Managed Long Term Fund

### 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

This is an actively managed fund that invests in UK and overseas equities, sterling bonds and property. 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 diversified portfolio of investments in line with the Fund's investment objectives

#### Transaction 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 delegate.

#### Liquidity risk

The Funds' assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

#### Property Fund gearing, investment, liquidity and other risks

The underlying 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.

### 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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Short Fixed Interest Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses) on investments during the period	2	(1,402)	(472)
		(1,402)	(472)
Income	3	154	116
Expenses	4	-	(21)
Net income		154	95
Total return for the period		(1,248)	(377)
Finance costs: distributions	8	(154)	(95)
Change in net assets attributable to unitholders		(1,402)	(472)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	14,959	15,002
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	486	605
Amounts payable on cancellation of units	(758)	(176)
	(272)	429
Dilution levy/adjustment	-	-
Change in net assets attributable to unitholders from investment activities	(1,402)	(472)
Closing net assets attributable to unitholders	13,285	14,959

## 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				
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	7.50
2023	117.3	102.5	1.23	12.30

# CFB Short Fixed Interest Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		13,115	14,627
<b>Current assets</b>			
Debtors	9	58	66
Cash and bank balances	10	166	298
Total current assets		224	364
Total assets		13,339	14,991
<b>Liabilities</b>			
Creditors	11	(7)	(2)
Distribution payable		(47)	(30)
Total liabilities		(54)	(32)
Net assets attributable to unitholders		13,285	14,959

## 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 2022 to 31 May 2022	0.26	(0.01)	0.25	20 July 2022
1 June 2022 to 31 August 2022	0.28	-	0.28	20 October 2022
1 September 2022 to 30 November 2022	0.33	(0.01)	0.32	20 January 2023
1 December 2022 to 28 February 2023	0.39	(0.01)	0.38	20 April 2023
<b>Pension units</b>				
1 March 2022 to 31 May 2022	0.25	-	0.25	20 July 2022
1 June 2022 to 31 August 2022	0.28	-	0.28	20 October 2022
1 September 2022 to 30 November 2022	0.33	-	0.33	20 January 2023
1 December 2022 to 28 February 2023	0.39	-	0.39	20 April 2023

## 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 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
28 February 2023	13.3	12,190,652	243,523	106.8

# CFB Short Fixed Interest Fund

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.15	0.19

## Total expense ratios

As at 28 February 2023

	2023 %	2022 %
Administration grant (including custody and transaction costs)	0.26	0.21
	0.26	0.21

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
British Government	8,184	62.4	8,413	57.5
Collateralised	-	0.0	-	-
Debentures	-	0.0	151	1.0
Supranational	3,311	25.3	3,706	25.4
Corporate unsecured financial	373	2.8	835	5.7
Corporate unsecured non-financial	1,248	9.5	1,522	10.4
Total investments	13,115	100.0	14,627	100.0
Net current assets	170		332	
Total value of fund	13,285		14,959	

## Summary of investments by credit rating

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
AAA	3,311	24.9	3,710	24.8
AA	8,924	67.2	9,873	66.0
A	500	3.8	643	4.3
BBB	-	-	254	1.7
Debentures - Not Rated	380	2.9	150	1.0
Cash	170	1.3	329	2.2
	13,285	100.0	14,959	100.0



# CFB Short Fixed Interest Fund

## Portfolio valuation

As at 28 February 2023

	Holding 000s	Market value £'000s	%
<b>British Government</b>		<b>8,184</b>	<b>62.3</b>
Treasury 2013 2 1/4% 07/09/23	500	495	3.8
Treasury 2014 2 3/4% 07/09/24	100	98	0.7
Treasury 2016 1 1/2% 22/07/26	700	651	5.0
Treasury 2017 1 1/4% 22/07/27	850	765	5.8
Treasury 2017 3/4% 22/07/23	100	99	0.7
Treasury 2018 1 5/8% 22/10/28	400	358	2.7
Treasury 2018 1% 22/04/24	470	454	3.5
Treasury 2019 5/8% 07/06/25	250	234	1.8
Treasury 2020 1/4% 31/07/31	1,250	937	7.1
Treasury 2020 1/8% 31/01/24	850	820	6.2
Treasury 2020 3/8% 22/10/30	750	585	4.5
Treasury 2021 1% 31/01/32	1,500	1,188	9.1
Treasury 2021 1/4% 31/01/25	350	325	2.5
Treasury 2022 4 1/8% 29/01/27	600	603	4.6
Treasury 2023 3 1/4% 31/01/33	600	572	4.4
<b>Corporate unsecured financial</b>		<b>373</b>	<b>2.8</b>
Nationwide Building Society 2016 3 1/4% 20/01/28	200	185	1.4
Nationwide Building Society 2016 3% 06/05/26	200	188	1.4

	Holding 000s	Market value £'000s	%
<b>Corporate unsecured non-financial</b>		<b>1,248</b>	<b>9.5</b>
Unilever PLC 2017 1 7/8% 15/09/29	150	127	1.0
Nestlé 2021 5/8% 18/12/25	400	361	2.7
Walmart 2000 5 3/4% 19/12/30	350	380	2.9
GlaxoSmithKline 2012 3 3/8% 20/12/27	400	380	2.9
<b>Supranational</b>		<b>3,311</b>	<b>25.3</b>
BNG Bank NV 1999 5.2% 07/12/28	300	310	2.4
Eur Bk Recon & Dev 1998 5 5/8% 07/12/28	400	427	3.3
FMS Wertmanagement 2018 1 3/8% 07/03/25	400	375	2.9
Inblk Recon & Dev 2020 1% 21/12/29 101	500	407	3.1
International Dev 2021 3/8% 22/09/27	500	419	3.2
Intl Finance Corp 2020 3/4% 22/07/27	400	343	2.6
KFW 2019 7/8% 15/09/26	550	488	3.7
Landw Rentenbank 2018 1 3/8% 08/09/25	200	186	1.4
Landw Rentenbank 2022 2 1/8% 15/12/28	400	356	2.7
Total investments		13,115	
Net current assets		170	
Total value of fund		13,285	100.0

# CFB Short Fixed Interest Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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.

#### (c) Management expenses

All administration expenses 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 2023 expenses were recovered at the following rate:

- 0.26% per annum (28.02.22: 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.

### 2. Net (losses) on investments

	2023 £'000s	2022 £'000s
Proceeds from sales of investments	3,848	4,096
Original cost of investments sold	(3,964)	(4,090)
Net realised (losses)/gains on sales	(116)	6
Net unrealised (losses)	(1,254)	(468)
Administration grant capital	(32)	(10)
Net (losses) on investments	(1,402)	(472)

### 3. Gross income

	2023 £'000s	2022 £'000s
Interest on debt securities	215	116
Bank interest	3	-
Equalisation	(63)	-
Total income	155	116

### 4. Expenses

	2023 £'000s	2022 £'000s
Administration grant	-	21

### 5. Change in net assets per unit

#### Charity units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	117.9	121.6
Return before operating charges	(9.6)	(2.7)
Operating charges	(0.3)	(0.3)
Return after operating charges	(9.9)	(3.0)
Distribution on income units	(1.2)	(0.7)
Closing net asset value per unit	106.8	117.9

#### Performance

	28.02.23 %	28.02.22 %
Return after charges	(8.4)	(2.4)

#### Pension units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	117.9	121.6
Return before operating charges	(9.5)	(2.7)
Operating charges	(0.3)	(0.1)
Return after operating charges	(9.8)	(2.8)
Distribution on income units	(1.3)	(0.9)
Closing net asset value per unit	106.8	117.9

#### Performance

	28.02.23 %	28.02.22 %
Return after charges	(8.3)	(2.3)

# CFB Short Fixed Interest Fund

## 6. Portfolio transaction costs

	2023 £'000s	2022 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	3,769	4,790
Commissions	1	-
Custodian transaction costs	-	-
Total purchase costs	1	-
Gross purchase total	3,770	4,790
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	3,848	4,096
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	3,848	4,096

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:

	2023 £'000s	2022 £'000s
31 May 2022	31	20
31 August 2022	36	21
30 November 2022	40	24
28 February 2023	47	30
	154	95
Income/(expenses) on creation and cancellation of units	-	-
Net distribution for year	154	95

## 9. Debtors

	2023 £'000s	2022 £'000s
Accrued income	57	66
Other debtors	1	-
	58	66

## 10. Cash and bank balances

	2023 £'000s	2022 £'000s
CFB Deposit Fund	145	182
Other bank accounts	21	116
	166	298

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

	2023 £'000s	2022 £'000s
Other creditors	7	2
	7	2

## 12. Portfolio turnover

	2023 %	2022 %
Portfolio turnover	45.8	53.3

Based on COLL 4 Annex 2 Portfolio turnover calculation.

## 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.

### Transaction 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 counterparty.

### Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

### 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 2023 was:

	2023 £'000s	2022 £'000s
£ fixed rate financial assets	13,115	14,627
£ financial assets not carrying interest	224	364
£ financial liabilities not carrying interest	(54)	(32)
	13,285	14,959

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# CFB Short Fixed Interest Fund

## **14. Related party transactions**

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

## **15. Contingent assets and liabilities**

As at 28 February 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Gilt Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses) on investments during the period	2	(1,133)	(248)
		(1,133)	(248)
Income	3	72	45
Expenses	4	-	(8)
Net income		72	37
Total return for the period		(1,061)	(211)
Finance costs: distributions	8	(72)	(37)
Change in net assets attributable to unitholders		(1,133)	(248)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	4,849	5,267
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	3,724	36
Amounts payable on cancellation of units	(2,267)	(206)
	1,457	(170)
Dilution levy/adjustment	(5)	-
Change in net assets attributable to unitholders from investment activities	(1,133)	(248)
Closing net assets attributable to unitholders	5,168	4,849

## 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				
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
2023	162.2	119.3	1.98	15.61

# CFB Gilt Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		5,116	4,772
<b>Current assets</b>			
Debtors	9	103	17
Cash and bank balances	10	46	76
Total current assets		149	93
Total assets		5,265	4,865
<b>Liabilities</b>			
Creditors	11	(72)	(3)
Distribution payable		(25)	(13)
Total liabilities		(97)	(16)
Net assets attributable to unitholders		5,168	4,849

## 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 2022 to 31 May 2022	0.47	-	0.47	20 July 2022
1 June 2022 to 31 August 2022	0.49	-	0.49	20 October 2022
1 September 2022 to 30 November 2022	0.58	-	0.41	20 January 2023
1 December 2022 to 28 February 2023	0.60	0.01	0.61	20 April 2023
<b>Pension units</b>				
1 March 2022 to 31 May 2022	0.46	0.01	0.47	20 July 2022
1 June 2022 to 31 August 2022	0.50	-	0.50	20 October 2022
1 September 2022 to 30 November 2022	0.59	0.01	0.42	20 January 2023
1 December 2022 to 28 February 2023	0.61	0.01	0.62	20 April 2023

## 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 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
28 February 2023	5.2	3,997,368	68,084	127.1

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.10	0.12

# CFB Gilt Fund

## Total expense ratios

As at 28 February 2023

	2023 %	2022 %
Administration grant (including custody and transaction costs)	0.25	0.23
Epworth Sterling Sovereign Bond Fund for Charities charges	0.24	0.16
	0.49	0.39

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
Epworth Sterling Sovereign Bond Fund for Charities	5,116	100.0	4,772	100.0
Total investments	5,116	100.0	4,772	100.0
Net current assets	52		77	
Total value of fund	5,168		4,849	

## Summary of investments by credit rating

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
AAA	1,607	31.1	1,188	24.5
AA	3,489	67.5	3,564	73.5
Cash	72	1.4	97	2.0
	5,168	100.0	4,849	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 2023

### 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 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 2023 expenses were recovered at the following rate:

- 0.25% per annum (28.02.22: 0.23%)

#### (d) Transaction costs

No direct transaction costs are incurred in respect of dealing in the CFB bond 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 (losses) on investments

	2023 £'000s	2022 £'000s
Proceeds from sales of investments	60	191
Original cost of investments sold	(70)	(190)
Net realised (losses)/gains on sales	(10)	1
Net unrealised (losses)	(1,113)	(245)
Administration grant capital	(10)	(4)
Net (losses) on investments	(1,133)	(248)

### 3. Gross income

	2023 £'000s	2022 £'000s
Interest on debt securities	66	45
Bank interest	1	-
Equalisation	5	-
Total income	72	45

### 4. Expenses

	2023 £'000s	2022 £'000s
Administration grant	-	8

### 5. Change in net assets per unit

#### Charity units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	164.1	172.6
Return before operating charges	(34.7)	(6.7)
Operating charges	(0.3)	(0.5)
Return after operating charges	(35.0)	(7.2)
Distribution on income units	(2.0)	(1.3)
Closing net asset value per unit	127.1	164.1

#### Performance

	28.02.23 %	28.02.22 %
Return after charges	(21.3)	(4.2)

#### Pension units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	164.1	172.6
Return before operating charges	(34.7)	(6.6)
Operating charges	(0.3)	(0.4)
Return after operating charges	(35.0)	(7.0)
Distribution on income units	(2.0)	(1.5)
Closing net asset value per unit	127.1	164.1

#### Performance

	28.02.23 %	28.02.22 %	28.02.21 %
Return after charges	(21.3)	(4.1)	(6.5)



# CFB Gilt Fund

## 6. Portfolio transaction costs

	2023 £'000s	2022 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	1,527	-
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	1,527	-
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	60	191
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	60	191

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:

	2023 £'000s	2022 £'000s
31 May 2022	14	7
31 August 2022	14	7
30 November 2022	19	10
28 February 2023	25	13
	72	37
Income on creation and cancellation of units	5	-
Net distribution for year	76	37

## 9. Debtors

	2023 £'000s	2022 £'000s
Accrued income	30	17
Other debtors	73	-
	103	17

## 10. Cash and bank balances

	2023 £'000s	2022 £'000s
CFB Deposit Fund	43	73
Other bank accounts	3	3
	46	76

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

	2023 £'000s	2022 £'000s
Other creditors	72	3
	72	3

## 12. Portfolio turnover

	2023 %	2022 %
Portfolio turnover	(99.7)	(1.0)

Based on COLL 4 Annex 2 Portfolio turnover calculation.

## 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.

### Transaction 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 delegate.

### Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

### 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 2023 was:

	2023 £'000s	2022 £'000s
£ fixed rate financial assets	5,116	4,772
£ financial assets not carrying interest	149	93
£ financial liabilities not carrying interest	(97)	(16)
	5,168	4,849

#### **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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

# CFB Corporate Bond Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Net (losses) on investments during the period	2	(3,309)	(6,276)
		(3,309)	(6,276)
Income	3	460	1,877
Expenses	4	-	(232)
Net income		460	1,645
Total return for the period		(2,849)	(4,631)
Finance costs: distributions	8	(465)	(1,643)
Change in net assets attributable to unitholders		(3,314)	(6,274)

## Statement of change in net assets attributable to unitholders

For the year ended 28 February 2023

	28.02.23 £'000s	28.02.22 £'000s
Opening net assets attributable to unitholders	97,150	105,928
Movement due to creations and cancellations of units		
Amounts receivable on issue of units	17,146	8,125
Amounts payable on cancellation of units	(88,807)	(10,647)
	(71,660)	(2,522)
Dilution levy/adjustment	124	18
Change in net assets attributable to unitholders from investment activities	(3,314)	(6,274)
Closing net assets attributable to unitholders	22,300	97,150

## 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				
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
2023	136.3	110.3	2.87	25.73

# CFB Corporate Bond Fund

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		22,166	96,685
<b>Current assets</b>			
Debtors	9	253	562
Cash and bank balances	10	91	408
Total current assets		344	970
Total assets		22,510	97,655
<b>Liabilities</b>			
Creditors	11	(61)	(56)
Distribution payable		(149)	(449)
Total liabilities		(210)	(505)
Net assets attributable to unitholders		22,300	97,150

## 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 2022 to 31 May 2022	0.63	-	0.63	20 July 2022
1 June 2022 to 31 August 2022	0.67	(0.01)	0.66	20 October 2022
1 September 2022 to 30 November 2022	0.79	-	0.79	20 January 2023
1 December 2022 to 28 February 2023	0.77	0.02	0.79	20 April 2023
<b>Pension units</b>				
1 March 2022 to 31 May 2022	2.46	0.03	2.49	20 July 2022
1 June 2022 to 31 August 2022	0.65	0.01	0.66	20 October 2022
1 September 2022 to 30 November 2022	0.79	0.01	0.80	20 January 2023
1 December 2022 to 28 February 2023	0.79	0.02	0.81	20 April 2023

## 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 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
28 February 2023	22.3	18,592,544	294,189	118.1

## Average dealing spread

	28.02.23 %	28.02.22 %
	0.70	1.10

# CFB Corporate Bond Fund

## Total expense ratios

As at 28 February 2023

	2023 %	2022 %
Administration grant	0.35	0.32
Epworth Corporate Bond Fund for Charities charges	0.16	0.12
	0.51	0.44

## Summary of investments and other assets

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
Epworth Corporate Bond Fund for Charities	22,166	100.0	96,685	100.0
Total investments	22,166	100.0	96,685	100.0
Net current assets	134		465	
Total value of fund	22,300		97,150	

## Summary of investments by credit rating

As at 28 February 2023

	28.02.23 Market value £'000s	28.02.23 CFB %	28.02.22 Market value £'000s	28.02.22 CFB %
AAA	9,474	42.5	24,968	25.7
AA	4,840	21.7	25,745	26.5
A	4,274	19.2	26,619	27.4
BBB	2,414	10.8	10,784	11.1
Debentures - not rated	-	0.0	3,886	4.0
Cash	1,298	5.8	5,148	5.3
	22,300	100.0	97,150	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 2023

### 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 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 2023 expenses were recovered at the following rate:

- 0.35% per annum (28.02.22: 0.32%)

#### (d) Transaction costs

No direct transaction costs are incurred in respect of dealing in the CFB bond 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 (losses) on investments

	2023 £'000s	2022 £'000s
Proceeds from sales of investments	76,686	10,298
Original cost of investments sold	(81,167)	(10,138)
Net realised gains on sales	(4,481)	160
Net unrealised (losses)	1,253	(6,329)
Administration grant capital	(82)	(107)
Net (losses) on investments	(3,309)	(6,276)

### 3. Gross income

	2023 £'000s	2022 £'000s
Interest on debt securities	576	1,729
Bank interest	3	-
Equalisation	(124)	(18)
Management fee recharge	5	166
Total income	460	1,877

### 4. Expenses

	2023 £'000s	2022 £'000s
Administration grant	-	232

### 5. Change in net assets per unit

#### Charity units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	136.6	145.3
Return before operating charges	(15.4)	(6.2)
Operating charges	(0.2)	(0.5)
Return after operating charges	(15.6)	(6.7)
Distribution on income units	(2.9)	(2.0)
Closing net asset value per unit	118.1	136.6

#### Performance

	28.02.23 %	28.02.22 %
Return after charges	(11.4)	(4.7)

#### Pension units

	28.02.23 p per unit	28.02.22 p per unit
Opening net asset value per unit	136.6	145.3
Return before operating charges	(13.5)	(6.2)
Operating charges	(0.2)	(0.2)
Return after operating charges	(13.7)	(6.4)
Distribution on income units	(4.8)	(2.3)
Closing net asset value per unit	118.1	136.6

#### Performance

	28.02.23 %	28.02.22 %
Return after charges	(10.0)	(4.5)

# CFB Corporate Bond Fund

## 6. Portfolio transaction costs

	2023 £'000s	2022 £'000s
<b>Analysis of total purchase costs</b>		
Purchases in period before transaction costs	5,394	7,779
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchase total	5,394	7,779
<b>Analysis of total sale costs</b>		
Gross sales before transaction costs	76,686	10,298
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total net sales	76,686	10,298

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:

	2023 £'000s	2022 £'000s
31 May 2022	97	373
31 August 2022	97	421
30 November 2022	121	400
28 February 2023	149	449
	465	1,643
Income on creation and cancellation of units	-	18
Net distribution for year	465	1,661

## 9. Debtors

	2023 £'000s	2022 £'000s
Accrued income	179	562
Other debtors	74	-
	253	562

## 10. Cash and bank balances

	2023 £'000s	2022 £'000s
CFB Deposit Fund	89	406
Other bank accounts	2	2
	91	408

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

	2023 £'000s	2022 £'000s
Purchase awaiting settlement	50	-
Other creditors	11	56
	61	56

## 12. Portfolio turnover

	2023 %	2022 %
Portfolio turnover	(95.3)	(0.6)

Based on COLL 4 Annex 2 Portfolio turnover calculation.

## 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.

### Transaction 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 delegate.

### Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units.

### 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 2023 was:

	2023 £'000s	2022 £'000s
£ fixed rate financial assets	22,166	96,685
£ financial assets not carrying interest	344	970
£ financial liabilities not carrying interest	(210)	(505)
	22,300	97,150

#### **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 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £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 2023. 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 2023 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.

## 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 members either intend to liquidate the Deposit fund account or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

## How the audit was considered capable of detecting irregularities including fraud

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the Deposit fund through discussions with Council members and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- 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.

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;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the Deposit funds management; and
- carried out substantive testing to check the occurrence and cut-off of 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

25 April 2023

# CFB Deposit Fund

## Statement of total return

For the year ended 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
Gross income		6,760	1,091
Expenses	2	(630)	(611)
Net income and total return for the period		6,130	480
Finance costs: distributions		(6,118)	(361)
Net undistributed income		12	119

## Balance sheet

As at 28 February 2023

	Note	28.02.23 £'000s	28.02.22 £'000s
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		353,474	484,691
<b>Current assets</b>			
Debtors	5	7	43
Cash and bank balances		(182)	(281)
Total assets		(175)	(238)
<b>Current liabilities</b>			
Creditors	8	(82)	(39)
		(82)	(39)
Net current assets		(257)	(277)
<b>Net assets</b>		353,217	484,414
Represented by:			
Current deposits	6	271,991	443,200
Term deposits	6	81,000	41,000
Income reserve	9	226	214
Unitholders' funds		353,217	484,414

# CFB Deposit Fund

## Distribution

For the period ended	Total £'000s	Rate %	AER %
31 March 2022	109	0.25	0.25
30 April 2022	147	0.47	0.47
31 May 2022	216	0.65	0.65
30 June 2022	279	0.85	0.85
31 July 2022	357	1.12	1.13
31 August 2022	435	1.37	1.38
30 September 2022	518	1.72	1.73
31 October 2022	628	1.97	1.99
30 November 2022	730	2.52	2.55
31 December 2022	848	2.82	2.86
31 January 2023	939	3.17	3.22
28 February 2023	911	3.42	3.47

## Income distribution history

For the year ended 28 February

	Average rate %	Average AER %
2019	0.57	0.57
2020	0.72	0.72
2021	0.48	0.48
2022	0.03	0.03
2023	1.70	1.71

## Net asset value/fund size

Date	Net asset value £m
28 February 2019	370.9
29 February 2020	368.3
28 February 2021	356.3
28 February 2022	484.4
28 February 2023	353.2

## Total expense ratios

As at 28 February 2023

	2023 %	2022 %
Administration grant (including custody and transaction costs)	0.26	0.21
Trustee fees	0.02	0.02
Other expenses	0.01	0.01
	0.29	0.24

Trustees fees and other charges including vat relate to the Fund's investment in the Epworth Cash Plus Fund for Charities

# CFB Deposit Fund

## Summary of deposits by maturity

As at 28 February 2023

Repayable within	28.02.23 £'000s	28.02.22 £'000s
On call	1	1
Overnight	19,901	25,926
5 business days	32,086	46,260
1 month	38,881	119,886
2 months	39,635	52,451
3 months	48,872	52,679
6 months	83,230	95,552
1 year	87,190	51,964
2 years	3,680	39,972
<b>Total deposits</b>	<b>353,474</b>	<b>484,691</b>

Figures based on underlying holding in the Epworth Cash Plus Fund for Charities.

## Summary of investments by credit rating

As at 28 February 2023

	28.02.23 £'000s	28.02.23 %	28.02.22 £'000s	28.02.22 %
Aa1	29,692,022	8.4	63,052	13.0
Aa2	41,528,209	11.8	23,849	4.9
Aa3	87,066,024	24.6	85,872	17.7
A1	159,123,920	45.0	295,565	61
A2	36,063,810	10.2	16,353	3.4
Not rated*			-	0.0
	<b>353,473,985</b>	<b>100.0</b>	<b>484,691</b>	<b>100.0</b>

Figures based on underlying holding in the Epworth Cash Plus 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 2023

	28.02.23 %	28.02.22 %
Societe Generale	10.6	9.8
National Westminster Group	8.7	3.3
Lloyds	8.7	5.7
Sumitomo Mitsui Banking Corporation Europe	7.7	8.1
Mitsubishi UFJ Trust and Banking Corporation	7.7	10.6
Landesbank Baden-Wuerttemberg	6.2	5.6
Toronto Dominion	4.8	3.0
Rabobank	4.8	0.0
Nordea Bank	4.8	3.3
Barclays	4.8	4.1
CIC	3.9	0.8
BNP Paribas	3.9	4.1
Standard Chartered	2.9	4.1
Commonwealth Bank of Australia	2.9	1.6
Royal Bank of Canada	2.3	1.3
DNB Bank SA	1.9	0.0
Bank of Nova Scotia	1.9	1.6
Nationwide Building Society	1.0	0.8
UBS	1.0	1.0
Svenska Handelsbanken Group	1.0	0.8
National Australia Bank	1.0	0.0
Mizuho Bank	1.0	1.6
Goldman Sachs Intl Bank	1.0	8.1
DZ Bank	1.0	0.0
Development Bank of Singapore (DBS)	0.9	8.9
Credit Suisse	0.9	7.8
Credit Agricole	0.9	1.6
CIBC	0.9	1.6
Santander	0.8	0.0
Bank of Montreal	0.0	0.8
	100.0	100.0

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

# CFB Deposit Fund

## Notes to the accounts

For the year ended 28 February 2023

### 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 2023 expenses were recovered at a rate of

- 0.26% per annum (28.02.22: 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, a Charity Commission established Common Deposit Fund managed by Epworth Investment Management Limited. All deposits with the Epworth Cash Plus Fund for Charities are valued at cost.

### 2. Expenses

	2023	2022
	£'000s	£'000s
Administration grant	612	593
Bank charges	18	18
	630	611

### 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 Deposits made by the Epworth Cash Plus 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

	2023	2022
	£'000s	£'000s
Interest receivable	7	43

### 6. Current & term deposits

	2023	2022
	£'000s	£'000s
CFB Fund accounts	3,763	1,322
Churches, trusts and others	349,228	482,878
Current and term deposits	352,991	484,200

### 7. Maturity analysis

	2023	2022
	£'000s	£'000s
On demand	19,902	25,927
Within 3 months	159,473	271,277
Within 1 year	170,419	147,515
Within 2 years	3,680	39,772
Unitholders' funds	353,474	484,491

Figures relate to the Fund's investment in the Epworth Cash Plus Fund for Charities.

### 8. Creditors

	2023	2022
	£'000s	£'000s
Other accruals	82	39



# 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.

	2023 £'000s	2022 £'000s
Balance at start of period	214	95
Transfer to reserves	12	119
Balance at 28 February	226	214

## 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:

	2023 £'000s	2022 £'000s
£ floating rate financial assets	31,713	39,630
£ fixed rate financial assets	321,761	445,061
£ financial assets not carrying interest	(175)	(238)
£ financial liabilities not carrying interest	(82)	(39)
	353,217	484,414

Figures relate to the Fund's investment in the Epworth Cash Plus 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, 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. (2022: 100%)

## 12. Contingent assets and liabilities

As at 28 February 2023, there are no commitments, contingent assets or liabilities of which we are aware. (2022: £Nil).

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Consolidated accounts of the Central Finance  
Board of the Methodist Church (The CFB) 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" or "The CFB") and its subsidiary ("the Group") for the year ended 28 February 2023. The financial statements comprise the Consolidated income and expenditure account, the Consolidated and Management account balance sheet, the Consolidated 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 2023 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
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Council members

As explained more fully in the Council's responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the 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

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

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

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

## How the audit was considered capable of detecting irregularities including fraud

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the 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; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Management account including the Methodist Church Fund Act 1960 as applied to the Management account, The Financial Services and Markets Act 2000, employment legislation and taxation legislation; and

We 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;
- 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.

Jonathan West (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL  
25 April 2023

# Consolidated accounts of the Central Finance Board of the Methodist Church (The CFB) and Epworth Investment Management Limited

## Income and expenditure account - The CFB

For the Year to 28 February 2023

	Notes	28.02.23 £'000s	28.02.22 £'000s
<b>Income</b>	2	3,941.3	4,515.2
<b>Expenditure</b>			
Income recharge		783.6	1,036.7
Staff costs	3	2,485.0	2,310.8
Establishment costs		168.4	132.2
Administration expenses	4	815.2	815.7
		4,252.1	4,295.5
Surplus/(deficit) for the financial year		(310.9)	219.7

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 2023

	Notes	28.02.23 £'000s	28.02.22 £'000s
<b>Income</b>	2	3,289.9	3,914.6
<b>Expenditure</b>			
Staff costs	3	2,485.0	2,310.8
Establishment costs		168.4	132.2
Administration expenses		1,208.8	1,250.0
Corporation tax		-	0.3
		3,862.2	3,693.4
Surplus/(deficit) for the financial year		(572.3)	221.2

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.

The consolidated accounts combines the financial results of the group by eliminating the intra-group income and cost recharges that are shown in the individual companies.

The consolidated income and expenditure account therefore, reflects the external income and external costs to the group.

# Consolidated accounts of the Central Finance Board of the Methodist Church (The CFB) and Epworth Investment Management Limited

## Balance sheet

As at 28 February 2023

	Note	The CFB		Group	
		28.02.23 £'000s	28.02.22 £'000s	28.02.23 £'000s	28.02.22 £'000s
<b>Fixed assets</b>					
Tangible fixed assets	1c/4	13.2	19.4	13.2	19.4
Investments	5	919.8	919.8	0.0	0.0
		933.0	939.2	13.2	19.4
<b>Current assets</b>					
Debtors and prepayments	6	1,754.6	990.8	738.6	530.7
Cash at bank and in hand		163.7	854.2	1,533.3	2,179.2
		1,918.3	1,845.0	2,271.8	2,709.9
<b>Creditors</b>					
Amounts falling due within one year	7	897.2	519.3	471.7	343.7
<b>Net current assets</b>		1,021.0	1,325.7	1,800.1	2,366.2
<b>Net assets</b>		1,954.0	2,264.9	1,813.3	2,385.6
<b>Accumulated fund</b>					
Balance brought forward		2,264.9	2,045.1	2,385.6	2,164.4
Designated surplus/(deficit) in the year		-	6.0	-	6.0
Surplus/(deficit) in the financial year		(310.9)	213.7	(572.3)	215.2
Shareholders' funds - equity		1,954.0	2,264.9	1,813.3	2,385.6

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

## Cashflow statement

For the Year to 28 February 2023

	Note	The CFB		Group	
		28.02.23 £'000s	28.02.22 £'000s	28.02.23 £'000s	28.02.22 £'000s
<b>Cash flow generated from operating activities</b>					
Surplus/(loss) for the year		(310.9)	219.7	(572.3)	221.2
Add back : depreciation for the year		8.8	9.5	8.8	9.5
(Increase)/decrease in debtors		763.8	(232.2)	(207.9)	(30.8)
(Decrease)/increase in creditors		377.9	(152.0)	128.0	(159.7)
Net cash flow from operating activities		(688.0)	(154.9)	(643.4)	40.2
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets	4	(2.6)	(1.4)	(2.6)	(1.4)
<b>Cash (outflow) before management of liquid resources and financing</b>		(690.5)	(156.3)	(646.0)	38.8
<b>Increase/(decrease) in cash</b>	8	(690.5)	(156.3)	(646.0)	38.8

# Consolidated accounts of the Central Finance Board of the Methodist Church (The CFB) and Epworth Investment Management Limited

## Notes to the accounts

For the Year to 28 February 2023

### 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 and its wholly owned subsidiary, Epworth Investment Management Limited to show a clearer overall position of the group.

#### (b) Going concern

Post year end, the Methodist Council elected to pay the Central Finance Board additional management fees of £500k. Given the reserves held by the Central Finance Board and these additional fees, the accounts have been prepared on a going concern basis.

#### (c) Basis of consolidation

The Income and Expenditure Account and Balance Sheet consolidate the financial statements of the Central Finance Board 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: Leasehold improvements 20%; Office and Computer equipment 25%; Furniture and fittings 20%.

#### (e) Taxation

As an organisation with exempt charity status, the CFB 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.

### 2. Income

	The CFB		Group	
	28.02.23 £'000s	28.02.22 £'000s	28.02.23 £'000s	28.02.22 £'000s
Fund management fees	2,253.8	2,797.1	2,469.0	2,797.1
Recharge income	1,673.8	1,611.5	806.9	1,010.8
Other income	13.7	106.6	14.1	106.6
	3,941.3	4,515.2	3,289.9	3,914.6

All income is derived in the United Kingdom.

### 3. Staff costs

For the Year to 28 February 2023

	The CFB		Group	
	28.02.23 £'000s	28.02.22 £'000s	28.02.23 £'000s	28.02.22 £'000s
Wages and salaries	1,968.2	1,598.8	1,968.2	1,598.8
Social security costs	226.0	190.6	226.0	190.6
Other pension costs	273.1	353.4	273.1	353.4
Other personnel costs	17.7	168.0	17.7	168.0
	2,485.0	2,310.8	2,485.0	2,310.8

Key Management Personnel compensation for the Year to 28 February 2023 was £625.0k (£694.8k including employer's pension contributions). The corresponding figures for the year to 28 February 2022 were £552.2k (£614.4k including employer's pension contributions).

# Consolidated accounts of the Central Finance Board of the Methodist Church (The CFB) and Epworth Investment Management Limited

## 4. Tangible fixed assets - the CFB and Group

	Leasehold improvements £'000s	Furniture & fittings £'000s	Office equipment £'000s	Computer & electronics £'000s	Total £'000s
Cost at 01.03.22	320.3	68.5	31.9	9.8	430.4
Additions	-	-	-	2.6	2.6
Disposals	-	-	-	-	-
<b>Cost at 28.02.23</b>	<b>320.3</b>	<b>68.5</b>	<b>31.9</b>	<b>12.4</b>	<b>433.0</b>
Depreciation at 01.03.22	313.1	68.5	26.6	2.8	411.0
Charge for the year	2.6	-	3.6	2.6	8.8
Disposal	-	-	-	-	-
<b>Depreciation at 28.02.23</b>	<b>315.7</b>	<b>68.5</b>	<b>30.2</b>	<b>5.4</b>	<b>419.8</b>
<b>Net book value at 28.02.22</b>	<b>7.2</b>	<b>-</b>	<b>5.2</b>	<b>7.0</b>	<b>19.4</b>
<b>Net book value at 28.02.23</b>	<b>4.6</b>	<b>-</b>	<b>1.7</b>	<b>7.0</b>	<b>13.2</b>

## 5. Fixed asset investments - the CFB

As at 28 February 2023

	Investments £'000s
<b>Unlisted investments</b>	
At 01.03.22	919.8
Additions	-
Cost at 28.02.23	919.8
<b>Impairment</b>	
At 01.03.22	-
Charge for the year	-
At 28.02.23	-
Net book value at 28.02.22	919.8
Net book value at 28.02.23	919.8

The unlisted investments 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 was £919.7k and it was valued by the directors at £1,043.3k. This amount represents 100% of the total assets of Epworth Investment Management Limited.

## 6. Debtors

Due within one year

	The CFB		Group	
	28.02.23 £'000s	28.02.22 £'000s	28.02.23 £'000s	28.02.22 £'000s
Other debtors	1,525.1	768.3	496.5	300.6
Prepayments	229.5	222.5	242.0	230.1
	<b>1,754.6</b>	<b>990.8</b>	<b>738.6</b>	<b>530.7</b>

## 7. Creditors

Due within one year

	The CFB		Group	
	28.02.23 £'000s	28.02.22 £'000s	28.02.23 £'000s	28.02.22 £'000s
Other creditors	389.1	356.9	232.4	119.5
Accruals and deferred income	508.1	162.4	239.3	224.2
	<b>897.2</b>	<b>519.3</b>	<b>471.7</b>	<b>343.7</b>



# Consolidated accounts of the Central Finance Board of the Methodist Church (The CFB) and Epworth Investment Management Limited

## 8. Cash flow

For the Year to 28 February 2023

	The CFB		Group	
	28.02.23 £'000s	28.02.22 £'000s	28.02.23 £'000s	28.02.22 £'000s
<b>Reconciliation of net cash flow to movement in net debt</b>				
(Decrease)/increase in cash in year	(690.5)	(156.3)	(646.0)	38.8
Opening net cash	854.2	1,010.5	2,179.2	2,140.5
<b>Net cash at year end</b>	<b>163.7</b>	<b>854.2</b>	<b>1,533.3</b>	<b>2,179.2</b>

	28.02.23	The CFB	28.02.22	28.02.23	Group	28.02.22
	£'000s	Cash flow £'000s	£'000s	£'000s	Cash flow £'000s	£'000s
<b>Analysis of net cash</b>						
Petty cash	-	(0.2)	0.2	-	(0.2)	0.2
Bank	66.3	45.1	21.1	1,033.4	(312.7)	1,346.1
Deposit Fund	97.4	(735.5)	833.0	499.9	(333.1)	833.0
	163.7	(690.5)	854.2	1,533.3	(646.0)	2,179.2

## 9. 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 2023, the free reserves represented 45.8% of the future year's budget. (28 February 2022: 64.5%).

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 2023 of £779.1k compared to a capital adequacy requirement of £579.0k. 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 2023, the value of the holding in Epworth was £919.8k and the Central Finance Board's capital at that date was £1,954.0k which is in excess of this figure by £1,034.2k. (28 February 2022 CFB Capital held was £2,265.0k which exceeded the value of the investment in Epworth by £1,345.0k)

## 10. Other financial commitments

At 28 February 2023 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.

	28.02.23 £'000s	28.02.22 £'000s
Operating lease which expires:		
In 1 year	94.1	94.1
In 2 to 5 years	-	94.1

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

## 11. 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.

The CFB has a defined contribution pension scheme in place with 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 £273.1k (2022: £353.4k).

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# Consolidated accounts of the Central Finance Board of the Methodist Church (The CFB) and Epworth Investment Management Limited

## **12. Corporate status**

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

## **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 2023, there are no commitments, contingent assets or liabilities other than the 'other financial commitments' disclosed in note 11 to the accounts (2022: Nil)