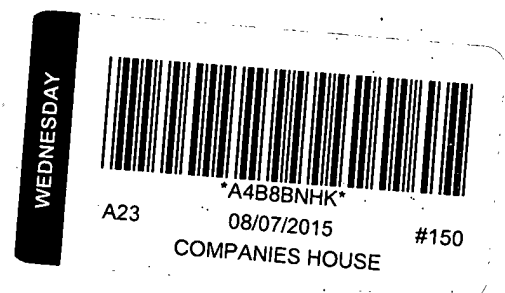




CCLA Fund Managers Limited

Annual Report & Audited Financial Statements  
For the period ended 31 March 2015



## Contents

2	Strategic Report
3	Directors' Report
4	Statement of Directors' Responsibilities
5	Independent Auditors' Report
8	Profit and Loss Account
9	Balance Sheet
10	Notes to the Accounts
Back cover	Company Information

## Definitions

CCLA Fund Managers Limited	the "Company" or "CCLA FM"
CCLA Investment Management Limited	"CCLA IM", the parent company of CCLA FM
CCLA Investment Management Limited and CCLA Fund Managers Limited	together "CCLA" or the "Group" or "Group"

Disability Discrimination Act 1995  
Extracts from the Report & Accounts are  
available in large print and audio format.

## **CCLA FM Strategic Report 2015**

### **Principal activities**

CCLA Fund Managers Limited ("CCLA FM") was incorporated on 16 October 2013 and is a wholly owned subsidiary of CCLA Investment Management Limited ("CCLA IM"). On 15 July 2014 CCLA FM was authorised by the Financial Conduct Authority and on 22 July 2014 began to trade as the manager of seven alternative investment funds, being six COIF Charities Funds and the Local Authorities' Property Fund. These funds were managed by CCLA IM up to 22 July 2014 and on becoming manager CCLA FM delegated investment management and administrative support back to CCLA IM.

### **Review of the business**

During its first period of account from 16 October 2013 to 31 March 2015 CCLA FM recorded turnover of £10.4m and a profit before tax of £2.1m. A dividend of £1.0m was declared, after which a profit of £0.7m was retained.

Shareholders' funds increased to £3.4m which compares to the Company's minimum regulatory capital requirement of £2.7m.

### **Principal risks and uncertainties**

- Market risk: The level of asset prices, in particular equities and property, as these have a major bearing on funds under management and therefore income.
- Regulatory risk: There is currently a high volume of regulatory change which could have a material impact on CCLA FM

The key risks are monitored through reports to the monthly Executive Committee. These reports include details of all high and borderline residual risks and how these are mitigated through senior management action. Each high or borderline residual risk has an owner responsible for bringing each matter back within CCLA's risk tolerance. In addition, the principal risks are overseen by the Audit Committee of the Board as part of its role in relation to risk management.

### **Future developments**

The Company's future is dependant on the strategic and organisational decisions of its parent. At this time, the Directors do not envisage any significant changes to the Company's activities.

### **Employees and remuneration**

CCLA FM does not employ staff directly. CCLA IM's staff are tasked with duties for both CCLA IM and the Company.

Michael Quicke  
Chief Executive  
6 July 2015

## **Directors' Report**

The Directors submit their report and audited accounts for the period ended 31 March 2015. Please refer to the strategic report for details on the activities, risks and review of the business.

### **Going concern**

After making enquiries that include reviewing the budget and business plans, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

### **Dividends**

A dividend of £1,000,000 was declared in the period to 31 March 2015.

### **Share capital**

The Company's issued share capital is £2,700,000.

### **Financial Risk Management**

The Company's financial risk exposure is detailed in note 15.

### **Third Party Indemnity Provision**

The Company provides Professional Indemnity and Directors and Officers Liability Insurance with a number of Lloyds underwriters through its brokers Blackmore Borley.

### **Directors**

The Directors of the Company who were in office during the period and, save for Colin Peters, who served up to the date of signing the financial statements were:

Michael Quicke – Chief Executive  
James Bevan  
Adrian McMillan  
Andrew Robinson  
Colin Peters

Colin Peters served as a director throughout the financial period and retired 25 on June 2015.

Under the Company's Articles of Association, the Directors are not subject to retirement by rotation.

### **Share ownership**

As at 31 March 2015 there were 2,700,000 £1 Ordinary Shares authorised, all of which were issued to and held by CCLA IM.

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the Directors are 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 the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Policy and practice on payment of creditors

It is the policy of the Company to abide by agreed terms of payment, provided that the supplier performs according to the terms of the contract and that the invoice is duly authorised.

### Provision of information to the Auditor

So far as each person who was a Director at the date of the signing of this Report is aware, there is no relevant audit information of which the Auditor is unaware. The Directors confirm that they have taken all the steps they ought to have taken as Directors to establish that the Auditor is aware of that information.

### Independent Auditors

In accordance with Section 485 and 492 of the Companies Act 2006, resolutions proposing the appointment of PricewaterhouseCoopers LLP as Auditor of the Company and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board:

Jackie Fox  
Company Secretary

6 July 2015

## **Independent Auditors' Report to the members of CCLA Fund Managers Limited**

### **Report on the financial statements**

#### *Our opinion*

In our opinion, CCLA Fund Managers Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit and cash flows for the period 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 Companies Act 2006.

#### *What we have audited*

CCLA Fund Managers Limited's financial statements comprise:

- Balance Sheet as at 31 March 2015;
- Profit and Loss Account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report & Audited Financial Statements, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent Auditors' Report to the members of CCLA Fund Managers Limited (continued)**

### **Other matters on which we are required to report by exception**

#### *Adequacy of accounting records and information and explanations received*

- Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### *Directors' remuneration*

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### *Our responsibilities and those of the directors*

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent Auditors' Report to the members of CCLA Fund Managers Limited (continued)**

### *What an audit of financial statements involves*

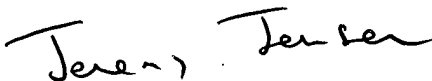
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report & Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.



Jeremy Jensen (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

6 July 2015



**Profit and Loss Account**  
for the period ended 31 March 2015

	Notes	£'000
Turnover	2	10,354
Administrative expenses	3	(8,256)
		<hr/> 2,098
<b>Operating profit</b>		
Interest and other income		<hr/> 10
<b>Profit on ordinary activities before taxation</b>		2,108
Tax on profit on ordinary activities	5	(443)
		<hr/>
<b>Profit on ordinary activities after taxation</b>		<u>1,665</u>
Dividend payable	6	1,000

The notes on pages 10 to 14 form part of these financial statements.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

All the Company's operations are continuing operations. The Company has no recognised gains or losses for the current period other than as included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been prepared

**Balance Sheet**

at 31 March 2015


	Notes	£'000	£'000
<b>Current assets</b>			
Cash in hand and deposits	12	6,250	
<b>Creditors: amounts falling due within one year</b>	7	<u>2,885</u>	
<b>Net current assets</b>			<u>3,365</u>
<b>Total assets less current liabilities</b>			<u>3,365</u>
<b>Net assets</b>			<u><u>3,365</u></u>
<b>Capital and reserves</b>			
Called-up share capital	8		2,700
Share premium account	9		-
Profit and loss account	9		<u>665</u>
<b>Total shareholders' funds</b>			<u><u>3,365</u></u>

The notes on pages 10 to 14 form part of these financial statements.

These financial statements on pages 8 to 14 were approved and authorised for issue by the Board on 6 July 2015 and signed on its behalf by:



Michael Quicke  
Director



Adrian McMillan  
Director

## Notes to the Accounts

forming part of the accounts for the period ended 31 March 2015

### 1. Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared on the going concern basis and under the historical cost convention in accordance with the Companies Act 2006 and United Kingdom generally accepted accounting practice. The particular accounting policies adopted are described below and have been applied on a consistent basis within the Group.

#### (b) Turnover

Turnover represents amounts invoiced by the Company in respect of services rendered during the period for investment management, excluding value added tax, which are credited to turnover on an accruals basis. Fees are calculated as a percentage of NAV with a deduction made for any cross holdings within the funds.

#### (c) Administrative expenses

Administrative expenses represent amounts incurred by the Company in the conducting of its business, as well as fees to Group companies for management and administrative services

#### (d) Interest income

Interest income comprises interest on cash, bank balances and short-term money market deposits and is accounted for on an accruals basis.

#### (e) Cashflow statement and related party disclosures

The Company is a wholly owned subsidiary and is included in the publically available consolidated financial statements of CCLA Investment Management Limited. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS 1 ("Cash Flow Statements" – revised 1996). The Company is also exempt under the terms of FRS 8 ("Related Party Disclosures") from disclosing related party transactions with entities that are part of the Group or investees in the Group.

#### (e) Other investments

Non-current investments other than investments in subsidiaries and associates are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments.

Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified. All current investments are carried at the lower of cost and market value. Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss

### 2. Turnover

The turnover of the Group was made entirely in the United Kingdom and derives from the class of business as noted in the Directors' Report. The turnover for the period was £10,354,671, all of which is derived from services provided to shareholders of the Company.

**3. Administrative expenses****£'000**

Administrative expenses included:

Intercompany recharges 8,224

FCA fees 32

Audit fees 10

The remuneration of the auditors in respect of audit work and fees relating to non audit services paid to the auditors during the current period were borne by CCLA IM.

**4. Employees and Directors**

CCLA FM has no employees. The Directors of the Company are all directors of CCLA IM.

**5. Tax on profit on ordinary activities**

(a) The charge/(credit) for tax on the profit on ordinary activities is made up as follows:

**Current tax:** **£'000**

UK corporation tax on the profit for the period 443

Adjustments in respect of prior periods -

Total current tax (note 5(b)) 443

Adjustments in respect of prior periods -

Origination and reversal of timing differences -

Effect of change in tax rate -

Total deferred tax (note 5(c)) -

**Tax on profit on ordinary activities** 443

(b) The tax assessed for the period is per the standard rate of corporation tax in the UK. There are no adjustments as below:

**£'000****Profit on ordinary activities before tax** 2,108

UK corporation taxation on profits at 21% 443

**Effects of:**

Expenses not deductible for tax purposes -

Provisions tax adjustment -

Movement in short term timing differences -

Current tax (note 5(a)) 443

## (c) Deferred tax asset

£'000

At beginning of year	-
(Charged)/credited to profit and loss account	-
Adjustment in respect of prior years	-
At end of year	-

Deferred tax consists of the following timing differences:

Accelerated capital allowances	-
Other timing differences	-
	-

## 6. Equity dividend

£'000

Ordinary shares	1,000
£0.3704 (2014 nil) per £1 share	
<b>Total dividend payable</b>	<b>1,000</b>

## 7. Creditors: amounts falling due within one year

£'000

Intercompany account with CCLA IM	1,919
Other taxation and social security costs	523
Corporation tax	443
	<b>2,885</b>

## 8. Called up share capital

**Authorised:**

£'000

2,700,000 Ordinary shares of £1	2,700
	<b>2,700</b>

**Allotted and fully paid:**

£'000

2,700,000 Ordinary shares of £1	2,700
	<b>2,700</b>

**9. Share Capital and Reserves**

Movements on share capital and reserves in the period have been as follows:

	Ordinary share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 16 October 2013	-	-	-	-
Issued during the period	2,700	-	-	2,700
Equity dividend payable			(1,000)	(1,000)
Profit for the period		-	1,665	1,665
<b>At 31 March 2015</b>	<b>2,700</b>	<b>-</b>	<b>665</b>	<b>3,365</b>

**10. Reconciliation of movements in shareholders' funds**

	£'000
Profit for the financial period	1,665
Dividend payable	(1,000)
Net increase in shareholders' funds	665
Opening shareholders' funds	-
Shares issued (including premium)	2,700
Closing shareholders' funds	3,365

**11. Analysis of change in net funds during the period**

	£'000
Net funds at start of period	-
Net cash inflow	6,250
<b>Net funds at end of period</b>	<b>6,250</b>
Net funds at end of the period comprise:	
Other investments	2,551
Cash at bank and in hand	3,699
	6,250

**12. Other investments**

	£'000
The Public Sector Deposit Fund	2,551
	2,551

**13. Commitments**

The Company had no commitments under operating leases.

#### **14. Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking and controlling party is CCLA Investment Management Limited, a company incorporated in England and Wales.

CCLA Investment Management Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2015. The consolidated financial statements of CCLA Investment Management Limited are available from Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

#### **15. Pillar 3 disclosures**

CCLA conducts its Internal Capital Adequacy Assessment Process ("ICAAP") for CCLA IM - being the highest consolidation level of the group. There are no Pillar 3 disclosures made for CCLA FM as an individual company. Please refer to the Company's website for Pillar 3 disclosures for CCLA IM ([www.CCLA.co.uk](http://www.CCLA.co.uk)).

The Company's activities expose it to a variety of financial risks that include the effect of:

- Credit risk – the Company's transactions in sterling cash deposits expose it to the risk that the counterparty will not repay the deposit. CCLA FM manages this risk by a combination of active credit control and counterparty diversification.
- Liquidity risk – financial instruments held by the Company consist of short-term sterling cash deposits and deposit funds designed to ensure the Company has sufficient available funds for operations.
- Interest rate risk – the Company invests its surplus funds in fixed and floating rate deposits. Changes in the interest rates will result in income increasing or decreasing.
- The activities of the ultimate controlling party CCLA Investment Management Limited

**CCLA Fund Managers Limited**

<b>Directors</b>	Michael Quicke – Chief Executive James Bevan Adrian McMillan Andrew Robinson Colin Peters (retired 25 June 2015)
<b>Company Secretary</b>	Jackie Fox
<b>Registered Office</b>	Senator House, 85 Queen Victoria Street, London EC4V 4ET T: 0844 561 5000 <a href="http://www.CCLA.co.uk">www.CCLA.co.uk</a>
<b>Auditor</b>	PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
<b>Solicitors</b>	Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH
<b>Bankers</b>	HSBC Bank Plc, 60 Queen Victoria St, London EC4N 4TR

CCLA FM Investment Management Limited provides investment management and administrative services for the following Funds.

**COIF Charity Funds**

COIF Charities Deposit Fund  
COIF Charities Fixed Interest Fund  
COIF Charities Global Equity Income Fund  
COIF Charities Investment Fund  
COIF Charities Ethical Investment Fund  
COIF Charities Property Fund

**Local Authorities' Mutual Investment Trust**

Local Authorities' Property Fund

**For more information on these Funds please contact our Client Services Department:**

Freephone: 0800 022 3505  
Facsimile: 0844 561 5126  
Email: [clientservices@CCLA.co.uk](mailto:clientservices@CCLA.co.uk)  
or visit our website: [www.CCLA.co.uk](http://www.CCLA.co.uk)

The Company is registered in England No. 8735639 and is authorised and regulated by the Financial Conduct Authority.