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CCLA
CHURCH, CHARITY AND LOCAL AUTHORITY
FUND MANAGERS LIMITED
ANNUAL REPORT & ACCOUNTS
31 MARCH 1991

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1 AUG 1991
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- Church, Charity and Local Authority Fund Managers Limited (CCLA) provides investment and property management services in the City of London to the Church of England, to charities and other churches and to local authority superannuation funds.
- CCLA was incorporated in 1987 by The Central Board of Finance of the Church of England to own and operate its Investment Office, originally formed in 1958. The company is owned 60% by The Central Board of Finance of the Church of England Investment Fund, 25% by The Charities Official Investment Fund and 15% by The Local Authorities' Mutual Investment Trust.
- The company has funds to which it provides services of about £1,497 million, an annual turnover of £2.6 million and a fully qualified staff of 38 persons. It is a Member of the Investment Management Regulatory Organisation.
- CCLA aims to provide good quality investment and property management services at low cost and these are designed specifically to meet the needs of churches, charitable trusts and local authorities. For small and medium-sized capital sums, there are available a number of associated common investment funds to which CCLA provides investment and administrative services. For more substantial portfolios, it offers investment and property management on a discretionary basis directly to the client.

Church, Charity and Local Authority Fund Managers Limited
St Alphage House, 2 Fore Street, London EC2Y 5AQ
Tel: 071-588 1815 Telex: 8954509 Fax: 071-588 6291

DIRECTORS

*T.G. Abell - Chairman
 *W.T. Griffin
 *H. Purcell
 *I.P. Sedgwick
 Viscount Churchill - Chief Executive
 D. Fitton, FCA - Financial Director
 A.G. Gibbs, FCA - Investment Director
 J. McAuslan, FRICS - Chief Surveyor

(* Non-executive directors)

SECRETARY AND
REGISTERED OFFICE

D. Fitton, FCA
 St. Alphage House,
 2 Fore Street,
 London EC2Y 5AQ
 Telephone: 071-588 1815
 Telex 8954509
 Fax: 071-588 6291

ASSISTANT MANAGERS

Investment

Administration

T.H. Lavis
 Mrs. D. Maxwell
 C.J. Peters

R. Coulson
 Mrs. P.J. McFarlane
 J. Sharratt
 Mrs. M. Toman
 B. Vince

AUDITORS

Price Waterhouse,
 Southwark Towers,
 32 London Bridge Street,
 London SE1 9SY.

SOLICITORS

Linklaters and Paines,
 Barrington House,
 59-67 Gresham Street,
 London EC2V 7JA.

BANKERS

The Royal Bank of Scotland plc,
 67 Lombard Street,
 London EC3P 3DL.

The Company is a member of the Investment Management Regulatory Organisation.
 The Company is registered in England, number 2183088.

Chairman's Report

In the third year of operation of Church, Charity and Local Authority Fund Managers Limited, the value of funds managed again rose and further progress was achieved on our new computer software project.

The value of funds to which CCLA provides services rose by £113 million to £1,497 million, or by 8% in the year to 31st March 1991. Pre-tax profit increased by 18% to £144,924.

The funds to which CCLA provides investment management services were divided at year-end as follows:

<i>At 31 March</i>	<i>1990</i>	<i>1991</i>	<i>% change</i>
CBF Funds	629	689	+10
COIF Funds	504	587	+16
LAMIT Funds	179	133	-26
Other CCLA Clients	72	88	+22
	<u>£1,384m</u>	<u>£1,497m</u>	<u>+ 8</u>

The Church of England CBF Funds, the COIF Charity Funds and CCLA's discretionary investment clients showed further good growth during the year but there was a reduced demand from local authorities for LAMIT Funds.

The use made by church and charities of the daily deposit facilities offered by the CBF Deposit Fund and COIF Charities Fixed Interest and Deposit Fund increased again due to the attractive deposit rates paid.

The CBF Investment and the Charities Official Investment Funds, received a reasonable new money inflow despite the volatile stock market conditions. It was not an easy year for funds mainly invested in equities but both funds had low liquidity at calendar year-end and so recovered well with the sharp rise in equity values early in 1991.

The CBF and COIF Fixed Interest portfolios benefited from the superior total return from gilt-edged stocks compared with equities last year and attracted new monies.

Property remained a sector under pressure due to excess supply. It is disappointing that in common with other property unit trusts our Local Authorities' Property Fund with its good record suffered from net withdrawals. However, with its reversionary potential, good current rent reviews and a yield now well above equities, conditions should improve for this Fund in due course.

CCLA's discretionary investment management and advisory service expanded further. Our local authority accounts gave returns broadly in line with the median WM Pension Fund in the year to 31 March 1991 and have out-performed the median over the past four years.

During the year, the modernisation of our computer systems progressed with our shareholder registers transferred to the new system. Implementation of our fund accounting and valuation system should be completed by end 1991. These new systems have now been paid for and the current year should see a decline in our overall costs and charges. This major project has called for considerable extra work by our staff who have responded well and I thank them for their efforts.

With CCLA's improved financial results last year, we have again added to our reserves. This is necessary both to satisfy regulatory requirements and to give assurance to our customers that they are dealing with a well-founded investment organisation; I am confident that this is the case.

Our intention at CCLA is to provide to our wide range of clients sound investment management, a competitive total investment return and reasonable costs while seeking to avoid excessive risk or high investment turnover.



T. G. Abell
Chairman

19 June 1991

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 1991.

ACTIVITY

The principal activity of the company throughout the year has been the provision of investment management services either by the secondment of staff and the provision of facilities to the Trustees of common investment schemes associated with the Church of England, the Charity Commissioners and Local Authorities, or by direct management of the investment portfolios of individual local authorities and charities.

RESULTS

The profit for the year, after taxation, amounted to £109,634 and is dealt with on page 5.

Under the Company's Articles of Association no distribution of profit by way of a dividend is allowed except with the consent of all the members. The directors are not recommending that any distribution should be made.

FIXED ASSETS

Details of changes in fixed assets are set out in note 7 to the financial statements.

DIRECTORS

The directors of the Company throughout the year have been:

Mr. T.G. Abell
Mr. H. Purcell
Mr. I.P. Sedgwick
Mr. W.T.J. Griffin
Viscount Churchill
Mr. D. Fitton
Mr. A.G. Gibbs
Mr. J. McAuslan

None of the Directors have any interest in any of the Company's shares.

The directors are not subject to retirement.

CHARITABLE AND POLITICAL DONATIONS

The Company has not made any charitable or political donations during the year.

AUDITORS

In accordance with section 384 of the Companies Act, 1985, a resolution proposing the re-appointment of Price Waterhouse, Chartered Accountants, as auditors of the Company will be put to the Annual General Meeting.

By order of the Board

D. Fitton
Secretary

Churchill
Director.
Andrew G. Gibbs
Director

St. Alphage House,
2 Fore Street,
London, EC2Y 5AQ.
9 May 1991

CHURCH, CHARITY AND LOCAL AUTHORITY FUND MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1991

		<u>1991</u>	<u>1990</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
Turnover	2	2,569,730	2,500,770
Management expenses	3	<u>2,449,918</u>	<u>2,392,388</u>
Gross profit		119,812	108,382
Interest received		62,513	48,923
Less: Interest paid	4	<u>37,401</u>	<u>34,891</u>
		<u>25,112</u>	<u>14,032</u>
Profit on ordinary activities before taxation		144,924	122,414
Taxation	6	<u>35,290</u>	<u>66,407</u>
Profit after taxation retained for the year		109,634	56,007
Balance brought forward		56,007	80,214
Less transferred to Reserves	12	<u>56,007</u>	<u>80,214</u>
		-	-
Balance carried forward		<u>£109,634</u>	<u>£56,007</u>

The notes on pages 8 to 13 form part of these financial statements.

REPORT OF THE AUDITORS

To the members of Church, Charity and Local Authority Fund Managers Limited

We have audited the financial statements on pages 5 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Southwark Towers
32 London Bridge Street
London. SE1 9SY
9 May 1991

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Price Waterhouse
Chartered Accountants

CHURCH, CHARITY AND LOCAL AUTHORITY FUND MANAGERS LIMITED

BALANCE SHEET AT 31 MARCH 1991

		<u>1991</u>	<u>1990</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>	7	116,206	143,433
<u>CURRENT ASSETS</u>			
Debtors and prepayments	8	74,698	326,125
Balances at bank and in hand	9	<u>692,014</u>	<u>522,510</u>
		766,712	848,635
Creditors: Amounts falling due within one year	10	<u>170,396</u>	<u>389,180</u>
<u>NET CURRENT ASSETS</u>		<u>596,316</u>	<u>459,455</u>
Total assets less current liabilities		712,522	602,888
Creditors: subordinated loan	10	<u>250,000</u>	<u>250,000</u>
		<u>£462,522</u>	<u>£352,888</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	11	216,667	216,667
Profit and loss account	12	109,634	56,007
Reserves	12		
A		67,790	43,519
B		51,185	31,215
General		<u>17,246</u>	<u>5,480</u>
		<u>£462,522</u>	<u>£352,888</u>

The notes on pages 8 to 13 form part of these financial statements.

The Directors approved the accounts on 9 May 1991

T.G. Abell Chairman

Churchill

Director.

Andrew G. Gibson

Director

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR
ENDED 31 MARCH 1991

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>		
Profit on ordinary activities before taxation	144,924	122,414
Adjustments for items not involving the movement of funds:		
Depreciation	61,581	181,577
Loss on disposal of fixed assets	<u>-</u>	<u>11,921</u>
	<u>61,581</u>	<u>193,498</u>
Total generated from operations	206,505	315,912
<u>APPLICATION OF FUNDS</u>		
Purchase of fixed assets	34,354	264,714
Taxation paid	<u>92,947</u>	<u>1,750</u>
	<u>127,301</u>	<u>266,464</u>
Movement in working capital	<u>£79,204</u>	<u>£49,448</u>
Represented by :		
Increase (Decrease) in debtors (251,427)		210,927
(Increase) Decrease in creditors falling due within one year	<u>161,127</u>	<u>(36,918)</u>
	(90,300)	174,009
Movement in net liquid funds:		
Increase (decrease) in balances at bank and in hand	<u>169,504</u>	<u>(124,561)</u>
	<u>£79,204</u>	<u>£49,448</u>

CHURCH, CHARITY AND LOCAL AUTHORITY FUND MANAGERS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 1991

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover represents amounts invoiced by the company in respect of services rendered during the year, excluding value added tax.

(c) Fixed Assets

(i) The cost of new computer equipment is fully depreciated in the year of purchase.

(ii) Depreciation is provided on other assets at rates calculated to write off the cost less estimated residual value of each asset over an expected useful life of five years.

(d) Contribution to pensions

The company operates a non-contributory final salary pension scheme covering all permanent employees over the age of 18. The scheme is funded and contributions are paid to the scheme in accordance with the recommendation of independent actuaries made triennially. The Scheme's funds are administered by the Church of England Pensions Board and are independent of the company's finances.

(e) Deferred taxation

Deferred taxation represents the amount required to allow for the effect of income and expenditure being attributed for tax purposes to periods different from those in which the credits or charges are recorded in the accounts, and is computed using the liability method.

2. TURNOVER

The turnover of the company for the year was made entirely in the United Kingdom and derives from the class of business as noted in the Directors report. 94% of the turnover is derived from services provided to shareholders of the company.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 19913. MANAGEMENT EXPENSES

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
Management expenses include		
Directors fees'	14,000	-
Auditors' remuneration	7,330	4,300
Depreciation of fixed assets	61,581	181,577
Loss on disposal of fixed assets	-	11,921
Hire of equipment	5,198	6,541
Computer re-programming and associated costs	496,052	738,063

4. INTEREST PAYABLE

On subordinated loan (note 10b)	<u>37,401</u>	<u>34,891</u>
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5. EMPLOYEES AND DIRECTORSStaff Costs

Staff costs, including executive directors, during the year amounted to:

Salaries	849,314	700,343
Social security costs	70,275	55,865
Other pension costs	<u>195,905</u>	<u>147,159</u>
	<u>£1,115,494</u>	<u>£903,367</u>

The average weekly number of employees including executive directors during the year was 38. (1990 37)

Pension Costs

The Company pays contributions to the Church, Charity and Local Authority Fund Managers Pension Scheme in order to provide security for existing pensions and the accrued benefits of members. Increases in pensions up to 5% are anticipated in the contributions made, but increases in excess of that figure are met directly by the company.

The pension cost charged to the profit and loss account is such as to spread the cost of pensions over the working lives with the company of employees who are members of the scheme and amounts to £190,362 (1990 £141,904). The most recent actuarial valuation by Lane, Clark & Peacock took place as at 31 December 1988 using the Projected Unit Method. The most significant actuarial assumptions were that the rate of return on investments would be 9½ p.a., the rate of increase to pay levels (including promotional increases) would be 8½ p.a., and that the rate of pension increases would be 5% p.a.

CHURCH, CHARITY AND LOCAL AUTHORITY FUND MANAGERS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1991

Pension Costs - Contd.

The valuation at 31 December 1988 assessed the funding of the Scheme using the actuarial method and assumptions noted above. Owing to the early retirement on health grounds of a member of the scheme, at 31 December 1988 there was a short fall of £298,000 in the actuarial assets of the Scheme when compared with the actuarial liabilities for completed service. The rate of future contributions has been fixed at a level which will eliminate this shortfall over 10 years which the Actuaries consider to be a reasonable period.

Had the Scheme been wound up as at the date of valuation, the Fund would have been sufficient to provide the leaving service benefits of all employees who were members of the scheme at that date.

The market value of the Scheme's assets was £1,312,000 at 31 December 1989.

Directors' Remuneration and Fees

Staff costs include the following emoluments in respect of executive directors.

Emoluments	206,945	178,312
Pension costs	<u>50,975</u>	<u>41,666</u>
	<u>£257,920</u>	<u>£219,978</u>

The chairman received a fee of £5,000 (1990 nil)

The highest paid director received remuneration of £65,900 (1990 £57,300)

The number of directors who received remuneration and fees in the following ranges was:

Nil	-	6
£1 - 5,000	4	-
£35,001 - 40,000	-	3
£45,001 - 50,000	3	-
£55,001 - 60,000	-	1
£65,001 - 70,000	1	-

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 19916. TAXATION

The charge for taxation is made up as follows:

	<u>1991</u> <u>£</u>	<u>1990</u> <u>£</u>
<u>Current Year</u>		
Corporation tax on profit for the year at the small companies rate of 25%	37,200	26,600
Corporation tax on the excess of computer depreciation over tax allowances in 1990	(1,700)	27,900
Loss of small companies marginal rate relief due to excess computer depreciation	-	8,500
	35,500	63,000
<u>Prior Year Adjustment</u>	(210)	3,407
	<u>£35,290</u>	<u>£66,407</u>

The directors do not consider that any provision for deferred taxation is required at the present time since the net book value of fixed assets is less than their income tax written down value.

The corporation tax charged in 1990 on the excess of computer depreciation over tax allowance may be recoverable by reduction of the tax payable on any future years' profits.

7. FIXED ASSETS

	<u>Computer Equipment</u> <u>£</u>	<u>Information System</u> <u>£</u>	<u>General Equipment</u> <u>£</u>	<u>Total</u> <u>£</u>
<u>Cost</u>				
At 1 April 1990	155,819	110,839	74,858	341,516
Additions	22,448	-	11,906	34,354
	<u>178,267</u>	<u>110,839</u>	<u>86,764</u>	<u>375,870</u>
<u>Accumulated Depreciation</u>				
At 1 April 1990	155,819	5,542	36,722	198,083
Charge for year	22,448	22,168	16,965	61,581
	<u>178,267</u>	<u>27,710</u>	<u>53,687</u>	<u>259,664</u>
<u>Net Book Value</u>				
31 March 1989	<u>NIL</u>	<u>105,297</u>	<u>38,136</u>	<u>143,433</u>
31 March 1990	<u>NIL</u>	<u>£ 83,129</u>	<u>£33,077</u>	<u>£116,206</u>

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 1991

	<u>1991</u> £	<u>1990</u> £
8. <u>DEBTORS</u>		
Amounts falling due within one year:		
Investment debtors	1,937	205,590
Other debtors	18,530	15,626
Prepayments	<u>54,231</u>	<u>104,909</u>
	<u>£74,698</u>	<u>£326,125</u>
9. <u>BALANCES AT BANK AND IN HAND</u>		
Three month term deposit, maturing 30 June 1991	250,000	250,000
Over night deposit	250,000	75,000
Current accounts and cash in hand	<u>192,014</u>	<u>197,510</u>
	<u>£692,014</u>	<u>£522,510</u>
10. <u>CREDITORS</u>		
(a) Amounts falling due within one year:		
Creditors	20,373	225,354
Corporation tax	35,500	93,157
Other taxation and social security costs	52,174	35,321
Accruals	<u>62,349</u>	<u>35,348</u>
	<u>£170,396</u>	<u>£389,180</u>
(b) Loan from Central Board of Finance of the Church of England, as trustee of the Investment Fund set up under the Church Fund's Investment Measure, 1958, subordinated to the Investment Management Regulatory Organisation, repayable after 25 April 1990	<u>£250,000</u>	<u>£250,000</u>

CHURCH, CHARITY AND LOCAL AUTHORITY FUND MANAGERS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 1991

	<u>1991</u>	<u>1990</u>
	£	£
11. <u>SHARE CAPITAL</u>		
Authorised:		
300,000 'A' shares of £1 each	300,000	300,000
125,000 'B' shares of £1 each	125,000	125,000
75,000 'C' shares of £1 each	<u>75,000</u>	<u>75,000</u>
	£500,000	£500,000
	<hr/>	<hr/>
Issued and fully paid :		
130,000 'A' shares of £1 each	130,000	130,000
54,167 'B' shares of £1 each	54,167	54,167
32,500 'C' shares of £1 each	<u>32,500</u>	<u>32,500</u>
	£216,667	£216,667
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12. PROFIT AND LOSS ACCOUNT

By its Articles of Association the company is not allowed to distribute its profits except with the consent of all its members.

Within four weeks of the adoption of these accounts the directors will allocate the balance of profit for the year in accordance with the provisions of clause 28 of the Articles of Association and transfer the amounts allocated to the appropriate reserves, as follows:-

	<u>1991</u>	<u>1990</u>
For holders of 'A' Shares	44,908	24,271
For holders of 'B' Shares	43,463	19,970
General Reserve	<u>21,263</u>	<u>11,766</u>
	£109,634	£56,007
	<hr/>	<hr/>

13. SUBSIDIARY COMPANY

The company owns the whole of the issued share capital of Range Nominees Limited. This company, which has an issued share capital of £9 was acquired at no cost. It does not trade and acts solely as a nominee company for the purpose of holding investments belonging to investment clients.



Church, Charity and Local Authority Fund Managers Limited

St Alphege House, 2 Fore Street, London EC2Y 5AQ

Tel: 071-588 1815

Telex: 8954509

Fax: 071-588 6291

31st July 1991

Dear Sirs,

Company Number 2183088

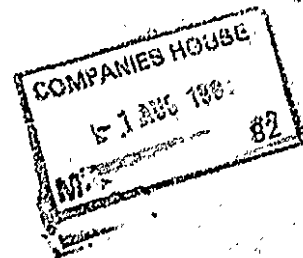
Further to your letter of 24 July 1991, I now enclose as requested, a copy our Annual Report and Accounts for the year to 31 March 1991, reproduced on A4 matt paper.

Yours faithfully,

J A Robe

J.A. Robe, (Mrs)
Assistant Company Secretary

Companies House,
Document Examination Branch,
Crown Way,
Cardiff,
CF4 3UZ.



A Member of IMRO

Registered office as above Registered in England No. 2183088

The company operates in association with The Central Board of Finance of The Church of England,
The Charities Official Investment Fund, and The Local Authorities' Mutual Investment Trust
Licensed in accordance with the Employment Agencies Act 1973, Licence No. SE 14009