



CCLA Fund Managers Limited

Annual Report & Audited Financial Statements
For the year ended 31 March 2019

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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"

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

Strategic Report

The Directors present their Strategic Report on CCLA Fund Managers Limited for the year ended 31 March 2019.

Results and review of the business

Profit for the financial year was £2,997,000 (2018: £2,227,000).

The principal activities of the Company are investment management services. The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and is the manager for eight alternative investment funds ("AIFs"), being six COIF Charities Funds, The Local Authorities' Property Fund and the CCLA Diversified Income Fund. As manager, the Company delegates certain functions to CCLA IM, including portfolio management and administrative support. In return for this, the Company pays CCLA IM for recharges of costs.

Turnover increased by £2,250,000 to £27,763,000 (2018: £25,513,000) due in part to an increase in funds under management which rose from £5.0bn as at 31 March 2018 to £5.8bn as at 31 March 2019.

Total equity increased from £10,743,000 as at 31 March 2018 to £13,740,000 as at 31 March 2019, which is significantly more than the Company's minimum regulatory capital requirement of £4,384,000 (2018: £3,331,000). The Company's regulatory capital requirement is principally determined by its fixed overheads.

The Company's business and investment and operating principles are expected to remain unchanged over the next fiscal year.

The Directors consider the results and the Company's financial position at 31 March 2019 to be satisfactory.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of CCLA IM which, with CCLA FM, forms the CCLA Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Strategic Report and within the Governance section of the CCLA IM annual report and accounts for the year ended 31 March 2019 (the "CCLA Annual Report"). The CCLA Annual Report does not form part of this report.

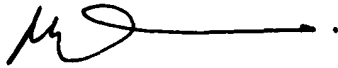
Future developments

The Company's future is dependent on the strategic and organisational decisions of its parent.

Employees and remuneration

CCLA FM does not employ staff directly. CCLA IM's staff carry out duties for both CCLA IM and the Company.

Approved by the Board of Directors and signed on behalf of the Board by:

A handwritten signature in black ink, consisting of a stylized 'M' followed by a horizontal line and a dot.

Michael Quicke
Chief Executive

8 July 2019

Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2019. The information contained in the Strategic Report forms part of this Directors' Report.

General Information

The Company is a private limited company, limited by shares incorporated and domiciled in England and Wales. The Company is the wholly-owned subsidiary of CCLA Investment Management Limited ("CCLA IM"). CCLA IM and the Company, form the CCLA Group.

The Company's registered office address is Senator House, 85 Queen Victoria Street, London EC4V 4ET.

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

No dividend was declared in the year ended 31 March 2019 (2018: nil).

Future developments

The future developments of the Company are disclosed in the Strategic Report.

Qualifying Third Party Indemnity Provision

The Company provides qualifying Professional Indemnity and Directors and Officers Liability Insurance with a number of Lloyds underwriters through its brokers Blackmore Borley. The policy was in force during the financial year and a renewed policy was in place at the date of approval of the financial statements.

Directors

The Directors of the Company who were in office throughout the year and up to the date of signing the financial statements, were:

- * Richard Horlick
- * Christine Johnson⁽¹⁾
- * Rosemary Norris⁽²⁾
- * Trevor Salmon⁽²⁾
- * John Tattersall
- * Glenn Newson⁽¹⁾
- * Richard Williams⁽²⁾

Michael Quicke – Chief Executive

James Bevan – Chief Investment Officer

Elizabeth Sheldon⁽¹⁾ – Chief Operating Officer

Adrian McMillan⁽²⁾ – Chief Operating Officer

Andrew Robinson – Director, Market development

* Non-Executive Directors.

Directors (continued)

(1) Christine Johnson and Glenn Newson were appointed as Non-Executive Directors on 8 June 2018 and 29 October 2018 respectively. Elizabeth Sheldon was appointed as an Executive Director on 4 December 2018. (2) Richard Williams a Non-Executive Director resigned on 8 June 2018. Rosemary Norris a Non-Executive Director resigned on 17 October 2018. Trevor Salmon a Non-Executive Director resigned on 1 January 2019. Adrian McMillan an Executive Director retired on 19 November 2018.

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

Share capital

As at 31 March 2019 there were 2,700,000 (2018: 2,700,000) £1 Ordinary Shares authorised, all of which were issued to and held by CCLA IM.

Financial Risk Management

The Company's activities expose it to a variety of financial risks, in addition to those identified in the Strategic Report, that include the effect of:

- Credit risk – the Company's cash and cash equivalents are in sterling cash deposits exposing it to the risk that the counterparty will not repay the deposit. To minimise this, the Company only deals with a list of well rated counterparties. Deposits are also spread amongst different counterparties. CCLA invests in the AAA_{mmf} Public Sector Deposit Fund and places deposits with counterparties that have a minimum short term Fitch credit rating of at least F1. Amounts placed with counterparties are reported monthly to the Group's Executive Committee. Debtors are generally due from funds managed by the Company and the risk of default is deemed minimal.
- 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, which enable it to meet its objectives.
- 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; however, the proportion of the Company's income that comes from interest income is small.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

Statement of Directors' Responsibilities (continued)

- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 adequate 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company including taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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.

Independent Auditors

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

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 Group's website for Pillar 3 disclosures for CCLA IM (www.ccla.co.uk).

Approved by the Board of Directors and signed by order of the Board by:



Jackie Fox
Company Secretary
8 July 2019

Independent Auditors' Report to the Members of CCLA Fund Managers Limited

Report on the audit of the financial statements

Opinion

In our opinion, CCLA Fund Managers Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2019, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6 and 7, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 Directors are responsible for assessing the company'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 Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's member 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.

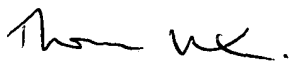
Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 July 2019

Statement of Comprehensive Income
for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	2	27,763	25,513
Administrative expenses	3	(24,144)	(22,795)
Operating profit		<u>3,619</u>	<u>2,718</u>
Interest receivable and other similar income		81	32
Profit before taxation		<u>3,700</u>	<u>2,750</u>
Tax on profit	5	(703)	(523)
Profit for the financial year		<u><u>2,997</u></u>	<u><u>2,227</u></u>

The notes on pages 14 to 18 form part of these financial statements.

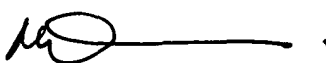
Statement of Financial Position
as at 31 March 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Current assets					
Debtors	6	2,068		1,775	
Cash equivalents	8	6,142		6,098	
Cash at bank and in hand	7	<u>7,477</u>		<u>4,556</u>	
		15,687		12,429	
Creditors: amounts falling due within one year	9	<u>1,947</u>		<u>1,686</u>	
Net current assets			13,740		10,743
Total assets less current liabilities			<u>13,740</u>		<u>10,743</u>
Net assets			<u>13,740</u>		<u>10,743</u>
Capital and reserves					
Called up share capital	10		2,700		2,700
Profit and loss account			<u>11,040</u>		<u>8,043</u>
Total equity			<u>13,740</u>		<u>10,743</u>

The notes on pages 14 to 18 form part of these financial statements.

These financial statements on pages 11 to 18 were approved and authorised for issue by the Board of Directors on 8 July 2019 and signed on its behalf by:

Michael Quicke
Director
Registered number: 08735639



Statement of Changes in Equity
for the year ended 31 March 2019

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 April 2017	2,700	5,816	8,516
Profit for the financial year	-	2,227	2,227
Balance as at 31 March 2018	2,700	8,043	10,743
Profit for the financial year	-	2,997	2,997
Balance as at 31 March 2019	2,700	11,040	13,740

The notes on pages 14 to 18 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2019

1. Accounting policies

(a) Basis of accounting

The financial statements for the year ended 31 March 2019 have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by the Company to all years presented, unless otherwise stated, and are consistently applied across the Group.

These financial statements are prepared on the going concern basis and under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no such critical accounting estimates or matters of judgement to note in these financial statements.

(b) Turnover

The Company's primary source of turnover is fee income from investment management activities. The fees are generally based on an agreed percentage of the valuation of the assets under management and are recognised as the service is provided and it is probable that the fee will be received.

(c) Administrative expenses

Administrative expenses represent amounts incurred by the Company in the conducting of its business, as well as fees to CCLA IM 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) Cash at bank and in hand

Cash at bank and in hand includes deposits held at call with banks.

(f) Cash equivalents

Cash equivalents include short-term highly liquid investments with original maturities of three months or less.

Notes to the Financial Statements

for the year ended 31 March 2019

1. Accounting policies (continued)

(g) Taxation

Taxation expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or are substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(h) Exemptions for qualifying entities under FRS 102

Under FRS 102 a qualifying entity may take advantage of certain disclosure exemptions provided that certain criteria are met. These criteria have been met. The Company is considered to be a qualifying entity under FRS 102 on the basis that its parent, CCLA Investment Management Limited, consolidates the Company's results and includes the equivalent disclosure, as required, within its financial statements which are available as disclosed in note 11.

The Company has taken advantage of the following exemptions:

- (i) the exemption under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the Group financial statements, includes the Company's cash flows;
- (ii) the exemption under FRS 102 paragraph 1.12(e) from disclosing related party transactions with entities that are part of the Group or investees in the Group; and
- (iii) the exemption under FRS 102 paragraph 1.12(c) from making certain disclosures in relation to financial instruments.

(i) Financial instruments

Basic financial assets and liabilities, including debtors, cash at bank and in hand, cash equivalents and creditors are initially recognised at transaction price. Such assets are subsequently carried at amortised cost, using the effective interest method.

There is no material difference between the value of the financial assets and liabilities as shown on the balance sheet, and their fair value.

2. Turnover

The turnover of the Company was made entirely in the United Kingdom and derives from the management of pooled funds.

Notes to the Financial Statements
for the year ended 31 March 2019

3. Administrative expenses

Administrative expenses are recognised on an accruals basis as services are provided.

	2019	2018
	£'000	£'000
Administrative expenses include:		
Intercompany recharges	24,000	22,700
FCA fees	114	59
Other	20	26
Auditors remuneration:		
Fees payable for the audit of the Company	10	10
	<u>24,144</u>	<u>22,795</u>

In accordance with SI 2008/489, the Company has not disclosed fees payable to the Company's auditors for 'Other services' as this information is included in the consolidated financial statements of CCLA IM.

4. Directors' emoluments

The emoluments of the Directors, who are employed and paid by CCLA IM, are included within CCLA IM's individual and consolidated financial statements. Their emoluments are deemed to be wholly attributable to CCLA IM and they did not receive any direct or incremental emoluments in respect of their services to the Company.

5. Tax on profit

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

	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax on the profit for the financial year	703	523
Total current tax	703	523
Tax on profit	<u>703</u>	<u>523</u>

Notes to the Financial Statements

for the year ended 31 March 2019

5. Tax on profit (continued)

- (b) The tax assessed for the year is at the standard rate of corporation tax in the UK. There are no adjustments as shown below:

	2019	2018
	£'000	£'000
Profit before taxation	<u>3,700</u>	<u>2,750</u>
UK corporation taxation on profits at 19% (2018: 19%)	703	523
Tax on profit	<u>703</u>	<u>523</u>

6. Debtors

Debtors are recorded initially at fair value and subsequently at amortised cost. Trade debtors represent amounts the Company is due to receive from third parties, including related parties, in the normal course of business. These balances are derecognised on receipt of cash or on recognition of a provision if the debtor balance is in doubt. Debtors are stated after the deduction of provisions for bad and doubtful debts, if any.

	2019	2018
	£'000	£'000
Trade debtors	<u>2,068</u>	<u>1,775</u>

7. Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

8. Cash equivalents

Cash equivalents comprise the deposits held in The Public Sector Deposit Fund ("PSDF"). The deposits held in PSDF are highly liquid investments.

Notes to the Financial Statements
for the year ended 31 March 2019

9. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Amounts owed to group undertaking	553	500
Corporation tax	363	283
Other taxation and social security	987	860
Accruals and deferred income	44	43
	<u>1,947</u>	<u>1,686</u>

Amounts owed to CCLA IM are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Called up share capital

	2019	2018
	£'000	£'000
Authorised:		
2,700,000 (2018: 2,700,000) Ordinary Shares of £1	<u>2,700</u>	<u>2,700</u>
	2019	2018
	£'000	£'000
Allotted and fully paid:		
2,700,000 (2018: 2,700,000) Ordinary Shares of £1	<u>2,700</u>	<u>2,700</u>

11. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party of the Company is CCLA IM, a company incorporated in England and Wales.

CCLA IM is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2019.

The consolidated financial statements of CCLA IM are available from Senator House, 85 Queen Victoria Street, London, EC4V 4ET, and can be obtained from www.ccla.co.uk.

Company Information

Registered number	08735639
Registered Office	Senator House, 85 Queen Victoria Street, London EC4V 4ET T: 0844 561 5000 www.ccla.co.uk
Independent Auditors	PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
Solicitors	Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH
Bankers	HSBC Bank Plc, 60 Queen Victoria St, London EC4N 4TR

CCLA Fund Managers Limited is authorised and regulated by the Financial Conduct Authority.