

COIF CHARITIES DEPOSIT FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 December 2020

CCLA

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*Collectively, these comprise the Manager's Report.

**Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

REPORT OF THE BOARD**for the year ended 31 December 2020**

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Deposit Fund (the Fund), which includes a separate report from CCLA Fund Managers Limited (the Manager) as Manager of the Fund.

Structure and management of the Fund

The Fund is a Common Deposit Fund established in 1985 and is now regulated by the Scheme dated 2 April 2008 and made under Section 25 of the Charities Act 1993, now Section 100 of the Charities Act 2011, as amended by resolutions of the charity trustees of the Fund dated 13 May 2009, 21 July 2014 and 22 July 2014 (the Scheme). The Fund is managed by the Manager as a UK alternative investment fund in accordance with the Financial Conduct Authority Regulations and the Alternative Investment Fund Managers Directive (AIFMD) Legislation. The Fund is authorised by the Financial Conduct Authority as a Low Volatility Net Asset Value (LVNAV) Fund and is authorised as such in accordance with the provisions of the Money Market Fund (MMF) Regulation.

The Board acts as an independent body to control and supervise the Fund for the benefit of participating charities, meeting at least four times per annum. Together, these individuals have wide experience of finance, investments, charities and the law. The management and administration of the Fund have been delegated to the Manager. No Board member is required to be approved by the Financial Conduct Authority because the

Board does not carry out regulated activities in relation to the Fund.

Deposits taken by the Fund are exempt from the Financial Services and Markets Act 2000 (FSMA) by virtue of the Financial Services and Markets Act (Exemption) Order 2001. Deposits in the Fund are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

Investment objective

The Fund aims to provide a high level of capital security and competitive yield.

Benchmark

7-Day London Interbank Sterling Bid Rate (7-Day LIBID) is the benchmark for the Fund.

With effect from 1 January 2021, the comparator benchmark will be replaced by the Sterling Overnight Index Average (SONIA). This index was chosen as it is widely used in the banking and investment industries and meets accepted international standards of best practice.

Investment policy

The Fund is an actively managed, diversified portfolio of sterling denominated money market deposits and instruments. It will principally invest in sterling denominated Call Accounts, Term Deposits and Money Market Instruments, but may invest in other assets.

REPORT OF THE BOARD

for the year ended 31 December 2020

Target investors

The Fund is aimed at charities seeking a high level of capital security and a competitive rate of interest for their short-term investments.

Review of investment activities and policies of the Fund

The Board met quarterly during the year to carry out its responsibility for the approval of strategy, setting interest rate policy, monitoring investment diversification, suitability and risk and for reviewing the performance of the Fund.

In addition, the Board reviews the administration and expenses of the Fund and is also responsible for the appointment of the Fund's Manager and Auditors.

In addition to receiving regular reports on the management of the Fund, the Board also approves the interim Report and Unaudited Financial Statements.

Delegation of functions

Following regular meetings and consideration of the reports and papers received, the Board are satisfied that the Manager, to whom they have delegated the administration and management of the Fund, has complied in all material respects with the terms of the Scheme and with the relevant Management Agreements.

Responsible investment and stewardship

The Fund is managed in accordance with CCLA's responsible investment approach. This integrates environmental, social and governance issues into investment decision making and prioritises ongoing stewardship with counterparties. These activities are conducted with the aim of increasing the security of the Fund.

The Manager is a signatory to the United Nations backed Principles for Responsible Investment (PRI) and the Financial Reporting Council's Stewardship Code. The most recent PRI Assessment and the full response to the Stewardship Code are available at <https://www.ccla.co.uk/our-approach/how-we-approach-stewardship-and-ethics>.

Controls and risk management

The Board receives and considers regular reports from the Manager. The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

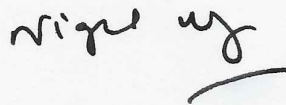
REPORT OF THE BOARD

for the year ended 31 December 2020

With the outbreak of the COVID-19 pandemic during the first quarter of 2020, the Board had additional informal meetings with the Manager during the first six months of 2020 to consider a broad range of relevant issues including investment strategy, performance, liquidity and client behaviours.

During the year, the Board, assisted by the Manager, reviewed the Fund's systems of internal controls and risk reporting.

N Morecroft
Chairman
19 July 2021



REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

Performance

Over the reporting period the Fund achieved a total return after management expenses of 0.21%; this was higher than the Fund's benchmark, the London Inter-Bank Sterling 7-Day Bid rate (7-day LIBID), which averaged 0.06%. From 1 January 2021, the new benchmark as recently communicated, will be the Sterling Overnight Index Average (SONIA), as a comparison, its annual return for 2020 was 0.19%.

The Fund's declared yield averaged 0.21% (an annual equivalent yield (AEY) of 0.21%). As at 31 December 2020 the declared yield was 0.01%.

Client deposits (excluding those of the other COIF Funds) increased by £148 million and at 31 December 2020 client deposits totalled £1.122 billion.

Market Review

January 2020 seems like a bygone era, let alone only twelve months ago. Unemployment was at 3.8%, CPI was at 1.8% and GDP, albeit slowing, entered 2020 on the back of 1% growth. The Conservative Party had just won a landslide general election, with economists suggesting that increased certainty and proposed "levelling-up" initiatives could well result in the UK economy experiencing a "Boris-bounce" in output. Even the Bank of England's (BoE's) January 2020 outlook highlighted a decline in Brexit uncertainty, coupled with a pickup in

global activity, that would energise UK economic growth over the coming twelve months. However, despite these positive remarks, given the inverted sterling yield curve back in August 2019, there remained a cautious undertone within most economic projections.

It didn't take long for things to change. The UK's first COVID-19 case was declared on 29 January, the total rose to 3,000 by mid-March. In response, the newly appointed Chancellor announced an emergency £12bn package of financial support for UK businesses, the NHS and vulnerable people. This coincided with a cut of 50 basis points in the BoE's Official Bank Rate (OBR) to 0.25%, a level not seen since August 2016. To help curb the rising infection rate, on 16 March Boris Johnson announced a full UK lockdown, however this did not fare well with the real economy nor the markets. Within a few days of the announcement UK businesses started to struggle as revenues dried up but expenses still had to be paid. Volatility surged in the Money Markets with deposit rates rising to the highest levels in over a decade, as liquidity became thin on multiple occasions. To further support UK businesses, the Chancellor announced a £350bn package consisting of government-backed loans, a furlough scheme and tax cuts. A few days later, the BoE announced yet further stimulus for the markets, on a scale not seen since the Global Financial Crisis in 2008.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2020

The OBR was cut to 0.1%, a new Term Funding scheme for SMEs was established and the asset purchasing programme was increased to £645bn to reduce the cost of borrowing. Despite the OBR hitting a historical low, the rate of saving by individuals soared to an unprecedented 29.1%, over three times higher than the 7.9% sixty-year average, in the second quarter.

By the end of Spring, lockdowns were put in place across the globe. Factories shut down, people were furloughed, and almost all forms of in-person consumption ground to a halt. UK retail and recreation venues were left deserted in favour of online alternatives, leading to a sharp fall in activity nationally. Similarly, as more people were forced to work from home, a significant drop in activity was noticed at transit stations and workplaces throughout April too, both seeing over 70% less footfall than usual. Naturally, all this weighed heavily on UK business confidence with the Services and Manufacturing Purchasing Managers Indices reaching historic lows. Consequently, Q2 GDP fell by 19.8%, the largest quarter-on-quarter drop ever recorded. Despite this backdrop and the EU's own difficulties in agreeing a pandemic recovery fund between its member states, Brexit discussions were still on-going with no sign of extending the transition period.

In June, the BoE's Monetary Policy Committee (MPC) unanimously voted to maintain the OBR at 0.1% and continue with the existing government and corporate bond purchasing programs – which totalled to £745bn by this point. The BoE's review noted that risk asset prices had recovered from March lows, signs of spending picked up and that GDP had started to recover somewhat. Thanks to the Furlough Scheme, unemployment remained unchanged at 3.9% with expectations that the Scheme would continue to be taken up during the second half of the year. Despite these green shoots the topic of negative interest rates was starting to emerge. External MPC members Silvana Tenreyro and Gertjan Vlieghe had been quite vocal in highlighting the relative merits of this method, however, many other economists do not believe that the use of negative interest rates has proved successful in the EU and Japan. Even Andrew Bailey had suggested his preference for using other tools before considering negative interest rates. By Q3 Central Banks globally started showing more interest in forms of Central Bank Digital Currencies as a method of improving financial stability, efficiency and safety in the payments industry. Some publications have also suggested the same tool can be used as a form of monetary policy in the future.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

By the fourth quarter the sterling money market yield curve had largely flattened. The lack of a return premium for making longer dated investments further drove investors to favour shorter dated deposits. Although the US election result and the approval of COVID-19 vaccines reduced some uncertainty in the markets, it was not long before a new strain of the COVID-19 virus caused cases to sharply rise across the UK. Stricter rules were again put in place. Brexit talks finally made a breakthrough, with a 1,200-page trade deal being agreed on Christmas Eve. While this brings some clarity for many industries, Financial Services is not one of them. Further discussions are to take place around UK-EU Equivalence rules and the impact that will have on London's position as a European financial hub. As the year came to a close the economic readings highlighted a rise in unemployment to 5.2%, a fall in CPI to 1.1% and a GDP output -9.7% below pre-pandemic levels, while UK Government debt-to-GDP rose to 99.5%, the highest reading since 1962.

Strategy

The Fund is structured to provide both capital security and adequate daily liquidity. The short-term nature of the Fund allows us to quickly alter the portfolio composition to reflect our assessment of changing market conditions. The assets are placed strictly within agreed limits with a diversified list of quality counterparties in order to achieve a very low overall level of risk and high security of capital. The list of approved counterparties is constantly monitored and

lending limits immediately amended following credit rating changes. The Fund has maintained a high level of liquidity to ensure that sufficient money is always readily available to meet client withdrawals. The balance of the Fund was invested for periods of up to one year with the aim of boosting the overall yield of the Fund for the benefit of the depositors. The weighted average maturity as at 31 December 2020 was 53 days.

Rated AAmmf by Fitch Ratings

Following a regular scheduled review, the 'AAmmf' rating was affirmed on 11 November 2020 by Fitch Ratings (Fitch). This rating reflects the high quality of the Fund's approved lending list, the employment of an appropriate investment policy, a low overall level of risk through diversification, and the quality of management and internal controls. The rating is awarded to funds that have the lowest credit risk and where the total returns exhibit relative stability, performing consistently across a broad range of interest rate scenarios and changing market conditions.

Responsible investment policy

We monitor our counterparties' Environmental, Social and Governance risk management on a regular basis and take action if necessary. Our research process is based on the work of our Ethical and Responsible Investment team and their data providers.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

Outlook

Amid rising vaccination rates and receding COVID-19 transmission, the BoE has upgraded its domestic economic assessment for this year and next. The BoE now expects the economy to meet, and possibly exceed, its pre-virus level later this year, while the unemployment rate is now expected to rise considerably less than previously thought. Despite this, the BoE has implied that any tightening in its OBR will not come until the economic recovery has proven to be a sustainable one. Therefore, the Fund's Yield is likely to stay at its historically low level for the remainder of the year, but the likelihood of negative interest rates has reduced markedly.

S Freeman

Director, Investments (Cash)

CCLA Fund Managers Limited

19 July 2021

Risk warning

The Manager undertakes to exercise reasonable care in its placing of deposits with a selected list of banks and building societies in the UK but it cannot give guarantees regarding repayment of deposits. The

daily yield on the Fund is variable and past performance is not a reliable indicator of future results. Deposits in the Fund are not covered by the Financial Services Compensation Scheme.

REPORT OF THE DEPOSITARY

for the year ended 31 December 2020

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Scheme Particulars of the Company and as required by the AIFMD.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
London
E14 5HQ

HSBC Bank plc is authorised and regulated by
the Financial Conduct Authority
19 July 2021

INDEPENDENT AUDITORS' REPORT to the Trustee of COIF Charities Deposit Fund

Report on the audit of the financial statements *Opinion*

In our opinion, the financial statements of COIF Charities Deposit Fund (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 31 December 2020 incoming resources and application of resources, for the year then ended and of the movements in the net assets of the Fund between their position as at 1 January 2020 and 31 December 2020; and
- 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 Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of total return, the statement of change in net assets attributable to depositors 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 Fund 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

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 Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITORS' REPORT to the Trustee of COIF Charities Deposit Fund

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

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 Manager is 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.

Based on our work undertaken in the course of the audit, the Charities Act 2011 requires us also to report certain opinions and matters as described below.

Manager's Report

In our opinion, the information given in the Investment Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Board, Trustee Depositary and Manager Responsibilities set out on page 28, the manager is 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 Manager is 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.

INDEPENDENT AUDITORS' REPORT to the Trustee of COIF Charities Deposit Fund

In preparing the financial statements, the Manager is responsible for assessing the Fund'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 Manager either intends to wind up or terminate the Fund, or has 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.

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.

Based on our understanding of the Fund/industry, we identified that the principal risks of non-compliance with laws and regulations related to section 144 of the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements, we also considered those laws and regulations that have a direct impact on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Fund and assumptions and judgements made by management in their significant accounting estimates. Audit procedures performed included:

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

INDEPENDENT AUDITORS' REPORT to the Trustee of COIF Charities Deposit Fund

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Fund's Trustee as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 24 of The Charities (Accounts and Reports) Regulations 2008) 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

Charities Act 2011 exception reporting

Under the Charities Act 2011 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
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2021

SUMMARY RISK INDICATOR

The European Union imposed legislation which sets out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the recommended holding period (RHP).



The Manager has classified the COIF Charities Deposit Fund as 1 out of 7, which is the lowest risk class. This rates the potential losses from future performance at a very low level and poor market conditions are very unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes deposits in the Fund for the RHP of less than one year.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Particulars, which is available on CCLA's website or by request. Depositors can request a withdrawal at any time and the Fund deals on a daily basis. The Fund does not include any protection from counterparty failure, so you could lose some or all of your deposit.

AVERAGE RATES OF INTEREST PAID
for the year ended 31 December 2020

Month	Yield % p.a.	AEY* % p.a.
January 2020	0.59	0.59
February 2020	0.58	0.58
March 2020	0.43	0.43
April 2020	0.32	0.32
May 2020	0.24	0.24
June 2020	0.20	0.20
July 2020	0.12	0.12
August 2020	0.04	0.04
September 2020	0.02	0.02
October 2020	0.01	0.01
November 2020	0.01	0.01
December 2020	0.01	0.01
Calendar year	Yield % p.a.	AEY* % p.a.
2016	0.42	0.42
2017	0.23	0.23
2018	0.45	0.45
2019	0.62	0.62
2020	0.21	0.21

* Annual Equivalent Yield (AEY) illustrates what the annual interest rate would be if the quarterly interest payments up until 2018 and monthly interest payments from 2019 were compounded.

The rates are published on the Manager's website at www.ccla.co.uk.

INTEREST PAID TABLE

for the year ended 31 December 2020

Period ended	Date of payment		Total £'000	Average rates of interest paid	
	2020	2019		2020 %	2019 %
31 January	7 February	6 February	660	0.59	0.61
28 February	6 March	6 March	595	0.58	0.65
31 March	6 April	4 April	548	0.43	0.65
30 April	6 May	7 May	370	0.32	0.67
31 May	4 June	6 June	310	0.24	0.64
30 June	6 July	4 July	269	0.20	0.63
31 July	6 August	6 August	184	0.12	0.60
31 August	4 September	6 September	110	0.04	0.59
30 September	6 October	4 October	79	0.02	0.58
31 October	5 November	6 November	70	0.01	0.59
30 November	4 December	6 December	72	0.01	0.58
31 December	7 January	7 January	62	0.01	0.59
			3,329	0.21	0.62

Amounts paid include interest paid on closed accounts during the year.

Interest was paid in the same year, apart from the interest from the period ended 31 December which is payable in the subsequent year.

SUMMARY OF DEPOSITS PLACED BY MATURITY
at 31 December 2020

Repayable	Year ended 31.12.2020		Year ended 31.12.2019	
	£'000	%	£'000	%
On call	105,710	8.17	10,842	0.85
Within 5 business days	749,000	57.92	582,000	45.83
Within 30 days	20,000	1.55	87,101	8.43
Between 31 and 60 days	40,009	3.09	131,002	9.53
Between 61 and 91 days	103,395	8.00	174,004	15.83
Between 92 and 182 days	108,041	8.35	216,029	14.10
Between 183 days and one year	167,015	12.92	69,030	5.43
Total deposits	1,293,170	100.00	1,270,008	100.00

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2020

		Year ended 31.12.2020		Year ended 31.12.2019	
	Note	£'000	£'000	£'000	£'000
Net capital gains			582		60
Revenue	2	6,360		10,425	
Expenses	3	(3,031)		(2,729)	
Net revenue			3,329		7,696
Total return before distributions			3,911		7,756
Distributions			(3,329)		(7,696)
Change in net assets attributable to depositors from investment activities			582		60

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO DEPOSITORS
for the year ended 31 December 2020

	Year ended 31.12.2020		Year ended 31.12.2019	
	£'000	£'000	£'000	£'000
Net assets upon adoption of the LVNAV structure		–		1,103,630
Opening net assets attributable to depositors		1,270,798		–
Amounts receivable on issue of deposits	1,633,655		1,609,141	
Amounts payable on cancellation of deposits	(1,612,096)		(1,442,033)	
		21,559		167,108
Change in net assets attributable to depositors from investment activities		582		60
Closing net assets attributable to depositors		1,292,939		1,270,798

The notes on pages 21 to 27 form part of these financial statements.

BALANCE SHEET

at 31 December 2020

	Note	31.12.2020 £'000	31.12.2019 £'000
ASSETS			
Debtors	5	1,343	1,843
Cash		104,710	8,562
Cash equivalents		1,188,460	1,261,446
Total assets		1,294,513	1,271,851
LIABILITIES			
Creditors	7	1,574	1,053
Total liabilities		1,574	1,053
Net assets attributable to depositors		1,292,939	1,270,798

The financial statements on pages 19 to 27 have been approved by the Board.

Approved on behalf of the Board
19 July 2021

N Morecroft, Chairman

N Morecroft

The notes on pages 21 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with FRS 102, the Charities Act 2011, and in accordance with the Scheme and the Collective Investment Scheme sourcebook, in so far as it applies to the Fund. The financial statements have been prepared under historical cost basis, as modified by revaluation of investments.

The Fund is exempt from preparing a statement of cash flows under FRS 102 as substantially all of the Fund's investments are highly liquid, substantially all of the Fund's investments are carried at market value and the Fund provides a statement of change in net assets.

(b) Valuations of deposits

COIF Charities Deposit Fund changed to a LVNAV on 14 March 2019. As a result, the Fund's investments are valued on a mark to market basis wherever possible, in which case the relevant asset will be valued at the more prudent side of bid and offer values unless the asset can be closed out at mid-market using good quality data; or on a mark to model basis when using the mark to market basis is not possible or the market data is not of sufficient quality.

In addition to the above methods, the Fund's investments may be valued using the amortised cost method provided that the relevant assets have residual maturity of up to 75 days; and the price of the asset valued by using the amortised cost method does not vary from the mark to market or mark to model valuation by more than 10 basis points.

(c) Revenue recognition

Interest on bank and building society deposits and other eligible securities are accrued on a daily basis.

(d) Expenses

During the year, the annual management charge (AMC), paid to the Manager, was taken to the revenue of the Fund before interest paid. The AMC is based on a fixed percentage of the value of the Fund and was 0.20% p.a. plus VAT during the year. From 5 January 2021 and until further notice, the AMC applied to the Fund will be temporarily reduced by 0.05% to 0.15% p.a. plus VAT.

The reduction is implemented by means of a rebate from CCLA to the funds. This temporary measure is expected to remain for an initial period of at least six months. Depositors will receive advance notice of any reversion to 0.20%.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting policies (*continued*)

(d) Expenses (*continued*)

On a daily basis, the net asset value of the Fund at the end of the previous day is taken to calculate the AMC due. The Manager charges an AMC for the provision of managing investments. From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit fee, legal fees, safe custody fees and transaction charges, insurance fees and other fees are charged separately to the revenue of the Fund before interest paid.

(e) Distributions

From 1 January 2019, interest was paid on a monthly basis instead of on a quarterly basis.

Before changing to LVNAV on 14 March 2019, the Fund utilised an income reserve to facilitate the payment of interest to depositors (see note 8). Movements in the income reserve were therefore adjustments made to net revenue in determining the distributions. On changing to an LVNAV Fund, the Fund crystallised the income reserve. It pays the Fund each day to support the income yield paid to investors.

2. Revenue

	31.12.2020 £'000	31.12.2019 £'000
Interest on deposits at banks and building societies	5,738	9,951
Income from crystallised income reserve	622	423
Income reserve transfer before adoption of LVNAV structure	–	51
	6,360	10,425

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

3. Expenses

	31.12.2020 £'000	31.12.2019 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(d)	2,892	2,575
Manager's fee for ethical services	–	6
	2,892	2,581
Other expenses:		
Other fees	40	60
Depositary fees	33	26
Custodian fees	30	29
Audit fees	9	11
Insurance fees	13	5
Bank charges	–	2
Legal fees	14	15
	139	148
Total expenses	3,031	2,729

The above expenses include VAT, where applicable.

Audit fee net of VAT is £9,000 (31.12.2019, £8,726).

4. Taxation

The Fund is exempt from UK Income and Capital Gains Tax due to its charitable status pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid and reinvested revenue is credited gross to depositors.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

5. Debtors

	31.12.2020 £'000	31.12.2019 £'000
Interest receivable	1,331	1,829
Prepayments	12	14
	1,343	1,843

6. Net assets attributable to depositors/Current deposits

	31.12.2020 £'000	31.12.2019 £'000
Charities and Trusts	1,122,339	974,545
COIF Charities Investment Fund	93,331	206,056
COIF Charities Ethical Investment Fund	56,831	61,652
COIF Charities Property Fund	18,162	26,162
COIF Charities Fixed Interest Fund	1,634	2,313
COIF Charities Global Equity Income Fund	–	10
Total Deposits	1,292,297	1,270,738
Net capital gains	642	60
Net assets attributable to depositors	1,292,939	1,270,798

Net capital gains in the table above relate to unrealised gains and losses on underlying investments valued at market value. Please see note 1(a) for further information.

7. Creditors

	31.12.2020 £'000	31.12.2019 £'000
Interest payable	16	617
Amounts payable on cancellation	1,253	167
Accrued expenses	305	269
	1,574	1,053

There was unclaimed interest as at 31 December 2020 of £1,126 (31.12.2019, £950).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

8. Income reserve

Prior to changing to a LVNAV Fund, the Fund utilised an income reserve which accumulated out of revenue held by the Board on trust for depositors. On changing to an LVNAV Fund, the Fund crystallised the income reserve. Up to 30 September 2020, the crystallised amount was paid into the Fund by an equal amount each day over an agreed period of five years. From 1 October 2020, the Manager can vary the daily payment to maintain a positive yield. This will end by March 2024.

	31.12.2020 £'000	31.12.2019 £'000
Income reserve at the start of the year	–	2,688
Transfer from income reserve	–	(2,688)
Income reserve at the end of the year	–	–

9. Financial instruments

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied consistently throughout the year and the comparative year.

Credit risk

The Fund is exposed to the risk regarding the repayment of deposits from counterparties. To minimise this, the assets of the Fund are strictly placed within agreed limits with a diversified list of quality counterparties in order to achieve a very low overall level of risk and high security of capital. The list of approved counterparties is constantly monitored by the Investment Committee and credit limits immediately amended following credit rating upgrades and downgrades.

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of sterling fixed interest securities and sterling cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any repayment requests from depositors.

Currency risk

There was no foreign currency exposure within the Fund at 31 December 2020 (31.12.2019, £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

9. Financial instruments (*continued*)

Interest rate risk

The Fund invests in fixed rate and floating rate deposits. Changes in the interest rates achieved will result in revenue either increasing or decreasing; this may also result in a reassessment of interest paid to depositors.

The total exposure at 31 December 2020 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	105,710	1,187,460	1,343	1,294,513

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	1,574	1,574

The total exposure at 31 December 2019 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	10,842	1,259,166	1,843	1,271,851

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	1,053	1,053

* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or base rate.

All financial liabilities are due to be settled within one year or on demand.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

9. Financial instruments *(continued)*

Interest rate risk (continued)

There were no derivatives held by the Fund at 31 December 2020 (31.12.2019, £nil).

It is estimated that a 1 basis point increase/decrease in interest rates would result an increase/decrease of £122,000 in interest revenue (31.12.2019, £116,000).

10. Fair value of financial assets and liabilities

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

11. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of this are disclosed in note 3. Please see note 1(d) for further information. An amount of £297,889 was due to the Manager at 31 December 2020 (31.12.2019, £249,236). There were no other transactions entered into with the Manager during the year (31.12.2019, £nil). Balances held on behalf of other COIF Charity Funds are disclosed in note 6.

The Manager's parent company, CCLA Investment Management Limited (CCLA IM), is also a related party to the Fund. There have been no transactions with CCLA IM during the year (31.12.2019, £nil).

Deposit balances held by other COIF Charity Funds as at 31 December 2020 are disclosed in note 6.

There is no individual investor holding more than 20% of the Fund.

12. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds. Mr Glenn Newson was appointed a Director of CCLA Investment Management Limited (CCLA IM) on 29 October 2018 and received remuneration from CCLA IM, which is disclosed in CCLA IM's financial statements.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Board

The Board shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme, as follows:

- making and revising the written statement of the investment objectives of the Fund and ensuring that details of such investment objectives will be included in the Scheme Particulars;
- determining the criteria and methods for evaluating the performance of the Fund;
- granting prior written approval to the Manager should the Manager wish to enter into certain types of investment or a specific course of borrowing on behalf of the Fund;
- appointing the Auditor of the Fund and agreeing their terms of engagement;
- making an annual report on the discharge of the Board's responsibilities;
- determining the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- applying to the Charity Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme;

- making representations to the Trustee on the winding up of the Fund: provided that any Board member who has any interests in the Trustee or the Manager shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- informing the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Under the Alternative Investment Fund Managers Directive ("AIFMD"), the Board has certain additional responsibilities including:

- the duty to inform the Financial Conduct Authority promptly and in writing if the Board is not satisfied with the compliance of the Trustee or the Manager with the applicable provisions of AIFMD; and
- the direct power (without reference to the Charity Commission) to require the removal of the Manager and/or the Trustee where it considers for good and sufficient reason that a change of Manager or Trustee is in the interests of the Participating Charities.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Trustee

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied that the Manager is competently exercising its powers and discharging its duties under the Scheme, and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund;
- the maintenance of the Registrar of depositing charities by the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions or allocations to Participating Charities in proportion to their respective deposits in the property of the Fund;

- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and

- winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to secure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attaching to the ownership of property of the Fund and that the purchases and sales of investments for or of the Fund are properly completed.

The Trustee shall maintain such records as are necessary to enable it to comply with this Scheme and with section 130 of the Charities Act and to demonstrate that such compliance has been achieved.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Depositary

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Fund's Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with the regulations;
- the assets under management and the net asset value per Unit of the Fund are calculated in accordance with the regulations;

- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- that the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Manager

The Manager shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Manager shall comply with the duty of care when exercising its powers and discharging its duties under this Scheme. The following are the duties and powers of the Manager:

- instructing the Trustee with respect to the maintenance of deposits and withdrawals;
- managing the investments of the Fund in conformity with the investment objectives made by the Board;
- ensuring that regular valuations of the property of the Fund are carried out;
- the creation and revision of the Scheme Particulars;
- maintenance of a daily record of deposits and withdrawals on behalf of the Trustee;
- the creation of all records in respect of the Fund, available for inspection by the Trustee;
- the preparation of reports and accounts in respect of every accounting period; and
- the supervision and oversight of any appointed delegate.

The Manager of the Fund is required by the Scheme to:

- prepare and submit to the Charity Commission a statement of accounts and annual report complying with the requirements of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time; and
- prepare and submit to the Charity Commission a half- yearly report and accounts for the Fund made up to the date of the interim balance sheet.

The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association in May 2014 (and amended in June 2017);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the Financial Statements as prepared comply with the above requirements;

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has appointed the Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has certain additional responsibilities including, ensuring compliance with the applicable provisions of AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement Manager who is eligible under AIFMD to act as Manager of the Fund.

AIFMD DISCLOSURES

Manager Remuneration

The Manager has no employees, but delegates the performance of its services to employees of its parent company, CCLA Investment Management Limited.

Recharges for these services of CCLA Investment Management Limited to the Manager are levied in respect of CCLA Investment Management Limited's year ending on 31 March each year. The recharge for the year to 31 March 2020 was £28,700,000. A recharge of £24,000,000 was levied in the year to 31 March 2019.

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2020 was 137 (year ended 31 March 2019, 124).

During the year ended 31 December 2020 and the prior year, remuneration was paid to CCLA Investment Management Limited staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Fund ("identified staff") are shown separately.

	Year to 31 December 2020		
	Fixed remuneration £'000	Variable remuneration £'000	Total £'000
Identified staff	1,355	1,870	3,225
Other staff	11,605	4,422	16,027
Total	12,960	6,292	19,252

	Year to 31 December 2019		
	Fixed remuneration £'000	Variable remuneration £'000	Total £'000
Identified staff	1,212	3,394	4,606
Other staff	9,824	3,412	13,236
Total	11,036	6,806	17,842

Remuneration above is the total remuneration for CCLA Investment Management Limited; it is not possible to separate the element of that relating only to this fund. The components of remuneration are appropriately balanced and do not create a conflict of interest for the Fund.

(Charity Registration No. 1046249)

DIRECTORY

Board

N Morecroft, ASIP (Chairman)
 K Corrigan, FCCA
 J Hobart, MA
 G Newson, MRICS
 S Niven, CFA
 C Ong, MBA
 A Watson, CBE

Secretary

J Fox

**Manager and Alternative Investment Fund
 Manager (AIFM)**

CCLA Fund Managers Limited

Investment Manager and Registrar

CCLA Investment Management Limited
*Both CCLA Fund Managers Limited and CCLA Investment
 Management Limited are authorised and regulated by the
 Financial Conduct Authority*
 Senator House, 85 Queen Victoria Street
 London
 EC4V 4ET
 Telephone: 0207 489 6000
 Client Service:
 Freephone: 0800 022 3505
 Email: clientservices@ccla.co.uk
www.ccla.co.uk

Administrator

HSBC Bank plc
 8 Canada Square
 Canary Wharf
 London
 E14 5HQ
Authorised and regulated by the Financial Conduct Authority

Executive Directors of the Manager

P Hugh Smith (Chief Executive Officer)
 J Bevan (Chief Investment Officer)
 E Sheldon (Chief Operating Officer)
 A Robinson, MBE (Director Market Development)

Non-Executive Directors of the Manager

R Horlick (Chair)
 J Jesty – appointed 24 April 2020
 C Johnson
 G Newson
 A Roughead – appointed 24 April 2020
 J Tattersall – retired 8 July 2020

Fund Managers

S Freeman
 R Evans

Company Secretary

J Fox

Chief Risk Officer

R Plumridge – resigned 31 January 2020
 JP Lim – appointed 1 May 2020

Head of Ethical and Responsible Investment

J Corah

Third Party Advisors**Custodian, Trustee and Depositary**

HSBC Bank plc
 8 Canada Square
 Canary Wharf
 London
 E14 5HQ

Banker

HSBC Bank plc
 60 Queen Victoria Street
 London
 EC4N 4TR

Solicitor

Farrer & Co LLP
 66 Lincoln's Inn Fields
 London
 WC2A 3LH

Independent Auditor

PricewaterhouseCoopers LLP
 7 More London Riverside
 London
 SE1 2RT

ABOUT CCLA

Founded in 1958, CCLA is one of the UK's largest charity fund managers.
Managing investments for charities, religious organisations
and the public sector is all that we do.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to all organisations, irrespective of their size.



CCLA Fund Managers Limited

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CCLA is the trading name for CCLA Investment Management Limited (Registered in England and Wales No. 2183088)
and CCLA Fund Managers Limited (Registered in England and Wales No. 8735639).

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: Senator House, 85 Queen Victoria Street, London EC4V 4ET.

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