

CCLA Investment Management Limited

ANNUAL REPORT & AUDITED
FINANCIAL STATEMENTS

For the year ended 31 March 2024

CCLA
GOOD INVESTMENT

CCLA provides investment management products and services to charities, religious organisations, the public sector, as well as retail clients.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets.

This means we must provide a supportive and stable environment for our staff, and deliver trusted, responsibly managed products and services to our clients, irrespective of their size.

CCLA

GOOD INVESTMENT

Contents

04	Chair's Statement ¹
06	Chief Executive's Review ¹
09	Activities and Objectives ¹
17	Business Environment and Performance ¹
28	Engaging with our Stakeholders ²
31	Other Disclosures ²
39	Board Profiles ²
43	Corporate Governance Report
56	Independent Auditors' Report
68	Consolidated Statement of Comprehensive Income
69	Consolidated Statement of Financial Position
70	Company Statement of Financial Position
71	Consolidated Statement of Changes in Equity
72	Company Statement of Changes in Equity
73	Consolidated Statement of Cash Flows
74	Notes to the Financial Statements
99	Longer term trends in performance (unaudited)
101	List of organisations that we have supported during the year
102	Company Information

¹ These sections comprise CCLA's Strategic Report

² These sections comprise CCLA's Directors' Report

Disability Discrimination Act 1995

Extracts from the Annual Report & Audited Financial Statements are available in large print and audio formats and can be requested from client.services@ccla.co.uk.

Chair's Statement

'May he live in interesting times' was claimed (by Robert Kennedy in 1966) to be a traditional Chinese curse, and the last few years have demonstrated this well. Many things taken for granted are now in doubt – that inflation will be contained, that interest rates will be low, that global trade will flourish, that peace will be the norm worldwide, and that democracy will provide fair and stable government. All this uncertainty creates a challenging background for a fund management business and in particular for CCLA, which is dedicated to providing returns to enable churches, charities, faith organisations and local authorities to help those in need.

Despite this difficult background, CCLA has had another good year, especially relative to our competition. This is the result of the dedication of all staff led by the executive team under Peter Hugh Smith. Equity markets have performed strongly against the background of uncertainty led by Wall Street, but much of that return came from a handful of stocks, the "Magnificent 7". Consequently, there has been a wide spread of returns experienced by investors. Asset management firms in the UK have struggled with many small and mid-sized firms closing, and in the majority of cases, assets being below the peak of 2021. CCLA ended its year to March with assets equaling the December 2021 level of £14.5 billion and since the year end have surpassed that level.

During the year, we undertook the transition of administrative arrangements by outsourcing to FNZ, after a lengthy process of search and evaluation. Disappointingly, the transition was not as smooth as we had expected and tested for. This resulted in a period for the last few months of the year where we fell behind our usually high standards of administration and reporting. This was frustrating for all parties, but particularly for our clients. An investment firm is like a three-legged stool, comprised of investment management, client relations, and administration. It requires all three to function well to provide the service our clients deserve and rightly expect. However, our staff have worked tirelessly under our Chief Operating Officer Elizabeth Sheldon to overcome this issue. It serves as a stark reminder of the complexities of our business and the interconnectedness of our supply chain of service providers.

The investment industry faces ever-rising costs to maintain and enhance the services all clients expect, and this is only exacerbated by the ever-rising regulatory burden (well-intentioned though it may be for client protection). As a leading proponent of ESG we hold ourselves to the highest standards of governance. During the year the Board of CCLA Fund Managers Ltd ('CCLA FM') became fully independent with the recruitment of a highly experienced group of Non-Executive Directors under the chair of Jonathan Bailie. The primary role of CCLA FM is to monitor and oversee how our funds are managed and to ensure that they are always operated in the best interests of our customers. In the UK, a general election took place on the 4th of July, and resulted in a change of government. One effect of the snap timing of the election, unexpected by a large swathe of Tory MPs, is that in many areas, Labour's policy is not yet fully clarified, and therefore examined. It is likely, however, that the regulatory costs will continue to rise, affecting the whole industry. Whilst the judgement on timing appeared to have been driven by a falling inflation number, in certain key areas in the UK inflation remains stubbornly high. Certainly, the experience of many individuals and companies is that inflation is running considerably higher than the headline numbers. This would also appear to be the case worldwide.

The supply chain remains disrupted with concerns over the state of the Chinese economy. Government debt has increased substantially globally and debt service by even more as a result of higher interest rates. Further disruption has come from the continuing conflict in Ukraine. In the Middle East, the world was shocked by the images of the Hamas assault on Israeli citizens, and since then by the tragedy of the Israeli response and its effect on the population of Gaza. The Houthi ability to disrupt shipping through the Red Sea and Suez Canal continues to drive maritime rates higher, whilst the Panama Canal is hampered by freshwater shortfalls to operate its locks. Tensions continue to rise between China and Taiwan.

On the political front, the US election appears to be heading, at time of writing, for an even more divisive split, which can only be detrimental to global trade and stability. Meantime, in Europe, the economic position remains stagnant.

All of this creates a background which will be a challenge for CCLA for the future. Our focus is therefore to continue to grow our assets so as to be able to afford to provide the services which our clients require. The investment outlook remains uncertain for the longer term, particularly if inflation remains stubbornly high or interest rates do not fall as quickly as people expect.

We remain dedicated to serving our clients and the wider community through the provision of our investment services and will continue to work towards achieving these goals.



Richard Horlick
Chair
17 July 2024

Chief Executive's Review

The environment for asset management firms has been consistently negative since the end of 2021. The period from 2014 to 2021 saw consistent positive flows with a few exceptions, including March 2020. However, since January 2022, the industry has experienced consistent outflows, a trend which appears to be continuing. Though this is not directly relevant to CCLA's core client base, it does clearly illustrate the reversal in investor, and charity trustee, sentiment.

The results for the financial year to 31 March 2024 were satisfactory, with profits before tax of £12.2m. Our year end AUM of £14.5 billion is in line with our previous high of £14.5 billion in December 2021. In comparison, most firms' AUM is languishing materially below their 2021 highs.

Our asset base remains reasonably stable with our core Investment Funds continuing to increase in AUM through a combination of market returns and net new subscriptions. Our Money Market Funds have continued to prosper off the back of increasing interest rates and the reluctance of banking institutions to pass the benefit of higher rates on to their customers, however this year the growth has been in the CBF and COIF Deposit Funds. The one weak asset class is property which has suffered from a sharp fall in property valuations over 2022, followed by material redemptions in 2023 and continuing into 2024.

The Investment team remains well-resourced and continues to deploy CCLA's established investment process. 2023/24 was a period where equity markets were driven by a very small number of US stocks, namely the "Magnificent 7". Though we maintained exposure to four of the seven at an approximate half market weight this resulted in a material drag on performance. However, the team have minimised this impact through stock selection elsewhere in the portfolio. To outperform in equities, it would have been necessary to maintain a market weight or larger in these few high growth tech focused stocks which would be counter to our promise to clients of delivering a well-diversified portfolio of quality growth stocks with a sensitivity to valuation. On this basis, the performance delivered by the team is in my view excellent.

The Sustainability team have had another successful year. Our Better Work, Better Environment, Better Health focus has continued to mature and progress as detailed in our Better World, Sustainable Investment outcomes 2023 report. I would though like to highlight the CCLA Corporate Mental Health Benchmarking which enters its third year in 2024. This benchmark has assessed 207 companies, resulting in engagements with 119, of which 42 have improved their processes, impacting seven million employees. CCLA has also been mentioned directly in companies' public reporting eight times, something unheard of in the corporate engagement arena. This and our other engagement activities, including 'Find It Fix It Prevent It', are now supported by 111 investors located in 15 countries with combined assets of £17.2 trillion.

We have also launched Adviser Action in 2023. This provides a route for adviser firms to participate in engagement activities via CCLA. Initially we are working with a small number of adviser firms to define and test the proposition. The initial feedback has been extremely positive.

CCLA is clearly a leader in sustainability delivering more real-life impact than probably any other manager, anywhere. It is this position which will differentiate CCLA going forward and allow us to deliver the asset growth we seek. The Financial Conduct Authority's Sustainability Disclosure Requirements ('SDR') is a key focus for the team this year with the expectation of labelling the CCLA Better World Global Equity Fund as a 'Sustainability Improvers' Fund. For now, we are not expecting to label our core Investment Funds as this is more complicated under the Sustainable Mixed Goals label and, at this time, we are not seeing client demand in the Charity and Church sectors.

The operational foundations of CCLA have also continued to improve. We have a first-class Operations and Support team, and the addition of Simon Lumsdon as Deputy COO and Director of Technology Strategy in May 2023 has allowed us to accelerate and enhance the design and delivery of a fit for purpose data and technology environment. The transition of Transfer Agency ('TA') to FNZ is a critical enabling step, as not only has it resulted in the retirement of aged and out of support systems that were an increasing risk to the business, but enables the integration of TA into a unified CCLA data environment. The transition to FNZ has been challenging, with performance falling materially below expectations initially. Performance has improved, but is not yet at acceptable standards. We also launched our client online portal in the second half of 2022 and currently more than 1,400 clients have registered and can now source account information and reporting online. The next evolution of the portal will be to provide electronic trading and then real time reporting.

Our CRM and Client Service teams continue to support clients. Over 2023 the team held 1,404 meetings with clients and a further 292 over the first quarter of 2024. From a new business perspective, we pursued 205 opportunities, including 148 formal tenders, winning 87 representing £462m of new assets. We continue to review our service model to achieve the correct balance between personal service and cost efficiency. A number of our smaller clients, previously directly relationship managed, have been transferred to the Client Service team to free up Relationship Manager capacity.

The Intermediary team have been working hard to build relationships across the intermediary sector. This has included 587 meetings throughout 2023 and participation in numerous industry events and other activities. We are now seeing a modest uptick in cashflows, though we remain behind plan. However, CCLA's reputation in the intermediary space is building and the team are currently focusing on the 40 top prospects. We remain confident that our hard work will pay off and the intermediary sector will become a profitable part of CCLA's business.

In conclusion, a further satisfactory year for CCLA in which we continued to support our clients well, act as a driver of positive change and enhance our operating platform. We now look forward to 2024 and beyond, looking to both continue serving our current UK Church, Charity and Local Authority sectors, but also to seek additional growth from a combination of UK intermediaries and non-UK entities seeking an investment solution that is consistent with their faith.



Peter Hugh Smith
Chief Executive
17 July 2024

Activities and Objectives

The Directors submit their report and audited consolidated financial statements for the year ended 31 March 2024. The consolidated financial statements for CCLA include the results of the Company and its wholly-owned subsidiary, CCLA Fund Managers Limited ('CCLA FM').

The Company is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom.

CCLA provides investment management products and services to charities, Church of England organisations, the public sector and retail clients. We were established over sixty years ago to provide both large and small investors access to investment markets in an efficient and professional manner. CCLA is predominately owned by funds managed on behalf of our clients.

Our client base is as follows:

Type of client	Funds under management at 31 March 2024	Funds under management at 31 March 2023
Charities	£9,232m (63.6%)	£7,900m (58.3%)
Church of England organisations	£3,247m (22.4%)	£2,987m (22.0%)
Local authority and public sector	£1,999m (13.8%)	£2,668m (19.7%)
Retail	£34m (0.2%)	–
Total	£14,512m	£13,555m

The Charities client base includes faith based organisations, other than Church of England.

Our products and services are designed to address the investment needs of our clients and help them to meet their financial objectives on their short and long-term funds.

Fund type	Funds under management at 31 March 2024	Funds under management at 31 March 2023
Mixed funds	£10,942m	£9,662m
Short-term cash funds	£3,340m	£3,486m
Property funds	£1,569m	£1,783m
Other specialist funds	£1,213m	£983m

Cross-holding by funds and segregated clients' use of in-house funds means that fund type totals exceed total funds under management.

Net new fund flows remain positive, this represents a core Key Performance Indicator ('KPI').

Fund flows by fund type	Year to 31 March 2024 £m	Year to 31 March 2023 £m
Mixed funds	267	78
Short-term cash funds	(108)	159
Property funds	(138)	(13)
Other specialist funds	79	17
Total	100	241

As well as managing investments for large investors, we also look after many small charities, recognising that they would find it difficult, if not impossible, to address their needs elsewhere. The number of clients and accounts for our Charity, Church of England organisations and Local Authority and Public sector clients are presented below.

Size of client	Number of clients	Funds under management	Average client size
£0 to £10,000	9,490	£34m	£3,578
£10,000 to £500,000	20,092	£1,819m	£90,513
£500,000 to £5,000,000	2,250	£3,422m	£1,520,702
Over £5,000,000	559	£9,168m	£16,400,294

Client numbers exclude nil balances, funds under management and client numbers exclude internal CCLA holdings.

Type of client	Number of clients	Number of client accounts
Charities	20,134	35,129
Church of England organisations	11,229	40,345
Local authority and public sector	1,028	1,081
Total	32,391	76,555

Client and account numbers exclude nil balances.

The majority of our clients invest with us through our pooled funds. We also provide segregated portfolio management for a small number of large clients. Further details about our products and services are available on our website www.ccla.co.uk.

Our clients' requirements

Our clients require us to deliver total returns that are consistent with their cash flow, risk tolerance and ethical requirements. For clients with a short-term perspective, preservation of nominal capital is paramount. For those with a long-term timescale, the preservation of real, after inflation capital dominates.

For most of our clients, the delivery of good income flows and distributions are a core part of their requirements, allowing them to fund their day-to-day purposes. For most of our mixed funds, distributions are delivered on a total return basis, whereas for our property and cash funds distributions are delivered on a traditional income basis.

The distribution rate varies between individual funds, but for our largest long-term funds is as follows:

	Fund size at 31 December 2023 £m	Distribution for the year to 31 December 2023 £m	Fund yield 31 December 2023 %	Fund yield 31 December 2022 %
Income and accumulation				
COIF Charities Investment Fund	3,635	94.4	2.75	3.00
The CBF Church of England Investment Fund	2,083	56.4	2.73	2.99
COIF Charities Ethical Investment Fund	2,213	59.3	2.86	3.14
Income				
Local Authorities Property Fund	1,143	57.1	4.94	4.08
COIF Charities Property Fund	551	29.4	5.36	5.03
Diversified Income Fund**	139	4.5	3.25	2.91

**Dividend yield on price relates to unit class 2. The Diversified Income Fund merged into the CCLA Better World Cautious Fund on 16 February 2024.

In respect of the year to 31 December 2023, CCLA long-term and cash funds distributed a total of £500m (year to 31 December 2022: £363m) to our clients to support their work. The maintenance and growth of long-term fund distributions per share for our mixed funds is a core KPI.

Our flagship pooled mixed funds for charities and Church of England organisations have performed strongly against comparators and competitors over a five year timeframe.

The performance of these funds is a core KPI.

Fund performance	Year to 31 December					Cumulative five year performance %
	2023 %	2022 %	2021 %	2020 %	2019 %	
COIF Charities Investment Fund	12.36	(9.00)	17.38	9.78	21.64	60.25
The CBF Church of England Investment Fund	12.57	(9.16)	17.46	10.20	22.41	62.02
COIF Charities Ethical Investment Fund	13.16	(9.71)	16.76	9.76	22.19	59.99
ARC Steady Growth Charity Index***	7.51	(9.61)	12.30	3.54	15.64	30.67

Source: CCLA

***The ARC Steady Growth Charity Index is one of four indices compiled by Asset Risk Consultants (ARC) and incorporates portfolio performance data from over 30 leading charity investment managers.

Performance is total return and is shown after costs and charges. Past performance is not a reliable indicator of future results.

To deliver these returns, we invest in businesses that have been selected in line with our sustainability policies. Except where we wish to gain exposure to specialist areas such as infrastructure and fixed income, we manage our funds by investing directly in underlying securities and property. This reduces costs and allows us to manage investment and ethical risk more accurately. We are committed active managers, taking a global approach to equity investment and are comfortable to be at significant variance with market capitalisation indices where it is in the best interests of clients.

As an asset manager our aim is to meet our clients’ objectives in a way that aligns with their values and furthers their mission. We achieve this through the following principles.

Act

We act as an agent for ‘change’ because investment markets can only ever be as healthy as the environment and communities that support them.

We do this by:

1. using our ownership rights to improve the sustainability of the assets in which we invest;
2. bringing investors together to address systemic risks that have not had the attention that they require; and
3. seeking to be a catalyst for change in the investment industry.

During the reporting year we engaged with companies on a broad range of issues, including the living wage, nutritional standards and climate change. However, our main focus was once again delivering our flagship collaborative engagement programmes on modern slavery and mental health. Taken together collaborative engagement programmes, originated and convened by CCLA, are now supported by more than £17trillion in investment assets.

Assess

We assess environmental, social and governance (‘ESG’) standards because we believe that a combination of legislation, regulation and changing societal preferences will impact negatively on the most unsustainable business models.

We avoid investing in companies that have uncompensated, unwanted, unwarranted and unmitigated ESG risks as evidenced by:

1. poor management and weak corporate governance;
2. having an unacceptable social and environmental impact; and
3. demonstrating an unwillingness to improve through investor engagement.

As a result of this work CCLA’s equity portfolios continue to be managed to better than benchmark corporate governance ratings and have low, relative, carbon footprints.

Align

We invest in a way that is aligned with our clients, as we are the guardians, not the owners, of the assets that we manage. For this reason, we have a responsibility to:

1. ensure that our portfolios are aligned with our clients’ objectives, values and beliefs;
2. report on the outcomes of all our work; and
3. be transparent about everything we do on our clients’ behalf.

During the reporting year we had no breaches of our clients’ values-based investment policies.

Affiliations

CCLA is a signatory to the Financial Reporting Council's Stewardship Code and the Principles for Responsible Investment ('PRI'). In the most recent PRI assessment CCLA received 5 stars (out of 5) for our policy, governance and strategy, direct – listed equity – other and confidence building measures. We received 4 stars for direct – real estate.

We are also members of the Net Zero Asset Managers Alliance and we are committed to reporting annually through our Taskforce on Climate Related Financial Disclosures ('TCFD') report (A Climate for Good Investment). Details of our approach to managing the risks and opportunities associated with climate change are detailed on our website.

Climate-related financial disclosures

CCLA recognises that the investments within the fund have an impact on the health of the climate. Equally, climate change could influence the performance of investments in the fund because healthy markets need a healthy planet and healthy communities.

CCLA produces both an Entity TCFD Report (covering both CCLA IM and CCLA FM) and a TCFD Product Report for each fund it manages, which are consistent with the recommendations issued by the TCFD. The TCFD Product Reports are designed to help our investors to understand how the fund is exposed to climate-related risks.

The Entity Report ("A Climate for Good Investment (TCFD)") is available on the Policies and Reports section of the About Us page on our website (www.ccla.co.uk) and the Product Reports are available on the relevant fund page at www.ccla.co.uk/investments.

Client service and administration

To serve our clients well we need to have a good understanding of their circumstances, aims and challenges. Whilst investment performance dominates their interest, our clients also require efficient administration and an effective and satisfying relationship.

With such a large client base, we provide a differentiated service depending upon the needs of the clients. For those with the simplest requirements, we have an experienced in-house team of client service staff able to answer client questions. We have 27 members of staff available to talk to these clients, and an outsourced provider processing their instructions. Over the last twelve months, we have processed approximately 50,000 client instructions.

Whilst we do our best to avoid errors, from time to time they occur and sometimes lead to complaints. These are closely monitored to identify whether there are any themes which identify areas where controls need to be improved.

Over the last twelve months there were a total of 249 errors in our processing of investors' dealing instructions, which equates to approximately 1 incident for every 201 instructions (0.5%). Of the errors, 59 required compensation totalling £405,000. The number includes instances of errors grouped together comprising a number of underlying clients.

In terms of formal complaints during the period, CCLA received 103 of which 99 were upheld. Additionally, over the same period, CCLA had 16 breaches that required notification to the Financial Conduct Authority ('FCA'). Our error, complaint and breach levels are core KPIs.

Regarding our errors and complaints, 61 of the 249 errors and 11 of the 103 complaints occurred prior to the outsourcing to FNZ. The increased number of errors and complaints are due to one off matters relating to the migration.

For the largest number of our clients, we offer an execution only relationship, where we provide information about our pooled funds. For some clients we can also provide a discretionary investment management service limited to our own funds or selectively we provide a fully segregated portfolio management service.

Our shareholders

CCLA's shareholders are dominated by the funds we manage.

Owner of Voting and Non-Voting Ordinary Shares as at 31 March 2024	Holding as at 31 March 2024 Ordinary Shares £1 each	Interest in Ordinary Shares %
The CBF Church of England Investment Fund	13,000,000	53.69%
COIF Charities Investment Fund	5,416,700	22.37%
The Local Authorities Mutual Investment Trust (LAMIT)	3,250,000	13.42%
Current and former Executive Directors	1,827,999	7.55%
CCLA Employee Share Trust	272,129	1.13%
CCLA Share Incentive Plan	358,532	1.48%
Current CCLA employees	88,340	0.36%
Total	24,213,700	100.00%

Current and former Executive Directors acquired their shares under a Long Term Incentive Plan which is disclosed in detail on page 97, or under the deferred bonus scheme. This scheme is disclosed in more detail on pages 86 to 87.

For the major shareholders, their investment in CCLA is small compared with the size of their funds. For the CBF Church of England Investment Fund, it represents 2.07% and for the COIF Charities Investment Fund 0.49%. The nature of this relationship means what is in the long term interests of the clients is not in conflict with maximising the value of CCLA.

Since our incorporation, the major shareholders have put in place arrangements to ensure that, despite the size of their individual shareholding, no one of them could control CCLA. This was designed to protect minority shareholders, ensure that CCLA is not dominated by the interests or perspective of any one shareholder and to protect CCLA's long-term independence. This independence and self-determination has enabled CCLA to operate in a manner that is in the long-term best interests of all its clients irrespective of their size.

Our ability to deliver the service and long-term returns required by clients requires stability. Our ownership is a major contributor to this, as is the strength of our financial position. We are keen to ensure that our position and activities would not be compromised in difficult circumstances such as an extended bear market. This requires a secure level of profitability and a strong capital buffer.

CCLA has an Internal Own Funds Requirement of 150% of our Own Funds Threshold Requirement ('OFTR'). This target has been set to ensure that under all reasonable circumstances, CCLA would not be required to ask its shareholders for more capital. The level of our Own Funds compared with our Internal Own Funds Requirement is a core KPI, and this position has remained strong over the last year as detailed below:

Position as at 31 March	2024 £'000	2023 £'000
Shareholder funds	55,158	51,666
Own Funds following the audit	52,991	49,169
OFTR	20,436	20,436
Surplus over OFTR	32,555	28,733
Internal Own Funds Requirement	30,654	30,654
Surplus over Internal Own Funds Requirement	22,337	18,515

The OFTR stated above is calculated as part of the Group's Internal Capital Adequacy and Risk Assessment ('ICARA') (as defined in the FCA's rules). Our overall OFTR is £20,436,000 (2023: £20,436,000). During the year, CCLA reviewed the ICARA due to a change to the submission date and concluded that there was no material change to the assessment; this resulted in no change to the OFTR. The next full ICARA is due to take place in September 2024.

Business Environment and Performance

Financial performance

Despite the market conditions, company performance remained strong with a profit before tax of £12.2m. This was only £0.1m behind 2023's profit before tax, reflective of the continued investments being made in the business through new hires and the upgrading of our operational infrastructure. Turnover was marginally ahead of the prior year at £61m reflecting good client retention and steady investment performance.

Strategy

Our strategy remains consistent with the previous year with the following key pillars:

- Ensuring that our investment process, including a focus on sustainability, is effectively delivered and well-articulated.
- Continuing to grow our business, exploring new markets and distribution channels which capitalise on our areas of expertise, in particular our long history of sustainable investment.
- Ongoing improvement of our operational infrastructure and efficiency.
- Ensuring our fund structures are best placed to serve our client base.

Underpinning these is a continued focus on effective Governance ensuring we have the right model to support the business.

Our market share and trends in our markets

Our clients are charities, religious organisations, part of the public sector or retail investors. These comments are based on our analysis of the markets in which we operate.

Managing assets for charities

The most recent Charity Finance Survey, published in November 2023 but based on data as at 30 June 2023, again showed CCLA as the largest manager of charity assets in the UK, and with by far the largest number of clients. The total funds captured by the Survey were £84.7 billion, which was an increase of nearly £2 billion compared to the year before, with most of this increase being the result of increases in the values of UK and overseas equities within existing portfolios (the value of bonds generally declined). Whilst there will be other charity assets not captured by the Survey, it is a useful working measure of the size of market for charity assets in the UK. Based on this total, CCLA has a broadly unchanged market share of just over 12%.

Although there is some element of double counting, the Survey indicates that approximately 42% of charity assets are invested in pooled funds, and 58% are managed within segregated accounts. The long term but very gradual trend for pooled funds to grow at the expense of segregated business appears to remain intact.

The largest single segment of pooled fund assets is managed on a multi-asset basis, and this part of the pooled fund market grew from £14 billion to £15.4 billion. This increase was more than that achieved simply by underlying market values, implying a net movement of client assets into this product type. This is a continuation of a well-established trend, as charity assets in aggregate become more diversified.

At the end of June 2023, CCLA had an estimated 48% market share of pooled multi-asset funds, an increase from the year before, which was partly attributable to a change in the calculation basis of assets in the Charity Finance Survey, but also partly attributable to new business gains by CCLA. Increasing our market share still further from such a dominant position is becoming progressively harder, but we can still grow assets in cash terms. For now, CCLA still has more than twice the market share of the next largest manager and the gap got wider during the year.

There was no clear evidence to suggest that market conditions prompted clients to invest or dis-invest from pooled multi-asset funds in the year to June 2023, and no obvious switch from cash to risk assets. In the year to June 2023, global equities generally increased in value, but returns from bonds and commercial property were generally negative.

For many years, there has been a market wide trend away from single asset class funds (pure equity funds and pure bond funds), towards mixed asset funds. The trend seems to be intact but is becoming harder to discern, because the single assets funds have less and less money invested in them, and so the fund outflows are not large in cash terms.

The strong directional trend towards index-tracking that is so dominant in other parts of the investment management world is not obviously apparent in the charity market. Some charity assets are managed on a passive basis, probably for the larger charities, but we are not seeing the wholesale movement of assets that has come to be associated with institutional pension funds for example. We believe that this is because charities are looking for managed solutions rather than trying to buy market exposure at the lowest possible cost. Charities expect managers to take responsibility for asset allocation, and increasingly they expect managers to actively manage reputational risk so as to prevent investment in companies whose behaviour could be contrary to the purposes of many charity investors.

Managing assets for local authorities

According to government data, UK local authority treasury balances were just over £50 billion as at December 2023, a small increase from £49 billion the year before. Based on this total, CCLA's local authority assets of £2.4 billion gave us a slightly reduced market share of approximately 4.8%.

Historically, local authorities tended to invest the largest proportion of their assets into deposits with banks and building societies. More recently, local authorities have increased their use of money market funds and so this product has steadily increased market share. But over calendar 2023, their use of money market funds declined from £12.7 billion to £11.1 billion, an apparent reduction in market share, to 22%, in what appears to be a reversal of the recent trend.

However, the apparent reversal may be somewhat overstated because it appears that some local authorities may aggregate their money market investments into a wider categorisation of pooled fund assets, and these assets increased substantially during the year.

Apart from pooled money market funds, local authorities also invest in bond, equity and property pooled funds, where they can take a longer-term view for some of their treasury money, and with the objective of building up a long-term source of investment income.

In December 2023, local authorities had £6.9 billion invested in what central government describe as ‘externally managed funds’, a figure which increased from £5.6 billion the year before. Some of these assets were probably money market funds, so we cannot determine the precise extent to which local authorities allocated the £6.9 billion to risk asset funds, and to pooled money market funds. There are likely to be both types of investment, within this sub-total.

During the period there was a small net reduction in assets in our local authority deposit fund from £1.34 billion to £1.12 billion. But it does appear that our Local Authorities’ Property Fund and Diversified Income Fund, which had combined assets of £1.28 billion in December 2023, have captured a significant share of the local authority allocation to pooled risk asset funds.

Sector Involvement

Whilst the contribution we make to the work of our clients is dominated by our ability to deliver consistent investment performance and income distributions, we also provide a significant level of financial and in-kind support to a wide range of organisations. For a full listing for the year, please see page 101. We develop long-term, sustainable relationships with key sector infrastructure bodies, provide core funding and event sponsorship, co-producing awards programmes to recognise achievement, resourcing research and policy related activity, as well as putting our offices and hospitality at their disposal without charge. As well as supporting these organisations, this engagement enables us to keep abreast of sector developments and ensures that we maintain a deep understanding of the issues facing our core markets.

Over the last twelve months, we ran or supported 482 events, of which 281 took place at our offices, involving over 2,700 people and 164 took place at various locations throughout the UK. We also ran or supported 37 online events, involving over 1,600 people. Our online presence has been successful, reaching over 6,000 people. The value of this support for the charity, faith and public sectors CCLA serves is a core KPI, which was in excess of £3.1m in the year to 31 March 2024 (2023: £2.5m).

Section 172 Statement

In accordance with Section 172 of the Companies Act 2006, the Directors of CCLA IM consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company. The Directors of CCLA recognise that the long-term success of a business and the creation of value is dependent not only on its shareholders, but on maintaining positive relationships with all of its stakeholders and considering the external impact of the company’s activities.

CCLA IM considers its key stakeholders to be its clients, shareholders, employees, suppliers, communities and the environment, regulators and the government.

CCLA's philosophy is to deliver returns to its clients in a way that aligns with their values and furthers their mission, and the Board's long term strategic planning and decision making is directly committed to this.

The Board understands that CCLA's employees are fundamental to its success and together with the CCLA IM Remuneration and Nominations Committee regularly engages with CCLA's Chief People Officer on people related matters.

Fostering positive relationships and good communication with suppliers, such as CCLA's internal and external auditors, and other stakeholders such as the regulatory and government bodies is integral to the success of the Company.

CCLA believes it has a duty to go above and beyond the boundaries of traditional investor engagement and collaborates with the industry to address systemic risks that threaten communities, the environment and ultimately investment markets. The Board recognises the important role that CCLA plays in the community, particularly within the Sustainability and ESG space.

CCLA's investment approach focuses on preserving the long-term value of client investments by driving change which looks to increase accountability and transparency within the industry on issues such as climate change, the living wage, mental health and modern slavery. For listed equities we integrate ESG as a mechanism for managing risk.

Pages 28 to 30 of the Directors Report details more examples of CCLA's active engagement with each stakeholder group in communicating key messages of the business model, future strategies with the Company's business chain and environment as well as core values.

Our people

The success of CCLA is dependent on the skills and capabilities of our employees and their ability to work constructively together to achieve the organisation's mission and goals. The competence and behaviour of our employees is what drives the performance of our funds, the relationship with our clients, manages our risks and therefore drives our purpose. With this in mind, CCLA is dedicated to promoting strong employee engagement by providing our employees a clear sense of corporate purpose and direction within a fair and supportive working environment. CCLA aspires to be an employer of choice within our industry and we recruit and retain individuals whose values align to our corporate values and our culture.

In the year to 31 March 2024, our full time equivalent average headcount was 186, which compares with 175 in the previous year. Unintentional employee turnover (excluding, for example, redundancies, end of fixed term contracts and retirements) is a core KPI, and for the year to 31 March 2024 this was 6%, compared with 6% in the previous year.

Our gender mix as at 31 March 2024 was 52% male and 48% female (2023: 53% male and 47% female).

Our gender pay gap statistics as at 31 March were as follows:

	2024 %	2023 %
Mean gender pay gap in hourly pay	23.2	25.9
Median gender pay gap in hourly pay	29.6	32.6
Mean bonus gender pay gap	44.6	53.4
Median bonus gender pay gap	40.3	42.5

In 2024, 96% of males and 95% of females received a bonus (2023: 97% of males and 94% of females received a bonus payment).

The proportion of males and females in each pay quartile:

	2024		2023	
	Male %	Female %	Male %	Female %
First quartile	74.5	25.5	74.5	25.5
Second quartile	50.0	50.0	55.3	44.7
Third quartile	44.4	55.6	47.9	52.1
Fourth quartile	40.4	59.6	35.4	64.6

Gender pay gap reporting has been designed for larger companies than CCLA and some of the disclosures result in volatile figures for a firm of CCLA's size. Mean figures are heavily influenced by small groups of higher earners. Median figures are meant to show a view of the pay of typical or middle earning staff, but are a crude measure, just taking the pay of the 'middle person' in each gender.

Addressing the gender pay gap is a long-term project for all firms and relies most on ensuring more females are retained and over time are able to move into more senior positions. CCLA has a number of initiatives to continue the improvement in gender pay differences. These include:

- Flexible working;
- Family friendly policies e.g. parental leave;
- Equal opportunities for advancement;
- Diversity and inclusion training;
- Eliminate bias in hiring and promotion; and
- A gender-neutral Total Reward Approach.

Succession Planning

CCLA's employees are a key asset to our organisation. CCLA aims to mitigate the impact of employees leaving by having a robust succession plan in place covering business-critical roles. Effective succession planning prepares the business by identifying and growing talent to fill business-critical positions. Having successors ready fortifies the organisation's resilience and minimizes disruptions caused by key people changes, especially in areas that are more difficult to fill through external recruitment.

CCLA aims to minimize the impact of key people leaving by organising processes and activities around the skills of teams rather than individual employees. This ensures that, in the event of an unplanned succession where there is no natural successor, the team is well placed to provide effective cover during the recruitment of an external replacement.

Training and Development

	2024	2023
	£	£
Training and development spend	136,578	203,988

CCLA is dedicated to nurturing its talent pool, and continues to support its employees' training and development needs. Our primary focus is to equip employees with the necessary skills and tools to effectively carry out their roles and to support career advancement within our organisation. We promote people and leaders who champion our culture, live our values and drive high performance. Our workforce is highly talented, diverse, motivated and empowered, thriving in a collaborative inclusive and supportive working environment.

Share Incentive Plan

CCLA wishes to ensure that all employees share a common interest with the organisation. A Share Incentive Plan ('SIP') has been established by the Company, effective April 2020. The SIP is a UK tax-approved all-employee share plan, that is open to all employees (subject to a minimum period of employment) and provides an opportunity for employees to become shareholders in CCLA. The shares are held in the CCLA SIP Trust, which is administered by Link Market Services Trustees Limited.

Employee Share Trust

The purpose of the CCLA Employee Share Trust ('the Trust') is to buy, sell and allot shares in the Company in order to provide liquidity for shares in connection with shareholdings arising from the CCLA Long Term Incentive Plan, deferred bonus plans and SIP. No benefits are provided to employees or ex-employees by the Trust apart from the provision of liquidity in the Company's shares.

The Trust is established in Jersey. The trustee is JTC Employer Solutions Trustee Limited in Jersey.

Modern Slavery Act

We are committed to respecting human rights in all our operations. We believe that our highest exposure to modern slavery¹ is likely to be through the companies and assets held in client portfolios. For this reason, our focus over the reporting year has been upon using our position as an investor to be a catalyst for change.

We recognise the important role that investors can play in the global fight to end modern slavery. CCLA have created the ‘Find It, Fix It, Prevent It’ investor initiative that aims to bring investors together to help improve the efficacy of corporate actions to find and fight modern slavery in their supply chains. To date this programme has:

- received the support of investors with assets under management in excess of seven trillion pounds;
- has led meaningful engagements with companies that have led to new and improved practices; and
- led engagement with the UK Government on how to better mobilise the investor community on this important issue.

CCLA’s Chief Executive is responsible for the implementation of this policy and our wider adherence with the UN Guiding Principles on Business and Human Rights and the ILO Core Labour Standards. He is assisted in this by the company’s Modern Slavery Working Group, which includes members from each of our major business areas.

¹For the purposes of this statement modern slavery is defined as modern slavery, servitude, forced or compulsory labour and human trafficking.

Mental Health Benchmark

Inspired by the findings of the government-commissioned Thriving at Work review, CCLA began engaging with companies on mental health in 2019. At the time, we were told repeatedly that we were the only investors asking questions about workplace mental health. As a universally relevant topic, this came as a surprise.

In 2020, we began to build a tool for investors to assess and rank listed companies on their approach to mental health: the CCLA Corporate Mental Health Benchmark. Following two years of data gathering and collaboration with experts in the field, we created a set of 27 assessment criteria and used them to assess 195 of the world’s largest listed companies on their mental health disclosures.

The results of the first round of assessments were published in 2022, with the launch of two benchmarks: a ‘UK 100’ and a ‘Global 100’. In March 2023, we assessed the UK 100 companies for a second time. In 2023, we assessed 207 companies across two benchmarks. Of those, 119 engaged directly with CCLA’s stewardship team during the year, and 42 improved sufficiently to move up one or more performance tier. Those 42 companies employ seven million people worldwide.

Meanwhile, to support the project, we continued to grow the global investor coalition on workplace mental health. The coalition now spans eight countries, across four continents, and represents 54 investors with a combined \$9.4 trillion in assets under management. It is with the help of this coalition that we are beginning to make real headway; and proof that we are delivering on our ambition to be a catalyst for change in our industry. We will assess companies for a third time in 2024. For more information, please visit <https://www.ccla.co.uk/mental-health>.

Our environmental impact

CCLA considers its environmental impact as an organisation and the impact of the investments that we make for clients.

CCLA has ISO 14001:2015 certification which provides us with a framework to protect the environment and respond to changing environmental conditions in balance with socio-economic needs. As part of our certification, we have objectives in place to evidence continuous improvement to our environmental management system. These objectives include initiatives to help employees reduce paper usage and energy consumption and regular environmental training for all employees. Maintaining ISO 14001:2015 certification is a core KPI.

As reported in our Streamlined Energy and Carbon Reporting on pages 33 to 35, our energy consumption has increased by 22% compared with the previous year, mainly due to higher electricity use and transport fuel. Energy consumption for electricity increased by 47% as the data for this year included an additional meter that belongs to CCLA which the landlord had omitted from our billing. In December 2022, the meter was discovered and then commissioned and was included in our billing from that point on. Energy consumption for transport fuel increased by 25% mainly due to a change in the basis of the data, as this year we had more accurate CO₂ data available for business journeys and mileage. This year we have included energy consumption relating to the use of natural gas for heating requirements in our office building; we have also amended the figures for last year. A much better comparison of energy consumption will be available in the next reporting year. CCLA will continue to work with environmental consultants to increase the scope of CCLA's carbon footprint and improve data quality. This will enable CCLA to have an accurate baseline from which to reduce carbon emissions going forward.

We recognise that climate change will have a significant impact upon financial markets and the valuation of assets. For this reason, CCLA is a signatory to the Net Zero Asset Managers Initiative. To deliver this we have set a decreasing maximum carbon footprint for our listed equity portfolios that is based upon the MSCI World Index. Further information about our climate change minimum standards and engagement work are available on our website at <https://www.ccla.co.uk/sustainability/driving-change/climate-action>.

Principal Risks and Uncertainties

Through its governance framework which includes the Board of Directors supported by the Board Audit and Risk Committee, Executive Risk Committee, and Investment Committee, CCLA managed and, where possible, mitigated its risks by reviewing the reports and management information provided at these committee and board meetings and ensuring appropriate actions had been taken to address significant issues or findings. Apart from the internal Risk and Compliance team, which provides advice to and monitoring of the business and reporting to the committees, internal audit reviews were conducted in the period by an independent party, Ernst & Young LLP.

Drawing on output from the Enterprise Risk Management Framework ('ERMF') and based on the Q1 2024 assessment of the firm's corporate Risk Profile Review ('RPR'), CCLA has identified seven Principal Risks which would have the most critical impact to the operation of the business, with a particular focus on client, financial, regulatory, operating and reputational impacts.

The RPR is a quarterly exercise that assesses all 23 level two risks from the risk taxonomy and covers four themes: (a) Strategic, (b) Regulatory, Political and Legislative, (c) Operational and (d) Investment Risk. The RPR leverages both top down and bottom-up assessments to identify risk types that carry elevated residual risks in order to ensure they are tracked and managed accordingly. Risk categories that aren't elevated continue to be monitored and are promoted to Principal Risk status if the assessment changes. Conversely, current Principal Risks may be relegated should management actions or business/market conditions result in a significant reduction to their residual risk rating.

CCLA Principal Risks

Fund Conversion Execution Risk

Whilst the risk of not reaching consensus with the respective Boards of Trustees to convert both COIF and CBF funds from unregulated fund structures to FCA authorised Charity Authorised Investment Fund ("CAIF") status has receded, there is still the risk of not being able to execute the conversion in accordance with our internal planned timelines either due to regulatory complications or operational delays. The conversion of the COIF Funds is still seen as a greater priority than that of the CBF funds due to the wide number of different stakeholders involved. The conversion process for the COIF fund range is planned to take place in April 2025 while that of the CBF fund range is scheduled for 2026.

Regulatory Risk

CCLA is regulated by the FCA and accepts that it is exposed to changes in regulation that may impact the Company's ability to meet investor objectives and has no appetite for not complying with its regulatory obligations (both current and future regulations) and reporting requirements. Senior management rightly wants to keep regulatory risk in focus, ensuring that relevant obligations are continually assessed as the regulatory landscape and CCLA's business model evolves.

CCLA manages Regulatory Risk via a well-resourced Risk & Compliance department that monitors CCLA's adherence to current regulatory obligations and supports the Company in being well prepared for future requirements.

Government Policy Risk

CCLA acknowledges that it is exposed to political risks (including changes at local and centralised government level) that may impact the ability of the firm to retain or attract assets, especially in relation to local authority investments into long term funds. CCLA seeks to manage this risk through rigorous assessment of Government policy reviews and engagement with Industry bodies such as the Local Government Association.

Client and Fiduciary Risk

The risk of inadequate client management and consumer duty, including product unsuitability, sales misrepresentation, onboarding, adherence to client instructions and client reporting failures. Helping our clients achieve their investment objectives is CCLA's main priority and we take our fiduciary and consumer duty obligations very seriously. The ERMF has seen further enhancements made in 2024 to ensure client impact is considered by all CCLA functions and stages of the client relationship lifecycle.

People Risk

The risk that CCLA incurs failures or suffers negative impact due to ineffective people management. This includes employee competency, capacity and training, operational or administrative errors and breaches of CCLA's internal policies, procedures, culture and values. To help mitigate this risk, Human Resources actively engages with business teams to ensure they remain suitably resourced with talent. This includes both the hiring of new employees and the retention and development of existing employees. CCLA has also developed a mandatory training programme to ensure employees are sufficiently trained and aware of relevant policies and procedures. Bespoke role specific training, including professional development courses are also supported where appropriate.

The Company accepts that operational risks are inherent in many processes and will occur from time to time. CCLA seeks to mitigate these risks via the employment of its risk function which provides guidance, advice, oversight, and challenge to the business through a robust risk framework. This includes an annual assessment of all key controls and more frequent ad-hoc reviews that focus specifically on ineffective and manual controls.

Technology and Cyber Risk

Like all asset managers, CCLA is reliant upon several internal IT systems to manage its processes effectively each day, both on behalf of the business itself and for its clients. CCLA is therefore highly dependent on its computer infrastructure and if this were to be restricted or removed, BAU operations and critical systems would become unavailable or non-operational.

CCLA also recognises that it is inherently exposed to cyber risks given the Company utilises email, makes use of internet services and has digital lines of communication in place with several third-party service providers.

In terms of preventative and compensating controls relating to Business Continuity risks, CCLA hosts its business-critical IT servers and telephone switchboard offsite (via the Cloud) whilst all key IT systems and data can be accessed remotely by VPN connection or in the case of emails and Teams through the Office 365 platform. To manage cyber risks, several industry standard technical controls have been implemented to reduce the risks and impact of malware incidents. All IT equipment and servers run strong antivirus software and email/web control filters are in place and systems are patched regularly.

Outsourcing and Supplier Management Risk

Also known as third party risk, Outsourcing and Supplier Management Risk is the risk of incidents and negative impact to CCLA due to inadequate onboarding and due diligence of outsourcing arrangements or because of a failure by a service provider.

CCLA conducts initial and ongoing due diligence on suppliers, for outsourced service providers and on suppliers for whom services are not outsourced. Critical outsourcing arrangements require additional due diligence as any defect or failure in its performance would materially impair the continuing compliance and obligations of the firm's authorisation, its other regulatory obligations or the soundness or continuity of its relevant services and activities. CCLA sets strict selection criteria before electing to outsource an activity and when it does, continues to conduct annual reviews and site visits to ensure high standards are maintained.

Our infrastructure

During the year we outsourced our transfer agency to FNZ. This outsourcing was a significant and important project for CCLA modernising how we operate our business and facilitating improvements in client interaction. It also enhanced our resilience and cyber security protections and, looking forward, will facilitate the delivery of online dealing to our client base. As discussed in the Chief Executive's Review there have been initial challenges with the outsourcing, which we are working to resolve.

We will shortly be migrating the operational delivery of our segregated business to SEI. The migration will improve the onboarding experience of our new clients and provide a comprehensive portal for our clients to access an up-to-date view of their portfolio.

We have recently signed a contract with Finbourne to deliver a new data warehouse for CCLA. This will support the scalability of our business and provide the opportunity for improved client reporting capabilities.

Our tax strategy

CCLA is not required by legislation to publish a tax strategy and, as a business exclusively operating in the UK, it does not face the tax issues of multinational groups. The Group's approach to tax issues is as follows:

1. CCLA aims to follow both the spirit and letter of the law regarding tax matters. The Group does not engage in tax evasion or contrived tax avoidance and seeks to pay the correct amount of all types of tax (including corporation tax, VAT, business rates and employment taxes). The Group's Jersey based Employee Share Trust has only been set up to provide liquidity in CCLA shares and is not used for tax avoidance purposes.
2. Governance of the firm's tax affairs sits with the Chief Financial Officer, reporting to the Chief Operating Officer. The Board and Audit and Risk Committee consider tax matters as part of their overall review of the Group's financial affairs. Advice is sought from professional advisers as appropriate.
3. Risks associated with tax relate to compliance and reporting, which may include risks of mispayments, interest charges or penalties. The Group seeks to minimise such risks by internal processes for checking tax returns and by seeking professional advice whenever needed.
4. The Group seeks to maintain an open and transparent relationship with HMRC.

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

Peter Hugh Smit
Chief Executive
17 July 2024



Engaging with our Stakeholders

The Board of Directors understand the importance of engaging with CCLA's various stakeholders and actively focuses on developing a strategy which can achieve long term success and generate returns for all stakeholder relations. CCLA engages with its stakeholders in many ways and this section outlines the key stakeholder groups, and the methods with which CCLA has fostered positive business relationships.

Clients

CCLA's purpose is to help its clients maximise their impact on society by harnessing the power of investment markets. The Company is focused on treating its customers fairly through understandable and accessible products that are right for them, irrespective of their size. CCLA engages with its clients through:

- Providing regular updates on Fund Performance – we have an extensive programme of on-line and in-person events, as well as an enhanced website presence, and client meetings are offered in-person, on-line and hybrid according to client preference.
- Sponsoring and speaking at Sector Events.
- Hosting Trustee Training Events.
- Recognising the importance to clients on the safety of their data and money, and continually investing and utilising advanced technology to protect them, including systems that prevent fraud. CCLA staff receive periodic training and support on important issues such as anti-bribery and cybercrime to help safeguard client information.

Shareholders

Furthered by its unique shareholder structure, CCLA is required to provide fair, balanced and understandable information to instill trust and confidence in its shareholders and allow informed investment decisions to be made. CCLA engages with its shareholders through:

- Active engagement between members of the Board and the shareholders throughout the year, including the Chair and Executive Directors to discuss strategic progress, financial and operational performance. Feedback from meetings is then passed directly to senior management within the business.
- Monthly meetings with the Chair and Chief Executive to determine and execute the decisions of the Board. Feedback from meetings is then passed directly to senior management within the business.
- The Chair and Chief Executive host regular meetings with the major shareholder representatives covering key topics impacting CCLA and its clients.

Employees

CCLA considers its employees the cornerstone of delivering on the Company's vision and aims to provide a supportive and stable environment for employees so they feel included, empowered and motivated to deliver a trusted service to its clients. The Board recognises the importance of driving its strategic objectives through the Company's culture and receives regular reports that allow it to assess this. CCLA engages with its employees through various means:

- Weekly employee briefings – These sessions are used by teams and the leadership team to provide updates on company activities, initiatives and share successes providing insights and transparency to maximise employee engagement.
- Annual Townhall meeting – Once a year, the CEO provides all employees an update on the results of the business over the past financial year and an update on the strategic direction and objectives of the business.
- Lunch'n'Learn sessions – These sessions can be facilitated by internal employees or external speakers and provide an opportunity for employees to receive insights and/or training on specific topics in an informal setting.
- Wellbeing sessions – Regularly scheduled sessions with employees specifically focused on health, mental wellbeing and work-life balance underscoring our commitment to employee wellbeing.
- Annual employee satisfaction survey ('ESS') – The ESS serves as a crucial tool for employees to share their feedback with and voice any concerns to senior management. The Executive Management team uses the feedback to continually improve the work environment for all employees. The 2024 ESS had a response rate of 80.6% (down from 81.6% last year). The average employee satisfaction score of 5.2 (based on a sliding scale out of 7), reflects CCLA's strength as an employer.
- Professional development – CCLA offers employees extensive opportunities for personal development, including advancement in their careers through internal mobility.

Communities and environment

CCLA has representation across the Charity, Church of England and Local Authority Sectors and therefore considers its impact as an organisation on those particular communities and the environments within which they operate. CCLA engages with the wider communities and environment through:

- Incorporating the work and contributions of the Sustainability team within the quarterly Board agenda as part of CCLA's commitment to be a trusted and responsible business.
- CCLA has provided financial or in-kind support to a number of organisations throughout the year. A full list of organisations can be found on page 101.
- Read more on our environmental impact on page 24.

Regulators and government

CCLA has a good relationship with its regulators and other government authorities and liaises regularly where required. CCLA engages with its regulators through:

- The timely submission of filings to Companies House, the Financial Conduct Authority, the Charities Commission and HMRC.
- A robust governance framework made up of four major components: Board oversight, Committee responsibilities, management accountability and authority and policies and procedures.
- Responding as relevant to regulatory Consultation Papers through the appropriate industry bodies such as the Investment Association.
- Providing input to government to promote better regulation to transition to a decarbonised economy, such as the response to the Call for Evidence on Scope 3 emissions in the UK Reporting Landscape.
- Contribution to the UK Transition Plan Task Force (“TPT”) sector guidance through participation in the TPT Delivery group.
- Engagement with the UK Government on developing appropriate modern slavery protection.
- Engaging as an active member of the Investor Coalition on Food Policy, convened and resourced by The Food Foundation.

Suppliers

Given the size of CCLA, the Company is reliant on external suppliers for several key services. Dealing with suppliers in the right way is important for the future success of the Company. CCLA engages with its suppliers through:

- A conscious engagement of suppliers of varying sizes, mostly in professional services sector such as Data Suppliers, IT, Cyber, Operations, Management Consultancy, Legal, HR, Marketing and Communication.
- Conducting regular supplier due diligence before agreeing a transaction or a contract and throughout the lifecycle of any supplier relationship.
- All material contracts are subject to rigorous cost management governance and updates on key supplier risks are provided to the Board for their information.
- Continued enhancements to address the risk of Modern Slavery in CCLA’s supply chain whilst also taking a firm lead on tackling Modern Slavery within Investment Management. Further details can be found on pages 22 to 23.

Other Disclosures

Long Term Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a three-year period to March 2027. This takes into account the Company's current financial position, strategic aims, risk appetite and principal risks. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over this three-year period.

Dividends

Distributions of £5,047,897 were declared on 9 October 2023 and paid on 13 November 2023 on 24,213,700 Ordinary Shares in this financial year (2023: £4,532,818 on 24,213,700 Ordinary Shares). The Company's policy is to pay a dividend which results in sufficient capital being retained in the Group and is sustainable in future years, based upon our budget and taking account of potential stressed circumstances.

Share capital

During the year there were no changes in the Company's issued share capital.

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 PIB Insurance Limited. 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.

The Directors are not aware of any issues giving rise to a claim at the date of signing these financial statements.

FCA Remuneration Code Disclosures

CCLA's FCA Remuneration Code disclosures are available on our website www.ccla.co.uk.

Directors

Biographical details of the Directors are shown on pages 39 to 42. The Directors of the Company who served throughout the year and up to the date of signing were:

- * Richard Horlick – Chair
- * Julia Hobart ^(a)
- * Jonathan Jesty ^(a) (Chair of the Audit and Risk Committee)
- * Christine Johnson ^(a)
- * Ann Roughead ^(a) (Chair of the Remuneration and Nominations Committee)
- * Chris West ^(a)

Directors (continued)

Peter Hugh Smith – Chief Executive
Elizabeth Sheldon – Chief Operating Officer
Andrew Robinson – Director, Market Development

* Non-Executive Directors.

^(a) Member of the Audit and Risk Committee and the Remuneration and Nominations Committee.

During 2011, the Company implemented a Long Term Incentive Plan. Under this Plan, Executive Directors are given permission to purchase a specified number of CCLA Ordinary Shares with the support of loans granted by CCLA. Under the Plan, shares are bought and sold at the same independent valuation used by the other major shareholders. There are significant restrictions on the sale of shares by the Executive Directors which in practice means that their shares remain under the long-term control of the major shareholders.

On 18 April 2023 3,702 Ordinary Shares belonging to one Executive Director were purchased by the CCLA Employee Share Trust.

On 2 June 2023, 104,596 Ordinary Shares were granted to one Executive Director, pursuant to the Company's Annual Equity Settled Bonus Deferral Scheme.

On 6 June 2023 49,177 Ordinary Shares belonging to one Executive Director were purchased by the CCLA Employee Share Trust.

On 13 June 2023 112,362 Ordinary Shares were granted to two Executive Directors, pursuant to the Company's Annual Equity Settled Bonus Deferral Scheme.

On 15 June 2023 53,351 Ordinary Shares belonging to two Executive Directors were purchased by the CCLA Employee Share Trust.

On 16 August 2023 78,688 Ordinary Shares belonging to two Executive Directors were purchased by the CCLA Employee Share Trust.

On 5 March 2024 94,800 Ordinary Shares belonging to a former Executive Director were purchased by the CCLA Employee Share Trust.

Executive Directors are permitted to retain their CCLA Ordinary Shares for up to five years after their retirement, if the Good Leaver provisions in CCLA's Articles of Association apply.

Directors (continued)

The CCLA Employee Share Trust was set up on 30 May 2018.

The revised holdings of current and former Executive Directors were as follows:

	Holding as at 31 March 2024 Ordinary Shares £1 each	Holding as at 31 March 2023 Ordinary Shares £1 each
Peter Hugh Smith	677,983	677,983
Andrew Robinson	714,116	678,374
Elizabeth Sheldon	435,900	439,602
Adrian McMillan	–	94,800
Total	1,827,999	1,890,759

The revised ownership structure of CCLA at 31 March 2024 is disclosed within the strategic report on page 15.

The Executive Directors also participate in shareholdings in CCLA through the Share Incentive Plan, on the same basis as other eligible employees.

Employees

Details of the Company's employment policies can be found on pages 52 to 55 in the Corporate Governance Report.

Streamlined Energy and Carbon Reporting

CCLA reports below scope 1, scope 2 and certain scope 3 greenhouse gas ('GHG') emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting ('SECR'). This includes emissions for the year to 31 March 2024.

Responsibilities of CCLA

CCLA were responsible for the internal management controls governing the data collection process and any estimation or extrapolations. We engage an external consultant for the data aggregation, GHG calculations and the resultant emissions statements.

Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. This standard is internationally accepted as best practice.

Scope and Subject Matter

The report includes sources of environmental impacts under the operational control of CCLA. This includes CCLA’s London Office located at One Angel Lane, EC4R 3AB.

Energy and GHG sources included in the process:

GHG Protocol Category	Data Source
Scope 1: Fuel used in company vehicles, natural gas, diesel for electricity generation, other fuels, fugitive gases	Purchased gas usage for heating.
Scope 2: Purchased electricity (location-based and market-based method)	Location-based electricity emissions use the average grid fuel mix in the region/ country where the electricity was purchased and consumed. Market-based electricity emissions use fuel mix that is specific to the purchased electricity’s supplier and tariff. For CCLA, 100% renewable tariff was procured for the office.
Scope 3: Fuel used for business travel in employee or hired vehicles and indirect upstream emissions from purchased fuel and energy	Mileage from expensed fuel in employee owned vehicles.

- Types of GHGs included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs, SF₆ and NF₃.

The figures were calculated using UK government 2022 conversion factors, expressed as tonnes of carbon dioxide equivalent (‘tCO₂e’).

Energy Efficiency Action

CCLA’s energy-efficiency and carbon – saving measures are as follows:

- Implementing energy saving initiatives such as encouraging employees to be more energy efficient whilst working from home.
- Continuing to work with environmental consultants to increase the scope of CCLA’s carbon footprint and improve data quality, so that CCLA have an accurate baseline from which to reduce carbon emissions going forward.
- Continuing to raise the profile with employees on initiatives, for example the CCLA carbon footprint covering the year ending 31 March 2023 was distributed to all employees and e-learning slides were updated and rolled out to employees in 2023.

CCLA's GHG statements (in tCO₂e), is presented in the following table; these figures are discussed further in the Strategic Report on page 24.

	2024	2023
Energy consumption used: (kWh)		
– Electricity	100,539	68,472
– Gas	72,461	73,766
– Transport fuel	35,702	28,535
– Other energy sources	–	–
Total energy consumption used (kWh)	208,702	170,773
Emissions (tCO₂e)		
Scope 1		
Emissions from combustion of gas tCO ₂ e	13.3	13.5
Emissions from combustion of fuel for transport purposes tCO ₂ e	–	–
Scope 2		
Emissions from purchased electricity – location based, tCO ₂ e	36.8	13.2
Emissions from purchased electricity – market based, tCO ₂ e	–	–
Scope 3		
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel tCO ₂ e (included in both location based and market based totals below)	10.8	7.0
Emissions from upstream transport and distribution losses and excavation and transport of fuels – location based tCO ₂ e	9.0	6.7
Emissions from upstream transport and distribution losses and excavation and transport of fuels – market based tCO ₂ e	4.0	3.4
Total location based tCO ₂ e	69.9	40.4
Total market based tCO ₂ e	28.1	23.9
Intensity Ratio: tCO₂e/£ million turnover		
Turnover	£60.94m	£59.04m
Intensity ratio: tCO ₂ e from Scope 1, 2 and 3 (fuel for business travel only)/£ million turnover		
Location Based	1.1	0.7
Market Based	0.5	0.4
Methodology: Greenhouse Gas Protocol Accounting and Reporting Standard		

The figures for the prior year have been restated to take into account energy consumption relating to gas usage in our office building.

Charitable Donations

During the year the Company made charitable donations of £4,921 (2023: £6,522) which were paid either: as part of CCLA's policy to match the amount a staff member raises for a sponsored event up to £250 per staff member per year; or whereby the Company will match Give As You Earn giving up to £250 a year; or as voluntary Church Rates. This does not include other forms of support to organisations listed on page 101, as highlighted on page 19.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and 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 Group and Company 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the Company are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risk management (audited)

Financial risks that the Group is exposed to are as follows:

- Credit risk – the Group’s holdings of sterling cash deposits expose it to the risk that the counterparty will not repay the deposit. To minimise this, the Group invests in the Public Sector Deposit Fund, a triple-A rated money market fund managed by CCLA, and can place deposits with counterparties that have a minimum short-term Fitch credit rating of at least F1. Debtors are generally due from funds managed by the Group and the risk of default is deemed minimal.
- Liquidity risk – financial instruments held by the Group consist of money market fund holdings and short-term sterling cash deposits, designed to ensure the Group has sufficient available funds for operations, which enable it to meet its objectives.
- Interest rate risk – the Group 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 Group’s income that comes from interest income is small.
- Foreign exchange risk – CCLA revenues are almost totally in GBP, however some service providers’ cost may be in different currencies. Cash reserves are kept in GBP. Foreign currency exposure would be thus limited to some of the Group’s non-GBP costs and it would be limited to major currencies such as USD and expected to be marginal.

The principal risks and uncertainties for the Group are highlighted in the Strategic Report (unaudited).

Policy and practice on payment of creditors

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

Provision of information to the Auditors

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

Independent Auditors

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

MIFIDPRU 8 disclosures

MIFIDPRU 8 disclosures are available on CCLA's website www.ccla.co.uk.

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



Jackie Fox
Company Secretary
17 July 2024

Board Profiles

Non-Executive Directors

Richard Horlick – Chair

Richard has 40 years investment management experience in both the UK and the US. After spending three years in Corporate Finance at Samuel Montagu & Co, Richard joined Newton Investment Management Ltd in 1984 as Director of Pension Portfolios. In 1994, Richard became President of Institutional Business at Fidelity International Ltd (UK) until 2001, where he was made Chief Executive and President of Fidelity Management Trust Co, the Trust Bank of the Fidelity Mutual Funds in the US and of US institutional business. He then became a main Board Director of Schroders plc following his appointment as Chief Executive of Schroder Investment Management Ltd from 2002 to 2005. Richard has held numerous Non-Executive roles. Richard was appointed a Non-Executive Director and Chair of CCLA in January 2017.

Julia Hobart

Julia is Partner Emeritus at Oliver Wyman, after 18 years as a full-time partner with the firm and over 30 years working in the investment management industry. Julia started her career at SG Warburg and became a portfolio manager for its asset management subsidiary, Mercury Asset Management (now BlackRock). She moved to Mercer to head their Investment Consulting business in Continental Europe and went on to head Mercer's Manager Advisory practice globally before transitioning the business to Oliver Wyman. Julia is a member of Advisory Committee for The Diversity Project as well as the Advisory Board for Remuneration Associates, a consulting firm. She has a degree in Mathematics and Computer Science from Cambridge University. Julia was appointed Trustee Director to the COIF Charity Funds in August 2015. She joined the Board of CCLA as a Non-Executive Director in October 2021.

Non-Executive Directors (continued)

Jonathan Jesty

Jonathan has over 35 years' corporate, professional services and regulatory experience in the financial services industry. Jonathan has worked in asset management throughout his career, most recently at Schroders as Global Head of Compliance until he retired from his executive career in 2018. He was for many years an audit and advisory partner at KPMG. Jonathan graduated with an MA from Cambridge University, qualified as a chartered accountant with KPMG and holds an MBA from London Business School. He is a Non-Executive Director of McInroy and Wood Portfolios Limited. Jonathan joined the Board of CCLA in April 2020 as an Independent Non-Executive Director and is Chair of the Audit and Risk Committee.

Christine Johnson

Christine was the Senior Fund Manager and Head of Fixed Income at Old Mutual Global Investors until 2017. Previous fund manager appointments include HSBC and Investec. She was appointed to the Board of Invesco Enhanced Income Limited in 2019 (now Invesco Bond Income Plus Limited), the Board of Golden Charter Trust in 2020 and the Boards of First Sentier Investors FSI EH, FSI UKS, FSI UKI, and FSI IIM in 2021. Christine was appointed as a Trustee Director to the CBF Funds Trustee Board in November 2017. Christine joined the Board of CCLA as a Non-Executive Director in June 2018.

Ann Roughead

Ann is a Non-Executive Director and Chair of the Customer Focus committee at Columbia Threadneedle Investment. She is also Chair of Handelsbanken ACD. Ann is the Consumer Duty champion for CCLA, Columbia Threadneedle Investments and Handelsbanken ACD. Ann is also on the board of the Rock Trust, a youth Homeless Charity. She has over 30 years of experience in the investment and finance sector. Previous Board positions include BNY Mellon Investments, Lighthouse Group PLC, Funds Rock Partners and the Rugby Players Association. She has chaired, Audit, Risk and Remco committees. In her executive career she was CEO of LV= Asset Management and CEO of Ellis Clowes & Company, a London-based Lloyds Insurance Broker. At Citi she was, Chief Operating Officer of the Private Bank (Europe), Head of Smith Barney (Europe), Head of Investment for Citi's Retail Bank and Head of UK Wealth Management and Banking. She was Head of European Product Development and Strategy for JP Morgan Asset Management. She is qualified as a solicitor and is a member of the Ethics Committee of the Chartered Institute of Securities and Investments (CISI). Ann joined the Board of CCLA in April 2020 as an Independent Non-Executive Director.

Non-Executive Directors (continued)**Chris West**

Chris spent most of his career working in local authorities in a range of roles but specialising in Finance. He is a Fellow of CIPFA and has been Secretary and President of the Society of Municipal Treasurers. Prior to taking early retirement in 2017, he spent ten years as Director of Finance/Resources at Coventry City Council. Since leaving Coventry he has established a consultancy company specialising in local government finance working for clients including CIPFA, DfE, the LGA and individual Councils. He has also had a portfolio of Non-Executive Director Roles, including Midland Heart Housing Association and the Heart of England Community Foundation, where he is currently Chair. In March 2021 Chris was appointed to the Board of LAMIT and is now their nominee on the Board of CCLA.

Executive Directors**Peter Hugh Smith – Chief Executive**

Peter was appointed Chief Executive of CCLA in July 2019 and is responsible to the CCLA Board for the overall performance of the business and quality of our service for clients. He has over 30 years' experience in the investment management industry most recently as Managing Director of the fund services business Link Fund Solutions. His experience has ranged from wholesale relationship management at Russell Investments to establishing an asset management business for Hong Kong conglomerate Seapower. He started his career as a Fund Manager at Capel-Cure Myres in 1991. He is also a Trustee of Mary Ward Loreto (UK), a charity tackling the problem of human trafficking in and from Albania.

Elizabeth Sheldon – Chief Operating Officer

Elizabeth is responsible for all financial and operational matters at CCLA on behalf of clients. She was appointed Chief Operating Officer of CCLA in November 2018. Prior to this Elizabeth was Head of Change at CCLA responsible for leading the change programme, including implementing an effective governance structure. After qualifying as a Chartered Accountant with an audit practice specialising in the 'not for profit' sector, Elizabeth joined the financial services audit team at Ernst and Young. From there she moved on to Man Group working in a number of areas including operations and a large outsourcing project. Elizabeth is a Fellow of the Institute of Chartered Accountants and has a BSc in Geography from University College London. Elizabeth is also the Chair of The Donkey Sanctuary's Finance and Investment Committee. She was appointed as an Executive Director of CCLA in December 2018.

Executive Directors (continued)

Andrew Robinson MBE – Director Market Development

Prior to joining the Company, Andrew was Head of Community Development Banking for RBS and NatWest, responsible for the not-for-profit and social enterprise sectors. Before joining NatWest, he was the founding Executive Director of the UK's first community development finance institution to provide loan finance to voluntary and community sector organisations working in the most disadvantaged communities in England. Prior to these roles he worked for the Royal Bank of Canada, the St Paul's Hospital Foundation and the Canadian Arthritis Society. Currently Andrew is an Advisor to Switchback. Previously he was: Trustee of RBS Social & Community Capital; the Chair of the Community Development Foundation; Vice Chair of the Lankelly Chase Foundation; a Trustee of the Local Trust; and a Trustee of Locality, having been a trustee of both the Development Trusts Association and British Association of Settlements & Social Action Centres. Andrew is also a Fellow of the Royal Society for the Arts and was awarded an MBE for services to social and community enterprise in 2003. He was appointed as an Executive Director of CCLA in 2006.

Corporate Governance Report

The Company is not required to comply with the UK Corporate Governance Code ('the Code') published by the Financial Reporting Council, but, in view of its support for good corporate governance, has decided to include those aspects of the Code which it believes to be relevant and proportionate. This report describes the policies and arrangements in place by the Company for the year ended 31 March 2024.

Leadership

Our Board of Directors

At 31 March 2024, the Board comprised three Executive and six Non-Executive Directors including the Chair. The Board is responsible for the direction of the Company's and the Group's business, its strategy and overall financial management and acts in accordance with the Schedule of Matters Reserved for the Board as adopted by the Board.

Independence of Directors

An Independent Non-Executive Director provides a valuable and impartial perspective on corporate decision-making. To comply with the recommended number of Independent Non-Executive Directors, CCLA has three Independent Non-Executive Directors.

Board Membership is determined by the constitutional framework of the Company and under the Company's Articles of Association each holder of 10 per cent or more of the Ordinary Shares or Non-Voting Ordinary Shares (other than an employee Shareholder) is entitled to appoint one person to be a Non-Executive Director of the Company.

The Board is considered to have the appropriate balance of skills, experience, independence and knowledge of the Company to discharge their fiduciary duties and responsibilities effectively.

Frequency of Meetings

During the year, the Board held four scheduled Board meetings. Post Covid-19, the Board adapted to holding hybrid meetings.

Election and Succession of Directors

The Remuneration and Nominations Committee allocates significant time to discuss succession planning and appointments for both the Board of Directors and Executive Management, focusing on the strategic and commercial matters, priorities and factors affecting the long-term success and viability of the Company. The Committee met formally three times in the year ended 31 March 2024.

CCLA has a clear policy on the recruitment and remuneration of Executive Directors taking into consideration several elements:

- **Service Contract:** All Executive Directors have contracts of employment which may be terminated by CCLA or the individual by giving notice between six and twelve months (dependent on role).
- **Remuneration:** The Committee will receive and approve proposals for salary, bonus and long-term incentive scheme awards for the Executive Directors (excluding the Chief Executive Officer) from the Chief Executive Officer. The remuneration of the Chief Executive Officer is set by the Committee following discussion with the Chair of the Board.

The proposals will take into consideration a number of factors, such as the individual’s experience and skills level, the performance of the organisation and/or the team and/or the individual as well as internal and external benchmarks. A proportion of bonuses over an agreed level is deferred for three years. The Committee will consider the proposals made, make changes and/or approve as they see fit.

- **Long-Term Incentive Plan:** To encourage greater Executive Management/Shareholder alignment and to retain talent within the business, Executive Directors are offered an opportunity to participate in a discretionary long-term incentive scheme.

Board Diversity Policy

The CCLA Board continues to recognise the importance of diversity in its membership and appointments are based on merit, measured against objective criteria and the skills and experience the individual can bring to the Board. The CCLA Directors agree that boards perform best when they include people with a diverse range of skills, perspectives and backgrounds. At CCLA, these differences are considered in determining the optimum composition of the Board.

	No. of Board Members	Percentage of the Board	No. of Senior Positions on the Board	No. in Executive Management	Percentage of Executive Management
Men	5	56%	3	2	67%
Women	4	44%	1	1	33%

Ethnicity Representation

	No. of Board Members	Percentage of the Board	No. of Senior Positions on the Board	No. in Executive Management	Percentage of Executive Management
White British or other White (inc. minority-white groups)	9	100%	4	3	100%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, inc. Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

The Board acknowledges the existing lack of ethnic diversity in its representation. This issue extends beyond CCLA and is prevalent across the investment management industry, where a shortage of diverse candidates persists. Our commitment is to actively promote and consider diversity when Board positions become vacant. We firmly believe that appointments should be made based on merit, while also recognising the imperative to foster a more inclusive and representative workforce.

Board and Committee Attendance

	CCLA Board Meetings held: 4 Attendance:	Audit and Risk Committee Meetings held: 4 Attendance:	Remuneration and Nominations Committee Meetings held: 3 Attendance:
Richard Horlick*	4		
Julia Hobart	4	4	3
Jonathan Jesty	4	4	3
Christine Johnson	4	4	3
Ann Roughead	4	4	3
Chris West	4	4	3
Peter Hugh Smith*	4		
Andrew Robinson*	4		
Elizabeth Sheldon*	4		

*The Chair and the Executive Directors are not members of the Audit and Risk Committee or the Remuneration and Nominations Committee therefore their attendance has been left blank.

Share ownership

The Ordinary Shares are owned by The CBF Church of England Investment Fund, the COIF Charities Investment Fund, LAMIT, the CCLA Employee Share Trust, the CCLA Share Incentive Plan, current and former Executive Directors and current CCLA employees as detailed on page 94.

The Non-Voting Ordinary Shares are owned by the COIF Charities Investment Fund.

Audit and Risk Committee

The Audit and Risk Committee meets at least four times a year and its membership is the Non-Executive Directors of CCLA excluding the Chair of the Company, who attends by invitation. The Chair of the Audit and Risk Committee is Jonathan Jesty.

Core Activities

The duties of the Audit and Risk Committee are to:

- review the annual financial statements of the Company;
- perform oversight of principal risks;
- review the whistleblowing procedures of the Company;
- monitor and review annually the terms of appointment and remuneration of the External Auditors and their independence;
- monitor the engagement of the External Auditors to supply non-audit services;
- receive regular reports from the Chief Risk Officer;
- monitor CCLA's engagement with the outsourced Internal Audit function, meet with and receive a summary of major issues from the Internal Auditors and review and approve the Internal Audit plan; and
- report the Audit and Risk Committee's proceedings and any recommendations it may make to the Board of Directors.

External Auditors

Deloitte LLP continued as the Groups' external auditors during the year.

The Audit and Risk Committee continues on an ongoing basis to consider the effectiveness of the External Auditor, reviewing its standards of qualification, independence, expertise, effectiveness and communication.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee meets at least three times a year and its membership comprises the Non-Executive Directors of CCLA excluding the Chair of the Company, who attends by invitation. The Chair of the Remuneration and Nominations Committee is Ann Roughead. The Committee owns and oversees CCLA's Remuneration Policy and ensures there is a rigorous and transparent procedure for Board appointments.

The duties of the Remuneration and Nominations Committee are to:

- Actively engage with the Company's Remuneration Policy and philosophy and amend its Terms of Reference when necessary.
- Set a strategy that ensures the best talent is recruited, retained and motivated to deliver results. Where necessary, it utilises external consultants and independent surveys for market benchmarking.
- Oversee the adherence to the FCA's rules and guidance on remuneration.
- Determine the terms of employment and remuneration for the Executive Directors and Chief Risk Officer, including recruitment, pension and termination arrangements.
- Approve performance related pay schemes and employee incentive structures operated by the Company, in line with the Company policy and philosophy.
- Identify and nominate for the Board's approval appropriate candidates to fill Board vacancies, bearing in mind the Company's Diversity Policy.
- Consider proposals made by any Director or Shareholder for the appointment, removal and promotion of a Director.
- Actively evaluate the balance of skills, experience, independence, knowledge and diversity of the Board against the future challenges affecting the Company.
- Keep under review the number of external appointments held by each Director.

Executive Committee

The Executive Committee is the Chief Executive and Executive Directors' forum for information sharing, discussion, challenge and decision making. Its activities include:

- development and approval of recommendations to be made to the Board;
- approval of major decisions within the powers delegated by the Board;
- approval of major policies;
- monitoring of all areas of activity including operating and financial performance, client investment performance, marketing and net new client flows;
- assessment and control of risk and compliance with legal and regulatory duties; and
- monitoring of HR, legal, company secretarial and administrative issues.

Internal control

The Directors and senior management of CCLA are responsible for internal controls within the Group and Company.

Within CCLA there is an appropriately resourced Risk and Compliance function which comes under the responsibility of the Chief Risk Officer ('CRO'). The CRO chairs an internal risk committee which meets at least quarterly to review the effectiveness of the Company's internal controls and risk management systems. Material matters are reported to the Executive Committee which formally meets at least eight times a year. Separately, the CRO prepares a report to the Audit and Risk Committee which is a committee of the Board and made up of the Non-Executive Directors only.

The report from the CRO to the Audit and Risk Committee covers matters from regulatory and operational compliance including anti-money laundering and material findings from compliance monitoring reviews to enterprise risk including a quarterly risk profile with heatmap which outlines the state of the 23 level 2 risks which CCLA are faced with, and investment risk with key metrics. The Audit and Risk Committee also receives a report from the Internal Audit function (currently carried out by Ernst & Young LLP), on the reviews conducted in the period between committee meetings, and considers, and if appropriate, approves the annual internal audit plan. The Chair of the Audit and Risk Committee provides an oral report to the Board after each meeting which usually precedes a meeting of the Board.

Appropriate enhancements to the Group's Enterprise Risk and Investment Risk frameworks have been made during the course of the year.

Finally, CCLA is subject to an annual review by an independent party of its procedures and controls in accordance with the framework set out in the 'Technical Release AAF 01/20' as issued by the Institute of Chartered Accountants in England and Wales. The last review as at 31 December 2023 revealed no failings and led to an unqualified report.

The Directors of CCLA are responsible for the design, implementation and maintenance of the control framework to ensure, with reasonable assurance, on an ongoing basis, that suitable controls exist. In carrying out these responsibilities, the Directors have regard not only to the interests of clients, but also to those of the owners of the business and the general effectiveness and efficiency of the relevant operations, together with compliance with applicable laws and regulations.

In establishing and reviewing the system of internal control, the Directors have regard to the materiality of relevant risks, the likelihood of a loss being incurred or objectives failing to be achieved, and the cost of control. It follows, therefore, that the system of internal control can only provide reasonable, not absolute, assurance that specified control objectives will be achieved on an ongoing basis.

It is the opinion of the Board that the current framework for the review of internal controls and risk management is appropriate but this is kept under review on an ongoing basis. As reported on page 43, the Group applies the Code proportionately and consequently does not publish a report on the effectiveness of the Company's risk management and internal control systems as recommended by provision 29 of the Code.

Operational risk management

The Board is responsible for the oversight of the operational risk management process within the Group and Company.

The risk appetite has been defined and agreed by the Executive Committee and the Audit and Risk Committee on behalf of the Board of Directors and helps frame decision making in determining how best to manage the key risks of the Company.

Amongst other matters, the Risk Committee set up by the Executive Committee reviews the operational risk events which are included in the enterprise risk report tabled at each meeting.

Through the implementation of a risk event and near miss management process, risk events arising in operational areas are now logged within the governance, risk and compliance system, 'One Sum X' and are included in the Enterprise Risk report tabled at the Risk Committee where they are reviewed. Similar reports are produced for the Audit and Risk Committee. The risk event and near miss management process is a powerful tool for identifying and promptly addressing weak or poorly performing control environments across all functional areas.

Risk and Control Self Assessments (the 'RCSAs') are also conducted across all pertinent business areas of CCLA and the controls are reviewed and enhanced wherever residual risk ratings have been deemed medium or high. RCSAs are to be refreshed on an annual basis.

In line with risks experienced by the wider investment management community, CCLA has identified operational risk as a key risk faced by CCLA. This is reflected and acknowledged in CCLA's Risk Appetite Framework and Risk Taxonomy. Whilst senior management is informed of operational risk exposures via bottom-up risk management activities mentioned previously, we also utilise top-down measures including a quarterly corporate risk profile review which is supported by various metrics, limits and Key Risk Indicators to manage and track CCLA's exposure to operational risk.

Disaster recovery and business continuity

CCLA has a well-established disaster recovery and business continuity committee formed by the Executive Directors to ensure that appropriate arrangements are in place for business continuity. This includes a documented business recovery plan which is subject to an agreed cycle of testing. The disaster recovery and business continuity committee consists of a number of senior employees from departments across CCLA. The committee meets regularly to review and update procedures and review the outcomes of the testing.

Directors' Remuneration Report

This report describes the Group's overall remuneration policy and the compensation arrangements for Directors for the year ended 31 March 2024.

Remuneration policy and compensation arrangements

CCLA applies a Total Reward Approach that:

- aligns the organisation's remuneration practices with CCLA's values and goals to nurture a culture that adheres to CCLA's high standards of conduct and behaviour and provides a sense of purpose to employees;
- aligns the interests of employees with those of clients/investors, shareholders and the organisation to ensure employees act with integrity, deliver good outcomes for both clients/investors and CCLA and generally act in line with the expectations set by FCA's Consumer Duty rules;
- considers the longer-term performance of the organisation within the context of CCLA's risk appetite in order to deliver sustainable growth and long-term value creation for clients/investors and shareholders;
- considers gender-neutral criteria for setting and reviewing remuneration, including the overall performance of the organisation as well as the performance and contribution of the individual, the team and the relevant business unit or funds;
- considers the needs of different employees to promote a sense of inclusivity and diversity; and
- considers both the external and the internal market relativities to help the organisation attract, retain and engage a diverse and talented workforce, adequately experienced and qualified, needed to support the organisation's success.

CCLA seeks to provide an appropriate balance between fixed and variable remuneration, bearing in mind the role of employees and the impact they have on the risk profile of the organisation and/or the assets it manages.

CCLA also provide a highly competitive range of benefits, including health insurance, retirement plans, and paid time off. Health and wellness benefits include wellness programs, gym memberships, and mental health support services. These demonstrate a commitment to our employees' overall wellbeing. In addition, CCLA offers flexible working options, such as remote work, flexible working arrangements, etc. to allow our people to balance work-life needs. Our generous leave policies, including holidays, sick leave, maternity and parental leave, allow employees time to recharge and spend with family.

Furthermore, we offer our employees several generous financial benefits that help them secure their financial future. Last but not least, CCLA offers opportunities for skill development, training, and career growth, reflecting our commitment to employee growth.

Directors' remuneration and fees (audited)

Fees for the Non-Executive Directors are reviewed periodically by the Board having regard to both the level of fees payable to Non-Executive Directors generally in the industry and to their responsibilities. For the year ended 31 March 2024 the Non-Executive Directors' fees were set at £100,000 p.a. for the Chair (2023: £100,000 p.a.), £65,000 p.a. for the Chair of the Audit and Risk Committee (2023: £65,000 p.a.) £65,000 for the Chair of the Remuneration and Nominations Committee (2023: £65,000 p.a.), and £40,000 p.a. for the other Non-Executive Directors (2023: £40,000 p.a.).

Two Executive Directors participated in the Group Personal Pension Scheme provided by Legal and General (2023: two). Details of this Scheme are set out in notes 1(f) and 5 of the notes to the financial statements. One Executive Director participated in other schemes (2023: one).

The benefits-in-kind provided to the Executive Directors include private healthcare and life assurance protection, which is partly provided through the pension schemes and partly through separate life assurance policies. These benefits are also available to all employees under their terms and conditions of employment.

During the year three (2023: three) Directors participated in the Long Term Incentive Plan. Note 20 contains details of the plan.

Directors' remuneration and fees in respect of the year (including bonuses paid after the year end) were as follows:

	2024 £'000	2023 £'000
Emoluments paid to Executive Directors	1,791	1,721
Emoluments paid to Non-Executive Directors	350	350
Company pension scheme contributions in respect of Directors	30	12
Payments under long-term incentive schemes	850	267

The long-term incentive scheme under which payments were made were the CCLA equity-settled Deferred Bonus Plan in both the current and prior year.

The highest paid Director received remuneration, excluding pension contribution, of £793,569 (2023: £737,895). Pension contributions were £10,000 (2023: £4,000) and at the year-end £nil (2023: £nil) was payable to a pension scheme in respect of the highest paid Director. The highest-paid Director also received a payment of £410,017 under a long-term incentive scheme (2023: £nil).

New grants made to the Executive Directors under the CCLA Bonus Deferral Policy totalled £925,000 (2023: £663,423), of which £610,000 (2023: £322,896) were made to the highest-paid Director. The new grants result in no payment before 2027 (2026 for 2023 awards).

Employee Policies

Diversity and Inclusion

CCLA is an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of race, sex, marital/civil partnership status, age, disability, religious belief, pregnancy, maternity, gender reassignment or sexual orientation. We acknowledge that a meaningful commitment to diversity and inclusion will support employee wellbeing, and we strive to build a culture free of judgement or bias.

It is in the Company's best interests to ensure that all the talents and skills available are considered when employment opportunities arise. We take every practicable step to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, conditions of work, promotion, career management and every other aspect of employment are based solely on objective and job-related criteria.

Learning and development

CCLA operates in a competitive and changing environment. CCLA is keen to develop a pipeline of high-calibre talent to ensure appropriate skills and succession planning for the future. Our people are highly competent, skilled and knowledgeable and we support them in meeting our business objectives. Learning and development at CCLA is a continuous and important process which enables individuals to perform their current jobs more effectively, understand regulatory changes and take on new responsibilities to achieve their own aspirations and contribute to CCLA's continuing success.

Employee information and consultation

We recognise that engagement with our employees is crucial, not only to the continuing success of CCLA, but also to the wellbeing of our employees. HR and the CEO communicate regularly and openly with employees on matters affecting them and on the issues that have an impact on the performance of the business, and actively seek their input and feedback on these matters.

Employees are kept fully informed of decisions and developments and the reasons for them through communication, consultation and involvement by appropriate methods. This includes informational meetings, weekly staff briefings, seminars, facilitated workshops, structured meetings or by formal or informal discussions between Managers and their departments and written communication.

Health, safety and security

CCLA regards the management of health and safety as an integral part of its business and as a management priority. It is our policy that all activities and work will be carried out in a safe manner and we will ensure the health, safety and welfare of our employees and others who may be affected by our activities. Proper management of health and safety issues is seen as an integral part of the efficient management of the organisation's activities, and critical to developing the professional culture of the organisation and establishing and maintaining a solid reputation with all of our clients. CCLA will provide appropriate training and make available competent health and safety advice and adequate resources including time and money so that legal obligations may be met. CCLA reviews its processes, policies, procedures and specific training on an ongoing basis and in accordance with legislation, industry standards, best practice and the operational needs of the organisation.

Health and wellbeing

CCLA has developed an Employee Wellbeing Policy to manage our obligations to maintain the mental health and wellbeing of all employees. It covers the organisation's commitment to employee health, the responsibilities of managers and others for maintaining psychological health, the range of support available for the maintenance of mental health, and organisational commitment to handling individual issues.

The Employees Wellbeing Policy outlines CCLA's responsibilities to our employees and is detailed on our website, www.ccla.co.uk/about-us/policies-and-reports/policies/mental-health-charter.

Responsibility internally within CCLA for building a supportive environment for the mental health and wellbeing of our employees sits with the Chief People Officer. During the year CCLA has undertaken the following:

- Training for mental health first aiders was held in June and July 2023. CCLA now have 11 qualified Mental Health First Aiders.
- Monitoring the number of absences due to mental ill-health. During the year, six employees reported absence due to mental ill-health.
- CCLA provides training for managers, which includes managing mental health in the workplace. In February 2024, 80% of new managers attended the training.
- CCLA ran several well-being initiatives for all employees throughout the year. Employee uptake of these initiatives remained high at 65%. CCLA employees are given the opportunity to contribute to the design or development of these initiatives, during the year, 15% of employees volunteered to input their ideas and organise these events or workshops.
- Promoting additional employee support services offered by our Company Doctor Schemes.
- Our commitment to health and well being is vital in ensuring our employees can easily and readily access support tools such as the Employee Assistance Programme ('EAP') service. All support tools and services can be accessed via The Garden (intranet) and on the Employee Benefits Portal. These are periodically signposted, by the HR team, to all employees.

Mental Health Charter

CCLA aims to be an inspiring, positive and fulfilling place to work, and we want everyone to feel able to contribute, to be productive, to be engaged, to be respected, and to be happy. To that end, CCLA has published a mental health charter that applies to all employees. The charter is available at www.ccla.co.uk/about-us/policies-and-reports/policies/mental-health-charter.

The Mental Health charter has been communicated internally by the CEO, Peter Hugh Smith as an important issue for the Board of Directors and management of CCLA.

Flexible working

All eligible employees have the right to request flexible working and this right is not restricted only to those with parental responsibility for a child, or caring responsibilities for an adult. Flexibility sits at the heart of CCLA's culture and it is supported across the business at senior level. In supporting flexible working we aim to promote diversity and inclusion across the business, support productivity and promote good mental health.

Career progression and job adjustment

When recruiting for a new role, we always advertise the role internally as well as externally as our aim is to recruit and promote from within where possible. We actively encourage employees to undertake training to attain professional qualifications relevant to their roles or career goals. We acknowledge that the opportunity to progress and develop in a career plays a key role in supporting good employee wellbeing. We ensure that employees have access to reasonable physical workplace or other adjustments so that they can work effectively and productively, in a way that suits the individual.

Anti-bullying and non-harassment

We believe that having a culture that is diverse, equitable and inclusive is core to everything that we strive to achieve and to the organisational environment we wish to protect. Key to protecting our culture and the health and psychological safety of our people is to apply a zero tolerance to bullying and harassment at work. Our policy supports this aim by setting out the steps we will take to investigate and deal with complaints of bullying and harassment, and how we support those affected.

Behaviours Charter

CCLA have announced a Behaviours Charter which was communicated to employees in January 2023, this charter is outlined below:

What employees can expect from CCLA	What CCLA expects from our employees
1 Positive working environment <i>recognising individual strengths, encourage diversity of opinion</i>	1 Work as a team, always <i>play to individual strengths, support each other, help and listen to colleagues</i>
2 Fair and respectful treatment <i>always</i>	2 Trust and respect each other <i>rely on each other, respect others' opinions and do the right thing</i>
3 Wellbeing <i>consideration for your mental health</i>	3 Considerate behaviour towards everyone <i>listen and care, be positive not defensive</i>
4 Listen to your concerns <i>and take the right action</i>	4 Speak up and call out <i>if you see, hear or experience any inappropriate behaviour in whatever form</i>
5 Respectful environment <i>where all views are welcomed</i>	5 Debate and decide <i>get involved in decision-making, share your views, challenge if concerned, respect decisions when they are made</i>
6 Positive culture <i>focused on learning, not blame</i>	6 Admit mistakes <i>they happen, learn from them, don't blame others, never hide them</i>
7 Inclusive workplace <i>where no one is left out</i>	7 Be inclusive <i>make sure individuals don't get left out, respect your colleagues' point of view</i>
8 Professional development <i>we will invest in you</i>	8 Be the expert you are <i>grow and share your knowledge</i>
9 Appreciation <i>for the work you do</i>	9 Celebrate success <i>say thank you or well done, share your and others' success</i>
10 Healthy and fun environment	10 Have fun and thrive

Jackie Fox
Company Secretary
17 July 2024



Independent Auditors' Report

to the members of CCLA Investment Management Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of CCLA Investment Management Limited (the 'parent company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the financial risk management disclosure on page 37; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) ('FRS 102').

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • revenue recognition – completeness and accuracy of management fees; and • share-based payments and employee incentive schemes – valuation of CCLA’s own shares.
Materiality	The materiality that we used for the group financial statements was £1,218,700 which was determined on the basis of 2% of the revenue for the year ended 31st March 2024.
Scoping	The group engagement team performed full scope audits on all components, giving a coverage of 100% of the group’s revenue, profit before tax and net assets.
Significant changes in our approach	<p>In the prior year, the classification of share-based payments and employee incentive schemes between equity and cash-settled was identified as a key audit matter. In the current year, we have not identified this as a key audit matter due to reduced judgement involved. There are no further significant changes in approach in the current year.</p>

4. Conclusions relating to going concern

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

Our evaluation of the directors’ assessment of the group’s and parent company’s ability to continue to adopt the going concern basis of accounting included:

- assessed assumptions used in the forecasts, particularly the group’s ability to generate revenue;
- assessed the assumptions used to forecast capital and liquid resources to maintain regulatory requirements;
- assessed management’s stressed budget scenarios; and
- tested the mathematical accuracy and performed testing of budgets to assess management’s forecasting accuracy.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s and parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition – completeness and accuracy of management fees

<p>Key audit matter description</p>	<p>Revenue is the most significant balance in the consolidated statement of comprehensive income. We identified Revenue recognition completeness & accuracy as a key audit matter related to the potential risk of fraud. The group's primary source of revenue is management fees earned from the management of underlying investment fund structures and segregated investment management mandates. Fund structures managed by the group include Charity Alternative Investment Funds, Open-Ended Investment Companies, Authorised Contractual Schemes as well as various unregulated charity and other investment fund vehicles.</p> <p>For certain fund structures various accounting and control activities have been outsourced to third-party service providers.</p> <p>Management fees are generated based on a fixed percentage of assets under management ('AUM') within each of the relevant fund structures and segregated mandates. The value of management fees earned during the year was £60,937k (2023: £59,041k).</p> <p>Details of the group's accounting policies in relation to the recognition of management fees can be found in accounting policy note 1(b) on page 74.</p> <p>The key risk areas associated with management fees include:</p> <ul style="list-style-type: none"> • incorrect management fee % being applied to the AUM for new or amended revenue streams and the property funds; • incorrect or incomplete AUM being applied to the management fee calculation for new or amended revenue streams and the property funds; and • accuracy and completeness of management fee calculations for segregated mandates.
--	--

5.1. Revenue recognition – completeness and accuracy of management feese *(continued)*

How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of relevant controls over the completeness and accuracy of the management fees. Additionally –</p> <ul style="list-style-type: none"> • we assessed the management fee % for each of the funds against their latest prospectus and from prior year to identify any change in the management fee %; • we compared the contractual documentation between the group and the segregated client and funds with the inputs to the calculation to determine whether the management fee % applied to the revenue calculation is accurate; • we tested the accuracy of the AUM utilised in the management fee calculations by obtaining independent data for all the segregated client and the funds; and • we recalculated the expected management fee from each fund utilising the AUM data and management fee % obtained from contractual documentation.
Key observations	Based on the work performed, we concluded that revenue recognised during the year was appropriate.

5.2. Share-based payments and employee incentive schemes – valuation of CCLA’s own shares

Key audit matter description	<p>The group operates a number of share-based payments and employee incentive schemes for which the employee incentive is linked to the performance of CCLA share price. These arrangements remunerate employees for their services by granting the right to either shares or a cash element based on the total return of the share price. The share price will impact various account balances depending on grant date, vesting date and sale of shares. As at year end, the Employee Share Trust (‘EST’) Share Reserve amounted to (£1,183,000), Other Reserves amounted to £2,375,000 and expenses relating to share-based payments of £2,572,000 were recognised during the financial year.</p> <p>The amounts recognised in expenses or reserves is based on several elements including the share price of CCLA’s own shares which is judgemental in nature. There is judgement in determining the year end share valuation of £3.42 and the group engaged an independent specialist to assist in the valuation including the use of discounted cash flow and revenue multiples, in line with International Private Equity Valuations (IPEV) guidelines. We identified share based payments and employee incentive schemes – valuation of CCLA’s own shares as a key audit matter related to the potential risk of fraud.</p>
-------------------------------------	--

5.2. Share-based payments and employee incentive schemes – valuation of CCLA’s own shares *(continued)*

Key audit matter description <i>(continued)</i>	<p>There is a risk that the valuation methodology used to calculate the group share price is inappropriate and that the inputs used are not supported by sufficient evidence leading to an inaccurate valuation of the group’s share price and consequential impact on the accuracy of the share-based payment accounting. There is also a risk that the disclosures do not adequately convey the inherent judgement in the valuation of the shares.</p> <p>For further details, please see Statement of Changes in Equity, note 1g, 2a (ii) and 5 to the financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • obtained an understanding of relevant controls over management review and challenge of the independent share valuations including the review of the methodology and judgements used in the valuations; • assessed the capabilities, competence and objectivity of management’s independent specialist; • evaluated the appropriateness of the valuation methodologies used to value the Company in line with IPEV guidelines; and • assessed the appropriateness of financial statement disclosures.
Key observations	<p>Based on the work performed, we concluded that the valuation of CCLA’s own shares and the disclosure of inherent judgement in the valuation were appropriate.</p>

6. Our application of materiality

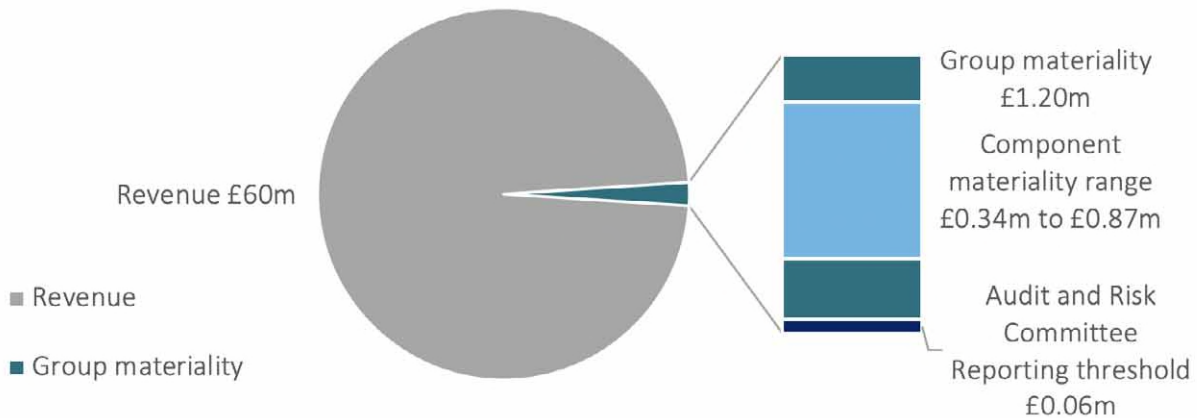
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced.

We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1,218,700 (2023: £1,180,000)	£344,500 (2023: £317,000)
Basis for determining materiality	2% of revenue for the year ended 31 March 2024 (2023: 2% of revenue)	
Rationale for the benchmark applied	Revenue generated by a fund management company is a key driver of the value of the company and has been considered the most appropriate factor that is of interest to the users of the financial statements.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2023: 70%) of group materiality	70% (2023: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ol style="list-style-type: none"> a. Our risk assessment, including our assessment of the group's overall control environment with regards to the scale and size of the group; b. there were no significant changes in the business since prior year end; and c. our experience from previous audit has indicated a low number of corrected and uncorrected misstatements identified in prior period. 	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £60,900 (2023: £60,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Consistent with the prior year, a full scope audit has been performed by the group audit engagement team on the parent company and subsidiary, CCLA Fund Managers Limited, giving a coverage of 100% (2023: 100%) of the group's revenue, profit before tax and net assets. The parent company was audited to a materiality of £344,500 (2023: £317,000) and the subsidiary to £876,600 (2023: £980,000) by the group audit team.

7.2. Our consideration of climate-related risks

As part of the audit, we made enquiries of management to understand their process for assessing the potential impact of climate change on the financial statements. We read the climate related disclosures in the annual report to consider whether they are materially consistent with the financial statements and our knowledge and understanding of the group.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

11.1. Identifying and assessing potential risks related to irregularities *(continued)*

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the completeness and accuracy of management fee income specifically for new or amended income streams or income from property funds and segmented mandates; and share-based payments and employee incentive schemes – valuation of CCLA’s own shares.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and applicable pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group’s ability to operate or to avoid a material penalty. These included the company’s obligations under the FCA Handbook and regulatory capital requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition – completeness and accuracy of management fees; share based payments and employee incentive schemes–valuation of CCLA’s own shares as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA; and

11.2. Audit response to risks identified (*continued*)

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 36;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 31;
- the directors' statement on fair, balanced and understandable set out on page 28;
- the board's statement on the assessment of the emerging and principal risks set out on page 24;
- the section of the annual report that describes the review of risk management and internal control systems set out on page 48; and
- the section describing the work of the Audit and Risk Committee set out on page 46.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of this matter.

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Caullay CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
17 July 2024

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2024

	<i>Note</i>	2024 £'000	2023 £'000
Turnover	3	60,937	59,041
Administrative expenses	4	(50,816)	(47,057)
Operating profit before exceptional items		10,121	11,984
Exceptional items:			
Project costs	6	(1,483)	(1,637)
Defined benefit pension scheme	6	–	962
Operating profit		8,638	11,309
Interest receivable and similar income		2,749	1,075
Interest payable		–	(35)
Gains/(losses) on investments		767	(24)
Profit before taxation		12,154	12,325
Tax on profit	7	(3,043)	(2,647)
Profit for the financial year		9,111	9,678

The above results were derived from continuing operations. There are no other items of comprehensive income.

The notes on pages 74 to 98 form part of these financial statements.

Consolidated Statement of Financial Position

as at 31 March 2024

	Note	2024		2023	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8		509		902
Tangible assets	8		1,675		2,006
			2,184		2,908
Current assets					
Debtors	9	12,722		11,967	
Investments	10	4,296		1,635	
Cash at bank and in hand	11	24,029		25,830	
Cash equivalents	12	36,275		26,779	
			77,322		66,211
Creditors	13	23,768		16,399	
Net current assets			53,554		49,812
Total assets less current liabilities			55,738		52,720
Provisions for liabilities and charges	14		580		1,054
Net assets			55,158		51,666
Capital and reserves					
Called up share capital	15		242		242
Share premium account			1,594		1,594
Other reserves			2,375		2,737
EST share reserve			(1,183)		(1,544)
LTIP loan reserve			(2,167)		(2,167)
Profit and loss account	16		54,297		50,804
Total equity			55,158		51,666

The notes on pages 74 to 98 form part of these financial statements.

These financial statements on pages 68 to 98 were approved and authorised for issue by the Board of Directors on 17 July 2024 and signed on its behalf by:



Richard Horlick
Chair



Peter Hugh Smith
Chief Executive

Registered number: 02183088

Company Statement of Financial Position

as at 31 March 2024

	Note	2024		2023	
		£'000	£'000	£'000	£'000
Fixed assets					
Subsidiary undertaking	21		2,700		2,700
Intangible assets	8		509		902
Tangible assets	8		1,675		2,006
			4,884		5,608
Current assets					
Debtors	9	8,873		8,336	
Investments	10	4,296		1,635	
Cash at bank and in hand	11	12,873		15,588	
Cash equivalents	12	17,861		10,176	
		43,903		35,735	
Creditors	13	19,482		13,055	
Net current assets			24,421		22,680
Total assets less current liabilities			29,305		28,288
Provisions for liabilities and charges	14		580		1,054
Net assets			28,725		27,234
Capital and reserves					
Called up share capital	15		242		242
Share premium account			1,594		1,594
Other reserves			2,375		2,737
EST share reserve			(1,183)		(1,544)
LTIP loan reserve			(2,167)		(2,167)
Profit and loss account	16		27,864		26,372
Total equity			28,725		27,234

The Company has elected to take the exemption under s408 of the Companies Act 2006 not to present the Company statement of comprehensive income. The profit after tax for the Company for the year was £7,110,000 (2023: £9,114,000).

The notes on pages 74 to 98 form part of these financial statements.

These financial statements on pages 68 to 98 were approved and authorised for issue by the Board of Directors on 17 July 2024 and signed on its behalf by:

Richard Horlick
Chair



Peter Hugh Smith
Chief Executive



Registered number: 02183088

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

	Ordinary Share capital £'000	Share premium account £'000	Profit and loss account £'000	EST share reserve £'000	LTIP loan reserve £'000	Other reserves £'000	Total £'000
Balance as at 1 April 2022	242	1,594	45,956	(3,037)	(1,797)	2,304	45,262
Profit for the financial year	–	–	9,678	–	–	–	9,678
Equity dividends paid	–	–	(4,533)	–	–	–	(4,533)
Purchases, sales and awards of shares by Employee Share Trust	–	–	–	1,550	–	–	1,550
Movement on LTIP loan	–	–	–	–	(370)	–	(370)
Settlement of equity-settled awards	–	–	–	–	–	(404)	(404)
Amortisation of equity-settled awards	–	–	–	–	–	837	837
Gains and losses from transfers of shares by Employee Share Trust	–	–	(345)	–	–	–	(345)
Tax movement relating to equity-settled awards (note 7)	–	–	48	–	–	–	48
Unallocated SIP shares	–	–	–	(57)	–	–	(57)
Transactions with shareholders, recognised directly in equity	–	–	(4,830)	1,493	(370)	433	(3,274)
Balance as at 31 March 2023	242	1,594	50,804	(1,544)	(2,167)	2,737	51,666
Balance as at 1 April 2023	242	1,594	50,804	(1,544)	(2,167)	2,737	51,666
Profit for the financial year	–	–	9,111	–	–	–	9,111
Equity dividends paid	–	–	(5,048)	–	–	–	(5,048)
Purchases, sales and awards of shares by Employee Share Trust	–	–	–	443	–	–	443
Movement on LTIP loan	–	–	–	–	–	–	–
Settlement of equity-settled awards	–	–	–	–	–	(866)	(866)
Amortisation of equity-settled awards	–	–	–	–	–	504	504
Gains and losses from transfers of shares by Employee Share Trust	–	–	(556)	–	–	–	(556)
Tax movement relating to equity-settled awards (note 7)	–	–	(14)	–	–	–	(14)
Unallocated SIP shares	–	–	–	(82)	–	–	(82)
Transactions with shareholders, recognised directly in equity	–	–	(5,618)	361	–	(362)	(5,619)
Balance as at 31 March 2024	242	1,594	54,297	(1,183)	(2,167)	2,375	55,158

The notes on pages 74 to 98 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2024

	Ordinary Share capital £'000	Share premium account £'000	Profit and loss account £'000	EST share reserve £'000	LTIP loan reserve £'000	Other reserves £'000	Total £'000
Balance as at 1 April 2022	242	1,594	22,088	(3,037)	(1,797)	2,304	21,394
Profit for the financial year	–	–	9,114	–	–	–	9,114
Equity dividends paid	–	–	(4,533)	–	–	–	(4,533)
Purchases, sales and awards of shares by Employee Share Trust	–	–	–	1,550	–	–	1,550
Movement on LTIP loan	–	–	–	–	(370)	–	(370)
Settlement of equity-settled awards	–	–	–	–	–	(404)	(404)
Amortisation of equity-settled awards	–	–	–	–	–	837	837
Gains and losses from transfers of shares by Employee Share Trust	–	–	(345)	–	–	–	(345)
Tax movement relating to equity-settled awards (note 7)	–	–	48	–	–	–	48
Unallocated SIP shares	–	–	–	(57)	–	–	(57)
Transactions with shareholders, recognised directly in equity	–	–	(4,830)	1,493	(370)	433	(3,274)
Balance as at 31 March 2023	242	1,594	26,372	(1,544)	(2,167)	2,737	27,234
Balance as at 1 April 2023	242	1,594	26,372	(1,544)	(2,167)	2,737	27,234
Profit for the financial year	–	–	7,110	–	–	–	7,110
Equity dividends paid	–	–	(5,048)	–	–	–	(5,048)
Purchases, sales and awards of shares by Employee Share Trust	–	–	–	443	–	–	443
Movement on LTIP loan	–	–	–	–	–	–	–
Settlement of equity-settled awards	–	–	–	–	–	(866)	(866)
Amortisation of equity-settled awards	–	–	–	–	–	504	504
Gains and losses from transfers of shares by Employee Share Trust	–	–	(556)	–	–	–	(556)
Tax movement relating to equity-settled awards (note 7)	–	–	(14)	–	–	–	(14)
Unallocated SIP Shares	–	–	–	(82)	–	–	(82)
Transactions with shareholders, recognised directly in equity	–	–	(5,618)	361	–	(362)	(5,619)
Balance as at 31 March 2024	242	1,594	27,864	(1,183)	(2,167)	2,375	28,725

The notes on pages 74 to 98 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	<i>Note</i>	2024 £'000	2023 £'000
Net cash from operating activities	18	15,599	14,060
Corporation tax paid		(2,955)	(2,809)
Net cash generated from operating activities		12,644	11,251
Cash flows from investing activities			
Purchases of intangible assets	8	(79)	(15)
Purchases of tangible assets	8	(41)	(1,766)
Interest received		2,749	1,075
Interest paid		–	(35)
Purchase of investments	10	(1,894)	(1,659)
Net cash used in investing activities		735	(2,400)
Cash flows from financing activities			
Net (acquisitions)/sales of Ordinary Shares by Employee Share Trust		(749)	36
Net movement on LTIP loan		113	(639)
Net losses on transfers of CCLA shares by Employee Share Trust		–	–
Dividends paid	17	(5,048)	(4,533)
Net cash used in financing activities		(5,684)	(5,136)
Net increase in cash at bank and in hand		7,695	3,715
Cash and cash equivalents at the beginning of the year		52,609	48,894
Cash and cash equivalents at the end of the year		60,304	52,609
Cash and cash equivalents consist of:			
Cash at bank and in hand	11	24,029	25,830
Cash equivalents	12	36,275	26,779
Cash and cash equivalents		60,304	52,609

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, paragraph 1.12(b) not to present the Company Statement of Cash Flows.

The notes on pages 74 to 98 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies

(a) Basis of accounting

The Group financial statements consolidate the financial statements of CCLA Investment Management Limited and its subsidiary undertaking, CCLA Fund Managers Limited. The Group and Company financial statements 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 to all years presented, unless otherwise stated. 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 Group and Company's functional currency is pounds sterling. 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 Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual statement of comprehensive income. The Company has also taken advantage of an exemption from presenting its individual statement of cash flows as described on page 73.

(b) Turnover

The Group'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 Group in the conducting of its business.

(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.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(e) Fixed assets

The Group's fixed assets are stated at cost less accumulated depreciation or accumulated amortisation. Depreciation and amortisation are calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows.

(i) Intangible Assets – Software

The expected useful life of software is to the end of the contract with the software supplier, subject to the following:

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised as an expense as incurred.

(ii) Tangible assets: Leasehold Improvements

The expected useful life of leasehold improvements is to the end of the lease term.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(e) Fixed assets (continued)

Where the Group has a contractual obligation, a dilapidations asset and corresponding provision is created on inception of a lease. The asset cost is the best estimate of the cost required to return leased properties to the original condition upon termination of the lease. The expected useful life is to the end of the lease term.

(iii) Tangible assets: General Equipment

The expected useful life of general equipment is three to five years.

The carrying values of fixed assets are reviewed when events or changes in circumstances indicate that the carrying values of assets may not be recoverable. Depreciation, amortisation expenses and any impairment charges are included in administrative expenses in the statement of comprehensive income.

(f) Pension schemes

During the year, most employees were members of the Group Personal Pension Scheme ('GPP'), which is operated by Legal and General. The GPP is a defined contribution scheme. Further details are given in note 5.

(i) Open pension plan

The GPP pension contributions payable by the Company are charged to profit and loss within the statement of comprehensive income as they fall due.

The Company has no further payment obligations beyond the ongoing contributions related to the GPP. The contributions are recognised as an expense when they are due. Amounts not paid, if any, are shown in creditors in the statement of financial position. The assets of the plans are held separately from the Group and Company in independently administered funds.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(f) Pension schemes (continued)

(ii) Closed pension plans

In the prior year, some employees were members of the Church of England Pension Builder 2014 Scheme ('CEPB'). The CEPB is a hybrid scheme for which bonuses are declared each year based on investment performance. During the prior year, the Company closed the CEPB to future accrual and closed its obligations in respect of the CEPB, its sub-pool of the Church of England Defined Benefit Scheme ('DBS'), and its sub-pool of the Church of England Pension Builder Classic Scheme ('PBC'), a hybrid scheme, the latter two of which had already been closed to future accrual by the Company.

The CEPB is a multi-employer hybrid pension scheme and the Company had insufficient information about its assets and liabilities within the scheme to carry out defined benefit pension accounting. Accordingly, the Company accounted for the scheme as a defined contribution plan and pension contributions payable by the Company were charged to profit and loss within the statement of comprehensive income as they fell due.

The contributions required by CCLA in the prior year, in respect of the now closed schemes, were determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The Church of England Pensions Board administers the DBS, the CEPB, and the PBC and is independent of the Company and the Company's finances. The Company no longer has any obligations in respect of these schemes.

(g) Share-based payments and employee incentive schemes

(i) Cash-settled awards – deferred bonuses

The Company has made awards of deferred bonuses to certain employees based upon the total return from its managed funds over vesting periods, to be settled in cash. The liability in respect of these awards is recognised over service periods, which includes the bonus period over which the awards were earned and runs until the earlier of the date of vesting or the date upon which the employee is entitled to retire as a good leaver.

As at each reporting date, the fair value of the liability which has been accrued to date is included in creditors, and the resulting expense in each period is recognised in the income statement within administrative expenses. On vesting, liabilities are paid out as cash to settle the awards.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(g) *Share-based payments and employee incentive schemes (continued)*

(ii) Cash-settled awards – LTIP 2

The Company has made awards to certain employees under a scheme called ‘Long Term Incentive Plan 2’ (‘LTIP 2’) which is based upon the value of its shares, to be settled in cash. Settlement of half of the awards is made after initial vesting periods of up to five and ten years (equally split), with the other half retained following the initial vesting periods, to be settled on the employee leaving the company as a ‘good leaver’. The liability in respect of these awards is recognised over service periods, being the initial vesting periods. As at each reporting date, the fair value of the liability which has been accrued to date is included in creditors and the resulting expense in each period is recognised in the income statement within administrative expenses. The fair value of the CCLA shares is independently reviewed by an independent valuer, taking account of factors including revenue, funds under management and earnings. On vesting, liabilities are paid out as cash to settle the awards.

(iii) Equity-settled awards – deferred bonuses

The Company has made awards of deferred bonuses to certain employees based upon the total return from its shares over vesting periods, to be settled in the equity of the Company. The charge in respect of these awards is recognised over service periods, which includes the bonus period over which the awards were earned and runs until the earlier of the date of vesting or the date upon which the employee is entitled to retire as a good leaver.

The amount to be charged over service periods in respect of equity-settled awards is the fair value at the date the awards were granted. As at each reporting date, the charge to date is recognised in the income statement within administrative expenses, with the other side of the accounting entries being taken to other reserves. The fair value is independently reviewed by an independent valuer, as described in 1(g)(ii) above. On vesting, the other reserves are replaced by other categories of equity, reflecting the award of shares to settle the awards.

(iv) Equity-settled awards – LTIP

The Company operates a Long Term Incentive Plan (‘LTIP’) under which Executive Directors may purchase a specified number of shares at an independent valuation with the support of loans from the Company, as described on page 32 and in note 20. Shares acquired in the LTIP, together with the associated loans, are accounted for as equity-settled share-based payments. The accounting followed is outlined below.

- Half of the cost of shares, funded initially by the Company, is accounted for as a loan and shown as part of debtors. This element of the loan is subject to repayment by the Director over a loan term.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(g) Share-based payments and employee incentive schemes (continued)

(iv) Equity-settled awards – LTIP (continued)

- The other half of the cost of shares, funded initially by the Company, is accounted for as a deduction from equity described as an ‘LTIP Loan Reserve’. This element of loan may be written off in due course if the Director leaves the Company as a ‘good leaver’ or is repaid if the Director leaves the Company as a ‘bad leaver’.
- The latter portion of the loan is expensed in the income statement over the service period. The service period is assessed for each loan, based upon factors including past experience of the length of time loans are held for ‘good leavers’ and the likely retirement age of the Director.
- The credit entries for the expenses charged to the income statement go to Other Reserves within equity.
- On settlement for good leavers, additional amortisation is charged if necessary and Other Reserves are cancelled against the LTIP Loan Reserve. On settlement for bad leavers, the accounting is for a forfeiture, with expenses credited back to the income statement from Other Reserves. In both cases, leavers are required to settle any outstanding debt.

(v) Equity-settled awards – Share Incentive Plan (‘SIP’)

Employees may purchase shares in the Company through the SIP every six months, at a price set at the lower of the latest valuation at the start and end of each six month ‘accumulation period’, by subscribing up to £150 per month. The Company matches these share purchases with an equal number of free matching shares. These are charged in the income statement at a value equal to the price of the shares purchased by employees, taken to be the fair value. Employees retain these shares unconditionally (except in the case of dismissal for gross misconduct) and so there is no vesting period. The charge is matched by credits taken to equity. Leavers must sell their shares, leading to some unallocated shares in the SIP from time to time, the cost of which is included in the EST Share Reserve.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(h) Taxation

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

Amounts recognised directly in equity in the current and prior year are current and deferred tax credits on revaluations of equity-settled awards, which are themselves not accounted for as the charge in the income statement is based upon fair values at grant date.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated based on 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.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the reporting date, where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at rates expected to apply in the periods in which timing differences reverse, based on rates and laws enacted or substantively enacted at the reporting date.

(i) Operating leases

Rentals payable under operating leases are charged to profit and loss within the statement of comprehensive income on a straight-line basis over the period of the lease. Incentives received to enter an operating lease are credited to profit and loss within the statement of comprehensive income, to reduce lease expense, on a straight-line basis over the full period of the lease.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(j) Basis of consolidation

The Group consolidated financial statements for the year ended 31 March 2024 include the financial statements of the Company and its subsidiary undertaking. A subsidiary is an entity controlled by the Group. Control is exercised when the Company has the power to determine the financial and operating policies of an entity so as to benefit from its activity. All intra-Group transactions, balances, income and expenses are eliminated upon consolidation.

(k) Financial instruments

(i) Basic financial assets and liabilities, including debtors, Directors' loans, cash at bank and in hand, cash equivalents and creditors are initially recognised at transaction price, which is indicative of fair value. Such assets are subsequently carried at amortised cost.

(l) Investment in subsidiary

Investment in the subsidiary company is held at cost less accumulated impairment losses.

(m) Investments

Investments in units or shares of the Group's managed funds are initially held at transaction price, and then revalued to fair value through profit and loss.

(n) Exceptional items

Exceptional items are those non-recurring and one-off charges or credits that, in the Directors' view, are required to be disclosed separately by virtue of their nature, materiality or incidence to enable a full understanding of the Group's financial performance. They include exceptional charges or credits arising from pension fund valuations. They also include project costs. Details of these items are provided in note 6.

(o) EST share reserve

Shares of the Company held within the CCLA Employee Share Trust are accounted for at cost in the EST share reserve, a negative offsetting reserve within the Group's and Company's equity. This negative reserve also accounts for unallocated shares held in the Share Incentive Plan.

(p) LTIP loan reserve

One half of the shares of the Company held by Directors as part of the Long Term Incentive Plan as described in note 1(g)(iv) above, are accounted for at cost as LTIP loan reserve, a negative offsetting reserve within the Group's and Company's equity.

(q) Other reserves

Other reserves represent cumulative amortisation on equity-settled share-based payments which have not yet vested or settled.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting policies (continued)

(r) Profit and loss account

Profit and loss account represents distributable reserves.

2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and may be categorised as:

(a) Critical judgements in applying the Group's accounting policies

(i) The Group participated during the prior year in a multi-employer defined benefit plan (see note 1(f)). In the judgement of the Directors, the Group did not have sufficient information on the plan assets and liabilities to be able to account reliably for its share of the defined benefit obligation and plan assets. There are no further obligations arising from this plan.

(ii) The Group operates various share-based payment and employee incentive schemes for which the employee incentive is linked to the share price of CCLA. There is a judgement in determining the year end share price. The Group engaged an independent specialist to assist in the valuation including the use of discounted cash flow and revenue multiples, in line with IPEV guidelines. The valuations are reviewed and approved by the Board of Directors.

(iii) The Group has determined that there is a judgement in determining the classification between equity and cash-settled for the share-based payment and employee incentive schemes. Each of the employee incentive schemes have been reviewed and the accounting treatment assessed as either equity or cash-settled in accordance with FRS102.

(b) Critical accounting estimates and assumptions

(i) The annual depreciation and amortisation charge for tangible and intangible assets is sensitive to changes in estimated useful economic lives and residual values, if any, of the assets. These are re-assessed annually. Fixed assets are shown in note 8.

(ii) The charge for share-based payments to be settled in cash and the employer's national insurance provision in respect of all share-based payments are both sensitive to changes in the fair value of the Company's shares. The charge for all share-based payments is also sensitive to changes to service periods. These are re-assessed annually. The charge, liability, and equity movements are disclosed in note 5.

Notes to the Financial Statements

for the year ended 31 March 2024

3. Turnover

The turnover of the Group was made entirely in the United Kingdom and derives from the class of business as noted in the Strategic Report.

	2024 £'000	2023 £'000
Fees from pooled funds	57,905	56,268
Other fees	3,032	2,773
	60,937	59,041

4. Administrative expenses

	<i>Note</i>	2024 £'000	2023 £'000
Administrative expenses included:			
Staff costs	5	33,371	30,974
Other administrative costs		15,504	14,045
Depreciation of tangible assets		372	299
Amortisation of intangible assets		472	464
Operating lease costs for premises		777	1,004
Foreign exchange losses		33	78
Auditors remuneration:			
Fees payable to the Company's auditors for the audit of the Company and the Group's consolidated financial statements		69	66
Fees payable to the Company's auditors for other services:			
– Audit of the Company's subsidiary		33	31
– Audit-related assurance services of the Company and the Company's subsidiary		185	96
		50,816	47,057

Notes to the Financial Statements

for the year ended 31 March 2024

5. Employees and Directors

The monthly average number of full time equivalent staff including temporary staff employed by the Company, including Executive Directors, by function was:

	2024	2023
Administration and Finance	77	79
Investment Management and Research	36	33
Business Development and Client Service	56	49
Company Secretarial and Risk & Compliance	17	14
	186	175

All of the Group's employees are employed by the Company.

The costs incurred in respect of these employees were:

	2024 £'000	2023 £'000
Wages and salaries (including cash bonuses)	24,621	22,904
Share-based payments	2,572	2,365
Social security costs	3,399	3,255
Other pension costs	2,030	1,775
	32,622	30,299
Other staff costs	749	675
	33,371	30,974

Details of Directors' remuneration can be seen on pages 49 to 51 within the Directors' Remuneration Report. The Executive Directors and Chief Risk Officer are considered to be the Group's Key Management Personnel.

Pension costs

Open Pension Schemes

During the year, the Company operated one pension scheme, the Group Personal Pension Scheme ('GPP') operated by Legal and General. During the prior year, the Company closed the Church of England Pension Builder 2014 Scheme ('CEPB') to future accrual.

Notes to the Financial Statements

for the year ended 31 March 2024

5. Employees and Directors (continued)

Pension costs (continued)

Open Pension Schemes (continued)

The cost of contributions (excluding salary sacrifice) payable by the Company to the GPP amounted to £2,020,000 (2023: £1,590,000). Contributions amounting to £210,000 (2023: £nil) were outstanding at the year end.

Life assurance costs for members of the GPP amounted to £64,000 (2023: £63,000).

With effect from 28 February 2023, following a consultation with the affected employees, the Company withdrew its employees from active membership of the CEPB. As a result, no contributions have been made by the Company to the CEPB after that date. Also as a result, the Company triggered the provisions of Section 75 of the Pensions Act 1995 in respect of its obligations in respect of the CEPB and all other Church of England Pensions schemes, making it immediately liable to settle future debt obligations under the schemes, in return for having no future obligations. There are no longer any liabilities in respect of the CEPB and all other Church of England Pension schemes.

During the prior year, the cost of contributions (excluding salary sacrifice) payable by the Company to the CEPB administered by the Church Workers Pension Fund amounted to £173,000. Contributions amounting to £1,000 were outstanding at the prior year end. Life assurance costs for this Scheme amounted to £11,000.

From 1 March 2023, the former active members of the CEPB have accrued benefits under the GPP and the Company has increased its pension contributions to the latter scheme to include the transferring employees.

Defined Benefit Pension Scheme

Until 1 October 2012, some employees participated in the Church of England Defined Benefits Scheme ('DBS'), part of the Church Workers Pension Scheme. The Group only accounted for annual administration expenses charged from the DBS unless an exceptional expense arose following an actuary's valuation (see below and note 1(f)). During the prior year, administration charges amounted to £10,000.

During the year to 31 March 2024, the Company made no deficit reduction payments as there was no longer any obligation in respect of the Company's section of the DBS. During the prior year, the Company made deficit reduction payments (up to 31 December 2022) amounting to £155,000, which included an interest charge of £35,000.

Notes to the Financial Statements

for the year ended 31 March 2024

5. Employees and Directors (continued)

Pension costs (continued)

From 1 January 2023, as a result of reassessment of the DBS's financial position in changed economic circumstances, the Church of England Pensions Board informed the Company that no further deficit reduction payments would be required and that the outstanding liability for the Company's section of the DBS was reduced to £nil. This has led to an exceptional write back of £962,000 in the prior year, as shown in note 6.

Other Pension costs

The Company incurred other pension costs of £10,000 (2023: £4,000) during the year. These comprised payments into defined contribution pension schemes not administered by the Company.

Share-Based Payments

As at 31 March each year, certain employees were granted deferred bonus awards linked to the performance of CCLA managed funds over vesting periods. For all such awards, settlement will be in cash. The charge for these awards in the year was £1,925,000 (2023: £1,222,000), including employer's National Insurance. The liability in respect of these awards is included in accruals. As at 31 March 2024, the liability totalled £3,040,000 (31 March 2023: £2,066,000), including employer's National Insurance.

Up to 31 March 2021 deferred bonus awards linked to the total return of CCLA shares over vesting periods were granted to the Executive Directors and certain other employees. These awards are due to be settled in the equity of the Company. The charge for these awards in the year was £125,000 (2023: £508,000), including employer's National Insurance. The amortisation in respect of these awards is reflected in the Statement of Changes in Equity and included within Other Reserves. As at 31 March 2024, Other Reserves relating to deferred bonus totalled £859,000 (31 March 2023: £1,607,000), with a provision of £127,000 (31 March 2023: £301,000) for employer's National Insurance on these awards included as a liability within accruals.

Notes to the Financial Statements

for the year ended 31 March 2024

5. Employees and Directors (continued)

Share-Based Payments (continued)

The equity-settled deferred bonus awards have been granted in the form of nil-cost options, movements in which are shown below:

	2024	2023
Outstanding as at 31 March 2023 (2022)	617,762.92	748,409.68
Movements in the year:		
Option exercises on vesting of awards	(336,134.18)	(158,794.23)
Options increased following the declaration of a dividend	13,818.10	28,147.47
Options forfeited	(21,716.96)	–
Outstanding as at 31 March 2024 (2023)	273,729.88	617,762.92

Fractions of shares are settled in cash

Equity-settled awards have also been made in the form of matching shares in the SIP (see note 1(g)(v)). During the year, 58,913 matching shares (2023: 50,658) were allotted at a charge of £231,000 (2023: £201,000) and other debit movements including accruals of £7,000 (2023: debit of £10,000).

During the year, the Company allotted no shares under the terms of the LTIP. As described in note 1(g)(iv), allocations of shares under the LTIP are accounted for as equity-settled share-based payments. A total of nil shares (2023: 184,092 shares) were allotted during the year under the LTIP, at a cost of £nil (2023: £738,000), included within debtors and the LTIP loan reserve. The charge during the year for these awards was £386,000 (2023: £397,000), included within administrative expenses. As at 31 March 2024, Other Reserves relating to LTIP totalled £1,516,000 (2023: £1,130,000). None of these awards vested in the year.

During the year, the Company granted awards to certain employees under the LTIP 2. As described in note 1(g)(ii), these allocations under the LTIP 2 are accounted for as cash-settled share-based payments. The charge during the year for these awards was £158,000 (2023: £267,000), including employer's National Insurance. The liability in respect of these awards is included in accruals. As at 31 March 2024, the liability totalled £466,000 (2023: £308,000), including employer's National Insurance. None of these awards vested in the year.

Notes to the Financial Statements

for the year ended 31 March 2024

5. Employees and Directors (continued)

Share-Based Payments (continued)

The expenses (including employer's National Insurance) for all of these awards are included as staff costs within administrative expenses.

Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in administrative expenses in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

The total charges for cash and deferred bonuses were:

	2024 £'000	2023 £'000
Cash bonuses	7,744	7,511
Deferred bonuses	1,810	1,522
Total Charge	9,554	9,033

In the prior year, the Company paid a cost of living allowance of £200,000 which was targeted at lower and middle earners, in addition to the annual bonus plan.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

6. Exceptional items

This comprises two items for the Group as follows:

- a) A charge for project costs of £1,483,000 (2023: £1,637,000) arising in relation to: costs of upgrading and replacing CCLA's operational processes and infrastructure; costs in relation to the planned conversion of our Common Investment Funds to regulated funds; and costs, in the prior year, for the Group's office move from Senator House, London.
- b) No charge relating to the pension deficit (2023: A credit arising from the removal of the pension deficit described in Note 5 of £962,000).

Notes to the Financial Statements

for the year ended 31 March 2024

7. Tax on profit

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

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on the profit for the year	3,264	2,402
Total current tax	3,264	2,402
Deferred tax (recovery)/charge	(191)	126
Total deferred (recovery)/charge	(191)	126
Adjustments in respect of prior periods	(30)	119
Tax on profit on ordinary activities	3,043	2,647
Current tax movements in statement of changes in equity (see note 1(h))	(114)	(43)

The tax assessed for the year is higher than (2023: higher than) the standard rate of corporation tax in the UK and the difference is made up as follows:

	2024 £'000	2023 £'000
Profit before taxation	12,154	12,325
UK corporation taxation on profits at 25% (2023: 19%)	3,039	2,342
Effects of:		
Expenses and depreciation not deductible for tax purposes	86	74
Effects of change in tax rate on calculation of deferred tax through profit and loss	–	(103)
Prior year changes and other movements	(82)	334
Tax on profit	3,043	2,647

Notes to the Financial Statements

for the year ended 31 March 2024

7. Tax on profit (continued)

(b) Deferred tax asset

	2024 £'000	2023 £'000
At beginning of year	1,595	1,716
Amounts credited/(debited) to profit and loss	191	(126)
Amounts (debited)/credited to statement of changes in equity (see note 1(h))	(128)	5
At end of year	1,658	1,595
Deferred tax consists of the following timing differences:		
Decelerated/(accelerated) capital allowances	40	(27)
Timing differences relating to deferred bonus awards	1,228	1,137
Other timing differences	390	485
	1,658	1,595

Tax movements shown in the statement of changes in equity relating to the revaluation of equity-settled share-based payments (see note 1(h)), comprise the following:

	2024 £'000	2023 £'000
Credits to current tax	114	43
(Debits)/credits to deferred tax	(128)	5
	(14)	48

In the prior year, deferred tax on amounts expected to crystallise after 1 April 2023 had been calculated at a rate of 25%, rather than the rate applying in the year of 19%, as this was the rate which was expected to apply. This had resulted in an increase of the overall deferred tax asset of £382,000, of which £348,000 was charged to profit and loss and £34,000 to the statement of changes in equity.

Notes to the Financial Statements

for the year ended 31 March 2024

8. Intangible and Tangible Fixed Assets

In the Group and the Company financial statements, Leasehold Improvements and General Equipment are classified as tangible assets and IT Software as intangible assets.

<i>Group and Company</i>	Intangible IT Software £'000	Tangible Leasehold Improve- ments £'000	General Equipment £'000	Total Tangible £'000	Total £'000
Cost					
At 1 April 2023	6,957	2,077	1,830	3,907	10,864
Additions	79	41	–	41	120
Amounts written off	(4,619)	–	–	–	(4,619)
At 31 March 2024	2,417	2,118	1,830	3,948	6,365
Accumulated amortisation/depreciation					
At 1 April 2023	6,055	232	1,669	1,901	7,956
Charge for year	472	295	77	372	844
Amounts written off	(4,619)	–	–	–	(4,619)
At 31 March 2024	1,908	527	1,746	2,273	4,181
Net book value					
At 31 March 2023	902	1,845	161	2,006	2,908
At 31 March 2024	509	1,591	84	1,675	2,184

Notes to the Financial Statements

for the year ended 31 March 2024

9. Debtors

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Trade debtors	6,205	2,391	5,756	2,125
Amounts due from subsidiary undertaking	–	544	–	–
Other debtors	751	486	1,059	1,059
Deferred tax	1,658	1,658	1,595	1,595
Prepayments and accrued income	2,347	2,033	1,683	1,683
Amounts due under the LTIP	1,761	1,761	1,874	1,874
	12,722	8,873	11,967	8,336

For both the Group and Company, all debtors are receivable within one year, with the exception of deferred tax where £971,000 (2023: £826,000) is due later than one year.

Amounts due to the Company from CCLA FM are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These intercompany balances eliminate upon consolidation.

10. Investments

As at 31 March 2024, the Group and Company held investments of £4,296,000 (2023: £1,635,000) which comprised the following:

- The investment in the CCLA Better World Global Equity Fund is held at fair value of £4,285,000 (2023: £1,635,000). During the year, the Company purchased units in the fund totalling £1,884,000 (2023: £1,659,000) and recognised a revaluation gain of £766,000 (2023: loss of £24,000).
- The investment in the CCLA Better World Cautious Fund is held at fair value of £11,000 (2023: £nil). During the year, the Company purchased units in the fund totalling £10,000 (2023: £nil) and recognised a revaluation gain of £1,000 (2023: £nil).
- The investment in Worthstone Limited is held at £1 (2023: £1), being cost less impairment, as the fair value cannot be measured reliably.

11. 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.

Notes to the Financial Statements

for the year ended 31 March 2024

12. Cash equivalents

Cash equivalents comprise the deposits held in the Public Sector Deposit Fund ('PSDF'). The deposits held in the PSDF are highly liquid investments with an average maturity of less than three months.

13. Creditors

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Accruals and deferred income	18,343	18,112	6,830	6,765
Trade creditors	2,433	936	2,526	1,232
Amounts due to subsidiary undertaking	–	–	–	291
Corporation tax	1,193	227	1,028	246
Other taxation and social security	1,799	207	6,015	4,521
	23,768	19,482	16,399	13,055

Amounts due from the Company to CCLA FM are unsecured, interest free, have no fixed date of repayment and are repayable on demand. These intercompany balances eliminate upon consolidation.

Within accruals £3,686,000 (2023: £1,962,000) for both the Group and Company is due later than one year. This relates to cash-settled share-based payment liabilities including employers National Insurance.

14. Provisions for liabilities and charges

The Group and Company have provisions as set out below:

	Restructuring costs £'000	Dilapidations £'000	Total £'000
At 1 April 2023	394	660	1,054
Charged to profit or loss	–	5	5
Utilised/released during the year	(394)	(85)	(479)
At 31 March 2024	–	580	580

Restructuring costs are associated with the planned outsourcing of the Company's transfer agency function and has been utilised during the year. Dilapidations provision of £580,000 is expected to be utilised within five years.

Notes to the Financial Statements

for the year a 31 March 2024

15. Called up share capital

<i>Group and Company</i>	2024 £'000	2023 £'000
Authorised:		
44,000,000 (2023: 44,000,000) Ordinary Shares of 1p (2023: 1p)	440	440
6,000,000 (2023: 6,000,000) Ordinary Non-Voting Shares of 1p (2023: 1p)	60	60
550,000,000 (2023: 550,000,000) 'P' Ordinary Shares of 1p (2023: 1p)	5,500	5,500
	6,000	6,000
<i>Group and Company</i>	2024 £'000	2023 £'000
Allotted and fully paid:		
21,613,700 (2023: 21,613,700) Ordinary Shares of 1p (2023: 1p)	216	216
2,600,000 (2023: 2,600,000) Ordinary Non-Voting Shares of 1p (2023: 1p)	26	26
	242	242

During the year the Company did not issue any Ordinary Shares (2023: nil). The Company did not issue Non-Voting Ordinary Shares.

Shareholders as at 31 March 2024 were as follows:

13,000,000 Ordinary Shares are owned by The CBF Church of England Investment Fund.
 2,816,700 Ordinary Shares are owned by the COIF Charities Investment Fund.
 3,250,000 Ordinary Shares are owned by LAMIT.
 1,827,999 Ordinary Shares are owned by the current Executive Directors.
 272,129 Ordinary Shares are owned by the CCLA Employee Share Trust
 358,532 Ordinary Shares are owned by the CCLA Share Incentive Plan.
 88,340 Ordinary Shares are owned by current CCLA employees
 2,600,000 Non-Voting Ordinary Shares are owned by the COIF Charities Investment Fund.

The Non-Voting Ordinary Shares are non-voting, but otherwise all other rights attached to the Ordinary Shares also apply to the Non-Voting Ordinary Shares.

In the opinion of the Directors, the Company has no ultimate controlling party.

Notes to the Financial Statements

for the year ended 31 March 2024

16. Distributable reserves

The Group and Company had distributable reserves as follows.

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Profit and loss account	54,297	27,864	50,804	26,372

17. Equity dividends

	2024 £'000	2023 £'000
Interim Dividend		
Ordinary Shares	5,048	4,533
21p (2023: 19p) per 1p (2023: 1p) share		
Total dividend paid	5,048	4,533

18. Reconciliation of cash flows from operating activities

	2024 £'000	2023 £'000
Profit for the financial year	9,111	9,678
Interest receivable	(2,749)	(1,075)
Interest payable	–	35
(Gains)/losses on investments	(767)	24
Tax on profit on ordinary activities	3,043	2,647
Operating profit	8,638	11,309
Depreciation expense	372	299
Amortisation expense	472	464
Increase in creditors	6,731	1,184
Increase in debtors	(805)	(740)
Amortisation and settlement of equity settled awards	191	1,544
Net cash from operating activities	15,599	14,060

Notes to the Financial Statements

for the year ended 31 March 2024

19. Commitments and contingent liabilities

(a) Operating lease commitments

The Group and Company had commitments as set out below:

	2024 £'000	2023 £'000
Within one year	1,057	308
Between one and five years	4,230	4,494
Over five years	308	1,102
	5,595	5,904

These commitments relate to the lease for One Angel Lane, London which commenced 1 February 2022 and terminates on 17 July 2029.

(b) Contingent liabilities

As described in note 5, the Company triggered the provisions of Section 75 of the Pensions Act 1995, as at 28 February 2023, in respect of its obligations to the Church of England pension schemes. There is no outstanding obligation in respect of these schemes as at 31 March 2024, but as this was not determined before the signing of the Annual Report for the year to 31 March 2023, an unquantified contingent liability was disclosed as at that date.

20. Related party transactions

During the year CCLA, as manager of the Funds listed below, carried out transactions which related to management fees and other services charged to the Funds by CCLA in the normal course of its business. The names of the related parties and the analysis of turnover from related funds was as follows:

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
The Church of England Investment Fund and other CBF Funds	14,208	13,206	13,677	12,427
COIF Charities Investment Fund and other COIF Charity Funds	33,837	–	31,401	–
LAMIT and The Local Authorities Property Fund	7,612	–	9,038	–

The above mentioned related parties are shareholders in the Company.

At the year ended 31 March 2024 there were amounts due from related parties as follows:
 £1,286,888 due to the Group and Company from the CBF Funds (2023: £1,283,283) and
 £3,748,519 due to the Group from the COIF Funds (2023: £3,511,919).

Notes to the Financial Statements

for the year ended 31 March 2024

20. Related party transactions (continued)

Please refer to note 5 and the Directors' remuneration report, pages 49 to 51, for details of Directors' remuneration and key management personnel compensation for the Group.

Loans were made to Executive Directors during the year to assist them in purchasing new Ordinary Shares in CCLA, under the Long Term Incentive Plan, as follows:

	Loan and interest due at 1 April 2023 £	Loans made during the year £	Loans repaid during the year £	Interest charged during the year £	Charged during the year £	Loan due at 31 March 2024 £
Peter Hugh Smith	2,339,194	–	(101,813)	41,226	–	2,278,607
Elizabeth Sheldon	1,324,904	–	(58,741)	23,951	–	1,290,114
Andrew Robinson	376,334	–	(23,981)	6,852	–	359,205
Total	4,040,432	–	(184,535)	72,029	–	3,927,926
Amortisation ⁽ⁱ⁾	(1,130,421)	–	–	–	(386,051)	(1,516,472)
Total	2,910,011	–	(184,535)	72,029	(386,051)	2,411,454

⁽ⁱ⁾ 50% of the value of the initial loan values are amortised by CCLA over the five years from the date of issue. This period may be shortened so that the loan is fully amortised when the relevant Director is aged 60.

Features of these loans to Executive Directors are as follows:

- Repayments of 2.5% of the original loan (5% for loans issued before 1 June 2019) are made per annum.
- The loans carry an interest rate which is variable, based upon published rates. The Directors receive a bonus to cover the cost of this interest.
- The loans are not included in Directors' emoluments disclosed on page 51, except for the beneficial interest benefit declared for tax purposes; and any write-off applied to the Directors' loans. 50% of the value of loans, excluding accrued interest, is written off by the Company if and when the Director leaves as a 'Good Leaver'.

All of the above loans are accounted for as debtors and as LTIP loan reserve as described in note 1(g)(iv). The loans are accounted for: at transaction price on initial recognition; and thereafter at amortised cost using the effective interest method.

The amount due as shown in the table above as at 31 March 2024 of £2,412,000 (2023: £2,911,000) (rounded) corresponds to: LTIP loan reserve of £2,167,000 (2023: £2,167,000); plus amounts due under the LTIP within debtors of £1,761,000 (2023: £1,874,000) (see note 9); less the share-based payment amortisation of £1,516,000 (2023: £1,130,000) included within other reserves.

Notes to the Financial Statements

for the year ended 31 March 2024

21. Subsidiary and related undertakings

CCLA Fund Managers Limited is the lone wholly-owned subsidiary undertaking of the Company, which holds 100% of its Ordinary Shares. CCLA FM operates in the United Kingdom where it is registered and incorporated and is stated in the CCLA IM financial statements at cost less, where appropriate, provisions for impairment. CCLA FM acts as the manager of eight Alternative Investment Funds, being six COIF Charities Funds, The Local Authorities' Property Fund and the CCLA Catholic Investment Fund.

The investment in subsidiary company is held at cost less accumulated impairment losses, where applicable. This investment in subsidiary company is eliminated upon consolidation.

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Investment in subsidiary	–	2,700	–	2,700
	–	2,700	–	2,700

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are set out above in note 20.

The registered office of all related undertakings is One Angel Lane, London EC4R 3AB.

Longer term trends in performance (unaudited)

Funds under management

Value of funds at year end managed by CCLA Investment Management Limited and CCLA Fund Managers Limited, and fund flows for each year.

Years to 31 March	Net Fund Flows			Total fund flow £ million
	*Funds under management £ million	Long-term funds £ million	Cash funds £ million	
2020	9,787	+834	+173	+1,007
2021	12,534	+683	+825	+1,508
2022	13,916	+179	+197	+376
2023	13,555	+82	+159	+241
2024	14,512	+208	-108	+100

*Changes in total funds under management represent the effect of net new fund flows and market movements.

Financial performance

Years to 31 March	Turnover £'000	Pre-tax profit before exceptional items £'000	Exceptional non-recurring and one off items £'000	Pre-tax profit/(loss) £'000	Capital and reserves £'000	Minimum Regulatory capital requirement £'000
2020	45,462	11,928	–	11,928	33,168	6,750
2021	50,144	13,388	(1,668)	11,720	38,394	15,096
2022	58,120	18,530	(1,622)	16,908	45,262	13,156
2023	59,041	13,000	(675)	12,325	51,666	20,436
2024	60,937	13,637	(1,483)	12,154	55,158	20,436

Longer term trends in performance (unaudited)

Share valuation and dividends per share

Up to June 2019, CCLA has been valued annually as at 30 June. Valuations were carried out as at 30 November 2019 and, in light of exceptional share price movements during the Covid-19 pandemic, 31 March 2020. Valuations are now planned to take place on a regular basis twice a year, as at 31 May and 30 November, unless circumstances require this to be changed. Valuations are based on the results for the previous year (or period) and the budget for the following year (or forecast for the remainder of the current year). This share price is used to value the CCLA holding by The CBF Church of England Investment Fund and the COIF Charities Investment Fund (subject to review by the Company's Fair Value Pricing Committee). This valuation is also used by the Long Term Incentive Plan, the LTIP 2, the Equity Settled Deferred Bonus Scheme and the Share Incentive Plan.

The CCLA Board approves the payment of dividends at its Board meeting in October based on the results for the previous financial year, the budget for the current financial year and the results for the year to date.

	Share valuation	Dividend per share
2019	£3.52	15p
2020	£2.95	15p
2021	£3.68	19p
2022	£3.99	19p
2023	£3.92	21p

As at 31 March 2024 the share valuation was £3.42 based on the valuation as at 30 November 2023.

Share valuations and dividends above have been restated for the 100:1 share split which took place on 1 April 2020.

List of organisations that we have supported during the year

CCLA has provided financial or in-kind support to the following organisations during the year.

ABF the Soldiers Charity	NHS Charities Together
Association of Chairs	Norfolk Association of Local Councils
Association of Charitable Foundations (ACF)	Northamptonshire Community Foundation
Association of Chief Executives of Voluntary Organisations (ACEVO)	Northants CALC
Association of Church Accountants and Treasurers	Pollard Trust
Association of English Cathedrals	Prison Advice Care Trust (PACT)
Asthma & Lung	Room 151
Berkshire Community Foundation	Scottish Councils for Voluntary Organisations (SCVO)
Bob Champion	Smaller Authorities' Audit Appointments
British Asian Trust	Society of Local Council Clerks
Cambridgeshire & Peterborough Association of Local Councils	Solace
Cambridgeshire Community Foundation	Suicide & Co
Caritas Social Action Network (CSAN)	Support our Paras
Catholic Agency For Overseas Development (CAFOD)	Surfers not Street Children
Catholic Union Charitable Trust	Sussex Community Foundation
Centre for Enterprise, Markets and Ethics (CEME)	Switchback
Chalkhill Community Trust	The Almshouse Association
Chartered Institute of Public Finance and Accountancy (CIPFA)	The Association of Charitable Organisation
Church Investors Group (CIG)	The Association of Provincial Bursars
Civil Society Media	The Catholic Herald
Convention of Scottish Local Authorities (COSLA)	The Company of Arts Scholars' Charitable Trust
County Councils Network	The Tablet
Cratus	Theos
Culham St Gabriel's Trust	Together for the Common Good
District Councils Network	Tree of Hope
Ely Cathedral	UK Community Foundation (UKCF)
Engineering Development Trust (EDT)	UKSIF
Freedom from Torture	Welsh Local Government Association
Honorary Treasurers Forum	Worthstone
Human Talk	Wycliffe Bible Translators
Independent Schools' Bursars Association	Yorkshire Local Councils Association
Institute for Voluntary Action Research (IVAR)	
Just Money Movement	
Kent Association of Local Councils	
Kent Community Foundation	
Koestler Arts	
Land Trust	
League of Remembrance	
Local Government Association	
Local Government Information Unit	
National Association of Local Councils (NALC)	
National Churches Trust	

Company Information

Registered number	2183088
Registered Office	One Angel Lane, London EC4R 3AB T: 0844 561 5000 www.ccla.co.uk
Independent Auditors	Deloitte LLP, 110 Queen Street, Glasgow G1 3BX
Bankers	HSBC Bank Plc, 60 Queen Victoria Street, London EC4N 4TR

CCLA

www.ccla.co.uk

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

Both companies are authorised and regulated by the Financial Conduct Authority.

Registered address: One Angel Lane, London EC4R 3AB.

Printed on 100% post consumer waste and is certified by the Forest Stewardship Council (FSC).