

Marshall's Charity

Charity No. 206780

Financial Statements

for the year ended 31st December 2006

Marshall's Charity

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TRUSTEES (are appointed by resolution of the remaining Trustees for a term of 5 years)

- + Mr D M Lang MA *(Chairman - until 25 January 2007)*
- u [Mrs A Nicholson MA MPhil MRTPI *(Chairman - from 25 January 2007)*
- # Mr C G Bird FCA *(Vice Chairman - from 25 January 2007)*
- u Mr M J Dudding OBE TD DL FCIS
- u [Mr A G H Stocks TD
- Mr C P Stenning TD FIFP CFP
- # Mr S Clark TD BSc(Hons) FCIB FSI
- Mrs G M F Isaac
- [Mr W D Eason MA FSI
- + Mr J Hammant BSc MBA
- + Mr J A N Heawood MSc MRICS
- Ms S Malhotra BA
- Revd J Rust BSc
- u Ven C Hardman BSc
- Mr A P Guthrie TD BSc FRICS *(appointed 25 January 2007)*

- + Member of the Property Management Committee
- # Member of the Audit Committee
- u Member of the Trustee Selection Committee
- [Member of the Remuneration Committee

STAFF

Mr R J Goatcher MSc FCA *Clerk to the Trustees*
Mr J D Hutchings DipBS FBEng FRICS *Surveyor*

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SOLICITORS

Winckworth Sherwood
The Old Deanery, Deans Court,
London EC4V 5AA

AUDITOR

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Russell Square House
10-12 Russell Square
London WC1B 5LF

INVESTMENT MANAGERS

Newton Investment Management Limited
71 Queen Victoria Street
London EC4V 4DR

1. PURPOSES OF THE CHARITY

The Charity was formed in 1631 on the death of John Marshall, a baker in Southwark. In his Will, having made provision for his family and friends, he left the balance of his modest estate to Trustees to be used for various charitable purposes. Although these have changed slightly over the centuries, they are still primarily focussed on *"the continuance and maytenance of the preaching of God's holy word in this Lande forever"*. Today, those purposes are:-

- a) to support as Patrons the Parish of Christ Church, Southwark;
- b) to make grants for the support of parsonages to dioceses of the Church of England and the Church in Wales;
- c) to make restoration and repair grants to Anglican churches in the three counties of Kent, Surrey and Lincolnshire as those counties were defined in 1855; and
- d) 4% of the net income is made available to Marshall's Educational Foundation which makes grants to students at two schools in Orpington and Stamford;

The Charity is funded solely from this endowment.

2. STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Documents & Trustees

The Charity is governed under the terms of the Marshall's Charity Act 1855 as supplemented by subsequent Schemes of the Charity Commissioners.

All Trustees are members of the General Meeting of Trustees and are eligible for election to any Committee. Trustees are elected to serve for a five year period, and may be re-elected for subsequent five year periods. There are a maximum of 16 Trustees, all of whom are required to be members of the Church of England.

In January 2007 Mr David Lang, having completed five years as Chairman of the Trustees, stood down. His colleagues are immensely grateful for his leadership through these years and appreciate his long and detailed knowledge of the working of the Charity, having served as a Trustee now for 39 years. His calm and methodical way of addressing issues helped the Trustees to deal with the increasing complex affairs of the Charity. Mrs Anthea Nicholson was elected as his successor.

There are currently four committees: Property Management Committee, Audit Committee, Remuneration Committee and Trustee Selection Committee. No Committee has delegated power to act without the authority of the General Meeting of Trustees. During 2005 the Trustees developed and approved formal terms of reference for all of these Committees.

Trustee Selection & Training

The Trustee Selection Committee meets as necessary to consider new appointments of Trustees. The Committee, consisting of the Vice Chairman and three other Trustees (see page 1), initially draws up profiles of the skill needs they believe necessary in prospective Trustees. Once these profiles have been agreed by the General Meeting of Trustees, Trustees are then invited to submit recommendations to the Committee. The Committee reviews the suggested names, and having short-listed suitable candidates, invites those persons to a meeting with the Vice Chairman and other Trustees as well as the Clerk and the Surveyor. This gives potential candidates the opportunity to meet both Trustees and staff and to make enquiries about the structure and administration of the Charity and what their role would be within it. If the candidates indicate that they wish for their names to go forward, and the Selection Committee still believe them to be suitable for election, the Committee makes a recommendation of candidates to the General Meeting for their consideration and approval.

There were 14 Trustees at the end of 2006, three of whom have indicated they do not intend to stand when their current period of office comes to an end in the course of the next two years. The Committee met twice during 2006 with a view to finding suitable candidates for appointment as new Trustees in the course of 2007 and 2008. At the Meeting of Trustees in January 2007, the Committee recommended Mr Tony Guthrie as a Trustee, who was elected at that Meeting.

The Charity is fortunate to have many highly qualified and experienced Trustees who are also active in other charities. In keeping with the need to maintain the highest levels of governance, the charity encourages all Trustees to participate in training that is relevant and which will assist them in their roles. Through our membership of the Charity Finance Directors' Group and also from our auditors, Chantrey Vellacott DFK LLP, various courses are available in many of the specialist areas that affect the Charity. During the year, a number of Trustees have attended these courses which have been most instructive and helpful. The Charity has two experienced professional staff in the persons of the Clerk and the Surveyor, and the Charity ensures that both of them undertake appropriate continuing professional education relevant to its needs. Both of them ensure that the relevant knowledge gained in this training is forwarded to the Trustees. For example during 2006, the Clerk made a presentation to a Meeting of Trustees on Trustee responsibilities for the financial affairs of the Charity.

Audit Committee

The Audit Committee, which currently consists of two Trustees (see Page 1), meets twice a year with the auditors, with the Clerk to the Trustees in attendance. These meetings are also joint meetings with the Audit Committee of Newcomen Collett Foundation. Because the staff manage the affairs of both charities, many of the issues discussed are common to both charities. However, any distinct areas of concern are dealt with as separate items.

One of the meetings is concerned with the planning of the audits to be carried out and identifying the areas of special interest which the Trustees wish to be examined by the auditors. The other meeting reviews the annual accounts and the outcome of the audit work. In the absence of the Clerk, the auditors also have the opportunity to report to the Trustees in confidence on any issues that might have arisen in their work with the staff.

Property Management Committee

The Property Management Committee currently consists of four Trustees (see Page 1) who work with the Surveyor in monitoring property portfolio issues and examining new investment opportunities. The Committee receives monthly reports from the Surveyor on current activity and issues, it meets regularly throughout the year, and members are currently visiting, with the Surveyor, some of the properties where they believe opportunities exist to increase the capital value of the investment.

Remuneration Committee

Its principal function is to recommend to the General Meeting of Trustees any changes to staff salaries or terms and conditions they consider appropriate for the following year. The Committee consists of the Vice Chairman and two other Trustees (see Page 1) and normally meets once a year. In 2006 it made recommendations on the terms under which a new Secretary should be appointed. Until now, Mr Alan Stocks has also represented the interests of Newcomen Collett Foundation in these discussions, but he retired as a Governor of that Foundation in 2006. The Committee therefore invited Newcomen Collett Foundation to nominate a representative to join them for their Meeting, and Mrs Shirley Hase, the Chairman of the Foundation, joined them in January 2007. The Committee receives a report from the Clerk on staff issues and performance, and then considers sector and national pay rates and conditions before preparing its recommendations to the Trustees.

Management

The day-to-day management of the affairs of the Charity is delegated to the Clerk and the Surveyor. The Trustees believe that the operation of a Charity with assets and income of this scale requires the management of professionally trained staff with its necessary costs. They are immensely grateful to both the Clerk and the Surveyor for their dedication to the work of the Charity. Until her retirement this year after 13 years service with the Charity, they were very ably supported by Mrs Christine Thomas as Secretary. At their Meeting in April 2006, the Trustees marked her retirement with a presentation as an expression of their thanks for her careful service to them over those years. We were very pleased to welcome Mrs Tina Scattergood who has joined us as the new Secretary and look forward to working with her over the coming years. The continual changes in legislation and regulation place a very heavy burden on the Charity, and the Trustees thank all the staff for their enthusiasm and commitment in dealing with the affairs of the Charity and supporting the Trustees so efficiently.

Risk

In 2003, the Audit Committee and the Clerk to the Trustees undertook a major exercise to develop a detailed Risk Map which examined the key areas of the Charity and its operations. This Risk Map and its supporting schedules were adopted by the Trustees and have continued to be used as the basis of reviewing risk in the Charity. Using this Map, during this year the Trustees of the Charity have reviewed the major risks to which the Charity is exposed and are satisfied that systems exist to minimise the impact of any of the risks on its future effectiveness. As a result of actions taken over recent years, the Audit Committee has downgraded the likelihood risk over some of the identified risks.

3. OBJECTIVES, ACHIEVEMENTS & FUTURE PLANS

As can be clearly seen from the Statement of Financial Activities ("SOFA") on page 9, the affairs of the Charity are separated into the following principal areas – Investment Management, Grant-making and Governance.

For many years, the Charity has shared its offices and costs with Newcomen Collett Foundation, another grant-making charity. The income received from them and the costs incurred are virtually equal and are shown separately in Note 14. We will deal with this relationship further under the section on Governance below.

1. Investment Management

An Investment Strategy Working Party has met over the last two years to consider all aspects of the long-term investment strategy of the Charity. In 2005 their primary recommendation was that the current ratio of investment between property and securities should be maintained for the medium-term. In 2006 it recommended that the portfolio of stocks and shares be sold and re-invested in a collective fund. Details of this are given in the Stocks and Shares section below.

Property

As has been mentioned in previous Reports, the current property investment strategy, which was set down in 1994, required the Charity to reduce its interests in secondary and tertiary retail and offices and to increase its holdings in industrial and warehousing units, principally in Central England. In a number of those newer investments, the current leases are coming to an end, which offers the opportunity to invest in additional facilities on those sites in order to increase the capital base of the Charity. The Working Party considered these ideas and made the following recommendations to the Trustees:

- o that the Surveyor should bring forward schemes for the development of existing properties; and
- o that up to 5% of our investment funds should be allocated to allow development of existing sites.

Both of these recommendations were agreed by the Trustees. As a result, the Charity has already appointed planning and letting consultants to assist the Surveyor with preparing detailed plans for the development of an additional property on one of our sites, together with an up-grading of the current property on that site. We have recently agreed terms where one of our existing tenants will take a lease on the additional industrial unit to be built, and plans are underway for building work to commence this coming summer. In the meantime, the Surveyor and Property Management Committee are discussing the best way to proceed with the investment in new property on at least two other sites.

As can be seen from the Balance Sheet, the Charity currently has nearly £375,000 in cash awaiting investment and, having repaid £150,000 of the internal loan from non-investment assets (see note 10), effectively has more than £500,000 available for these projects. This is certainly sufficient to allow the first of the projects to proceed. When the Property Management Committee have considered the other two properties and brought forward proposals for possible additional investment in them, the Committee will also include for consideration proposals for the funding of these schemes.

The Working Party also indicated that diversification of the property portfolio was not fully achieved because of the inability of the Charity to acquire direct interests in prime property due to the large size of such units. They have therefore recommended, and the Trustees have agreed, that the Surveyor should present a recommendation for acquisition of suitable collective investments related to first class property. Depending on the scale of this investment, and the total costs involved in the three properties referred to above, this may require the Charity to make a disposal of a property in its existing portfolio. Because of the work involved on the existing properties, this recommendation has not yet been actioned, although it will be kept under review by the Property Management Committee.

Stocks & shares

As a result of strong growth in worldwide stock markets, particularly in the Pacific Basin and emerging markets, our portfolio of securities investments has recovered to above the value it had in 2002. During this period, the Trustees have monitored the performance of their fund and its managers against the recognised WM Index. As the performance of the fund has remained consistently below the WM Index despite having dedicated managers in recent years, the Investment Strategy Working Party recommended that the Charity should dispose of its current stock market holdings and invest the proceeds in collectives. The Trustees approved this recommendation and the entire portfolio of stocks and shares was sold in May 2006 and the proceeds invested in Newtons Global Growth and Income Fund for Charities. We continue to receive regular reports from Newtons which will allow Trustees to monitor the performance of the Fund against the WM Index.

2. Grant-making

The four current major categories of benefit are set out in the opening paragraph of our Report. The Marshall's Charity Act 1855 introduced provision for grants for building new churches and until 1993 these were made, particularly during the 19th Century and again in the 1930s. However, the Trustees now believe that any grant they made in this area would not be material to the overall cost of a new church and that their grants are more effectively directed to the other areas of benefit.

Since the early 1990s, the Trustees have been aware of the increasing danger to which clergy and their families are subject in their homes. Through discussions with the diocesan parsonage departments, it was clear that installation of burglar alarm systems and, in more dangerous situations, CCTV security systems, was needed in a large number of properties. For the last 15 years the Charity has earmarked part of its Support of Parsonage grant funds to be available for such schemes and have particularly encouraged dioceses which have programmes for wide scale installation.

In 2004 the Charity decided to transfer all its historic records to the safe-keeping of the Metropolitan Archives, where they will be both secure and available to the general public who may be interested. Before the records were transferred, the Clerk extracted details of all the grants made by the Charity since its first grant to the Parish of Laneast, Cornwall in 1771. Using this database, the Clerk then produced for the Trustees a report on the grant history of the Charity, including the summary which is shown on the next page.

<i>Type of grant</i>	<i>Grants made – at current prices</i>		<i>Number of grants made</i>
	<i>Grants made</i>	<i>Grants made</i>	
	£000s	£000s	
<i>Alarm systems</i>	361	404	409
<i>Other Parsonage grants</i>	8,138	26,965	5,885
Total Parsonage grants	8,499	27,369	6,294
New Churches	657	8,394	650
Restoration of Churches	4,823	10,320	3,046
TOTAL	13,979	46,083	9,990

It is certainly impressive that John Marshall's Will should have created grants worth more than £46 million at current prices and reminds us of our responsibility for the stewardship of his legacy.

Turning to the present day, having made due provision for the costs associated with Christ Church, Southwark and the grant to Marshall's Educational Foundation, the Trustees decide annually the split of the available balance between grants for the Support of Parsonages and those for Restoration of Churches. This is considered carefully and the claims of both areas are strong. In recent years the Trustees have directed approximately 75% of the balance to Parsonages and 25% to Churches and has maintained this pattern in the current year.

Ø Christ Church

In 2004, Revd Tim Scott became Rector of Christ Church, as well as being the Diocesan Regeneration Advisor. The responsibility for the parish is clearly for the Rector and the Parochial Church Council, but the Trustees and staff of the Charity take a close interest in the affairs of the parish, as well as financially supporting them by bearing the full cost of the clergy and a proportion of the running costs of the Church.

There is considerable development taking place currently in the surrounding area of Blackfriars and various plans have been brought forward for substantial buildings immediately adjacent to the site of the Church. Although it is currently too early to know the exact outcome, the Trustees have sought to ensure that the Church will be involved in the planning phase and that any outcome will consider the needs of the Church and its parishioners.

When the Rector met the Trustees in January 2006, he drew their attention to a number of changes in personnel and consequent operational difficulties. With the support of the Rector, Mr Colin Bird, a Trustee, has visited the Church on several occasions throughout the year and assisted the new administrator with the accounting systems. He has reported to both the Church and the Trustees that the books are now being well kept and the financial affairs of the Church are on a secure basis, and both groups thank Mr Bird for his effort and concern in this matter.

Ø Marshalls Educational Foundation

John Marshall's Will provided for the university education of one young man from the Parish Grammar School in Southwark (now St Olave's & St Saviour's Grammar School in Orpington) or from Stamford School in Lincolnshire. The 1870 Education Act required the Charity to form a separate Foundation for administering these grants, and it was settled that 4% of the disposable income of Marshall's Charity would be paid to this Foundation annually.

Of the eleven Governors of Marshall's Educational Foundation, up to nine are appointed by Marshall's Charity and the Trustees are thus able to satisfy themselves that the affairs of the Foundation are efficiently administered. The Clerk of Marshall's Charity also administers the affairs of the Foundation. Currently five of the Governors are also Trustees of Marshall's Charity.

Ø Parsonages

For several years we have invited the diocesan parsonage departments to apply at the start of each year for a pre-determined grant allocation, requiring them to identify which parsonages will use the funds and for what purposes. During each year, the Surveyor visits a number of parsonage departments to discuss how they are operating, to discuss strategy and to see examples of how grants made previously have been used. At a national level we can clearly see that the standard of professionalism in these departments is rising and the use of computer systems to control the work and costs is more widespread. We receive considerable informal feedback from diocesan surveyors and property managers of the usefulness of the visits of the Surveyor. Not only does it give them an opportunity to discuss strategy and operational problems with an independent party, but his knowledge of technical and operational developments in other dioceses can be shared in this way.

Ø Churches

In previous years it has been necessary to stop making grants to churches part way through the year due to our inability to meet the high demand. This was not the case in 2006 and as a result we were able to make 60 grants to various churches. This involves considerable work as the Surveyor visits every applicant to discuss with the incumbent or churchwardens the plans for the proposed work and to write a report for Trustees on the church and its outreach. However, a survey we undertook in 2005 showed that a large number of the churches particularly emphasised how much they welcomed the visits from our Surveyor. They appreciated his wide and independent knowledge on matters of church buildings and his concern for their current and future welfare. These comments made us realise that his visits not only provided us with feedback for our decision-making processes, but had also become a real benefit to churches and their leaders.

During the year the Charity examined the level of grant it was giving to churches, which had averaged some £3,000 for several years. It was decided that this no longer represented a meaningful contribution to the projects being undertaken, and the Trustees will expect to increase this to some £5,000 per grant.

3. Governance

As with the corporate world, the charity sector has recognised that good governance and transparency are key responsibilities in their relationship with the community they serve. Marshall's Charity seeks to ensure that it meets the highest standards in these areas consistent with the size of its operations and funds.

In 2005, detailed terms of reference were developed for the four committees referred to above, and these were approved by the Trustees. The Trustees rely greatly on the careful and thoughtful work undertaken by these committees which allows the General Meeting to deal more effectively with the many issues which are its concern.

During the last two years the Trustees have been working with Newcomen Collett Foundation on defining a formal agreement to ensure that the relationship between the charities reflects best practice in this area. Having agreed the process with the Charity Commission, the agreement was signed this year with Newcomen Collett Foundation. The Trustees are particularly grateful to the Chairman at the time, Mr David Lang, for his careful working in negotiating these agreements.

Statement of Trustees' Responsibilities

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees are required to select suitable accounting policies (see Note 1 to the Accounts), apply them consistently and make judgements and estimates that are reasonable and prudent, prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation and state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements.

The Trustees are responsible for keeping accounting records which disclose the financial position of the Charity and for ensuring that financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL REVIEW

Review of Finances

As a result of the considerable work done over recent years in improving our property investment in Manchester, we were able to conclude a satisfactory renewal with the major tenant there for a substantial increase back-dated by some two years. Coming as it did in the closing months of the year, this substantial rise in income meant that an unintended surplus was guaranteed. We are also achieving uplifted rents on several recent lease renewals on other properties.

There have been no additions or disposals of freehold property. Market conditions have continued to force reductions in yields on commercial property, and the Surveyor, in valuing the portfolio at the year-end has increased some of the property portfolio values, although his view is that market changes are slowing and the revaluation is less than in previous years.

Reserves Policy

The Trustees have adopted a policy regarding reserves which should ensure that:

- a) unrestricted funds should be no less than one month's, and no more than four months' anticipated expenditure; and
- b) there are adequate funds to ensure that the Charity is able to meet all current and known future liabilities.

The Trustees budgeted for a deficit in 2006 in order to reduce the current level of reserves to a more appropriate level, but the late and substantial rise in income meant that a surplus has arisen. The Trustees do not wish to retain this, and the budget for 2007 has been drawn up with the intention of expending this surplus, plus some of the accumulated reserves, by the end of 2007.

Signed on behalf of the Trustees

Mrs A M Nicholson

.....Chairman

C G Bird

.....Vice-Chairman

19 April 2007

	Notes	2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	2		448,208		369,702
Investments - General purposes					
<i>Freeholds</i>	3	15,141,035		13,660,390	
<i>Securities</i>	4	2,373,459		2,144,255	
<i>Cash on deposit awaiting investment</i>		373,482		349,988	
			17,887,976		16,154,633
Investments - Special purposes	5		748,174		599,591
			19,084,358		17,123,926
Current Assets					
<i>Debtors and prepayments</i>	6	174,054		122,911	
<i>Loans to churches</i>	7	9,375		28,125	
<i>Cash at bank and in hand</i>		794,426		676,950	
			977,855		827,986
Creditors: Amounts falling due within one year	8	(769,975)		(758,689)	
Net Current Assets			207,880		69,297
NET ASSETS			19,292,238		17,193,223
FUNDS					
Unrestricted funds			282,880		169,297
<i>Other Restricted Funds</i>		898,174		724,591	
<i>Endowment Fund</i>		18,111,184		16,299,335	
Total restricted funds	9		19,009,358		17,023,926
TOTAL FUNDS			19,292,238		17,193,223

Approved by the Trustees on 19 April 2007 and signed on their behalf:

Mrs A M Nicholson Chairman

C G Bird Vice Chairman

The notes on pages 10 to 16 form part of these accounts.

	Notes	Unrestricted	Restricted Funds		Total	Total
		Funds	Other	Endowment	2006	2005
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Investment income</i>	13	1,282,145			1,282,145	1,172,702
<i>Activities for generating funds</i>	14	250			250	1,663
Total incoming resources		1,282,395			1,282,395	1,174,365
RESOURCES EXPENDED						
Cost of generating funds						
<i>Property & investment costs</i>	15	245,891			245,891	294,385
Charitable activities						
<i>Support of Parsonages grants</i>	15	488,419			488,419	480,481
<i>Repair of Churches grants</i>		241,536			241,536	244,201
<i>Christ Church, Southwark</i>		46,698			46,698	48,615
<i>Marshall's Educational Foundation</i>		39,704			39,704	33,265
<i>Stamford Lectureship</i>		115			115	115
		816,472			816,472	806,677
Governance costs	15	31,270			31,270	35,722
Total resources expended		1,093,633			1,093,633	1,136,784
Net incoming resources	11	188,762			188,762	37,581
<i>Gross transfers between funds</i>	9 & 10	(75,179)	50,179	25,000	-	-
Net incoming resources before other recognised gains and losses		113,583	50,179	25,000	188,762	37,581
Other recognised gains on investment assets						
<i>Property - unrealised</i>		-	-	1,557,645	1,557,645	513,170
<i>Securities - realised</i>		-	-	131,820	131,820	23,026
<i>- unrealised</i>		-	123,404	97,384	220,788	393,072
Net movement in funds		113,583	173,583	1,811,849	2,099,015	966,849
<i>Fund balances brought forward</i>		169,297	724,591	16,299,335	17,193,223	16,226,374
Total funds carried forward		282,880	898,174	18,111,184	19,292,238	17,193,223

All the above amounts relate to continuing activities and include all recognised gains and losses.

The notes on pages 10 to 16 form part of these accounts.

1. Accounting Policies

- a Funds required by the Charity Commissioners (for sinking or other capital purposes) are invested in the Charities Official Investment Fund (COIF) and the Equities Investment Fund for Charities. The managers do not publish details of income accumulations and therefore investments are shown at market value and the funds are adjusted appropriately.
- b All securities (general purposes) are shown at mid-market value; realised and unrealised profits and losses are dealt with by adjustment to the endowment fund.
- c Equipment and office furniture is depreciated so as to write items off over their expected useful lives at a rate of 10% per annum on a straight line basis, except for the computer system which is depreciated so as to write it off over three years.
- d Repairs and renewals to property are charged to income when incurred.
- e Grants to churches and in support of parsonages are treated as expenditure when authorised by the Trustees, not when the grants are paid.
- f Rental income is credited when receivable. Investment income is credited on an accruals basis.
- g Rentals under operating leases are charged to the Statement of Financial Activities as they fall due.
- h Staff pension contributions are made under a defined contributions scheme, and the funds are held by fully independent insurance companies. No liability exists under the scheme except for the amount of the contributions charged in the year.
- i The accounts comply with the 2005 Statement of Recommended Practice, "Accounting and Reporting by Charities", the Charities Act 1993 and applicable accounting standards.
- j All staff support costs have been allocated on the estimated basis of time spent on those categories. All other overheads (except Audit costs, which have been charged to Governance), have then been allocated between the categories on the basis of the total staff costs.

2. Tangible Fixed Assets

	Marshall House £	Furniture & Equipment £	Total £
<i>Net book value at 31st December 2005</i>	364,000	5,702	369,702
<i>Revaluation</i>	77,000	-	77,000
<i>Additions in year</i>	-	5,412	5,412
<i>Depreciation</i>	-	(3,906)	(3,906)
Net book value at 31st December 2006	441,000	7,208	448,208

Notes:

- a Christ Church, Southwark was built and is maintained by the Charity in accordance with the will of John Marshall. The Trustees fully maintain the church on the basis of regular inspections, and do not consider that any useful purpose would be served by valuing the land and buildings. The Trustees have therefore decided to carry the Church at nil valuation.
- b Marshall House, Southwark is the offices of the Charity. At 31st December 2006, the Charity's Surveyor has valued the building at £441,000 on the basis of its open-market value.
- c All tangible fixed assets are used for charitable purposes.

3. Freeholds

	2006 £	2005 £
<i>Opening balance at 1st January 2006</i>	13,660,390	13,147,220
<i>Revaluation of properties at year end</i>	1,480,645	513,170
Closing balance at 31st December 2006	15,141,035	13,660,390

- a The cost of the Charity's freehold properties at 31st December 2005 and 2006 was £5,041,202.
- b The property portfolio is valued annually by the Charity's Chartered Surveyor, Mr J D Hutchings, DipBS FBEng FRICS. The valuation is on the basis of open-market value.
- c All freehold properties are situated in the United Kingdom.

4. Securities

	Total 2006	Total 2005
	£	£
<i>Market value at 1st January 2006</i>	2,034,153	1,710,783
<i>Acquisitions at cost</i>	2,403,495	298,339
<i>Disposals at opening book value</i>	(2,161,645)	(269,455)
<i>Repayments of capital</i>	-	(5,974)
<i>Net gains on revaluations during year</i>	97,384	300,460
	2,373,387	2,034,153
<i>Add: Portfolio cash awaiting investment</i>	72	110,102
Market value at 31st December 2006	2,373,459	2,144,255
<i>Historical cost at 31st December 2006</i>	2,276,004	1,687,624
<i>Historical gains on disposals during the year</i>	588,452	50,164

Analysis of investments and investment income	Income		Investments	
	2006	2005	2006	2005
	£	£	£	£
<i>UK Fixed Interest</i>	2,820	10,689	-	185,356
<i>UK Equities</i>	21,176	37,586	-	1,197,003
<i>Overseas Equities</i>	6,659	9,726	-	651,794
<i>UK Investment Fund</i>	27,311	-	2,373,387	-
<i>Portfolio cash</i>	2,939	4,893	72	110,102
	60,905	62,894	2,373,459	2,144,255

In May 2006, the Charity disposed of its individual holdings in stocks and shares and invested the entire proceeds in Newtons Global Growth & Income Fund for Charities.

5. Investments - Special Purposes

	2006		2005	
	No. of shares	Value at 31.12.06	No. of shares	Value at 31.12.05
		£		£
<i>Charities Official Investment Fund:</i>				
<i>Accumulation shares at market value</i>	1,567.69	119,363	1,551.36	103,941
<i>Equities Investment Fund for Charities:</i>				
<i>Accumulation shares at market value</i>	4,513.00	628,811	4,316.00	495,650
		748,174		599,591

Investments represent the following funds:

Funds for accumulation of income for capital purposes
Christ Church Extraordinary Repair Fund

2006	2005
£	£
574,703	475,448
173,471	124,143
748,174	599,591

6. Debtors and prepayments

	2006	2005
	£	£
<i>Rents due from tenants</i>	134,236	99,621
<i>Dividends and interest due</i>	21	5,244
<i>Other debtors</i>	39,797	18,046
	174,054	122,911

7. Loans to Churches

	2006	2005
	£	£
Amounts set aside at the balance sheet date by the Trustees to make loans to churches at beneficial interest rate of 3%	£ 200,000	£ 200,000
<i>Loans outstanding at 31st December 2005</i>	28,125	10,000
<i>Repayments in the year</i>	(28,750)	(1,875)
<i>New loans made during the year</i>	10,000	20,000
Loans outstanding at 31st December 2006	9,375	28,125
Interest received in the year	483	139

8. Creditors

	2006	2005
	£	£
<i>Grants approved but unpaid</i>	493,248	533,296
<i>Marshall's Educational Foundation</i>	8,604	7,163
<i>Service charges on managed properties held for future repairs</i>	117,280	73,590
<i>Rent deposits held for tenants</i>	105,650	104,259
<i>Value added tax payable</i>	24,600	23,011
<i>Other creditors</i>	20,593	17,370
	769,975	758,689

9 RESTRICTED FUNDS

	Balance	Movement		Other	Balance
	1.1.06	in Resources		Recognised	31.12.06
		Incoming	Outgoing	Gains and	
	£	£	£	Losses	£
Endowment Fund	16,299,335	25,000	-	1,786,849	18,111,184
<i>Funds for Accumulation of</i>					
<i>Income for Capital Purposes</i>	475,448	5,177		94,078	574,703
<i>Development Fund</i>	125,000	25,000		-	150,000
<i>Christ Church Extraordinary</i>					
<i>Repair Fund</i>	124,143	20,002		29,326	173,471
Total Other Restricted Funds	724,591	50,179	-	123,404	898,174
Total Restricted Funds	17,023,926	75,179	-	1,910,253	19,009,358

The Other Restricted Funds are all set up by Charity Commission Order for the following purposes:

a) **Funds for Accumulation of Income for Capital Purposes**

Appropriations are made to recoup capital monies expended on freehold property improvements and a leasehold interest in an investment property.

b) **Development Fund**

An annual transfer from income of £25,000 is allowed, and the fund may be applied for the purchase of land or the development and improvement of the property of the Charity.

c) **Christ Church Extraordinary Repair Fund**

Transfers may be made to this fund from income and the fund may be used for the repair, improvement or rebuilding of Christ Church, Southwark. The Trustees have decided to make an annual transfer of £20,000 towards future works on the Church.

Analysis of Net Assets between Funds

	2006				
	Fixed Assets & Investments Gen.Purposes	Investments Special Purposes	Internal Loan (see Note 10)	Net Current Assets/ (Liabilities)	Total
	£	£	£	£	£
Restricted Funds					
<i>Endowment Fund</i>	18,186,184		(75,000)		18,111,184
<i>Development Fund</i>	150,000				150,000
<i>Funds for Accumulation of</i>					
<i>Income for Capital Purposes</i>		574,703			574,703
<i>Christ Church Extraordinary</i>					
<i>Repair Fund</i>		173,471			173,471
	18,336,184	748,174	(75,000)	-	19,009,358
Unrestricted Funds					
<i>Unallocated Income</i>			75,000	207,880	282,880
	18,336,184	748,174	-	207,880	19,292,238

10 LOAN FROM NON-INVESTMENT ASSETS TO INVESTMENT ASSETS

When the Charity commits to make a grant, funds are set aside as creditors to meet that liability. Having studied the trends over a long period, the Charity ascertained that such liabilities are unlikely to materialise simultaneously.

With the permission of the Charity Commission, the purchase of the property in Eastleigh in November 1999 was partly funded with £250,000 of these funds, which will be repaid in equal annual instalments over a 10-year period by transfer from income to endowed funds. No interest is paid on these transactions.

11 NET INCOMING RESOURCES FOR THE YEAR ARE STATED AFTER CHARGING:

	2006	2005
	£	£
<i>Auditor's remuneration</i>		
- <i>audit</i>	7,200	7,000
- <i>other</i>	2,431	5,950

No Trustee receives any remuneration from the Charity, nor were any expenses re-imbursed to Trustees by payment to a third party. Trustees were not involved in any other transaction with the Charity or any related party.

12 STAFF COSTS AND NUMBERS

	2006	2005
	£	£
<i>Salaries and assessable benefits</i>	126,899	120,652
<i>Social security costs</i>	14,184	14,392
<i>Other pension contributions</i>	29,074	32,474
	170,157	167,518
Average number of staff (including full-time and part-time staff)		
<i>Clerk</i>	1	1
<i>Surveyor</i>	1	1
<i>Other administrative staff</i>	1	2
	3	4

In 2006, no employee received remuneration in excess of £60,000 (2005 - nil)

13. Investment income

	2006	2005
	£	£
<i>Property rental income</i>	1,166,856	1,061,210
<i>Dividends & interest on securities</i>	60,905	62,894
<i>Other interest</i>	38,199	32,782
<i>Fire insurance commission</i>	16,185	15,816
	1,282,145	1,172,702

14. Other activities for generating funds

	2006	2005
	£	£
<i>Co-administration charge - Newcomen Collett Foundation</i>	35,500	34,500
<i>Less: Allocated support costs</i>	(35,250)	(34,237)
	250	263
 <i>Software design fees for another charity</i>	 -	 1,400
	250	1,663

Newcomen Collett Foundation, a charity providing grants to young people in the London Borough of Southwark, is also based in the offices of Marshall's Charity. All the administrative costs of both charities are paid by Marshall's Charity, in return for which NCF pays an agreed annual co-administration charge.

15. Resources Expended

	2006			2005
	Direct costs	Allocated support costs	TOTAL	
	£	£	£	£
Cost of generating funds				
<i>Investment Management fees</i>	3,769	115,510	119,279	122,422
<i>Direct property costs</i>	126,612	-	126,612	171,963
	130,381	115,510	245,891	294,385
 Charitable activities				
<i>Support of Parsonage grants (see note 16)</i>	458,608	29,811	488,419	480,481
<i>Restoration of Churches grants (see note 16)</i>	204,307	37,229	241,536	244,201
<i>Christ Church, Southwark</i>	46,698	-	46,698	48,615
<i>Marshall's Educational Foundation</i>	37,437	2,267	39,704	33,265
<i>Stamford Lectureship</i>	115	-	115	115
	747,165	69,307	816,472	806,677
 Governance costs				
	-	31,270	31,270	35,722
	877,546	216,087	1,093,633	1,136,784

As required by the Will of John Marshall, the Charity makes an annual payment of £115 to the Rector of All Saints Stamford, its organist and sexton. This is referred to as the Stamford Lectureship.

All staff support costs have been allocated on the estimated basis of time spent on those categories. All other overheads (except audit costs, which have been charged to Governance) have been allocated between the categories on the basis of the total staff costs.

16 GRANTS DURING THE YEAR**To Churches**

In the range

> £5,000

£3,001 - £5,000

£2,000-£3,000

< £2,000

Cancellations

To Parsonages

In the range

> £10,000

£5,001-£10,000

£4,001-£5,000

£3,001-£4,000

£2,001-£3,000

£1,000-£2,000

< £1,000

Cancellations

Total Grants

	2006		2005	
	No.	£	No.	£
To Churches				
In the range				
> £5,000	5	34,000	2	16,000
£3,001 - £5,000	11	52,800	9	33,000
£2,000-£3,000	41	121,844	53	157,200
< £2,000	3	4,163	4	4,500
		<u>212,807</u>		<u>210,700</u>
Cancellations		(8,500)		(3,500)
	60	204,307	68	207,200
To Parsonages				
In the range				
> £10,000	4	47,560	5	62,100
£5,001-£10,000	14	94,518	9	59,313
£4,001-£5,000	20	92,777	16	73,196
£3,001-£4,000	27	96,485	22	81,824
£2,001-£3,000	34	88,603	38	98,209
£1,000-£2,000	28	46,452	40	73,898
< £1,000	32	7,703	55	14,275
		<u>474,098</u>		<u>462,815</u>
Cancellations		(15,490)		(11,926)
	159	458,608	185	450,889
Total Grants		<u>662,915</u>		<u>658,089</u>

A complete list of grants may be obtained on application to the Clerk of the Trustees and is filed with the Charity Commission.

We have audited the financial statements of Marshall's Charity for the year ended 31 December 2006 which comprise the Balance Sheet, Statement of Financial Activities and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Trustees' Report, the trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993.

We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit

We read the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland), issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- § give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2006 and of its incoming resources and application of resources for the year then ended;
- § comply with the Marshall's Charity Act 1855 as supplemented by various Schemes of the Charity Commissioners; and
- § have been properly prepared in accordance with the Charities Act 1993.

CHANTREY VELLACOTT DFK LLP**Chartered Accountants
Registered Auditor
London****19 April 2007**