

Marshall's Charity

Charity No. 206780

Financial Statements

for the year ended 31st December 2007

Marshall's Charity

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

- Mrs A Nicholson MA MPhil MRTPI *(Chairman - from 25 January 2007)*
- # z [Mr C G Bird FCA *(Vice Chairman - from 25 January 2007)*
- + Mr D M Lang MA *(Chairman - until 25 January 2007)*
- z Mr M J Dudding OBE TD DL FCIS
- z [Mr A G H Stocks TD *(retired 21 October 2007)*
- 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
- z Ven C Hardman BSc(Econ) MTh
- [Mr A P Guthrie TD BSc FRICS *(appointed 25 January 2007)*
- Mrs L Bosman BSc ACA *(appointed 1 January 2008)*
- + Member of the Property Management Committee
- # Member of the Audit Committee
- z Member of the Trustee Selection Committee
- [Member of the Remuneration Committee

OFFICERS

Mr R J Goatcher MSc FCA *Clerk to the Trustees*

Mr J D Hutchings DipBS FBEEng FRICS *Surveyor*

PRINCIPAL OFFICE

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BANKERS

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Crawley, West Sussex RH10 1YX

CAF BANK
PO Box 289, West Malling,
Kent ME19 4TA

SOLICITORS

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

AUDITOR

Chantrey Vellacott DFK LLP
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 church 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.

Following the retirement as Chairman in January 2007 of Mr David Lang, having completed five years as Chairman of the Trustees, Mrs Anthea Nicholson was elected as his successor. The Trustees also elected Mr Colin Bird to be the new Vice Chairman of the Charity.

In October 2007, Mr Alan Stocks retired as a Trustee after 20 years of service as a Trustee. During that time he had also served as a Governor of Marshall's Educational Foundation, including being its Chairman for five years of that time. Together with his service as a Governor of Newcomen Collett Foundation, a Foundation which shares the offices and management facilities of the Charity, Alan formed an invaluable link between the work of all three charities and has always had a great interest and awareness of what was going on in each one and was always generous in responding to any issue which needed dealing with.

In January 2007, Mr Tony Guthrie was elected as a Trustee. His experience as a Chartered Surveyor will be of great value to the Trustees in their stewardship and management of the property assets of the Charity. In January 2008, Mrs Lesley Bosman also became a Trustee of the Charity. She is a Chartered Accountant with considerable interest and knowledge of church accounting and church affairs. Both of these new Trustees are very welcome.

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 2007 and with Lesley Bosman joining on 1 January 2008, that number rose to 15. The Trustee Selection Committee last met in 2007, when they suggested the names of Tony Guthrie and Lesley Bosman as potential Trustees. They have also suggested one other potential Trustee to fill the above vacancy that will occur in 2008.

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 passed on to the Trustees.

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 any 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.

For several years, the partner at Chantrey Vellacott DFK responsible for the Charity's affairs has been Miss Sally Kirby. In September 2007 she left the firm and the new partner is Mrs Sally Jayne Bonner.

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. Until now, Mr Alan Stocks has also represented the interests of Newcomen Collett Foundation in these discussions, but, following his retirement the Committee 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 and 2008. 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. They are ably assisted by Tina Scattergood as Secretary.

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 Notes 14 and 15. We will deal with this relationship further under the section on Governance below.

A) 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 80:20 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.

Much of 2007 was taken up with the arrangements for constructing an additional warehouse unit on the property we already own in Northampton. The current tenants of the second unit on the site have undertaken to lease the new third unit, the design and build contract has been agreed and placed for the work and construction commenced in January 2008 with completion expected by June 2008.

The Surveyor has also been developing plans for the construction of a new unit on another commercial site, as well as upgrading the current property on that site. Negotiations are well advanced on the planning and contractual issues related to this development and it is hoped that work will be able to commence later in 2008.

The Surveyor and the Property Management Committee are also considering the future use of 1st and 2nd floor offices in a property in Gloucester. These have previously been used commercially, but the Charity is considering converting them into residential accommodation.

As can be seen from the Balance Sheet, the Charity currently has nearly £400,000 in cash awaiting investment and, having repaid £200,000 of the internal loan from non-investment assets (see note 10), has more than £600,000 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.

During 2007 the Surveyor presented a paper to the Property Management Committee on the possibility of the acquisition of Freehold Ground Rents by the Charity. Although these offer a relatively modest rental yield, the long-term nature of the Charity's affairs does mean that the Charity may be able to benefit from a capital growth that would accrue by holding the property for the full term of the lease, which could be up to 100 years. The Committee recommended to the Trustees that one or more investments up to a total of £100,000 should be sought, and this strategy was agreed by the full Board of Trustees.

Stocks & shares

In 2005 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. Over the period, the Fund has matched the performance of the WM Index. However, the dividend performance of the Fund has been particularly strong during 2007 with dividend income running nearly 40 % higher than the previous year.

B) 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. These were made particularly in the 19th Century and again in the 1930s. However, no grants have been made since 1993 and 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 below.

<i>Type of grant</i>	<i>Grants made</i>	<i>Grants made – at current prices</i>	<i>Number of 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 have 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.

Considerable development is 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. The Beetham Tower, which is to be built within 400 yards of the Church and will be 170 metres high, has received planning permission from Southwark Council. Another development named 20 Blackfriars Road, which includes twin towers with a maximum height of 141 metres is to be

constructed on the land immediately adjacent to Christ Church, which has been recently been granted planning permission from the Council. In addition, a new ballet school with residential accommodation for 335 students is planned for land close to the Church.

The Rector and the Charity are closely monitoring these developments and the impact they may have on the community which is served by Christ Church. During the year there have been a number of meetings between the Charity and representatives of the Parochial Church Council and the Diocese of Southwark to discuss whether the current building at Christ Church is totally suitable to meet the present and future requirements of the community. In conjunction with a Working Party of representatives from these groups, John Hutchings, the Surveyor to the Trustees, is currently developing plans for improving the facilities of the building. These are still at an early stage and are likely to be modified by events in the locality as they become apparent in the next few months.

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 the parsonages for which funds will be used 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.

Following the success of the survey we carried out in 2005 on grants to churches (see next section), 45 dioceses were sent a survey in Autumn 2007 to seek to discover if the grants were being given for appropriate purposes and their ideas for future developments. We received 35 responses which gave the Trustees assurance that the impact of their grant-making continued to be substantial for many dioceses in allowing them to carry out major improvements to parsonages in their care. The Clerk followed up the responses with visits to 5 dioceses to discuss the issues raised. It was clear both from the responses and from the comments made to the Clerk in his visits that the continued visits of John Hutchings were considered to be very helpful as they give the diocesan property personnel an opportunity to discuss strategy and operational problems with an independent party. Whilst the information he disseminates is not formal advice, technical and operational developments and innovations in other dioceses can be shared throughout the dioceses in this way.

Ø Churches

As in many 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. The Trustees had also decided to increase the average grant to churches from £3,000 to £5,000. The effect in the year was to slightly reduce the number of grants made to 56 (2006 – 60) although the amount distributed was 35% higher at £275,070. This grant-making 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 the 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, albeit unquantifiable, benefit provided by the Charity to churches and their leaders.

C) 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.

In order to communicate the work of the Charity to both its beneficiaries and the wider community, during the year the Charity created its own website, www.marshalls.org.uk.

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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL REVIEW

Review of Finances

Because of the surplus which arose in 2006, the Charity increased the grant-making for 2007 to a level likely to produce a deficit in the order of that shown in the Accounts.

There have been no additions or disposals of freehold property. Market conditions generally have weakened during 2007 and the Surveyor, in valuing the portfolio at the year-end has slightly reduced some of the property portfolio values to reflect these weaker conditions.

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 arose. The Trustees do not wish to retain this, and the deficit for 2007 has helped to reduce the reserves to a level somewhat closer to the ideal. However, the budget for 2008 has been drawn up with the intention of creating a further deficit in order to reduce the level of reserves to within the limits mentioned above.

Signed on behalf of the Trustees on 17 April 2008

Anthea Nicholson

.....Chairman

Colin Bird

.....Vice-Chairman

	Notes	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	2		445,960		448,208
Investments - General purposes					
<i>Freeholds</i>	3	14,631,734		15,141,035	
<i>Securities</i>	4	2,444,422		2,373,459	
<i>Cash on deposit awaiting investment</i>		400,730		373,482	
			17,476,886		17,887,976
Investments - Special purposes	5		742,004		748,174
			18,664,850		19,084,358
Current Assets					
<i>Debtors and prepayments</i>	6	185,811		174,054	
<i>Loans to churches</i>	7	59,375		9,375	
<i>Cash at bank and in hand</i>		930,921		794,426	
		1,176,107		977,855	
Creditors: Amounts falling due within one year	8	(1,053,176)		(769,975)	
Net Current Assets			122,931		207,880
NET ASSETS			18,787,781		19,292,238
FUNDS					
Unrestricted funds			172,931		282,880
<i>Other Restricted Funds</i>		917,004		898,174	
<i>Endowment Fund</i>		17,697,846		18,111,184	
Total restricted funds	9		18,614,850		19,009,358
TOTAL FUNDS			18,787,781		19,292,238

Approved by the Trustees and authorised for issue on 17 April 2008 and signed on their behalf:

..... **Anthea Nicholson** Chairman

..... **Colin Bird** Vice Chairman

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

	Notes	Unrestricted	Restricted Funds		Total	Total
		Funds	Other	Endowment	2007	2006
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Investment income</i>	13	1,312,641	-	-	1,312,641	1,282,145
<i>Activities for generating funds</i>	14	36,500	-	-	36,500	35,500
Total incoming resources		1,349,141	-	-	1,349,141	1,317,645
RESOURCES EXPENDED						
Cost of generating funds						
<i>Property & investment costs</i>	15	220,914	-	-	220,914	245,891
<i>Other costs</i>		36,856	-	-	36,856	35,250
		257,770	-	-	257,770	281,141
Charitable activities						
<i>Support of Parsonages grants</i>	15	688,058	-	-	688,058	488,419
<i>Repair of Churches grants</i>		316,287	-	-	316,287	241,536
<i>Christ Church, Southwark</i>		48,078	-	-	48,078	46,698
<i>Marshall's Educational Foundation</i>		41,803	-	-	41,803	39,704
<i>Stamford Lectureship</i>		115	-	-	115	115
		1,094,341	-	-	1,094,341	816,472
Governance costs	15	32,587	-	-	32,587	31,270
Total resources expended		1,384,698	-	-	1,384,698	1,128,883
Net incoming resources	11	(35,557)	-	-	(35,557)	188,762
<i>Gross transfers between funds</i>	9 & 10	(74,392)	49,392	25,000	-	-
Net incoming resources before other recognised gains and losses		(109,949)	49,392	25,000	(35,557)	188,762
Other recognised gains/(losses) on investment assets						
<i>Property - unrealised</i>		-	-	(509,301)	(509,301)	1,557,645
<i>Securities - realised</i>		-	-	-	-	131,820
<i>- unrealised</i>		-	(30,562)	70,963	40,401	220,788
Net movement in funds		(109,949)	18,830	(413,338)	(504,457)	2,099,015
<i>Fund balances brought forward</i>		282,880	898,174	18,111,184	19,292,238	17,193,223
Total funds carried forward		172,931	917,004	17,697,846	18,787,781	19,292,238

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 2006</i>	441,000	7,208	448,208
<i>Additions in year</i>	-	1,035	1,035
<i>Depreciation</i>	-	(3,283)	(3,283)
Net book value at 31st December 2007	441,000	4,960	445,960

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 2007, 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

	2007 £	2006 £
<i>Opening balance at 1st January 2007</i>	15,141,035	13,660,390
<i>Revaluation of properties at year end</i>	(509,301)	1,480,645
Closing balance at 31st December 2007	14,631,734	15,141,035

- a The cost of the Charity's freehold properties at 31st December 2006 and 2007 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 2007	Total 2006
	£	£
Market value at 1st January 2007	2,373,387	2,034,153
Acquisitions at cost	-	2,403,495
Disposals at opening book value	-	(2,161,645)
Net gains on revaluations during year	70,963	97,384
	2,444,350	2,373,387
Add: Portfolio cash awaiting investment	72	72
Market value at 31st December 2007	2,444,422	2,373,459
Historical cost at 31st December 2007	2,276,004	2,276,004
Historical gains on disposals during the year	-	588,452

Analysis of investments
and investment income

	Income		Investments	
	2007	2006	2007	2006
	£	£	£	£
UK Fixed Interest	-	2,820	-	-
UK Equities	-	21,176	-	-
Overseas Equities	-	6,659	-	-
UK Investment Fund	84,023	27,311	2,444,350	2,373,387
Portfolio cash	113	2,939	72	72
	84,136	60,905	2,444,422	2,373,459

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

	2007		2006	
	No. of shares	Value at 31.12.07	No. of shares	Value at 31.12.06
		£		£
Charities Official Investment Fund:				
Accumulation shares at market value	1,584.17	127,065	1,567.69	119,363
Equities Investment Fund for Charities:				
Accumulation shares at market value	4,681.00	614,939	4,513.00	628,811
		742,004		748,174

Investments represent the following funds:

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

2007	2006
£	£
560,188	574,703
181,816	173,471
742,004	748,174

6. Debtors and prepayments

	2007	2006
	£	£
<i>Rents due from tenants</i>	136,865	134,236
<i>Rents due from agents</i>	32,363	35,024
<i>Other debtors</i>	16,583	4,794
	185,811	174,054

7. Loans to Churches

	2007	2006
	£	£
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
Offers of loans made to churches but not taken up at 31 December 2007	140,000	70,000
<i>Loans outstanding at 31st December 2006</i>	9,375	28,125
<i>Repayments in the year</i>	(5,000)	(28,750)
<i>New loans made during the year</i>	55,000	10,000
Loans outstanding at 31st December 2007	59,375	9,375
Interest received in the year	372	483

8. Creditors

	2007	2006
	£	£
<i>Grants approved but unpaid</i>	749,994	493,248
<i>Marshall's Educational Foundation</i>	6,544	8,604
<i>Service charges on managed properties held for future repairs</i>	129,190	117,280
<i>Rent deposits held for tenants</i>	121,779	105,650
<i>Value added tax payable</i>	23,363	24,600
<i>Other creditors</i>	22,306	20,593
	1,053,176	769,975

9 RESTRICTED FUNDS

	Balance 1.1.07 £	Movement in Resources		Other Recognised Gains and Losses £	Balance 31.12.07 £
		Incoming £	Outgoing £		
Endowment Fund	18,111,184	25,000	-	(438,338)	17,697,846
<i>Funds for Accumulation of Income for Capital Purposes</i>	<i>574,703</i>	<i>5,240</i>		<i>(19,755)</i>	<i>560,188</i>
<i>Development Fund</i>	<i>150,000</i>	<i>25,000</i>		<i>-</i>	<i>175,000</i>
<i>Christ Church Extraordinary Repair Fund</i>	<i>173,471</i>	<i>19,152</i>		<i>(10,807)</i>	<i>181,816</i>
Total Other Restricted Funds	898,174	49,392	-	(30,562)	917,004
Total Restricted Funds	19,009,358	74,392	-	(468,900)	18,614,850

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 approximately £20,000 towards future works on the Church.

Analysis of Net Assets between Funds

	2007				Total £
	Fixed Assets & Investments Gen.Purposes £	Investments Special Purposes £	Internal Loan (see Note 10) £	Net Current Assets/ (Liabilities) £	
Restricted Funds					
<i>Endowment Fund</i>	<i>17,747,846</i>		<i>(50,000)</i>		<i>17,697,846</i>
<i>Development Fund</i>	<i>175,000</i>				<i>175,000</i>
<i>Funds for Accumulation of Income for Capital Purposes</i>		<i>560,188</i>			<i>560,188</i>
<i>Christ Church Extraordinary Repair Fund</i>		<i>181,816</i>			<i>181,816</i>
	17,922,846	742,004	(50,000)	-	18,614,850
Unrestricted Funds					
<i>Unallocated Income</i>			<i>50,000</i>	<i>122,931</i>	<i>172,931</i>
	17,922,846	742,004	-	122,931	18,787,781

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:

	2007	2006
	£	£
<i>Auditor's remuneration</i>		
- <i>audit</i>	7,450	7,200
- <i>other</i>	1,695	2,431

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

	2007	2006
	£	£
<i>Salaries and assessable benefits</i>	130,162	126,899
<i>Social security costs</i>	14,631	14,184
<i>Other pension contributions</i>	32,189	29,074
	176,982	170,157
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	1
	3	3

In 2007, no employee received remuneration in excess of £60,000 (2006 - nil)

13. Investment income

	2007	2006
	£	£
<i>Property rental income</i>	1,152,055	1,166,856
<i>Dividends & interest on securities</i>	84,136	60,905
<i>Other interest</i>	61,332	38,199
<i>Building insurance commission</i>	15,118	16,185
	1,312,641	1,282,145

14. Other activities for generating funds*Co-administration charge - Newcomen Collett Foundation*

2007	2006
£	£
36,500	35,500

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

	2007			2006
	Direct costs	Allocated support costs	TOTAL	
	£	£	£	£
Cost of generating funds				
<i>Investment Management fees</i>	-	125,675	125,675	119,279
<i>Direct property costs</i>	95,239	-	95,239	126,612
	95,239	125,675	220,914	245,891
<i>Newcomen Collett Support costs (see Note 14)</i>	-	36,856	36,856	35,250
	95,239	162,531	257,770	281,141
Charitable activities				
<i>Support of Parsonage grants (see note 16)</i>	655,035	33,023	688,058	488,419
<i>Restoration of Churches grants (see note 16)</i>	275,070	41,217	316,287	241,536
<i>Christ Church, Southwark</i>	48,078	-	48,078	46,698
<i>Marshall's Educational Foundation</i>	39,281	2,522	41,803	39,704
<i>Stamford Lectureship</i>	115	-	115	115
	1,017,579	76,762	1,094,341	816,472
Governance costs	-	32,587	32,587	31,270
	1,112,818	235,024	1,347,842	1,093,633

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

> £10,000
 £5,001 - £10,000
 £3,001 - £5,000
 £2,000-£3,000
 < £2,000

Cancellations

	2007		2006	
	No.	£	No.	£
	1	20,000	-	-
	5	33,500	5	34,000
	42	207,300	11	52,800
	5	12,000	41	121,844
	3	2,270	3	4,163
		<u>275,070</u>		<u>212,807</u>
		-		(8,500)
	56	275,070	60	204,307
	8	112,470	4	47,560
	30	199,093	14	94,518
	17	77,503	20	92,777
	34	125,467	27	96,485
	31	78,795	34	88,603
	42	73,232	28	46,452
	33	10,156	32	7,703
		<u>676,716</u>		<u>474,098</u>
		(21,681)		(15,490)
	195	655,035	159	458,608
Total Grants		930,105		662,915

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 2007 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 2007 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**

17 April 2008