

Marshall's Charity

Charity No. 206780

Consolidated Financial Statements

for the year ended 31st December 2008

Marshall's Charity

Index

	<u>Page</u>
Trustees, Officers and Advisors	1
Report of the Trustees.....	2 - 7
Consolidated and Charity Balance Sheet	8
Consolidated Statement of Financial Activities	9
Statement of Financial Activities.....	10
Notes to the Accounts.....	11 - 17
Report of the Independent Auditor.....	18

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

- Mrs A Nicholson MA MPhil MRTPI *(Chairman)*
z [Mr C G Bird FCA *(Vice Chairman)*
+ Mr D M Lang MA
z Mr M J Dudding OBE TD DL FCIS
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
Mrs L Bosman BSc ACA *(appointed 1 January 2008)*
Mr J W Murray BA FCIS *(appointed 17 April 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 FEng FRICS *Surveyor*

PRINCIPAL OFFICE

Marshall House
66 Newcomen Street
London SE1 1YT

Tel : 020 7407 2979
Fax: 020 7403 3969
e-mail: richard@marshalls.org.uk
web: www.marshalls.org.uk

BANKERS

Barclays Bank plc
90/92 High Street
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.

In January 2008, Mrs Lesley Bosman became a Trustee of the Charity. She is a Chartered Accountant with considerable interest and knowledge of church accounting and church affairs. In April 2008, Mr John Murray was elected as a Trustee. He brings wide and senior experience of investment management in the City of London. 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. In addition, advertisements have been placed in relevant magazines and journals. The Committee reviews the suggested names and applicants, 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 the appointment of Lesley Bosman and John Murray in 2008 brings the number to 16, which is the maximum set down by the constitution.

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 auditor, 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 auditor, 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 auditor. The other meeting reviews the annual accounts and the outcome of the audit work. In the absence of the Clerk, the auditor also has 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 view of the close working relationship, the Committee invites Newcomen Collett Foundation to nominate a representative to join them for their Meeting, and Mrs Shirley Hase, the Chairman of the Foundation, joined them for the last three years. 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 continued dedication to the work of the Charity; and to Tina Scattergood for the able assistance she provides 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 10, 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 16 and 17.

A) Investment Management

An Investment Strategy Working Party was convened in 2005 and 2006 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 Securities 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.

Following careful planning and negotiations with existing tenants on the site, the Charity constructed an additional warehouse unit on our existing site at Northampton during the year. The new unit was pre-let to an existing tenant. Work was completed on time and at the budgeted cost and the new unit was occupied from September 2008.

The Charity has owned a property, comprising retail units with offices above, in Gloucester. For several years we have struggled to achieve full occupancy of this property. In 2008 it was decided to dispose of this property which, despite the gathering economic downturn, was sold for almost exactly its book value.

Following from a strategy developed by the Surveyor and the Property Management Committee, an opportunity occurred to acquire a commercial freehold ground rent near Manchester. The Trustees decided to form a wholly-owned subsidiary company, Marshalls (New River House) Limited to acquire the freehold, and this is reflected in the Consolidated Accounts herein. Given the long-term nature of the investment strategy, Trustees felt that acquiring a property with an existing ground rent of 104 years will give the Charity good capital growth potential as well as yield a satisfactory income return.

The Charity had hoped to make further progress with the development of other sites in its portfolio, but the economic crisis in the second half of 2008 brought difficulties to the Charity that needed to be addressed before any development plans could be considered. Within three months, three of our tenants were in administration, with a material impact on the income of the Charity. Together with the decision of a major tenant to exercise a break clause in their lease in mid-2009, the effect may be to reduce the potential income of the Charity in 2009 by up to 15 – 20%.

During 2008, the Charity had also contracted to carry out major re-roofing work, totalling some £400,000, on two multi-occupancy investment properties in Manchester and Gloucester. The cost of this work was paid by the Charity, although the majority of it will be recovered from the tenants through their service charge accounts. These improvements also added to the workload of the Charity's staff at a difficult time, and the Trustees are particularly appreciative of their diligence at such a busy time.

At the time of writing this report, there seems every expectation that the economic situation will not improve during 2009. No major capital projects are currently envisaged for 2009, although some work may be necessary to re-furbish one property in order to achieve a letting.

Securities

In 2006 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. During this financial year, the Fund has failed to match the performance of the WM Index. However, the dividend performance of the Fund has been particularly strong during 2008 with dividend income running nearly 15 % higher than the previous year.

As set out in the Accounts, the Charity Commission gave permission at the start of the year for five of the seven sinking funds set up for the accumulation of income for capital purposes to be released as general investments. These investments had been held in Charifund Accumulation Units and COIF Accumulation shares, and have been retained in these securities for the time being.

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 16 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 are 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 Charity maintains a full grant history of the Charity, including the summary which is shown below, up to and including 31 December 2008:

<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>	459	555	598
<i>Other Parsonage grants</i>	10,304	32,468	6,448
Total Parsonage grants	10,763	33,023	7,046
New Churches	657	9,411	649
Restoration of Churches	5,752	12,533	3,281
TOTAL	17,172	54,967	10,976

It is certainly impressive that John Marshall's Will should have created grants worth some £55 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. In our Report last year, we referred to the commercial development plans in the North Southwark area which seemed likely to impact Christ Church. Subsequently, all the projects concerned have been delayed or rejected in the planning process, and it is uncertain that they will be built even if permission is given for them to go ahead.

For the time being, no further work is being considered for improving the buildings at Christ Church, although, following a number of break-ins at the Church premises, the Charity contributed some £15,000 towards improving the security arrangements. This has had the effect of improving the morale of the staff who work there as well as allowing the premises to be used more safely and often during the week.

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.

During 2008, the Trustees expressed a concern that their grants to dioceses for Support of Parsonages should be directed particularly to the area of energy efficiency. A survey was carried out of all dioceses, with an excellent response from 42 of the 45 circulated, requesting information of various issues related to energy efficiency and its application to their parsonages. The Clerk to the Trustees also visited a number of dioceses to discuss the findings. The outcome was a strong level of support for the plan of the Trustees to seek to direct their funding towards this critical issue. Whilst only 50% of our grants were used in 2008 towards energy efficient projects, we are pleased to report that the 2009 allocation has resulted in more than 90% of our grants being used for such work. We thank the dioceses for their contribution to this exercise and their assistance to our staff in providing such useful and thorough information.

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 effect in this year was to slightly reduce the number of grants made to 50 (2007 – 56) with a corresponding reduction in the amount granted to £230,350 (2007 - £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, the Charity maintains 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

As has already been identified, the loss of a number of tenants in administration during the year has caused difficulties, and these will become more marked in 2009. It was also necessary to carry out repair works on one property in order to achieve a re-letting to a new tenant. The details of the change in properties and securities are set out in the earlier paragraphs.

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.

At the end of 2008, reserves were equal to approximately three months anticipated expenditure. However, due to the current economic difficulties referred to above, the Trustees have budgeted for a surplus in 2009 in order to ensure sufficient reserves to meet possible reductions in income.

Signed on behalf of the Trustees on 16 April 2009

Mrs A Nicholson

.....Chairman

Mr C Bird

.....Vice-Chairman

	Notes	Group		Charity	
		2008	2007	2008	2007
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	2	411,771	445,960	411,771	445,960
Investments - General purposes					
<i>Freeholds</i>	3	13,042,815	14,631,734	12,922,815	14,631,734
<i>Securities</i>	4	2,185,146	2,444,422	2,185,146	2,444,422
<i>Shares in subsidiary</i>	5	-	-	120,000	-
<i>Cash on deposit awaiting investment</i>		318,337	400,730	318,337	400,730
Investments - Special purposes	6	203,358	742,004	203,358	742,004
		16,161,427	18,664,850	16,161,427	18,664,850
Current Assets					
<i>Debtors and prepayments</i>	7	424,213	185,811	424,213	185,811
<i>Loans to churches</i>	8	81,250	59,375	81,250	59,375
<i>Cash at bank and in hand</i>		564,526	930,921	564,526	930,921
		1,069,989	1,176,107	1,069,989	1,176,107
Creditors: Amounts falling due within one year	9	(1,022,070)	(1,053,176)	(1,027,912)	(1,053,176)
Net Current Assets		47,919	122,931	42,077	122,931
NET ASSETS					
		16,209,346	18,787,781	16,203,504	18,787,781
FUNDS					
Unrestricted funds		79,746	172,931	78,496	172,931
Restricted funds					
<i>Other Restricted Funds</i>	10	378,358	917,004	378,358	917,004
<i>Endowment Fund</i>		15,751,242	17,697,846	15,746,650	17,697,846
TOTAL FUNDS		16,209,346	18,787,781	16,203,504	18,787,781

Approved by the Trustees and authorised for issue on 16 April 2009 and signed on their behalf:

..... **Mrs A Nicholson** Chairman

..... **Mr C Bird** Vice Chairman

The notes on pages 11 to 17 form part of these accounts.

	Notes	Unrestricted Funds			Restricted Funds		Total 2008 £	Total 2007 £
		£	£		£	£		
			Other	Endowment				
INCOMING RESOURCES								
Incoming resources from generated funds								
<i>Investment income</i>	15	1,320,378	-	-	-	1,320,378	1,312,641	
<i>Activities for generating funds</i>	16	36,500	-	-	-	36,500	36,500	
Total incoming resources		1,356,878	-	-	-	1,356,878	1,349,141	
RESOURCES EXPENDED								
Cost of generating funds								
<i>Property & investment costs</i>	17	316,631	-	-	-	316,631	220,914	
<i>Other costs</i>		37,627	-	-	-	37,627	36,856	
		354,258	-	-	-	354,258	257,770	
Charitable activities								
<i>Support of Parsonages grants</i>	17	679,524	-	-	-	679,524	688,058	
<i>Repair of Churches grants</i>		254,125	-	-	-	254,125	316,287	
<i>Christ Church, Southwark</i>		63,898	-	-	-	63,898	48,078	
<i>Marshall's Educational Foundation</i>		38,111	-	-	-	38,111	41,803	
<i>Stamford Lectureship</i>		-	-	-	-	-	115	
		1,035,658	-	-	-	1,035,658	1,094,341	
Governance costs	17	33,985	-	-	-	33,985	32,587	
Total resources expended		1,423,901	-	-	-	1,423,901	1,384,698	
Net incoming resources	13	(67,023)	-	-	-	(67,023)	(35,557)	
<i>Gross transfers between funds</i>		(26,162)	(462,380)	488,542	-	-	-	
Net incoming resources before other recognised gains and losses		(93,185)	- 462,380	488,542	-	(67,023)	(35,557)	
Other recognised gains/(losses) on investment assets								
<i>Property - realised</i>		-	-	(23,458)	-	(23,458)	-	
<i>- unrealised</i>		-	-	(1,688,870)	-	(1,688,870)	(509,301)	
<i>Securities - unrealised</i>		-	(76,266)	(722,818)	-	(799,084)	40,401	
Net movement in funds		(93,185)	- 538,646	(1,946,604)	-	(2,578,435)	(504,457)	
<i>Fund balances brought forward</i>		172,931	917,004	17,697,846	-	18,787,781	19,292,238	
Total funds carried forward		79,746	378,358	15,751,242	-	16,209,346	18,787,781	

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

The notes on pages 11 to 17 form part of these accounts.

	Notes	Unrestricted	Restricted Funds		Total	Total
		Funds	Other	Endowment	2008	2007
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Investment income</i>	15	1,319,128	-	-	1,319,128	1,312,641
<i>Activities for generating funds</i>	16	36,500	-	-	36,500	36,500
Total incoming resources		1,355,628	-	-	1,355,628	1,349,141
RESOURCES EXPENDED						
Cost of generating funds						
<i>Property & investment costs</i>	17	316,631	-	-	316,631	220,914
<i>Other costs</i>		37,627	-	-	37,627	36,856
		354,258	-	-	354,258	257,770
Charitable activities						
<i>Support of Parsonages grants</i>	17	679,524	-	-	679,524	688,058
<i>Repair of Churches grants</i>		254,125	-	-	254,125	316,287
<i>Christ Church, Southwark</i>		63,898	-	-	63,898	48,078
<i>Marshall's Educational Foundation</i>		38,111	-	-	38,111	41,803
<i>Stamford Lectureship</i>		-	-	-	-	115
		1,035,658	-	-	1,035,658	1,094,341
Governance costs	17	33,985	-	-	33,985	32,587
Total resources expended		1,423,901	-	-	1,423,901	1,384,698
Net incoming resources	13	(68,273)	-	-	(68,273)	(35,557)
<i>Gross transfers between funds</i>		(26,162)	(462,380)	488,542	-	-
Net incoming resources before other recognised gains and losses		(94,435)	- 462,380	488,542	(68,273)	(35,557)
Other recognised gains/(losses) on investment assets						
<i>Property - realised</i>		-	-	(23,458)	(23,458)	-
<i>- unrealised</i>		-	-	(1,693,462)	(1,693,462)	(509,301)
<i>Securities - unrealised</i>		-	(76,266)	(722,818)	(799,084)	40,401
Net movement in funds		(94,435)	- 538,646	(1,951,196)	(2,584,277)	(504,457)
<i>Fund balances brought forward</i>		172,931	917,004	17,697,846	18,787,781	19,292,238
Total funds carried forward		78,496	378,358	15,746,650	16,203,504	18,787,781

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

The notes on pages 11 to 17 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 securities 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 on property and securities 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. Security 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 1st January 2008</i>	441,000	4,960	445,960
<i>Revaluation of property</i>	(31,500)	-	(31,500)
<i>Additions in year</i>	-	116	116
<i>Depreciation</i>	-	(2,805)	(2,805)
Net book value at 31st December 2008	409,500	2,271	411,771

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 2008, the Charity's Surveyor has valued the building at £409,500 on the basis of its open-market value.
- c All tangible fixed assets are used for charitable purposes.

3. Freeholds

	Group		Charity	
	2008 £	2007 £	2008 £	2007 £
<i>Opening balance at 1st January 2008</i>	14,631,734	15,141,035	14,631,734	15,141,035
<i>Additions during the year</i>				
- Freehold property at Salford	115,408	-	-	-
- cost of building Unit 3, Northampton	396,043	-	396,043	-
<i>Less: disposal of Clarence Street, Gloucester</i>	(443,000)	-	(443,000)	-
<i>Revaluation of properties at year end</i>	(1,657,370)	(509,301)	(1,661,962)	(509,301)
Closing balance at 31st December 2008	13,042,815	14,631,734	12,922,815	14,631,734

- a The cost of the Charity's freehold properties at 31st December 2008 was £5,096,496 (2007 - £5,041,202). The cost of the Group freehold properties at 31st December 2008 was £5,205,077 (2007 - £5,041,202).
- b The property portfolio is valued annually by the Charity's Chartered Surveyor, Mr J D Hutchings, DipBS FEng FRICS. The valuation is on the basis of open-market value.
- c All freehold properties are situated in the United Kingdom.

4. Securities

	Total 2008	Total 2007
	£	£
<i>Market value at 1st January 2008</i>	2,444,350	2,373,387
<i>Holdings transferred from Investments - Special purposes (Note 6)</i>	463,542	-
<i>Net gains on revaluations during year</i>	(722,818)	70,963
	2,185,074	2,444,350
<i>Add: Portfolio cash awaiting investment</i>	72	72
Market value at 31st December 2008	2,185,146	2,444,422
<i>Historical cost at 31st December 2008</i>	2,739,546	2,276,004

**Analysis of securities
and securities income**

	Income		Investments	
	2008	2007	2008	2007
	£	£	£	£
<i>UK Investment Funds</i>	93,533	84,023	2,185,074	2,444,350
<i>Portfolio cash</i>	116	113	72	72
	93,649	84,136	2,185,146	2,444,422

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. Investment in subsidiary company

During the year, the Charity formed Marshalls (New River House) Limited, a company registered in England and Wales. The Charity owns the entire issued share capital of £120,000. The company acquired a freehold ground rent in Salford. The first accounting period will be to 31 December 2009. All activities are consolidated on a line by line basis in the Statement of Financial Activities.

The unaudited results of the subsidiary for the period 10 September to 31 December 2008 shows:

	£	£
Income		
<i>Incoming resources and net surplus for the period - rental income</i>		<u>1250</u>
Assets	<u>125,842</u>	
Funds		
<i>Share Capital</i>	120,000	
<i>Revaluation reserve</i>	4,592	
<i>Net surplus for the period</i>	<u>1,250</u>	
	<u>125,842</u>	

6. Investments - Special Purposes

	2008		2007	
	No. of shares	Value at 31.12.08	No. of shares	Value at 31.12.07
		£		£
<i>Charities Official Investment Fund:</i>				
<i>Accumulation shares at market value</i>	209.81	12,808	1,584.17	127,065
<i>Equities Investment Fund for Charities:</i>				
<i>Accumulation shares at market value</i>	2,004.00	190,550	4,681.00	614,939
		203,358		742,004

Investments represent the following funds:

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

	2008	2007
	£	£
	71,760	560,188
	131,598	181,816
	203,358	742,004

The Charity had seven sinking funds for the accumulation of income to replace earlier capital expenditure. By January 2008, five of these seven funds were sufficient to replace the earlier expenditure and the Charity Commission authorised the Charity to transfer the related investment holdings with value of £463,542 to Investments - general purposes for those five funds.

7. Debtors and prepayments

- Rents due from tenants*
- Rents due from agents*
- Service charges due from tenants*
- Other debtors*

	2008	2007
	£	£
	187,270	136,865
	12,288	32,363
	188,885	-
	35,770	16,583
	424,213	185,811

During 2008, the Charity undertook work to replace the roofs on two investment properties in Manchester and Gloucester at a total cost of £403,000. Most of this expenditure is payable by tenants under existing service charge agreements. To the extent that the cost falls to the Charity, this has already been borne as an expense.

8. Loans to Churches

Amounts set aside at the balance sheet date to make loans to churches at a beneficial interest rate of 3%

Offers of loans made but not taken up at 31 December 2008

- Loans outstanding at 1st January 2008*
- Repayments received during the year*
- New loans made during the year*

Loans outstanding at 31st December 2008

Interest received in the year

	2008	2007
	£	£
	250,000	200,000
	70,000	140,000
	59,375	9,375
	(18,125)	(5,000)
	40,000	55,000
	81,250	59,375
	1,350	372

9. Creditors

	Group		Charity	
	2008	2007	2008	2007
	£	£	£	£
Grants approved but unpaid	745,700	749,994	745,700	749,994
Marshall's Educational Foundation	3,140	6,544	3,140	6,544
Marshall's (New River House) Limited	-	-	12,269	-
Service charges on managed properties held for future repairs	35,415	129,190	35,415	129,190
Rent deposits held for tenants	136,652	121,779	136,652	121,779
Value added tax payable	19,889	23,363	19,889	23,363
Other creditors	81,274	22,306	74,847	22,306
	1,022,070	1,053,176	1,027,912	1,053,176

10 Restricted Funds - Group

	Balance 1.1.08	Movement in Resources		Other Gains and Losses	Balance 31.12.08
		Incoming	Outgoing		
	£	£	£	£	£
Endowment Fund	17,697,846	488,542	(23,458)	(2,411,688)	15,751,242
Funds for Accumulation of Income for Capital Purposes	560,188	1,162	(463,542)	(26,048)	71,760
Development Fund	175,000	-	-	-	175,000
Christ Church Extraordinary Repair Fund	181,816	-	-	(50,218)	131,598
Total Other Restricted Funds	917,004	1,162	(463,542)	(76,266)	378,358
Total Restricted Funds	18,614,850	489,704	(487,000)	(2,487,954)	16,129,600

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. In 2008, the Trustees chose not to make a transfer to Development Fund.

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. However, in 2008 the Charity made a contribution of £15,000 towards security costs at the Church, and it was decided to make no transfer to the Extraordinary Repair Fund.

11 Analysis of Net Assets between Funds - Group

	2008				
	Fixed Assets & Investments Gen.Purposes	Investments Special Purposes	Internal Loan (see Note 12)	Net Current Assets/ (Liabilities)	Total
	£	£	£	£	£
Restricted Funds					
<i>Endowment Fund</i>	15,776,242	-	(25,000)	-	15,751,242
<i>Development Fund</i>	175,000	-		-	175,000
<i>Funds for Accumulation of Income for Capital Purposes</i>	-	71,760	-	-	71,760
<i>Christ Church Extraordinary Repair Fund</i>	-	131,598	-	-	131,598
	15,951,242	203,358	(25,000)	-	16,129,600
Unrestricted Funds					
<i>Unallocated Income</i>					
<i>Marshall's Charity</i>	-	-	25,000	53,496	78,496
<i>Marshalls (NRH) Limited</i>	-	-	-	1,250	1,250
	15,951,242	203,358	-	54,746	16,209,346

12 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.

13 Net Incoming Resources for the year are stated after charging:

	2008	2007
	£	£
<i>Auditor's remuneration</i>		
- audit	7,750	7,450
- other	2,275	1,695

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.

14 Staff Costs and Numbers

	2008	2007
	£	£
<i>Salaries and assessable benefits</i>	125,457	130,162
<i>Social security costs</i>	15,303	14,631
<i>Other pension contributions</i>	33,730	32,189
	174,490	176,982
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 2008, one employee received remuneration in excess of £60,000 (2007 - nil)

15. Investment income

	Group		Charity	
	2008	2007	2008	2007
	£	£	£	£
<i>Property rental income</i>	1,163,160	1,152,055	1,161,910	1,152,055
<i>Dividends & interest on securities</i>	93,649	84,136	93,649	84,136
<i>Other interest</i>	46,832	61,332	46,832	61,332
<i>Building insurance commission</i>	16,737	15,118	16,737	15,118
	1,320,378	1,312,641	1,319,128	1,312,641

16. Activities for generating funds

	2008	2007
	£	£
<i>Co-administration charge - Newcomen Collett Foundation</i>	36,500	36,500

Newcomen Collett Foundation ("NCF"), 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.

17. Resources Expended

	2008			2007
	Direct costs	Allocated support costs	TOTAL	
	£	£	£	£
Cost of generating funds				
<i>Investment Management fees</i>	-	127,897	127,897	125,675
<i>Direct property costs</i>	188,734	-	188,734	95,239
	188,734	127,897	316,631	220,914
<i>Newcomen Collett support costs (see Note 16)</i>	-	37,627	37,627	36,856
	188,734	165,524	354,258	257,770
Charitable activities				
<i>Support of Parsonage grants (see note 18)</i>	646,210	33,314	679,524	688,058
<i>Restoration of Churches grants (see note 18)</i>	212,350	41,775	254,125	316,287
<i>Christ Church, Southwark</i>	63,898	-	63,898	48,078
<i>Marshall's Educational Foundation</i>	35,626	2,485	38,111	41,803
<i>Stamford Lectureship</i>	-	-	-	115
	958,084	77,574	1,035,658	1,094,341
Governance costs	-	33,985	33,985	32,587
	1,146,818	277,083	1,423,901	1,384,698

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. Due to the vacancy at All Saints, Stamford during the year, no payment was made.

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.

18 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

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

	2008		2007	
	No.	£	No.	£
To Churches				
In the range				
> £10,000		-	1	20,000
£5,001 - £10,000	2	12,050	5	33,500
£3,001 - £5,000	43	211,250	42	207,300
£2,000-£3,000	2	4,500	5	12,000
< £2,000	3	2,550	3	2,270
		230,350		275,070
Cancellations		(18,000)		-
	50	212,350	56	275,070
To Parsonages				
In the range				
> £10,000	5	65,620	8	112,470
£5,001-£10,000	24	173,444	30	199,093
£4,001-£5,000	24	108,472	17	77,503
£3,001-£4,000	39	141,738	34	125,467
£2,001-£3,000	37	97,496	31	78,795
£1,000-£2,000	30	44,878	42	73,232
< £1,000	54	18,297	33	10,156
		649,945		676,716
Cancellations		(3,735)		(21,681)
	213	646,210	195	655,035
Total Grants		858,560		930,105

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 2008 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 auditor

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 auditor 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 2008 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**

16 April 2009