

Marshall's Charity

Charity No. 206780

Consolidated Financial Statements

for the year ended 31st December 2010

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
Independent Auditor's Report	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 FCSI
Mrs G M F Isaac
[Mr W D Eason MA FCSI
+ Mr J Hammant BSc MBA
+ Mr J A N Heawood MSc MRICS
Ms S Malhotra MA
+ Revd J Rust BSc
z Ven C Hardman BSc(Econ) MTh
[Mr A P Guthrie TD BSc FRICS
Mrs L Bosman BSc ACA
Mr J W Murray BA(Hons) FCIS ASIP FRSA *(died 28 March 2011)*
- + 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

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
Minerva House, 5 Montague Close,
London SE1 9BB

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

Schroder & Co. Limited
100 Wood Street,
London EC2V 7ER

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. We have learned, with shock and great sadness of the sudden death, on 28 March 2011 of our trustee, John Murray. He was a relatively new trustee but had already made his mark and over time we are confident he would have made a very significant contribution. We will take steps to appoint a new trustee at an appropriate time in the future.

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. The Trustees have 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 16 Trustees throughout the whole year, which is the maximum set down by the constitution.

The Charity benefits from having 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.

Public Benefit

The objects and purposes of the Charity are set out in the first paragraph of this page. The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting the grant making policy for the year.

Audit Committee

The Audit Committee, which currently consists of three 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 Mr Robin Lovell, the new Chairman of the Foundation, joined them for the meeting in January 2011. 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 Clerk has indicated to the Trustees that he will be retiring in Spring 2012. The Trustees have already formed a Joint Working Party with representatives of Newcomen Collett Foundation to discuss and plan the process by which his successor will be selected.

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. The Trustees are satisfied that the risks identified remain appropriate to the Charity at this time. 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. In addition, page 9 gives the information for the Consolidated Statement of Financial Activities, including the results of the Charity's wholly-owned subsidiary.

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. There has been no change to this strategy to date.

Property

As has been mentioned in previous Reports, the current property investment strategy requires 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.

As we indicated in last year's Report, the expected economic recession during the last two years has impacted the income of the Charity. A number of tenants have chosen not to renew their leases at their termination and we are also seeing that a number of smaller tenants have experienced substantial downturns in their business. We believe that 2011 may bring further difficulties to our tenants. However, the Charity has undertaken a major re-furbishment of its property in Tunbridge Wells, as a result of which the property is now fully let.

Because the asset mix of the Charity's property portfolio is essentially of secondary property, it is not possible to monitor its performance against any published indices. However, the Trustees do note the movement on the IPD Index which, although mainly concerned with primary properties, does indicate general levels in property prices. During the last nine years, the correlation coefficient between the Charity's portfolio and the IPD index has been 0.93.

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. Since then, we have continued to receive regular reports from Newtons which will allow Trustees to monitor the performance of the Fund against the WM Index. 2009 saw an upturn in markets and the Newton Fund grew in line with market conditions.

The Trustees had decided to review the investment in Newton Global Growth and Income Fund after three years, and during 2009 this study was carried out by a small group of Trustees with specialist knowledge in this area. Their recommendation to the Board of Trustees, which was agreed and implemented in September 2009, was to dispose of 50% of the holding in the Newtons Global Growth and Income Fund and to re-invest those proceeds in the Charity Multi-Asset Fund managed by Schroder & Co. Limited. Whilst we will receive and study regular quarterly reports from both funds, together with visits from their respective managers, Trustees will expect to carry out a full review of both funds in two to three years, unless it is appropriate earlier. During 2010, both funds rose in line with general market conditions.

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 17 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.

B) Grant-making (continued)

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 2010:

<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>	486	611	681
<i>Other Parsonage grants</i>	11,152	35,583	6,846
Total Parsonage grants	11,638	36,194	7,527
New Churches	657	10,096	649
Restoration of Churches	5,972	13,670	3,338
TOTAL	18,267	59,960	11,514

It is certainly impressive that John Marshall's Will should have created grants worth some £60 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. Planning permission was granted by Southwark Council in 2008 for two high-rise buildings which would immediately abut the Church and its churchyard, but a Planning Appeal then followed which delayed matters. The appeal did allow the planned development to proceed and a number of meetings were held with the developers to see if the site occupied by Christ Church could be incorporated sympathetically into the new development. At present it would appear that the developer has decided to seek a modified planning consent and further delay is expected. In all of these discussions, the Trustees will not proceed unless they can be assured that the best interests of the parishioners and congregation, both now and in the future, are being met.

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 allocation for the last two years 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

In order to strengthen the financial position of the Charity in anticipation of the worsening economic climate forecast, the Charity created a budget for the last two years that anticipated a surplus. This was achieved by reducing the planned level of grant making to both Parsonages and Churches. This meant that the Charity only made 30 grants to churches (2009 - 28) with a value of £134,365 (2009 - £103,600). 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.

Detailed terms of reference are in place for the four committees referred to above. 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 established its own website in 2008, www.marshalls.org.uk, which is regularly updated. This includes a Trustees' extranet which provides access to minutes of Trustees' meetings and other confidential information relating to the management of the Charity. The extranet is password protected and is only accessible to the Trustees and the staff of the Charity. Trustees have reported that they find this a very useful new resource.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

Statement of Trustees' Responsibilities (continued)

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. 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 charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

FINANCIAL REVIEW

Review of Finances

As has already been identified, a number of tenancies were not renewed at the end of their leases, and other tenants have been unable to continue to occupy their premises due to financial pressures arising from the recession. Because the Charity deliberately set a budget to build up its reserves as protection against the worsening financial downturn, it has achieved a strong surplus which should ensure that it can continue to make grants at a satisfactory level in the coming year.

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 budgeted for a surplus in each of the last two years in order to ensure sufficient reserves to meet possible reductions in income. As a result, reserves now represent approximately one year's expenditure. It is the Trustees' intention to maintain reserves at the current level until they feel certain that the Charity's income levels are likely to return to their former levels.

Plans for the future

The current purposes of the Charity on page 2 are derived from the expressed wishes of our Founder, John Marshall, and the Trustees intend to continue to pursue these objectives whilst always seeking to apply them to the changing needs of the Church in England and Wales.

Signed on behalf of the Trustees on 21 April 2011

Anthea Nicholson

.....Chairman

Colin Bird

.....Vice Chairman

	Notes	Group		Charity	
		2010 £	2009 £	2010 £	2009 £
FIXED ASSETS					
Tangible Fixed Assets	2	411,050	411,752	411,050	411,752
Investments - General purposes					
<i>Freeholds</i>	3	11,764,540	12,367,015	11,644,540	12,247,015
<i>Securities</i>	4	2,615,059	2,418,904	2,615,059	2,418,904
<i>Shares in subsidiary</i>	5	-	-	120,000	120,000
<i>Cash on deposit awaiting investment</i>		168,951	311,194	168,951	311,194
Investments - Special purposes	6	267,343	235,415	267,343	235,415
		15,226,943	15,744,280	15,226,943	15,744,280
Current Assets					
<i>Debtors and prepayments</i>	7	141,276	182,771	141,276	182,771
<i>Loans to churches</i>	8	24,375	66,250	24,375	66,250
<i>Short-term investments - time deposits</i>		703,211	600,000	703,211	600,000
<i>Cash at bank and in hand</i>		257,575	144,378	257,575	144,378
		1,126,437	993,399	1,126,437	993,399
Creditors: Amounts falling due within one year	9	(725,124)	(705,916)	(729,716)	(710,508)
Net Current Assets		401,313	287,483	396,721	282,891
NET ASSETS					
		15,628,256	16,031,763	15,623,664	16,027,171
FUNDS					
Unrestricted funds		396,721	287,483	396,721	287,483
Restricted funds					
<i>Other Restricted Funds</i>	10	467,343	410,415	467,343	410,415
<i>Endowment Fund</i>		14,764,192	15,333,865	14,759,600	15,329,273
TOTAL FUNDS		15,628,256	16,031,763	15,623,664	16,027,171

Approved by the Trustees and authorised for issue on 21 April 2011 and signed on their behalf:

Anthea Nicholson

Chairman

Colin Bird

Vice Chairman

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

	Notes	Unrestricted	Restricted Funds		Total	Total
		Funds	Other	Endowment	2010	2009
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Investment income</i>	15	1,158,486	-	-	1,158,486	1,201,076
<i>Activities for generating funds</i>	16	43,000	-	-	43,000	38,125
Total incoming resources		1,201,486	-	-	1,201,486	1,239,201
RESOURCES EXPENDED						
Cost of generating funds						
<i>Property & investment costs</i>	17	250,280	-	-	250,280	272,012
<i>Other costs</i>		38,238	-	-	38,238	37,026
		288,518	-	-	288,518	309,038
Charitable activities						
<i>Support of Parsonages grants</i>	17	492,917	-	-	492,917	445,022
<i>Repair of Churches grants</i>		158,263	-	-	158,263	131,270
<i>Christ Church, Southwark</i>		57,226	-	-	57,226	50,141
<i>Marshall's Educational Foundation</i>		34,565	-	-	34,565	35,277
<i>Stamford Lectureship</i>		115	-	-	115	115
		743,086	-	-	743,086	661,825
Governance costs	17	34,596	-	-	34,596	35,601
Total resources expended		1,066,200	-	-	1,066,200	1,006,464
Net incoming resources	13	135,286	-	-	135,286	232,737
<i>Gross transfers between funds</i>		(26,048)	26,048	-	-	-
Net incoming resources before other recognised gains and losses		109,238	26,048	-	135,286	232,737
Other recognised gains/(losses) on investment assets						
<i>Property - realised</i>		-	-	-	-	50,400
<i>- unrealised</i>		-	-	(765,828)	(765,828)	(679,526)
<i>Securities - unrealised</i>		-	30,880	196,155	227,035	218,806
Net movement in funds		109,238	56,928	(569,673)	(403,507)	(177,583)
<i>Fund balances brought forward</i>		287,483	410,415	15,333,865	16,031,763	16,209,346
Total funds carried forward		396,721	467,343	14,764,192	15,628,256	16,031,763

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	2010	2009
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Investment income</i>	15	1,158,486	-	-	1,158,486	1,202,326
<i>Activities for generating funds</i>	16	43,000	-	-	43,000	38,125
Total incoming resources		1,201,486	-	-	1,201,486	1,240,451
RESOURCES EXPENDED						
Cost of generating funds						
<i>Property & investment costs</i>	17	250,280	-	-	250,280	272,012
<i>Other costs</i>		38,238	-	-	38,238	37,026
		288,518	-	-	288,518	309,038
Charitable activities						
<i>Support of Parsonages grants</i>	17	492,917	-	-	492,917	445,022
<i>Repair of Churches grants</i>		158,263	-	-	158,263	131,270
<i>Christ Church, Southwark</i>		57,226	-	-	57,226	50,141
<i>Marshall's Educational Foundation</i>		34,565	-	-	34,565	35,277
<i>Stamford Lectureship</i>		115	-	-	115	115
		743,086	-	-	743,086	661,825
Governance costs	17	34,596	-	-	34,596	35,601
Total resources expended		1,066,200	-	-	1,066,200	1,006,464
Net incoming resources	13	135,286	-	-	135,286	233,987
<i>Gross transfers between funds</i>		(26,048)	26,048	-	-	-
Net incoming resources before other recognised gains and losses		109,238	26,048	-	135,286	233,987
Other recognised gains/(losses) on investment assets						
<i>Property - realised</i>		-	-	-	-	50,400
<i>- unrealised</i>		-	-	(765,828)	(765,828)	(679,526)
<i>Securities - unrealised</i>		-	30,880	196,155	227,035	218,806
Net movement in funds		109,238	56,928	(569,673)	(403,507)	(176,333)
<i>Fund balances brought forward</i>		287,483	410,415	15,329,273	16,027,171	16,203,504
Total funds carried forward		396,721	467,343	14,759,600	15,623,664	16,027,171

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 and properties are valued at open 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 the Statement of Financial Activities when incurred.
- e Grants to churches and in support of parsonages are treated as expenditure when authorised by the Trustees and communicated to the beneficiaries, 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 - Group and Charity

	Marshall House £	Furniture & Equipment £	Total £
Net book value at 1st January 2010	409,500	2,252	411,752
Additions in year	-	583	583
Depreciation	-	(1,285)	(1,285)
Net book value at 31st December 2010	409,500	1,550	411,050

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 2010, 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	
	2010 £	2009 £	2010 £	2009 £
Opening balance at 1st January 2010	12,367,015	13,042,815	12,247,015	12,922,815
Additions during the year				
- cost of building at Tunbridge Wells	152,541	-	152,541	-
- cost of building Unit 3, Northampton	10,813	3,726	10,813	3,726
Revaluation of properties at year end	(765,829)	(679,526)	(765,829)	(679,526)
Closing balance at 31st December 2010	11,764,540	12,367,015	11,644,540	12,247,015

- a The cost of the Charity's freehold properties at 31st December 2010 was £5,263,576 (2009 - £5,100,222). The cost of the Group freehold properties at 31st December 2010 was £5,372,157 (2009 - £5,208,803).
- 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 - Group and Charity

	Total 2010	Total 2009
	£	£
<i>Market value at 1st January 2010</i>	2,418,904	2,185,074
<i>Acquisition at cost</i>	-	1,000,000
<i>Disposal at opening book value</i>	-	(952,920)
<i>Net gains on revaluations during year</i>	196,155	186,750
Market value at 31st December 2010	2,615,059	2,418,904
<i>Historical cost at 31st December 2010</i>	2,739,546	2,739,546
<i>Historical losses on disposals during the year</i>	-	(172,959)

	Income		Investments	
	2010	2009	2010	2009
	£	£	£	£
Analysis of securities and securities income				
<i>UK Investment Funds</i>	87,468	88,406	2,615,059	2,418,904
<i>Portfolio cash</i>	-	6	-	-
	87,468	88,412	2,615,059	2,418,904

5. Investment in subsidiary company - Charity

In 2008, 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. All activities are consolidated on a line by line basis in the Statement of Financial Activities.

The results of the subsidiary for the year ended 31 December 2010 are:

	2010	10/9/08 to 31/12/09
	£	£
Income		
<i>Incoming resources and net surplus for the period - rental income</i>	3,400	4,650
<i>Less: Payment made under Gift Aid to Marshall's Charity</i>	(3,400)	(4,650)
	-	-
Assets	124,592	124,592
Funds		
<i>Share Capital</i>	120,000	120,000
<i>Revaluation reserve</i>	4,592	4,592
	124,592	124,592

6. Investments - Special Purposes - Group & Charity

	2010	2009
<i>Charities Official Investment Fund, Accumulation shares</i>	16,644	14,923
<i>Equities Investment Fund for Charities, Accumulation shares</i>	250,699	220,492
	267,343	235,415

	2010	2009
	£	£
Movement during the year		
<i>Market value at 1 January 2010</i>	235,415	203,358
<i>Acquisitions at cost</i>	1,048	-
<i>Net gains on revaluation during the year</i>	30,880	32,057
	267,343	235,415

	2010	2009
Investments represent the following funds:		
<i>Funds for accumulation of income for capital purposes</i>	95,064	83,139
<i>Christ Church Extraordinary Repair Fund</i>	172,279	152,276
	267,343	235,415

7. Debtors and prepayments - Group & Charity

	2010	2009
	£	£
<i>Rents due from tenants and agents</i>	114,560	176,866
<i>Other debtors</i>	26,716	5,905
	141,276	182,771

8. Loans to Churches - Group & Charity

	2010	2009
	£	£
Amounts set aside at the balance sheet date to make loans to churches at an interest rate of 3%	250,000	250,000
Offers of loans made but not taken up at 31 December 2010	20,000	20,000
<i>Loans outstanding at 1st January 2010</i>	66,250	81,250
<i>Repayments received during the year</i>	(41,875)	(35,000)
<i>New loans made during the year</i>	-	20,000
Loans outstanding at 31st December 2010	24,375	66,250
Interest received in the year	2,001	2,081

9. Creditors

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
Grants approved but unpaid	420,736	392,715	420,736	392,715
Marshall's Educational Foundation	10,247	11,484	10,247	11,484
Marshalls (New River House) Limited	-	-	4,592	4,592
Service charges on managed properties held for future repairs	9,992	7,745	9,992	7,745
Rent deposits held for tenants	140,006	132,935	140,006	132,935
Value added tax payable	26,513	31,512	26,513	31,512
Other creditors and accruals	117,630	129,525	117,630	129,525
	725,124	705,916	729,716	710,508

10 Restricted Funds - Group

	Balance 1.1.10	Movement in Resources		Other Gains and Losses	Balance 31.12.10
		Incoming	Outgoing		
	£	£	£	£	£
Endowment Fund	15,333,865	-	-	(569,673)	14,764,192
<i>Funds for Accumulation of Income for Capital Purposes</i>	83,139	1,048	-	10,877	95,064
<i>Development Fund</i>	175,000	25,000	-	-	200,000
<i>Christ Church Extraordinary Repair Fund</i>	152,276	-	-	20,003	172,279
Total Other Restricted Funds	410,415	26,048	0	30,880	467,343
Total Restricted Funds	15,744,280	26,048	0	(538,793)	15,231,535

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. However, in years 2008 - 2010 due to uncertainty concerning the future development of the land surrounding the Church and the impact of that development, the Trustees decided to make no transfer to the Extraordinary Repair Fund.

11 Analysis of Net Assets between Funds - Group

	2010			
	Fixed Assets & Investments Gen.Purposes	Investments Special Purposes	Net Current Assets/ (Liabilities)	Total
	£	£	£	£
Restricted Funds				
<i>Endowment Fund</i>	14,759,600	-	4,592	14,764,192
<i>Development Fund</i>	200,000	-	-	200,000
<i>Funds for Accumulation of Income for Capital Purposes</i>	-	95,064	-	95,064
<i>Christ Church Extraordinary Repair Fund</i>	-	172,279	-	172,279
	14,959,600	267,343	4,592	15,231,535
Unrestricted Funds				
<i>Unallocated Income Marshall's Charity</i>	-	-	396,721	396,721
	14,959,600	267,343	401,313	15,628,256

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

	2010	2009
	£	£
<i>Auditor's remuneration</i>		
- audit	8,100	7,950
- other	2,480	2,340

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 - Group

	2010	2009
	£	£
<i>Salaries and assessable benefits</i>	142,915	138,922
<i>Social security costs</i>	16,062	15,921
<i>Other pension contributions</i>	35,365	34,554
	194,342	189,397
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 2010, one employee received remuneration in the band £60,000 - £70,000 (2009 - one).

15. Investment income

	Group		Charity	
	2010	2009	2010	2009
	£	£	£	£
<i>UK Property rental income</i>	1,041,863	1,081,532	1,038,463	1,078,132
<i>UK Dividends & interest on securities</i>	87,468	88,412	87,468	88,412
<i>Other interest</i>	11,679	13,467	11,679	13,467
<i>Gift Aid payment from Marshalls (NRH) Limited</i>	-	-	3,400	4,650
<i>Building insurance commission</i>	17,476	17,665	17,476	17,665
	1,158,486	1,201,076	1,158,486	1,202,326

16. Activities for generating funds - Group

	2010	2009
	£	£
<i>Co-administration charge - Newcomen Collett Foundation</i>	43,000	38,125

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 - Group & Charity

	2010			2009
	Direct costs	Allocated support costs	TOTAL	
	£	£	£	£
Cost of generating funds				
<i>Investment Management fees</i>	-	128,725	128,725	124,816
<i>Direct property costs</i>	121,555	-	121,555	147,196
	121,555	128,725	250,280	272,012
<i>Newcomen Collett support costs (see Note 16)</i>	-	38,238	38,238	37,026
	121,555	166,963	288,518	309,038
Charitable activities				
<i>Support of Parsonage grants (see note 18)</i>	459,222	33,695	492,917	445,022
<i>Restoration of Churches grants (see note 18)</i>	116,177	42,086	158,263	131,270
<i>Christ Church, Southwark</i>	57,226	-	57,226	50,141
<i>Marshall's Educational Foundation</i>	32,001	2,564	34,565	35,277
<i>Stamford Lectureship</i>	115	-	115	115
	664,741	78,345	743,086	661,825
Governance costs	-	34,596	34,596	35,601
	786,296	279,904	1,066,200	1,006,464

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.

18 GRANTS DURING THE YEAR**To Churches**

In the range
 £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

	2010		2009	
	No.	£	No.	£
To Churches				
In the range				
£5,001 - £10,000	2	12,000	1	6,050
£3,001 - £5,000	24	117,040	23	92,500
£2,000-£3,000	1	3,000	1	3,000
< £2,000	3	2,325	3	2,050
		<u>134,365</u>		<u>103,600</u>
Cancellations		(18,188)		(13,000)
	30	116,177	28	90,600
To Parsonages				
In the range				
> £10,000		-		-
£5,001-£10,000	11	86,960	9	56,450
£4,001-£5,000	18	81,538	15	67,998
£3,001-£4,000	35	126,532	30	104,949
£2,001-£3,000	25	63,643	39	102,902
£1,000-£2,000	63	95,224	53	80,820
< £1,000	38	10,820	46	13,521
		<u>464,717</u>		<u>426,640</u>
Cancellations		(5,495)		(14,169)
	190	459,222	192	412,471
Total Grants		<u>575,399</u>		<u>503,071</u>

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

We have audited the financial statements of Marshall's charity for the year ended 31 December 2010 which comprise the Consolidated and Charity Statement of Financial Activities, the Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 explained more fully in the Trustees' Responsibilities Statement set out on pages 6 and 7, the trustees are responsible for the preparation of financial statements which give a true and fair view.

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2010, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.