



for Charities

COIF Charities Investment Fund

**Annual Report and Accounts
Year to 31 December 2008**

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Details of Board and Manager

(inside back cover)

Description of COIF Charity Funds

(outside back cover)

Disability Discrimination Act 1995

Extracts from the Report and Accounts are available in large print and audio formats.

Report of the Board

for the year ended 31 December 2008

On behalf of the Board, we have pleasure in presenting our annual report of COIF Charities Investment Fund (the Fund).

Structure and management of the Fund

The Fund was set up in 1962 as a common investment fund under the Charities Act 1960. The Scheme dated 14 May 2008, which replaced the previous Charity Commission Schemes dated 29 November 2000 and 28 June 1995. The Scheme was made under section 24 of the Charities Act 1993.

The Financial Services Authority (FSA) rules for the operation of Unregulated Collective Investment Schemes apply to CCLA Investment Management Limited's (the Manager) management of the Fund.

The investment management, administration, registrar, and secretarial functions of the Fund have been delegated to the Manager. The Fund has a Board which meets at least four times per annum to receive reports and monitor the progress of the Fund. The Board, created under the Scheme, is made up of individuals appointed under the Scheme. Together, these individuals have wide experience of finance, investments, charities and the law. No Board member is required to be authorised by the FSA because no Board member carries out regulated activities in relation to the Fund.

The Fund owns 25% of the share capital of the Manager, a proportion of which are non-voting shares.

The Board is responsible for setting and subsequently advising on the investment policy of the Fund, monitoring performance,

obtaining Charity Commission orders for the appointment and discharge of the Manager and Corporate Trustee (the Trustee), appointing the Auditor to the Fund and agreeing the fees charged by the Trustee, the Manager and the Auditor.

The Trustee, HSBC Bank plc, appointed under the Scheme is responsible for the supervision and oversight of the Manager's compliance with the Scheme and Scheme Particulars, and also for the custody and safekeeping of the property of the Fund. It is also responsible for the appointment and supervision of the Registrar of the Fund. The division between management and trustee functions provides an additional layer of protection for unitholders.

Objective and benchmark of the Fund

The Fund, consisting of well diversified investments, principally equities but including other asset classes, aims to be suitable for up to 100% of a charity's long term capital, providing a return that is even-handed between present and future beneficiaries. It is believed that over the longer term this approach should help to protect both capital and income from the effects of inflation. The Fund has two specific objectives linked to its aim, above average total return and above average dividend income.

1. The Fund aims to provide above average total return performance through capital and income return combined. The total return performance benchmark (before management and other expenses) for the Fund is the return on the WM Co Charity Fund Service Universe. The Fund aims to achieve above average total return over the longer term (measured over rolling five year periods).

Report of the Board

for the year ended 31 December 2008

2. The Fund aims to pay an above average annual dividend, relative to the return on United Kingdom (UK) equities. The benchmark range is an annual dividend yield of between 0.5% and 1.0% greater than the dividend yield of the FTSE All-Share Index. The Fund aims to match this benchmark range each year.

Investment policy

The Fund may trade in Eligible Securities and Investment Markets on recognised and designated investment exchanges as approved by the Board from time to time. The Manager must have regard to the need for diversification and the suitability of investments.

Except with the prior approval of the Charity Commission the Fund shall not engage in the business of underwriting or sub-underwriting any new issue of units, stocks or other securities.

The Fund may borrow up to 10% of the value of the Fund temporarily for the purpose of meeting any payment to be made out of the Fund. Cash awaiting investment may be deposited with a bank or in a Common Deposit Fund established under section 25 of the Charities Act 1993, as amended or replaced from time to time.

The Fund may also borrow up to 25% of the net asset value of the Fund in connection with the acquisition or management of any land.

The Fund may invest up to 10% of the net asset value of the Fund in transferable securities issued by any one single body other than government and other public securities.

The Fund may invest up to 35% of the net asset value of the Fund in any one collective investment scheme.

Investment may only be made in other collective investment schemes or collective deposit schemes managed by the Manager or an associate of the Manager, if the trust deed or other instrument constituting the schemes states that its investment will be restricted to a particular geographic area or economic sector, or type of security or direct property and provided that there is no double charging of the management fee.

Review of investment activities and policies of the Fund

The Board met quarterly during the year to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to monitor investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board monitored the administration, expenses and pricing of the Fund.

The Board reviewed the progress of the Manager and approved the valuation of the investments in the company, which are included within these accounts in the Portfolio Statement for the Fund.

During the year the Board also met quarterly with the Manager to review investments, transactions and policies of the Fund. The Manager's report, which appears later, provides further details.

Report of the Board

for the year ended 31 December 2008

Responsible investment

The COIF Charities Investment Fund is promoted as a responsible fund that considers the environmental, social and governance issues associated with the companies in which the Fund invests. The Board's main purpose is to obtain the best return for unitholders, consistent with commercial prudence and the need to ensure adequate spread and diversification of assets.

The Board's current responsible investment policy has three elements. First, within its fiduciary duty, the Fund avoids direct investment in armaments, gambling and tobacco. Secondly, the Board has adopted a formal active voting policy, which is discussed below. Finally, the Board has agreed a proactive engagement process, through which the Manager engages, on behalf of the Fund, with the companies in which it invests on environmental, social and governance issues that may have a material impact on business.

The client research undertaken by CCLA in 2007/8 indicated that COIF clients have polarised views about how ethical, social, environmental and governance issues relating to their investments should be addressed. As the current policy does not meet the needs of either group, the COIF Board agreed in October that a new fund (the COIF Charities Ethical Investment Fund) should be launched and the existing Investment Fund policy should be changed. To that end, Charity Commission approval has been sought for the launch later in 2009 of a COIF Charities Ethical Investment Fund. In the event, Unitholders will receive

90 day's notice permitting them to transfer into this new Fund if they so wish. The COIF Charities Investment Fund will, following this development, adopt revised responsible investment guidelines, and clients will also receive notification of this.

Governance

The Board has adopted a formal corporate governance policy, and routine informed shareholder voting is applied across all UK holdings in the Fund. The policy adopted by the Board is to support management except where proposals are either deemed not to be in shareholder interests or reflect poor corporate governance practice. The Manager, on behalf of the Board, either opposed or abstained a number of specific resolutions on directors' pay and other corporate governance issues. In cases where proposals are opposed, the company is contacted and invited to comment.

During the year, the Manager voted at 138 UK company meetings comprising 1,654 resolutions. 94% of votes were cast in support of management, 3% against and the Manager abstained in 3% of cases. Details of voting actions and other information can be found on the socially responsible investment section of the COIF Charity Fund's part of the CCLA website at www.ccla.co.uk.

Controls and risk management

The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. The Manager has established

Report of the Board

for the year ended 31 December 2008

an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

During the year the Board, assisted by the Manager, reviewed the Fund's systems of internal control. Every six months the Board receives from the Manager, and reviews, a formal risk management report setting out the main risks facing the Fund, the controls in place to mitigate the risks and the assessment of each risk in terms of both gross and residual exposure after application of mitigating controls.

New Chairman

Following the Board meeting held on 25 February 2009 (at which these Annual Report and Accounts were signed), Mr B Wrey retired as a Board Member and Chairman of the Fund after eleven years of service to the COIF Funds as Board Member, including, as Chairman since April 2005.

Mr D Henderson, a current Board Member of the Fund, was appointed Chairman of the Fund with effect from conclusion of the Board meeting held on 25 February 2009. He has been a Board Member since July 2006.

B Wrey
Chairman of the Board

25 February 2009

Report of the Investment Manager

for the year ended 31 December 2008

- A suitable 'all-in-one' long-term fund for most charities
- Highly diversified and well-balanced spread of investments
- Designed to meet growth and income requirements
- Focus on delivering attractive, growing income

The Fund underperformed its benchmark. This was due primarily to asset allocation differences. The Fund had a higher weighting to equities and to property over a period when these asset classes lost significant value. The benchmark had a greater allocation to bonds and cash, assets which produced positive returns.

Performance

Over the year under review the Fund produced a total return to investors of -22.0% before management expenses compared with a return of -20.1% from the benchmark WM Co Charity Fund Service Universe. Dividends totalling 41.86p per Income Unit were declared for the year, this represents an 11.6% increase over the payment for 2007.

The higher weighting to real assets such as equities and property reflects the Manager's expectation that the long term returns from these areas will be superior and the fact that it is assets of this type that can provide a growing income over time, helping to protect investors from the erosive effects of inflation on spending power.

COIF Charities Investment Fund

Total capital and income return

To 31 December 2008	1 year % p.a.	5 years % p.a.	10 years % p.a.
<u>Performance against benchmark and market indices (before expenses)</u>			
COIF Charities Investment Fund	- 21.99	+ 4.62	+ 2.22
WM Co Charity Fund Service Universe	- 20.07	+ 5.04	+ 2.85
FTSE All-Share Index	- 29.93	+ 3.49	+ 1.17
FTSE World (ex UK) Index	- 17.12	+ 5.29	+ 2.06
FTSE UK Govt All Stocks Index	+12.81	+ 6.60	+ 5.47
IPD Property Index	- 22.53	+ 4.10	+ 7.32
<u>Performance after expenses</u>			
Income units*	-22.39	+ 4.27	+ 1.94
Accumulation units*	-22.42	+ 4.25	+ 1.91

* Net asset value to net asset value plus income reinvested

Source: The Manager and WM

Report of the Investment Manager

for the year ended 31 December 2008

Market Review

The period has been one where growth in the UK and other developed economies at first reduced and then evaporated, with a sharp downturn in activity levels in the final months of the year. The cause was the crisis which had been building in the financial sector since 2007 and which spread during 2008 to have a powerful negative effect on the economy as a whole. Borrowers experienced a sudden and very dramatic collapse in the availability of bank credit and this, coupled with a loss of confidence amongst consumers, triggered a sharp reduction in activity levels overall. The weakness became more severe as the year drew to a close with the UK one of the worst affected of the world's economies. Standing alongside these developments was the extraordinary collapse in the financial sector which saw Bradford and Bingley requiring a rescue by the government, Alliance and Leicester acquired by Santander and HBOS seek a merger with Lloyds TSB. These moves were swiftly followed by measures to recapitalise the sector in which the government took substantial holdings in Lloyds and RBS, and Barclays found support from private investors. Similar rescue activity was witnessed in Europe but the most spectacular events were seen in the United States where Merrill Lynch was acquired by Bank of America, Fannie Mae and Freddie Mac, the companies at the heart of the home mortgage industry, were supported by government intervention, AIG, once the largest insurance company in the world was rescued, as were Wachovia Bank and Washington Mutual. Against this difficult backdrop most securities markets declined substantially.

Strategy

Relative to the WM Universe, the Fund maintained a relatively high weighting to equities and property and an underweight exposure to bonds and cash. Over the year we substantially rebalanced the equity portfolio, reducing the holdings in the domestic market in favour of a greater exposure to international markets. We believe that many international companies offer superior long term prospects whilst a global approach to investment greatly increases the number of companies from which the Manager can select for the portfolio. In 2007 we made an initial investment in infrastructure. These are asset intensive businesses providing long term essential services often on a contract basis. The exposure was increased during 2008, securing for the Fund attractive long term income sources from an investment which offers diversification from more traditional portfolio investments.

Taking account of the risks to the global economy, we will focus significantly on companies with strong free cash flow, robust sales and secure balance sheets. We anticipate that this will permit the Fund to offer both a higher immediate yield and long term growth in dividends and underlying capital. With a view to adding value and controlling overall long term risks, we will continue to complement the equity exposure with real estate, infrastructure and fixed interest investments. With property and infrastructure, we will focus on attractive income flows underpinned by sound long term growth prospects, accepting that there may be short term volatility in prices. With fixed interest we will increase the exposure to corporate bonds, reflecting the higher yields available.

Report of the Investment Manager

for the year ended 31 December 2008

Outlook

The difficult economic conditions being experienced by the world economy will persist through 2009. During this period the UK will fare worse than most of the international competitors and it may be that, in the domestic economy, even a modest upturn does not get underway until 2010. Over this time interest rates will stay at low levels by historical standards and inflationary pressures will fall sharply – the RPI measure of price changes is likely to be negative for much of the second half of the year. Company profits will fall and dividends will come under pressure from lower earnings and a need to conserve cash in an environment where borrowings are expensive and difficult to secure.

It is easy to become pessimistic when confronted by circumstances such as these but it is important to remember that stock markets

tend to reflect investors' expectations for the future rather than current events and that much of the weakness of 2008 reflected recognition of more difficult times ahead.

After the sharp declines seen in recent months equities and property offer attractive levels of income and are valued at ratings which, in the past, have provided a foundation for future growth. That is not to say that a recovery in prices is imminent or indeed that we have seen the lows for this cycle, but it does mean that we believe that these sectors are in a bottoming - out phase.

M Humphreys
Fund Manager
CCLA Investment Management Limited

25 February 2009

Risk warning

The Fund's units and the income from them can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns.

The Fund's units are intended only for long-term investment and are not suitable for money liable to be spent in the near future. They are realisable only on each weekly dealing day.

This Fund may invest in emerging market countries which could be subject to political

and economic change. The Fund may invest in collective investment schemes and other assets which may, on occasions, be illiquid such as COIF Charities Property Fund which invests directly in property and property related assets which are valued by an external property valuer and as such are open to substantial subjectivity. The performance of this Fund may be adversely affected by a downturn in the property market which could impact on the capital and/or income value of this Fund.

Report of the Corporate Trustee for the year ended 31 December 2008

We confirm that based upon the information available to us, we are of the opinion that the Manager of the Scheme has, in all material respects, managed the Scheme during the year covered by these accounts in accordance with the limitations imposed upon the investment and borrowing powers of the Manager and Trustee, and in accordance with the provisions of the Scheme.

This report is given on the basis that no breaches are subsequently advised to us by the Auditors before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
London E14 5HQ

*HSBC Bank plc is authorised and regulated by
the Financial Services Authority*

25 February 2009

Report of the Independent Auditor to the unitholders of COIF Charities Investment Fund

We have audited the financial statements of COIF Charities Investment Fund for the year ended 31 December 2008 which comprise the statement of total return, the statement of change in unitholders' net assets, the portfolio statement, the balance sheet, the summary of material portfolio changes, the related notes and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Scheme of the Charity Commissioners under the Charities Act 1993. Our audit work has been undertaken so that we might state to the unitholders of the Fund 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 Fund and the unitholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board, Manager and Auditor

The Manager is responsible for the preparation of the annual report and financial statements in accordance with Accounting Standards (United Kingdom generally accepted accounting practice) as set out in the Statement of the Board, Trustee and Manager responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with United Kingdom legal and regulatory requirements and International Standards on Auditing (United Kingdom 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 United Kingdom generally accepted accounting practice, the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993. We also report to you if, in our opinion, the Report of the Investment Manager is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Fund, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Investment Manager and the other items set out on the contents page. 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.

Report of the Independent Auditor to the unitholders of COIF Charities Investment Fund

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund'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 financial position of the Fund as at 31 December 2008 and of the net income and the net losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom generally accepted accounting practice, Regulation 4 of the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993, dated 29 November 2000.

Ernst & Young LLP
Registered Auditor
London

25 February 2009

The maintenance and integrity of the CCLA Investment Management Limited website is the responsibility of the directors of CCLA Investment Management Limited; the work carried out by the auditors of COIF Charities Investment Fund does not involve consideration of these matters and, accordingly, the auditors

accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdiction.

Net asset value, unit price range, net distribution, unit prices and total expense ratio

Net asset value

At 31 December	Net asset value £'000	Income units		Accumulation units	
		Net asset value pence per unit	Number of units in issue	Net asset value pence per unit	Number of units in issue
2006	1,101,182	1,146.58	83,704,375	7,614.11	1,821,842
2007	1,096,305	1,170.55	82,043,630	8,020.51	1,694,997
2008	814,858	869.59	81,921,075	6,222.12	1,647,079

The net asset value is calculated on the mid-market value basis compared to the balance sheet where the assets are valued on a bid-market value basis in accordance with the Statement of Recommended Practice for Authorised Funds which was issued by the Investment Management Association (IMA) in December 2005.

Unit price range

Year to 31 December	Income units		Accumulation units	
	Highest offer pence per unit	Lowest bid pence per unit	Highest offer pence per unit	Lowest bid pence per unit
2004	913.92	814.00	5,633.06	4,955.75
2005	1,063.12	889.76	6,774.73	5,533.23
2006	1,165.80	1,031.40	7,667.50	6,681.99
2007	1,223.93	1,109.56	8,288.54	7,469.09
2008	1,174.62	787.34	8,048.25	5,552.89

Net distribution

Year to 31 December	Income units pence per unit	Accumulation units pence per unit
2004	31.50	188.36
2005	33.50	209.05
2006	35.50	230.32
2007	37.50	267.03
2008	41.86	341.16

Net asset value, unit price range, net distribution, unit prices and total expense ratio

Unit prices at 31 December 2008

	<i>Bid price pence per unit</i>	<i>Offer price pence per unit</i>
Income units	864.81	874.37
Accumulation units	6,187.90	6,256.34

The unit prices are published in the *Financial Times* and on the Manager's website at www.ccla.co.uk.

The bid and offer prices are calculated on the net asset value minus or plus a 0.55% deduction or surcharge.

Total expense ratio

	<i>31.12.2008</i>	<i>31.12.2007</i>
Total expense ratio	0.56%	0.36%

The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the year.

The increase in the total expense ratio is due to the increase in the management fee of the Fund as detailed in note 1(e).

Statement of total return

for the year ended 31 December 2008

	Notes	31.12.2008		31.12.2007	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the year	2		(285,823)		27,442
Other gains/(losses)	3		398		(2,611)
Income	4	46,231		38,899	
Expenses	5	(4,219)		(3,258)	
Net income before taxation		42,012		35,641	
Taxation	6	(1,091)		(515)	
Net income after taxation for the year			40,921		35,126
Total return before distributions			(244,504)		59,957
Finance costs: distributions	7		(40,025)		(35,840)
Change in net assets attributable to unitholders			(284,529)		24,117

Statement of change in unitholders' net assets

for the year ended 31 December 2008

	31.12.2008		31.12.2007	
	£'000	£'000	£'000	£'000
Net assets at start of the year		1,097,620		1,097,990
Movement due to creations and cancellations of units				
Amounts receivable on creation of units	19,887		21,931	
Less: amounts payable on cancellation of units	(23,911)		(51,080)	
		(4,024)		(29,149)
Change in net assets attributable to unitholders		(284,529)		24,117
Retained distribution on accumulation units		5,673		4,662
Net assets at end of the year		814,740		1,097,620

The notes on pages 27 to 37 form part of these accounts.

Portfolio statement

at 31 December 2008

	<i> Holding</i>	<i> Bid value</i>	<i> %</i>		<i> Holding</i>	<i> Bid value</i>	<i> %</i>
	<i> £'000</i>	<i> Fund</i>			<i> £'000</i>	<i> Fund</i>	
UNITED KINGDOM 37.63%				Electronic & electrical equipment 0.21%			
(31.12.2007, 57.49%)							
Oil & gas producers 9.77%				Industrial engineering 0.06%			
BG	2,229,109	21,321	2.62	Halma	432,171	874	0.11
BP	7,685,366	40,406	4.96	PV Crystalox			
Dana Petroleum	79,324	786	0.10	Solar	776,959	775	0.10
JKX Oil & Gas	302,105	559	0.07	Support services 0.69%			
Premier Oil	88,522	871	0.11	Interserve	910,322	2,066	0.25
Royal Dutch				Regus	1,685,332	830	0.10
Shell B Shares	666,689	11,500	1.41	Rentokil Initial	1,874,747	825	0.10
Tullow Oil	522,099	3,441	0.42	RPS	462,506	646	0.08
Venture				Wolseley	340,739	1,308	0.16
Production	162,181	690	0.08	Automobiles & parts 0.09%			
Oil equipment services 0.16%				Food producers 0.86%			
Hunting	154,782	647	0.08	Associated			
Petrofac	193,183	668	0.08	British Foods	154,807	1,129	0.14
Chemicals 0.32%				Dairy Crest			
Elementis	727,629	269	0.03	Tate & Lyle	1,080,402	4,327	0.53
Johnson				Unilever	1,490	24	-
Matthey	216,831	2,372	0.29	Household goods 0.29%			
Forestry & paper 0.27%				Reckitt			
Mondi	1,074,572	2,187	0.27	Benckiser	92,589	2,386	0.29
Mining 1.83%				Pharmaceutical & biotechnology 4.52%			
Anglo American	302,441	4,673	0.57	AstraZeneca	786,061	22,057	2.71
BHP Billiton	353,784	4,574	0.56	GlaxoSmithKline	1,149,776	14,763	1.81
Kazakhmys	72,734	168	0.02	Food & drug retailers 0.24%			
Lonmin	68,551	624	0.08	Tesco	543,566	1,956	0.24
Randgold				General retailers 0.12%			
Resources	98,785	2,911	0.36	Signet Jewellers	169,884	984	0.12
Rio Tinto (UK)	43,033	641	0.08				
Vendanta							
Resources	128,405	785	0.10				
Xstrata	80,493	515	0.06				

Portfolio statement

at 31 December 2008

	<i> Holding</i>	<i> Bid value</i>	<i> %</i>		<i> Holding</i>	<i> Bid value</i>	<i> %</i>
		<i> £'000</i>	<i> Fund</i>			<i> £'000</i>	<i> Fund</i>
Media 0.26%				Nonlife insurance 0.86%			
UTD Business				Amlin	548,221	1,959	0.24
Media	420,416	2,136	0.26	British Insurance	1,478,932	3,250	0.40
Travel & leisure 1.03%				Catlin	414,265	1,795	0.22
Compass	636,209	2,187	0.27	Life insurance 2.69%			
FirstGroup	264,292	1,146	0.14	Aviva	1,807,834	7,046	0.86
Marston's	3,321,019	3,877	0.48	Friends			
Millenium & Copthorne				Provident	6,349,584	5,461	0.67
Hotels	501,499	1,120	0.14	Old Mutual	5,685,334	3,121	0.38
Fixed line telecommunications 1.40%				Standard Life	3,156,136	6,368	0.78
BT	8,464,804	11,436	1.40	Real estate 0.34%			
Mobile telecommunications 2.13%				Derwent London	110,006	797	0.10
Vodafone	12,494,669	17,361	2.13	Savills	875,598	1,957	0.24
Electricity 1.61%				General financial 0.66%			
British Energy				Cattles	710,549	126	0.02
ASSD	839,956	6,493	0.80	Close Brothers	307,473	1,625	0.20
International				Crystal Amber	2,500,000	2,469	0.30
Power	487,274	1,169	0.14	Investec	405,749	1,155	0.14
Scottish & Southern Energy	448,080	5,449	0.67	Equity investments 1.16%			
Gas, water & multiutilities 4.17%				ACP Mezzanine	3,333,334	855	0.10
Centrica	1,801,593	4,788	0.59	Dunedin Income	450,000	666	0.08
National Grid	2,225,009	15,208	1.87	Edinburgh			
Northumbrian				Investment Trust	350,000	1,149	0.14
Water	650,715	1,536	0.19	ICAP	379,226	1,089	0.13
Pennon	345,566	1,719	0.21	Invesco Income			
Severn Trent	549,768	6,581	0.81	Growth Trust	1,450,000	2,244	0.28
United Utilities	653,995	4,094	0.50	Jupiter Green			
Banks 1.41%				Investment Trust	944,355	661	0.08
HSBC	1,739,444	11,511	1.41	Merchants Trust	497,500	1,437	0.18
Software & computer services 0.48%				Standard Life			
				Equity Income	625,000	1,414	0.17
				Software & computer services 0.48%			
				Aveva	95,745	545	0.07

Portfolio statement

at 31 December 2008

	<i> Holding</i>	<i> Bid value</i>	<i> %</i>		<i> Holding</i>	<i> Bid value</i>	<i> %</i>
		<i> £'000</i>	<i> Fund</i>			<i> £'000</i>	<i> Fund</i>
Intesa Sanpaolo	413,910	988	0.12	Corp Financ			
Seat Pagine	14,780,270	824	0.10	Alba	27,617	728	0.09
Telecom Italia				Repsol	74,057	1,082	0.13
RNC	592,218	452	0.06	Telefonica	116,362	1,784	0.22
Terna	361,416	808	0.10				
Unicredito	265,379	437	0.05	Sweden 0.30%			
Unione di				Ericsson	233,600	1,207	0.15
Banche Italiane	44,613	444	0.05	Loomis AB	4,838	21	-
				Niscayah	28,000	16	-
Luxembourg 0.01%				Sandvik	79,800	343	0.04
Reinet				Securitas	24,192	136	0.02
Investments	11,262	76	0.01	SKF	103,800	701	0.09
Netherlands 0.59%				Switzerland 1.14%			
Aegon	37,152	162	0.02	Baloise	11,430	587	0.07
Ahold	84,064	715	0.09	Credit Suisse	7,296	136	0.02
Akzo Nobel	25,794	735	0.09	Nestle SA	70,080	1,908	0.23
ING	67,815	481	0.06	Novartis	51,253	1,768	0.22
Philips Electronic	61,403	822	0.10	Pargesa	10,026	459	0.06
SNS Reaal	61,601	233	0.03	Richemont	82,265	1,091	0.13
Unilever	65,762	1,104	0.14	Roche	14,531	1,546	0.19
Wolters Kluwer	36,288	473	0.06	Swisscom	3,900	867	0.11
				UBS	93,474	903	0.11
Norway 0.19%				General European 0.27%			
Statoilhydro	72,700	824	0.10	European Assets			
Telenor	160,400	739	0.09	Trust	162,500	778	0.10
				European Capital			
Portugal 0.09%				Investment Trust	587,500	1,364	0.17
Cimpor							
Cimentos De				UNITED STATES OF AMERICA 11.48%			
Portugal	210,170	706	0.09	(31.12.2007, 6.26%)			
				Air Products &			
Spain 0.81%				Chemical	17,400	607	0.07
Banco Santander				Alcoa	23,517	184	0.02
(GBP)	84,387	550	0.07	Allied Capital	74,900	136	0.02
Banco Santander	192,406	1,223	0.15	Anadarko			
BBVA	148,904	1,248	0.15	Petroleum	23,600	632	0.08

Portfolio statement

at 31 December 2008

	<i> Holding</i>	<i> Bid value</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value</i>	<i> % Fund</i>
		<i> £'000</i>				<i> £'000</i>	
Apache	8,400	435	0.05	Gannett	202,400	1,121	0.14
Archer Daniels	25,752	515	0.06	General Electric	290,431	3,260	0.40
Associated Banc	100,300	1,457	0.18	Goldman Sachs	6,005	352	0.04
Axis Capital	69,000	1,394	0.17	Halliburton	23,734	299	0.04
Becton				Hewlett-Packard	34,147	859	0.11
Dickinson	13,900	660	0.08	HJ Heinz	26,900	702	0.09
Bristol-Myers				Hospitality			
Squibb	162,693	2,623	0.32	Properties Trust	108,900	1,120	0.14
Carnival	35,794	604	0.07	I.B.M.	35,774	2,089	0.26
CBS B	158,900	903	0.11	Intel	73,130	745	0.09
Centerpoint				International			
Energy	206,100	1,803	0.22	Paper	57,700	472	0.06
Chesapeake				Johnson			
Energy	26,200	293	0.04	Controls	21,800	275	0.03
Chevron	33,935	1,735	0.21	Johnson &			
Chubb	38,500	1,362	0.17	Johnson	50,917	2,113	0.26
Coca-Cola				King			
Enterprise	68,400	570	0.07	Pharmaceuticals	158,300	1,164	0.14
Colgate-				Kla-Tencor	33,800	511	0.06
Palmolive	11,676	555	0.07	Kraft Foods	87,141	1,622	0.20
ConocoPhillips	19,525	702	0.09	Lilly (Eli)	35,525	993	0.12
Corning	54,615	361	0.04	Marathon Oil	86,250	1,633	0.20
CVS/Caremark	65,060	1,298	0.16	Marsh &			
Devon Energy	9,550	435	0.05	McLennan	58,300	981	0.12
Diamond OS				Marshall &			
Drilling	12,300	503	0.06	Ilseley	75,800	716	0.09
Dow Chemical	41,276	432	0.05	Mattel	131,700	1,461	0.18
DTE Energy	56,300	1,394	0.17	McDonald's	23,464	1,012	0.12
El Paso	122,900	667	0.08	Microsoft	101,263	1,367	0.17
Embarq	134,300	3,327	0.41	NiSource	89,300	679	0.08
Exxon Mobil	84,641	4,678	0.57	NSTAR	129,300	3,263	0.40
Firstenergy	11,741	395	0.05	Parker Hannifin	26,900	794	0.10
Freeport 6.75%				PartnerRe	35,500	1,756	0.22
Convertible				Patterson-UTI			
Preference				Energy	37,400	299	0.04
Shares	12,200	402	0.05	Pepsico	34,042	1,294	0.16
Frontier				Pfizer	578,800	7,116	0.87
Communications	290,500	1,762	0.22	Praxair	13,700	564	0.07

Portfolio statement

at 31 December 2008

	<i> Holding</i>	<i> Bid value</i>	<i> %</i>		<i> Holding</i>	<i> Bid value</i>	<i> %</i>
		<i> £'000</i>	<i> Fund</i>			<i> £'000</i>	<i> Fund</i>
Procter & Gamble	46,283	1,986	0.24	Daiichi Sankyo	12,715	204	0.03
Ryder System	25,200	678	0.08	Daiwa House	66,000	438	0.05
Schering Plough	21,882	259	0.03	Eisai	68,100	1,928	0.24
Schlumberger	12,587	370	0.05	Fuji Electric	177,000	181	0.02
Seagate				Fuji Heavy	164,000	300	0.04
Technology	160,800	492	0.06	Fukuoka			
Sunoco	26,000	784	0.10	Financial	160,000	471	0.06
Symantec	152,200	1,427	0.18	Honda Motor	68,100	996	0.12
Sysco	49,900	795	0.10	Itochu	107,000	364	0.04
T Rowe Price	20,200	496	0.06	Itochu Techno-			
Target	18,604	446	0.05	Solutions	10,900	180	0.02
Texas				Kawasaki Kisen			
Instruments	83,854	903	0.11	Kaish	99,000	313	0.04
Time Warner	111,229	776	0.10	KDDI	75	364	0.04
Union Pacific	15,710	521	0.06	Komatsu	43,900	377	0.05
United				Konica Minolta	35,500	185	0.02
Technologies	14,219	529	0.07	Lawson	58,100	2,309	0.28
Verizon				Leopalace21	121,800	839	0.10
Communications	73,215	1,723	0.21	Makita	26,400	396	0.05
Vornado Realty				Mitsubishi	44,200	420	0.05
Trust	12,800	536	0.07	Mitsubishi Gas	108,000	298	0.04
Walgreen	24,215	415	0.05	Mitsubishi			
Wal-Mart Stores	42,927	1,669	0.21	Tanabe	71,000	733	0.09
Wells Fargo	112,258	2,297	0.28	Mitsui Lines	70,000	291	0.04
Willis	117,200	2,020	0.25	Mitsui & Co	65,000	449	0.06
Wyeth	34,107	888	0.11	Mizuho Financial			
				2% Convertible			
				Preference			
JAPAN 4.19% (31.12.2007, 2.55%)				Shares	110	523	0.06
Aioi Insurance	119,000	418	0.05	Morant Wright	712,500	237	0.03
Amada	118,000	389	0.05	Mori Seiki	34,200	181	0.02
Asahi Kasei	179,000	534	0.07	Nintendo	2,400	622	0.08
Astellas				Nippon Kayaku	68,000	241	0.03
Pharmacy	19,500	542	0.07	Nippon Mining	112,500	326	0.04
Bank of Kyoto	58,000	443	0.05	Nippon Steel	200,000	445	0.05
Canon	61,400	1,296	0.16	Nippon Yusen			
Chubu Electric				KK	107,000	446	0.05
Power	30,200	630	0.08				

Portfolio statement

at 31 December 2008

	<i>Holding</i>	<i>Bid value</i>	<i>%</i>		<i>Holding</i>	<i>Bid value</i>	<i>%</i>
		<i>£'000</i>	<i>Fund</i>			<i>£'000</i>	<i>Fund</i>
Li Ning	665,500	707	0.09	Taiwan 0.42%			
Li & Fung	462,000	550	0.07	Chicony			
PCCW	4,367,000	1,445	0.18	Electronic	691,620	463	0.06
Swire Pacific A				Lite-on			
Shares	287,500	1,375	0.17	Technology	2,021,000	917	0.11
Yanzhou Coal	1,586,000	808	0.10	Macronix			
				International	3,430,000	628	0.08
Indonesia 0.02%				Taiwan Business			
Bumi Resources	3,026,500	169	0.02	Bank	5,010,000	743	0.09
				U-Ming Marine			
Malaysia 0.31%				Transport	813,000	676	0.08
Digi.Com	207,800	891	0.11				
PPB Group				Thailand 0.06%			
Berhad	896,500	1,650	0.20	Thai Oil	961,200	454	0.06
New Zealand 0.15%				General Asia Pacific 0.22%			
Fisher & Paykel	949,457	1,213	0.15	Aberdeen Asian			
				Income	262,500	267	0.03
Philippines 0.12%				Infosys Tech-			
Philippine Long				ADR	41,100	653	0.08
Distance	32,920	1,014	0.12	Reliance			
				Industries	25,455	894	0.11
Singapore 0.27%							
Singapore				OTHER OVERSEAS 0.23% (31.12.2007, 0.37%)			
Exchange	571,000	1,399	0.17	Invesco			
Singapore Post	2,193,000	837	0.10	Emerging			
				Markets Equity			
South Korea 0.56%				Fund	44,259	676	0.08
Busan Bank	153,660	495	0.06	JPMorgan			
Daegu Bank	157,710	585	0.07	Emerging			
Dongbu				Markets	402,752	1,248	0.15
Insurance	48,070	386	0.05				
Dongkuk Steel	38,120	566	0.07	PRIVATE EQUITY 0.33% (31.12.2007, 0.13%)			
KB Financial	44,600	811	0.10	Princess Private			
Posco	5,372	1,128	0.14	Equity	909,500	2,684	0.33
Woori Finance	152,690	536	0.07				

Portfolio statement

at 31 December 2008

	<i>Holding</i>	<i>Bid value</i> <i>£'000</i>	<i>%</i> <i>Fund</i>		<i>Holding</i>	<i>Bid value</i> <i>£'000</i>	<i>%</i> <i>Fund</i>
GLOBAL EQUITY INCOME UNIT TRUSTS							
4.40% (31.12.2007, 4.57%)							
COIF Charities				CCLA			
Global Equity				Investment			
Income Fund				Management			
Accumulation				Limited D Shares	26,000	3,523	0.43
Units*	1,000	1	-				
COIF Charities				PROPERTY UNIT TRUSTS 8.05%			
Global Equity				(31.12.2007, 8.27%)			
Income Fund				COIF Charities			
Income Units*	34,054,635	35,819	4.40	Property Fund			
				Income Units*	66,147,379	65,585	8.05
				FIXED INTEREST STOCKS 8.26%			
INFRASTRUCTURE 5.90% (31.12.2007, 0.00%)				(31.12.2007, 6.24%)			
3i Infrastructure	2,290,191	1,912	0.23	United Kingdom 8.26% (31.12.2007, 4.66%)			
Babcock &				Treasury 5.75%			
Brown	8,928,000	6,986	0.86	Stock 2009	8,350,000	8,751	1.07
HSBC				Treasury 6.25%			
Infrastructure	11,143,000	12,787	1.57	Stock 2010	12,900,000	14,173	1.74
KSK Emerging				Conversion 9%			
India	3,000,000	2,363	0.29	2011	8,630,000	10,151	1.25
RREEF Pan-Euro				Treasury 5.25%			
Infrastructure	1	23,993	2.95	Stock 2012	3,010,000	3,296	0.40
				Treasury 8%			
UNQUOTED STOCKS 0.90%				Stock 2013	22,765,000	28,313	3.48
(31.12.2007, 1.68%)				Treasury 8%			
CCLA				Stock 2015	1,050,000	1,363	0.17
Investment				Treasury 8.75%			
Management				Stock 2017	465,000	657	0.08
Limited B Shares	28,167	3,817	0.47	Treasury 8%			
				Stock 2021	400,000	585	0.07

*COIF Charities Property Fund and COIF Charities Global Equity Income Fund are managed by CCLA Investment Management Limited.

Portfolio statement

at 31 December 2008

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
PREFERENCE SHARES 1.33% (31.12.2007, 0.00%)			
Abbey 8.625% Preference Shares	400,000	385	0.05
HBOS 9.25% Preference Shares	11,481,340	9,788	1.20
Natwest 9% Preference Shares	805,000	672	0.08
		<hr/>	<hr/>
PORTFOLIO OF INVESTMENTS		793,427	97.38
NET OTHER ASSETS		21,313	2.62
NET ASSETS		<u>814,740</u>	<u>100.00</u>

Balance sheet

at 31 December 2008

	Notes	31.12.2008		31.12.2007	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments			793,427		1,060,246
Debtors	8	5,177		4,695	
Cash and bank balances	9	26,500		<u>43,102</u>	
Total other assets			31,677		<u>47,797</u>
Total assets			825,104		1,108,043
LIABILITIES					
Creditors	10	42		86	
Distribution payable on income units		10,322		<u>10,337</u>	
Total liabilities			10,364		10,423
Net assets attributable to unitholders			814,740		<u>1,097,620</u>
Approved on behalf of the Board 25 February 2009				B Wrey, <i>Chairman</i>	

The notes on pages 27 to 37 form part of these accounts.

Summary of material portfolio changes

for the year ended 31 December 2008

	<i>Cost</i> <i>£'000</i>
Total purchases for the year (note 17)	751,205
Major purchases:	
Treasury 8% Stock 2013	18,134
Royal Bank of Scotland	16,161
AstraZeneca	16,105
BP	14,925
Johnson Matthey	12,981
National Grid	10,589
HSBC	10,207
GlaxoSmithKline	10,095
Vodafone	10,009
Babcock & Brown	10,000
HSBC Infrastructure C Shares	10,000
HBOS 9.25% Preference Shares	9,125
British Energy	8,897
United Utilities	8,735
BT	8,172
Standard Life	7,926
Marks & Spencer	7,281
Marston's	7,090
Old Mutual	6,851
Mondi	6,681

The above represents the 20 largest purchases aggregated per investment during the year.

Summary of material portfolio changes

for the year ended 31 December 2008

	<i>Cost</i> <i>£'000</i>
Total sales for the year (note 17)	735,952
Major sales:	
HSBC	29,366
Vodafone	26,964
Royal Dutch Shell B	25,782
Unilever	17,769
Rio Tinto (UK)	17,025
GlaxoSmithKline	16,186
Tesco	15,159
BHP Billiton	15,134
Anglo American	14,371
Reckitt Benckiser	13,799
Standard Chartered	12,517
Lloyds Banking	12,464
Barclays	11,461
Royal Bank of Scotland	10,987
Xstrata	10,391
Marks & Spencer	10,160
AstraZeneca	9,664
Johnson Matthey	8,696
Legal & General	8,652
Prudential	8,268

The above represents the 20 largest sales aggregated per investment during the year.

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with policies set out below, the Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commission in March 2005 and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005.

(b) Income recognition

Dividends on ordinary stocks, including special dividends where appropriate, preference shares, and unit trusts are accrued to income on the dates when the investments are first quoted ex-dividend. Interest on Government and other fixed interest stocks, bank and COIF Charities Deposit Fund balances is accrued on a daily basis.

(c) Stock dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as income of the Fund. Any enhancement above the cash dividend is treated as capital.

(d) Special dividends, share buy-back or additional share issue

Whether a special dividend, share buy-back or additional share issue is income or capital by nature depends upon the facts of each individual case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend is regarded as capital by nature. Otherwise, the special dividends are regarded as income.

(e) Expenses

During the year the Manager's periodic charge, paid to the Manager, was charged to the capital of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund. During the year this was 0.45% p.a. plus VAT (2007, 0.30% p.a. plus VAT). The Fund received a management fee rebate credited to the capital of the fund for its holding in the COIF Charities Property Fund and the COIF Charities Global Equity Income Fund where during the year, in both Funds, management fees were charged to capital. The Fund also received a management fee rebate credited to the income of the fund for the Fund's deposits in COIF Charities Deposit Fund where during the year management fees were charged to income. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. The Trustee fee, audit, legal, safe custody fees and transaction charges and insurance fees are charged separately to the income of the Fund before distribution.

Notes to the accounts

(f) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in income which arise over the years (see note 11).

It is the Fund's policy to distribute net income to unitholders where income exceeds expenses at the end of the accounting period. For the purpose of calculating the distribution, income on debt securities is computed as the higher of the amount determined on an accrual of coupon basis and an effective yield basis. The Fund has therefore adopted a distribution policy that follows the coupon basis for recognising income. A reconciliation of the net distribution to the net income of the Fund as reported in the statement of total return is shown in note 7.

(g) Basis of valuation

Listed investments are valued at bid-market values at the close of business on the last business day of the accounting period. Any unquoted, unlisted, delisted or suspended investments are stated at cost or valuation by the Manager and reviewed by the Board.

Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

(h) Foreign exchange

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the accounting date. Transactions in foreign currencies are translated into sterling at the exchange rates ruling on the transaction dates.

The Fund may enter into forward foreign currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. Fluctuations in the value of such forward foreign currency contracts are recorded as unrealised gains or losses. Realised gains or losses include net gains or losses on transactions that have terminated by settlement or by the Fund entering into offsetting commitments.

2. Net (losses)/gains on investments

	31.12.2008	31.12.2007
	£'000	£'000
The net (losses)/gains on investments during the year comprise:		
Non-derivative securities	(282,293)	27,442
Non-derivative securities	(3,530)	-
	(285,823)	<u>27,442</u>

Notes to the accounts

3. Other gains/(losses)	31.12.2008	31.12.2007
	£'000	£'000
Other gains/(losses) comprise:		
Currency gains/(losses)	<u>398</u>	<u>(2,611)</u>
4. Income	31.12.2008	31.12.2007
	£'000	£'000
UK dividends	23,805	23,672
COIF Charities Property Fund dividends	4,763	4,432
COIF Charities Global Equity Income Fund dividends	2,043	89
Overseas dividends	11,651	6,345
Dividends on unquoted stocks	114	114
Interest on debt securities	1,979	2,540
Interest on COIF Charities Deposit Fund	1,356	1,454
Bank interest	166	253
Other income	354	-
	<u>46,231</u>	<u>38,899</u>
5. Expenses	31.12.2008	31.12.2007
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	5,038	3,822
Manager's periodic charge rebate – see note 1(e)*	(1,057)	(798)
	<u>3,981</u>	<u>3,024</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee fee	23	23
Safe custody fees and transaction charges	169	186
	<u>192</u>	<u>209</u>
Other expenses:		
Insurance fee	19	16
Audit fee	13	9
Professional fees	14	-
	<u>46</u>	<u>25</u>
Total expenses	<u>4,219</u>	<u>3,258</u>

* This amount represents the rebates of management fees credited to the Fund's capital for its holding in COIF Charities Property Fund and COIF Charities Global Equity Income Fund where, in both funds, the management fees are charged to capital. This amount also includes the rebate credited to the income of the Fund for its deposits in COIF Charities Deposit Fund where the management fees are charged to income.

The above expenses include VAT where applicable.

Notes to the accounts

6. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988.

Distributions are paid and reinvested income credited gross to unitholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Withholding tax is credited to income when it is recovered.

	31.12.2008	31.12.2007
	£'000	£'000
Overseas taxation suffered in the year	1,094	591
Overseas taxation recovered in the year	(3)	(76)
Total taxation	<u>1,091</u>	<u>515</u>

7. Finance costs

Distributions

Distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	31.12.2008	31.12.2007
	£'000	£'000
31 March – interim distribution	8,545	7,839
30 June – interim distribution	10,229	8,369
30 September – interim distribution	9,862	8,162
31 December – final distribution	<u>11,383</u>	<u>11,329</u>
	40,019	35,699
Add: income deducted on cancellation of units	106	218
Deduct: income received on creation of units	(100)	(77)
Net distribution for the year	<u>40,025</u>	<u>35,840</u>
Net income after taxation for the year	40,921	35,126
Amortisation under effective yield (FRS 26)	1,356	527
Manager's periodic charge – see note 1(e)	4,031	2,866
Transfer to income reserve	<u>(6,283)</u>	<u>(2,679)</u>
Net distribution for the year	<u>40,025</u>	<u>35,840</u>

Details of the distribution per unit are set out in the distribution table on page 38.

Notes to the accounts

8. Debtors	31.12.2008	31.12.2007
	£'000	£'000
Accrued income	5,164	4,649
Prepayments	13	17
VAT recoverable	-	29
	<u>5,177</u>	<u>4,695</u>

9. Cash and bank balances	31.12.2008	31.12.2007
	£'000	£'000
Cash in COIF Charities Deposit Fund	25,019	34,714
Cash at bank	1,481	8,388
	<u>26,500</u>	<u>43,102</u>

10. Creditors	31.12.2008	31.12.2007
	£'000	£'000
Accrued expenses	33	86
Sundry creditors	9	-
	<u>42</u>	<u>86</u>

11. Income reserve

The income reserve, accumulated out of income, is used to smooth fluctuations in the distributable income of the Fund. The income reserve is included in the total capital value of the Fund attributable to income unitholders.

	31.12.2008	31.12.2007
	£'000	£'000
Income reserve at the start of the year	4,741	2,062
Transfer to income reserve	6,283	2,679
Income reserve at the end of the year	<u>11,024</u>	<u>4,741</u>

Notes to the accounts

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to unitholders should they wish to sell their units. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied consistently throughout the year and the comparative year.

Market price risk

This is an actively-managed Fund, which invests mainly in UK and overseas equities, and fixed interest investments. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence, and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the unit price from time to time, although there will generally be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis and also by the Board.

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager.

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, fixed interest stocks, unit trusts and Sterling and overseas cash deposits. These assets are generally liquid, except for the unit trusts which are realisable only on their weekly or monthly dealing dates and the holdings in the unquoted investments which are not readily realisable, and enable the Fund to meet the payment of any redemption of units that unitholders may wish to make.

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and income are denominated in currencies other than sterling, the base currency of the Fund. However, it does not seek to avoid this exchange rate movement risk on investments and income accrued but not yet received. In respect of income, receipts are converted to sterling shortly after receipt.

Notes to the accounts

At 31 December 2008, the Fund's foreign currency exposure was predominantly from the overseas equities it was invested in, which are detailed in the portfolio statement. The total exposure at 31 December was:

Currency	31.12.2008	31.12.2007
	£'000	£'000
Australian Dollar	9,634	10,097
Danish Krone	1,063	38
Euro	87,413	78,239
Hong Kong Dollar	16,305	10,764
Indonesian Rupiah	169	1,216
Israeli Shekel	15	13
Japanese Yen	34,370	28,708
Malaysian Dollar	2,564	1,484
Mexican Peso	8	7
New Zealand Dollar	1,213	36
Norwegian Krone	1,563	-
Philippine Peso	1,015	-
Singapore Dollar	2,236	3,091
South Korean Won	4,505	6,202
Swedish Krona	2,454	1,634
Swiss Franc	9,270	6,739
Taiwan Dollar	3,775	5,358
Thailand Baht	454	513
US Dollar	96,159	74,573
	<u>274,185</u>	<u>228,712</u>

Interest rate risk

The majority of the Fund's financial assets are equities which do not receive interest nor have maturity dates. The Fund also invests in fixed interest securities, the income of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Notes to the accounts

The interest rate profile of the Fund's financial assets and liabilities are set out below:

31 December 2008

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	25,802	78,132	446,985	550,919
Euro	150	351	86,912	87,413
US Dollar	132	402	95,625	96,159
Other	416	523	89,674	90,613
Total	26,500	79,408	719,196	825,104

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	10,364	10,364
Euro	-	-	-	-
US Dollar	-	-	-	-
Other	-	-	-	-
Total	-	-	10,364	10,364

31 December 2007

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	39,563	51,056	788,668	879,287
Euro	3,025	11,568	63,652	78,245
US Dollar	70	4,866	69,650	74,586
Other	444	855	74,626	75,925
Total	43,102	68,345	996,596	1,108,043

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	10,379	10,379
Euro	-	-	6	6
US Dollar	-	-	13	13
Other	-	-	25	25
Total	-	-	10,423	10,423

Notes to the accounts

* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or the base rate.

All financial liabilities are due to be settled within one year, or on demand.

There were no derivatives held by the Fund at 31 December 2008 (31.12.2007, £nil).

The fixed rate element of the portfolio is further analysed in the following table.

31 December 2008

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which rate is fixed Years</i>
Sterling	10,845	3.11	9.90

31 December 2007

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which rate is fixed Years</i>
Sterling	51,056	4.47	3.80
Euro	11,568	4.26	8.93
US Dollar	4,866	2.33	2.68
Other	855	0.75	2.97

13. Commitments and contingent liabilities

There was a commitment of £13,982,470 at 31 December 2008 (31.12.2007, £16,903,473) in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund.

There were no other commitments or contingent liabilities as at 31 December 2008 (31.12.2007, £144,458).

Notes to the accounts

14. Unquoted and other investments

Unquoted investments include the Fund's holding of 25% of the issued share capital of the Manager, which provides investment management and administrative services to the COIF Charity Funds. The valuation of the holding is based on a discounted market value calculation, prepared yearly and reviewed quarterly.

Not more than 20% in value of the Fund may be invested in units in authorised unit trust schemes and collective investment and deposit schemes as provided in the Fund's Scheme.

At 31 December 2008, 8.05% (31.12.2007, 8.27%) of the value of the Fund was held in units in the COIF Charities Property Fund, 4.40% (31.12.2007, 4.57%) of the value of the Fund was held in units in the COIF Charities Global Equity Income Fund and 3.07% (31.12.2007, 3.16%) of the value of the Fund was held in the COIF Charities Deposit Fund. At 31 December 2008, 0.28% (31.12.2007, 0.63%) of the value of the Fund was held in authorised unit trust schemes.

At 31 December 2008 the Fund held 89.57% (31.12.2007, 100.00%) of the COIF Charities Global Equity Income Fund and 67.47% (31.12.2007, 63.15%) of the COIF Charities Property Fund. The COIF Charities Property Fund may not be readily realisable as the Manager may impose a period of notice or delay not exceeding six months before carrying out a redemption of units in that Fund if it is deemed to be necessary to protect the interests of unitholders of the Fund or to permit properties to be sold to meet a redemption.

The net assets of the COIF Charities Global Equity Income Fund and the COIF Charities Property Fund have not been consolidated as, due to Trustee Governance constraints, the Fund is unable to exercise any control over these funds.

15. Board remuneration

The Board members receive no remuneration from COIF Charity Funds. Mr R Fitzalan Howard is a Director of the Manager and receives remuneration from the Manager, which is disclosed in that Company's accounts.

Notes to the accounts

16. Related party transactions

The Manager's periodic charge is paid to the Manager and the Trustee fee, safe custody and transaction charges are paid to HSBC Bank plc, both related parties to the Fund. The amounts paid in respect of these charges are disclosed in note 5.

At 31 December 2008 the balance, due to the Manager and HSBC Bank plc were as set out below:

	31.12.2008	31.12.2007
	£'000	£'000
The Manager	-	-
HSBC Bank plc – trustee fee	4	6
HSBC Bank plc – safe custody and transaction charges	18	15

There were no other transactions entered into with the Manager or HSBC Bank plc during the year.

At 31 December 2008 a cash balance of £25,019,048 (31.12.2007, £34,713,796) was held in the COIF Charities Deposit Fund.

Further details of the Fund's holdings in other COIF Charity Funds are disclosed in note 14.

During the year the Fund received rebates of management fees for the Fund's holdings in the COIF Charities Property Fund, COIF Charities Global Equity Income Fund and deposits in the COIF Charities Deposit Fund as disclosed in note 1(e).

17. Portfolio transaction costs

	31.12.2008	31.12.2007
	£'000	£'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	750,774	348,425
Commissions	431	477
Total gross purchases	<u>751,205</u>	<u>348,902</u>
Analysis of total sale costs:		
Gross sales in year before transaction costs	736,417	387,227
Commissions	(465)	(591)
Total sales net of transaction costs	<u>735,952</u>	<u>386,636</u>

Distribution table

for the year ended 31 December 2008

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Distributions paid/payable pence per unit</i>	
		2008	2007
Income units			
31 March 2008	30 May 2008	8.80	8.00
30 June 2008	29 August 2008	10.23	8.40
30 September 2008	28 November 2008	10.23	8.50
31 December 2008	27 February 2009	12.60	12.60
		<u>41.86</u>	<u>37.50</u>
			<i>Income accumulated pence per unit</i>
		2008	2007
Accumulation units			
31 March 2008		77.49	65.66
30 June 2008		107.45	79.33
30 September 2008		91.87	63.45
31 December 2008		64.35	58.59
		<u>341.16</u>	<u>267.03</u>

Statement of Board, Corporate Trustee and Manager responsibilities

Responsibilities of the Board

The Board shall comply with the duty of care when exercising their powers and discharging their duties under the Scheme of the Charity Commission made under the Charities Act 1993, dated 14 May 2008, for the Fund to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Particulars;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- make an annual report on the discharge of the Board's responsibilities;
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- apply to the Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme: provided that any Board member who has any interests in the Trustee or the new Trustee shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- inform the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Responsibilities of the Trustee

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. To the extent of those duties and powers, the Trustee is a charity trustee of the Fund within the meaning of the Charities Act 1993. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties under this Scheme. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and competently discharging the duties conferred or imposed on it by or pursuant to the provisions of the Scheme and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of this Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with the Scheme;
- the creation and cancellation of units in accordance with the instructions of the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions to Participating Charities holding income units and making allocations to Participating Charities holding accumulation units in proportion to their respective units in the property of the Fund;

Statement of Board, Corporate Trustee and Manager responsibilities

- preparing an annual report on the discharge of its responsibilities for the management of the Fund; and
- the authorisation of payment out of the property of the Fund of any reasonable costs or expenses of the Board members incurred by them in the execution of their duties in accordance with the Scheme.

Responsibilities of the Manager

The Manager of the Fund is required by the Scheme to prepare accounts for the Fund in accordance with the Statement of Recommended Practice 2005 (Accounting and Reporting by Charities). The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the

Investment Management Association (IMA) in December 2005;

- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enables the Manager to demonstrate that the accounts as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is required to manage and administer the Fund in accordance with the Scheme, maintain accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities. The Trustee has appointed the Manager to act as Registrar to the Fund.

CCLA INVESTMENT MANAGEMENT LIMITED
COIF Charities Investment Fund
(Charity Registration No. 218873)

Board

B Wrey, MA, Chairman of the Board, *former Chairman, Henderson Global Investors*
T Bell, FRICS (appointed 28.10.08) *former Head of Property Investment, F&C Asset Management plc*
P Cawdron, FCA, *Company Director*
T Clark (appointed 26.2.08), *Solicitor, a former Partner, Slaughter and May*
A Daws (appointed 26.2.08), *Solicitor, Trustee of The Stroke Association, Non Executive Director of West Middlesex University*
R Fitzalan Howard, *Chief Executive, Fleming Family & Partners Asset Management Limited*
D Henderson, FCA, *Company Director, Chairman of Kleinwort Benson Private Banking*
A Huntley, FRICS (resigned 29.4.08)
G Newson, MRICS (appointed 28.10.08) *former Head of Property, Aberdeen Asset Management*
Mrs F Quint, *Barrister, specialising in charity law, former Deputy Commissioner Charity Commission*
N Wilson, *Solicitor (retired 26.2.08)*

Secretary

Mrs J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

*Authorised and regulated by
the Financial Services Authority*

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London EC2V 6DZ

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Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

M Humphreys

Company Secretary

Mrs J Fox

**Head of Operational Risk,
Internal Audit and Compliance**

A Kemp

Socially Responsible Investment

Ms H Wildsmith

Corporate Trustee and Custodian

HSBC Bank plc

8 Canada Square,
London E14 5HQ

Banker

The Royal Bank of Scotland plc
62/63 Threadneedle Street,
London EC2R 8LA

Solicitors

Bates Wells & Braithwaite LLP
2-6 Cannon Street
London EC4M 6YH

Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH

Independent Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF



CCLA INVESTMENT MANAGEMENT LIMITED

COIF Charity Funds

The COIF Charity Funds provide a ready and practical means for charities to obtain, at reasonable cost, constant professional investment and cash management for their long-term capital and short-term cash. They also provide protection through diversification combined with simplified administration.

COIF Charities Investment Fund

- A suitable 'all-in-one' long-term fund for most charities
- Highly diversified and well-balanced spread of investments
- Designed to help meet growth and income requirements
- Focus on delivering attractive, growing income

COIF Charities Global Equity Income Fund

- Attractive income now
- Rising income in the future
- Strong growth opportunities from the global economy

COIF Charities Fixed Interest Fund

- Long-term investment focused on income
- Gross income paid quarterly
- Usually held with other investments such as equities and cash to give a broad spread of assets and achieve combined income and growth objectives

COIF Charities Property Fund

- High quality, well-diversified commercial and industrial property portfolio
- Focus on delivering attractive income
- Actively managed to add value
- Usually held with other investments such as equities, bonds and cash to give a broad spread of assets and achieve combined income and growth objectives

COIF Charities Deposit Fund

- A competitive rate
- Interest paid gross
- No minimum balance
- Easy access
- Simple operation
- Excellent service
- Free BACS transfers
- AAA/V1 credit rating*

* The Deposit Fund is rated AAA/V1 by Fitch Ratings. This reflects the high credit quality of the portfolio and its low volatility.

The COIF Charity Funds are common investment funds established by the Charity Commission for England and Wales under Section 24 of the Charities Act 1993. The Deposit Fund was established under Section 25 of the Charities Act 1993. Any charity in the United Kingdom within the meaning of the Charities Act 1993 (as amended or replaced) may invest in the Deposit, Investment and Global Equity Funds. Any charity in England and Wales may invest in the Fixed Interest and Property Funds. CCLA Investment Management Limited operates as the Investment Manager and Administrator of the Funds.

The value of the investments may fall as well as rise and an investor may not get back the full amount originally invested. Deposits in the Deposit Fund are not covered by the Financial Services Compensation Scheme.

CCLA Investment Management Limited (registered in England No. 2183088 - registered office 80 Cheapside, London EC2V 6DZ) is authorised and regulated by the Financial Services Authority.

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