



**COIF Charities Investment Fund
COIF Charities Fixed Interest Fund
COIF Charities Deposit Fund**

Annual Report and Accounts

31 December 2006



**CCLA INVESTMENT MANAGEMENT LIMITED
COIF Charity Funds**

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Disability Discrimination Act 1995

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

COIF Charity Funds

Structure of the Funds

Structure and Management

COIF Charities Investment Fund and COIF Charities Fixed Interest Fund were set up in 1962 and 1990 respectively, as Common Investment Funds under the Charities Act 1960. Schemes dated 29 November 2000 were adopted with effect from 1 January 2001, which replaced the previous Charity Commission Schemes dated 28 June 1995. Both Schemes were made under section 24 of the Charities Act 1993.

COIF Charities Deposit Fund, originating from the Charities Deposit Fund formed in 1985, is a Common Deposit Fund established under section 25 of the Charities Act 1993 in a Charity Commissioners Scheme dated 27 June 1995.

COIF Charities Property Fund was established as a Common Investment Fund by a Charity Commission Scheme dated 12 July 2002 under section 24 of the Charities Act 1993. The Fund was launched on 29 August 2002. The annual report and accounts for COIF Charities Property Fund are available in a separate Fund report.

COIF Charities Investment Fund owns 25% of the share capital of CCLA Investment Management Limited (CCLA), a proportion of which are non-voting shares.

The Financial Services Authority (FSA) Rules for the operation of Unregulated Collective Investment Schemes apply to CCLA's management of COIF Charities Investment Fund and COIF Charities Fixed Interest Fund.

CCLA has been appointed Manager by COIF Charities Investment Fund and COIF Charities Fixed Interest Fund Schemes.

Both COIF Charities Investment Fund and COIF Charities Fixed Interest Fund have a Board which meets four times per annum to receive reports and monitor the progress of the Funds. The Board, created under each Scheme, is made up of individuals appointed under the Schemes. 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 COIF Funds. The Board is responsible for setting and subsequently advising on the investment policy of the Funds, monitoring performance, obtaining Charity Commission orders for the appointment and discharge of the Manager and Corporate Trustee, appointing the Auditors to the Funds and agreeing the fees charged by the Corporate Trustee, the Manager and the Auditors.

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

The Trustees for COIF Charities Deposit Fund are the same individuals that comprise the Board for COIF Charities Investment Fund and COIF Charities Fixed Interest Fund. The Trustees act as an independent body to control and supervise COIF Charities Deposit Fund, for the benefit of participating charities, meeting four times per annum and also holding two Audit Committees each year. The Trustees of COIF Charities Deposit Fund have delegated to CCLA the management and administration of the Fund.

Deposits taken by COIF Charities Deposit Fund are exempted from the Financial Services and Markets Act 2000 (FSMA) by virtue of the Financial Services and Markets Act (Exemption) Order 2001. Deposits in COIF Charities Deposit Fund are not covered by the Financial Services Compensation Scheme. CCLA will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the COIF Charities Deposit Fund.

COIF Charities Investment Fund Objective and Benchmark of the Fund

General

The COIF Charities Investment Fund, consisting of 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 effect of inflation. The Fund has two specific objectives linked to its aim, above-average total return and above-average dividend.

Total Return Objective and Benchmark

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).

Income Objective and Benchmark

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

Investment Policy

Investments

The Fund is invested mainly in equities with a wide diversification of good quality holdings in the UK and overseas. UK and overseas bonds are also held, together with direct property investments through a holding in the COIF Charities Property Fund. This is in accordance with the wide investment powers permitted by the Scheme, in line with the duty to diversify investments and the Fund's objective.

COIF Charity Funds

Structure of the Funds

To ensure that investments are suitable, only readily realisable securities, which are traded on the leading eligible securities markets, are normally held. Where appropriate, collective investments, such as investment trusts and unit trusts, are held to secure exposure to small or specialist sectors of the market. It is only in exceptional circumstances that unquoted or unlisted securities are held, and these are not actively traded.

The Fund does not invest in futures contracts or options but may, subject to certain restrictions and as a protective measure, undertake forward currency transactions and may invest in subscription warrants in respect of securities.

Apart from exceptional circumstances, the cash balance of the Fund remains within the range of 0% to 5%, as set out in the Investment and Borrowing Powers section of the Scheme Particulars.

Balance between different kinds of Investment

The balance between the different kinds of investment is established by reference to the asset allocation of the performance benchmark and the Manager's judgement of the future returns likely to be obtained on each asset class. To control risk, the variances are regularly monitored and reviewed by both the Manager and the Board.

COIF Charities Fixed Interest Fund **Objective and Benchmark of the Fund**

COIF Charities Fixed Interest Fund is invested in fixed interest stocks so as to provide a high-income yield. This higher yield can supplement where necessary the lower-income yield on COIF Charities Investment Fund or other equity investments. The Fund is intended for long-term investment and offers no protection against inflation.

The total return benchmark for the Fund is the WM Co Charity Fund Service Universe for UK fixed interest stocks, with gross income reinvested, before deduction of management expenses.

Investment Policy

Investments

The Fund invests only in Sterling denominated government and corporate fixed interest securities (including convertibles and preference shares). A significant proportion of the Fund, at least 60%, is invested in gilt-edged securities in order to achieve a high level of liquidity and low overall credit risk. The balance of the Fund is invested in good quality corporate bonds. The average duration of the Fund's investments is broadly similar to that of the FTSE UK Government All Stocks Index in order to secure a level of income for the longer term. The Fund only invests in securities which are quoted on the leading eligible securities markets.

Balance between different kinds of Investment

The minimum proportion of the Fund to be invested in gilt-edged securities is reviewed periodically both by the Manager and the Board. The asset allocation between the

other fixed interest asset classes is varied according to the Manager's judgement of risk and the future income and capital returns likely to be obtained on each asset class. Apart from exceptional circumstances, the liquidity of the Fund remains within the range 0% to 5%, as set out in the Investment and Borrowing Powers section of the Scheme Particulars.

COIF Charities Deposit Fund **Objective and Benchmark of the Fund**

COIF Charities Deposit Fund is designed to enable a charity to obtain, even on small amounts of money, the higher rates of interest usually available on large sums in the London Money Market. The Fund aims to earn a competitive rate of interest while retaining its Aaa Money Market rating, the highest available, awarded by Moody's Investors Service. The Fund's benchmark, before expenses, is the 7-day London Inter-bank Bid Rate (LIBID) as measured by the British Bankers' Association.

Investment Policy

The Fund may invest cash only on short-term deposits in Sterling with Banks, Building Societies and Local Authorities in the United Kingdom. The Fund must maintain at least 25% of the investments of the Fund in deposits repayable within five business days and the remainder of the investments must be repayable within a period not exceeding one year. The assets of the Fund are placed with a list of approved counterparties regularly reviewed by the Trustees.

Risk Warning

The value of COIF Charities Investment and Fixed Interest Funds' units and the income from them can fall as well as rise and an investor may not get back the amount originally invested. The Investment Fund's unit value will reflect fluctuations in share prices and currency exchange rates. The Fixed Interest Fund's income yield is an indication of the expected level of income. The corresponding gross redemption yield is an estimate of total return over the long term. The Fixed Interest Fund's income and gross redemption yields are not guaranteed and will change over time, due to changes in interest rates and the average maturity date of the securities held by the Fund. When the Fund's income yield is higher than the gross redemption yield, income is being paid at the expense of capital. The units are intended only for long-term investment and are not suitable for money liable to be needed in the near future. They are realisable only on each weekly dealing date.

The Trustees of COIF Charities Deposit Fund cannot give guarantees regarding repayment of deposits in the Fund but undertake to exercise reasonable care in supervising the placing of deposits. The daily deposit rate will fluctuate. Past performance is no guarantee of future returns.

COIF Charities Investment Fund COIF Charities Fixed Interest Fund Report of the Board for the year ended 31 December 2006

We have pleasure in presenting our annual reports on COIF Charities Investment Fund and COIF Charities Fixed Interest Fund. The Trustees' annual report on COIF Charities Deposit Fund is set out on page 49. The annual report and accounts for COIF Charities Property Fund are available in a separate Fund report.

Responsibilities of the Board

We have met quarterly during the year to carry out our 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 Funds. In addition we have monitored the administration, expenses and pricing of the Funds.

We have also reviewed the progress of CCLA Investment Management Limited and approved the valuation of the investments in that company, which are shown on page 17 in the Portfolio Statement for the Investment Fund.

Review of investment activities and policies of the Funds

During the year we met quarterly with the Investment Manager to review investments, transactions and policies of the Funds. The Investment Manager's reports, which appear later, provide further details.

Responsible investment

The COIF Charity Funds are promoted as responsible funds that consider the economic, social and environmental impacts of the companies in which the Funds invest. 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 in accordance with the duties of trustees. In addition, the Board has adopted a three-fold approach to responsible investment. First, the Board's policy, within its fiduciary duty, is for the COIF Charities Investment Fund and COIF Charities Fixed Interest Fund to avoid 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 Funds, with the companies in which it invests, on non-financial issues that may have a material impact on business, such as supply chain management, environmental impacts, human rights and labour standards. The Board believes this to be a responsible and appropriate response to the concerns of unitholders and the guidelines issued by the Charity Commission. During the year to 31 December 2006, the SRI Unit at CCLA engaged with 108 companies on 156 separate occasions on social, environmental and governance concerns. Further details of engagement can be found in the Responsible Investment section of the quarterly bulletin available on the CCLA website.

Governance

The Board has adopted a formal corporate governance policy, and routine informed shareholder voting is applied across all UK holdings in the COIF Charities Investment 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 to 31 December 2006, the Manager voted at 127 UK company meetings comprising 1,387 resolutions. 94% of votes were cast in support of management, 3% against and the Manager abstained on 3% of resolutions. Details of oppose votes and other information can be found on the Corporate Governance section of the COIF Charity Funds part of the CCLA website at www.ccla.co.uk.

Controls and Risk Management

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

The Board receives an annual report on the controls of the Manager (FRAG 21). The last report covered the year ended 31 December 2005 and included a satisfactory report by the Manager's reporting accountants, PricewaterhouseCoopers LLP.

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


New Director

The COIF Charities Funds are pleased to announce that David Henderson has joined the Boards from 27 August 2006.

COIF Charities Investment Fund
COIF Charities Fixed Interest Fund
Report of the Board
for the year ended 31 December 2006

Auditors

Following a review of the audit arrangements for the COIF Charity Funds and after completion of the current year's audit the Board will be asking Ernst & Young LLP to become Auditors to the Funds. We would like to thank our current Auditors, PricewaterhouseCoopers LLP, for all of their hard work over many years.



B.H.B. Wrey
Chairman of the Board

28 February 2007

COIF Charities Investment Fund
COIF Charities Fixed Interest Fund
Report of the Corporate Trustee
for the year ended 31 December 2006

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

HSBC Bank plc
Corporate Trustee
8 Canada Square
London E14 5HQ

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

28 February 2007

COIF Charities Investment Fund

Report of the Investment Manager

for the year ended 31 December 2006

- For up to 100% of a charity's long-term capital
- A diversified fund, invested primarily in equities
- Aiming at a combination of real growth in both capital and income
- Satisfactory short and long-term performance record

Fund performance benefits from another year of strong returns from equities and property

2006 was a year in which equities and property remained the best performing asset classes, continuing a trend established in the early part of 2003. This enabled the Fund to benefit from its strong bias towards real assets. The Fund's strong presence in UK equities proved particularly beneficial in a year when they significantly outperformed overseas equities, an effect which was even more pronounced in Sterling terms. The Fund's substantial position in property was another positive factor as this asset class maintained its consistent record of recent years in delivering strong returns. The Fund has only a modest weighting to bonds relative to the peer group as measured by the WM Charity Funds Universe. This provided a relative boost to performance as the return from UK bonds failed to match those produced by cash and overseas bonds declined in value over the period.

Against this background, the Fund's income units rose in value by 10.1% from 1,041.51 p to 1,146.58 p over the year. Taking capital growth and income yield together, the total return of the Fund's units was 13.7%. The value of the Fund's accumulation units, which have their income reinvested, rose to 7,614.11p per unit.

Income return

The Fund's yield at 31 December 2006 was 3.10%, based on the dividend of the last twelve months of 35.5p and the mid market unit price at the year end of 1,146.58p. This contrasts with the comparable yield at the same date on the FTSE All-Share Index of 2.86%.

Performance comparison with market indices

The Fund's capital and income return compared with the relevant market indices applicable to the asset classes in which it invests are shown in the table below.

Performance comparison with WM Charity Funds Universe

In order to compare the Fund's performance with other balanced charity funds, the COIF Charities Investment Fund is included in the WM Charity Fund performance measurement service. This measures and compares the performance of different funds over each calendar year. The COIF Charities Investment Fund's total return before management expenses for the calendar year 2006 was 14.0% which significantly exceeded the estimated WM Charity Fund Service Universe return of 12.1%. These numbers and those for longer time periods are also shown in the table below.

Performance comparison with consumer price inflation

Over the ten years to the end of 2006, the COIF Charities Investment Fund unit price has risen by an average of 3.9% per annum and the dividend by 0.3% per annum, whilst inflation (as measured by the consumer price index) has risen by 1.6% per annum. The Fund's ability to increase its dividend payments over this period was severely impacted by the loss of the tax credit on UK dividends, which was progressively eliminated between 1999 and 2004. Freed from this constraint the Fund's dividend increase over the last two years has averaged over 6% per annum.

Our policy is to invest the Fund prudently for the long-term through a diversified portfolio predominantly invested in UK and overseas equities but also with exposure to bonds and UK property.

COIF Charities Investment Fund Total Capital and Income Return

To 31 December 2006	1 Year % p.a.	5 Years % p.a.	10 Years % p.a.
<u>Performance Against Benchmark & Market Indices (Before Expenses)</u>			
COIF Charities Investment Fund	+14.01	+ 7.75	+ 7.92
WM Co Charity Fund Service Universe	+12.53	+ 8.07	+ 7.72
FTSE All-Share Index Adjusted ~	+16.83	+ 8.06	n/a
FTSE All-Share Index	+16.75	+ 8.48	+ 7.91
FTSE World (ex UK) Index	+ 5.65	+ 4.51	+ 7.01
FTSE UK Govt All Stocks Index	+ 0.69	+ 5.26	+ 6.89
IPD Monthly Property Index	+18.12	+ 15.44	+ 13.62

Source of data: WM Co & CCLA

Performance After Expenses*

Income Units	+13.66	+ 7.52	+ 7.66
Accumulation Units	+13.64	+ 7.50	+ 7.56

* Net Asset Value to Net Asset Value plus income re-invested
~ Adjusted for ethical restrictions

COIF Charities Investment Fund

Report of the Investment Manager

for the year ended 31 December 2006

Fund dividend increase exceeds consumer price inflation

The favourable background for income generation has enabled the Fund to increase its annual dividend in respect of 2006 from 33.5p to 35.5p per unit. This is a rise of 6.0%, an increase above the rate of consumer price inflation for the second year running. The rate of dividend growth from the Fund's equity holdings should continue to be favourable, and it is expected that, in the absence of unforeseen circumstances, the Fund should again be able to increase its dividend at a satisfactory rate in 2007.

UK equities deliver strong returns

The UK equity market as measured by the FTSE All-Share Index rose by 13.2% over the year, recovering strongly from a major setback in May. The market was supported by a generally positive economic background, another year of strong corporate earnings growth and a valuation level which was modest when compared either with past levels or those of other markets or asset classes. The progress occurred in the face of some notable headwinds, notably an escalating oil price, rises in interest rates as inflationary pressures increased and the weakness of the US dollar.

The market was underpinned by an acceleration in corporate activity based on attractive returns on equity, the availability of relatively cheap finance and generally strong balance sheets in target companies. This activity largely took the form of takeover bids, frequently for cash, from leveraged buyout specialists or overseas corporate buyers. There were bids for a diverse range of companies which included AWG, BAA, BOC, Corus, Gallaher and Scottish Power. Takeover approaches were received by many other companies and speculation was rife throughout the market. This high level of corporate activity together with many large share buy-backs resulted in a shrinkage of the UK equity market over the year.

The Fund's UK equities gave a total return over the year of 16.8% - a level identical to that of the FTSE All-Share Index and ahead of the 14.4% returned by the FTSE 100 Index. During the year the Fund's ethical investment policy had a small positive performance impact.

Fund's overseas equities return boosted by asset allocation

The returns from the FTSE World (ex UK) Index lagged behind those of the FTSE All-Share Index. This was due to the relatively poor performance of US and Japanese equities and the local currency returns of all major markets which were lower when translated into Sterling. The COIF Charities Investment Fund's overseas equity portfolio was underweight in US equities, and largely as a result of this factor the Fund's overseas equities outperformed the FTSE World (ex UK) Index, delivering a total return of 8.9% compared with an index return of 5.6%.

Property returns vastly superior to bonds

Bond yields, which had been driven to low levels as certain categories of investors were encouraged or forced to pursue liability matching, rose over the course of the year as concerns over the trend in inflation and the resultant increase in interest rates weighed heavily on sentiment. Total returns from fixed interest markets were generally lower than those from cash and in the case of overseas bonds were actually negative. In contrast, property maintained its recent record of producing consistently high returns.

The Fund's bias towards property rather than bonds (relative to its benchmark) as a means of enhancing income returns therefore proved highly successful in terms of overall performance. The Fund continues to hold all of its direct property investment through the COIF Charities Property Fund. This Fund benefited from an active management policy and its weightings and individual investments in the office and industrial property sectors.

Investment outlook

After the highly positive global economic background and buoyant equity markets of the last four years 2007 is likely to be a more challenging year for investment markets generally. The global economy looks set for a mid-cycle slowdown but there should still be a satisfactory balance between growth and inflation. There are some risks to the inflation outlook and by extension the prospects for bonds. However, equity valuations remain attractive relative to bonds, particularly in the UK. The generally undemanding valuation levels together with a high level of takeover activity should act as positive supports for equities. Against this background the COIF Charities Investment Fund's strategy is to maintain its emphasis on equity investment. The fundamental factors that support equities remain firm but investors should expect more volatility than in recent years.



Nigel I. Debenham
Fund Manager
CCLA Investment Management Limited

28 February 2007

COIF Charities Investment Fund

Report of the Independent Auditors

to the unitholders of COIF Charities Investment Fund

We have audited the accounts of COIF Charities Investment Fund for the year ended 31 December 2006 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 accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of Board, Manager and Auditors

The Manager's responsibilities for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Manager's responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion has been prepared for and only for the unitholders of the Fund as a body in accordance with the Scheme of the Charity Commissioners under the Charities Act 1993, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with 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 accounts, if the Manager has not kept proper accounting records for the Fund, if the accounts 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 accounts. 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 accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts:

- give a true and fair view, in accordance with United Kingdom Accounting Standards of the financial position of the Fund at 31 December 2006 and of the net income and the net gains of the property of the Fund for the year then ended; and
- have been properly prepared in accordance with UK generally accepted accounting principles, 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28 February 2007

Footnote to the Report of the Independent Auditors

The accounts are published on the www.ccla.co.uk website, which is a website maintained by CCLA. The maintenance and integrity of the website maintained by CCLA is, so far as it relates to the Fund, the responsibility of CCLA. The work we carry out as auditors does not involve consideration of the maintenance and integrity of this website

and accordingly we accept no responsibility for any changes that may occur to the accounts following their presentation on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

COIF Charities Investment Fund

Net Asset Value, Unit Price Range, Net Distributions 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
2004	906,740	899.06	87,709,682	5,591.13	2,113,595
2005	1,025,082	1,041.51	85,911,226	6,700.10	1,944,816
2006	1,101,182	1,146.58	83,704,375	7,614.11	1,821,842

* The net asset value is calculated on a mid-market value basis compared to the Balance Sheet where the investments are valued on a bid-market value basis in accordance with the December 2005 IMA SORP.

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
2002	977.53	714.73	5,411.96	4,067.02
2003	859.03	685.74	5,097.62	3,947.43
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

Net Distributions and Reinvestment

Year to 31 December	Annual Distributions	
	Income Units Pence per Unit	Accumulation Units Pence per Unit
2002	32.50	176.43
2003	32.50	187.18
2004	31.50	188.36
2005	33.50	209.05
2006	35.50	230.32

Unit Prices at 31 December 2006

	Bid Price Pence per Unit	Offer Price Pence per Unit
Income Units	1,140.27	1,152.89
Accumulation Units	7,572.23	7,655.99

The Unit prices are published in *The Times*, *The Daily Telegraph* and *Financial Times*.
The offer and bid prices are calculated on the net asset value plus or minus a 0.75% surcharge or deduction.

Total Expense Ratio

	31.12.2006	31.12.2005
Total expense ratio	0.38%	0.37%

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

COIF Charities Investment Fund

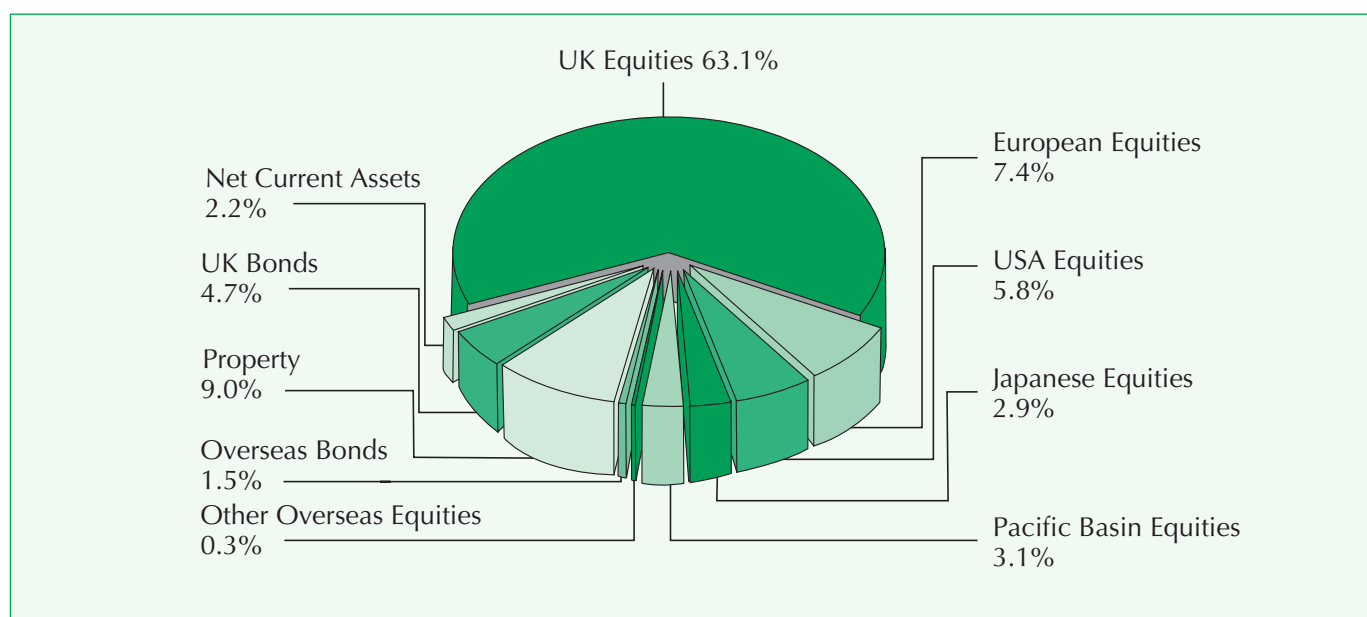
Summary of Investments and Other Assets

at 31 December 2006

	31.12.2006		31.12.2005	
	£'000	%	£'000	%
Investments				
UK Equities	686,539	62.52	646,776	63.09
European Equities	81,047	7.42	75,254	7.34
USA Equities	64,702	5.83	50,225	4.90
Japanese Equities	32,191	2.93	31,370	3.06
Pacific Basin Equities	33,568	3.09	31,380	3.06
Other Overseas Equities	2,731	0.24	3,759	0.37
Unquoted Stocks	6,392	0.58	5,796	0.57
Property Unit Trust	98,996	9.02	92,259	9.00
UK Fixed Interest Stocks	51,559	4.70	53,204	5.19
Overseas Fixed Interest Stocks	16,482	1.50	18,083	1.76
Total investments	<u>1,074,207</u>	<u>97.83</u>	<u>1,008,106</u>	<u>98.34</u>
Net current assets				
Cash	28,783	2.63	21,066	2.06
Net creditors	(5,000)	(0.46)	(4,090)	(0.40)
Total net current assets	<u>23,783</u>	<u>2.17</u>	<u>16,976</u>	<u>1.66</u>
Total value of Fund	<u><u>1,097,990</u></u>	<u><u>100.00</u></u>	<u><u>1,025,082</u></u>	<u><u>100.00</u></u>

Asset Allocation

at 31 December 2006



COIF Charities Investment Fund Distribution Table

for the year ended 31 December 2006

<i>Period Ended</i>	<i>Date of Payment</i>	<i>Distributions Payable Pence per Unit</i>	
		2006	2005
Income Units			
31 March 2006	31 May 2006	7.90	7.60
30 June 2006	31 August 2006	8.25	8.00
30 September 2006	30 November 2006	8.25	8.00
31 December 2006	28 February 2007	11.10	9.90
		<u>35.50</u>	<u>33.50</u>
		<i>Income Accumulated Pence per Unit</i>	
Accumulation Units			
31 March 2006		66.46	60.73
30 June 2006		60.81	58.98
30 September 2006		58.21	48.62
31 December 2006		44.84	40.72
		<u>230.32</u>	<u>209.05</u>

COIF Charities Investment Fund

Statement of Total Return

for the year ended 31 December 2006

	Notes	31.12.2006		31.12.2005	
		£'000	£'000	£'000	£'000
Net gains on investments during the year	2		103,765		140,702
Other (losses)/gains ³			(516)		881
Income	4	35,380		34,009	
Expenses	5	(3,225)		(2,842)	
Net income before taxation		32,155		31,167	
Taxation	6	(435)		1,753	
Net income after taxation for the year			31,720		32,920
Total return before distributions			134,969		174,503
Finance costs: Distributions	7		(34,337)		(33,362)
Change in net assets attributable to unitholders			100,632		141,141

Statement of Change in Unitholders' Net Assets

for the year ended 31 December 2006

	Notes	31.12.2006		31.12.2005	
		£'000	£'000	£'000	£'000
Net assets at start of the year			1,025,082		906,740
Movement due to creations and cancellations of units					
Amounts receivable on creation of units		25,854		22,998	
Less: Amounts payable on cancellation of units		(57,943)		(50,130)	
			(32,089)		(27,132)
Change in net assets attributable to unitholders (see above)			100,632		141,141
Voluntary repayment of professional charges	16		11		77
Retained distribution on accumulation units			4,354		4,256
Net assets at end of the year			1,097,990		1,025,082

The notes on pages 20 to 27 form part of these accounts.

COIF Charities Investment Fund

Portfolio Statement

at 31 December 2006

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
LISTED ORDINARY AND CONVERTIBLE STOCKS				Household Goods 1.54%			
UNITED KINGDOM 62.52% (31.12.05, 63.09%)				Barratt Developments 337,752 4,168 0.38			
Oil & Gas Producers 9.42%				Persimmon 250,000 3,813 0.35			
BG	2,399,349	16,615	1.51	Reckitt Benckiser 378,935 8,841 0.81			
BP	7,843,610	44,473	4.05	Health Care Equipment & Services 0.18%			
Cairn Energy	266,500	4,792	0.44	Smith & Nephew 377,211 2,010 0.18			
Dana Petroleum	228,300	2,858	0.26	Pharmaceuticals & Biotechnology 4.43%			
Royal Dutch Shell A	45,200	806	0.07	AstraZeneca 614,694 16,861 1.54			
Royal Dutch Shell B	1,814,370	32,459	2.96	GlaxoSmithKline 2,281,490 30,640 2.79			
Tullow Oil	365,000	1,452	0.13	Shire Pharmaceuticals 100,000 1,058 0.10			
Oil Equipment & Services 0.27%				General Retailers 2.13%			
Abbot	951,315	3,023	0.27	Kesa Electricals 383,201 1,299 0.12			
Chemicals 0.48%				Marks & Spencer 438,433 3,141 0.29			
Croda International	400,284	2,340	0.21	Pendragon 2,125,785 2,120 0.19			
ICI	652,434	2,947	0.27	Wm Morrison Supermarkets 700,000 1,780 0.16			
Industrial Metals 0.21%				Tesco 3,731,074 15,083 1.37			
Corus	440,000	2,332	0.21	Media & Entertainment 0.86%			
Mining 4.41%				Aegis 3,445,432 4,815 0.44			
Anglo American	575,209	14,323	1.30	EMI 586,262 1,552 0.14			
BHP Billiton	888,075	8,295	0.75	Taylor Nelson Sofres 58,811 118 0.01			
Rio Tinto	606,779	16,486	1.50	Yell 516,208 2,940 0.27			
Xstrata	370,378	9,441	0.86	Travel & Leisure 2.59%			
Construction & Materials 0.45%				Carnival 79,083 2,046 0.19			
Hanson	583,591	4,494	0.41	Compass 960,000 2,782 0.25			
Balfour Beatty	100,000	443	0.04	DSG International 660,965 1,264 0.12			
General Industrials 0.15%				FirstGroup 936,076 5,378 0.49			
Rexam	315,582	1,657	0.15	Intercontinental Hotels 527,530 6,652 0.61			
Electronic & Electrical Equipment 0.50%				Mitchells & Butlers 355,000 2,521 0.23			
Spectris	700,000	5,481	0.50	National Express 296,875 3,352 0.31			
Industrial Engineering 0.49%				Whitbread 255,060 4,270 0.39			
FKI	960,000	989	0.09	Fixed Line Telecommunications 1.14%			
IMI	879,576	4,455	0.40	BT 4,154,874 12,517 1.14			
Industrial Transportation 0.58%				Mobile Telecommunications 2.85%			
Forth Ports	128,000	2,753	0.25	Vodafone 22,192,562 31,347 2.85			
Informa	600,000	3,579	0.33	Electricity 1.45%			
Support Services 2.13%				Scottish Power 1,168,555 7,149 0.65			
Capita	320,000	1,941	0.18	Scottish & Southern Energy 460,320 8,735 0.80			
Davis Service B	352,360	1,774	0.16	Gas Water & Multiutilities 2.31%			
Experian	601,915	3,605	0.33	Centrica 1,655,990 5,866 0.53			
Homeserve	218,686	4,131	0.38	Kelda 668,857 6,190 0.56			
Michael Page	450,000	2,034	0.18	National Grid 1,611,571 11,869 1.08			
SIG	390,000	4,015	0.37	Severn Trent 107,122 1,574 0.14			
Wolseley	476,095	5,865	0.53	Banks 11.89%			
Beverages 0.53%				Barclays 2,589,664 18,892 1.72			
Diageo	581,249	5,824	0.53	HBOS 1,891,342 21,391 1.95			
Food Producers 1.51%				HSBC 3,542,967 32,967 3.00			
Associated British Foods	300,000	2,475	0.23	Lloyds TSB 3,138,623 17,922 1.63			
Cadbury Schweppes	476,961	2,604	0.24	Northern Rock 604,299 7,113 0.65			
Premier Foods	1,426,032	4,299	0.39	Royal Bank of Scotland 1,076,020 21,434 1.95			
Unilever	498,821	7,118	0.65	Standard Chartered 732,015 10,914 0.99			

COIF Charities Investment Fund

Portfolio Statement

at 31 December 2006

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Life Insurance 3.78%				EDF	33,158	1,233	0.11
Aviva	1,033,585	8,491	0.77	Eurazeo	15,550	1,133	0.10
Friends Provident	1,450,039	3,143	0.29	Groupe Danone	18,000	1,391	0.13
Legal & General	8,295,314	13,044	1.19	Dassault Systemes	27,000	731	0.07
Prudential	1,367,394	9,558	0.87	Fimalac	18,399	897	0.08
Resolution	1,126,444	7,221	0.66	France Telecom	102,735	1,450	0.13
Real Estate 2.67%				Ingenico	42,470	557	0.05
Great Portland Estates	698,272	4,839	0.44	L'Oreal	18,500	945	0.09
Hammerson	391,670	6,173	0.56	LVMH	21,650	1,165	0.11
Land Securities	342,746	7,959	0.72	Nicox	36,078	553	0.05
Unite	460,000	2,514	0.23	Pinault-Printemps Redoute	12,450	948	0.09
Workspace	1,589,948	7,906	0.72	Publicis	59,900	1,289	0.12
General Financial 1.42%				Rhodia	660,000	1,170	0.11
3i	500,000	5,045	0.46	Sanofi - Aventis	22,500	1,060	0.10
Close Brothers	241,532	2,454	0.22	Schneider	8,800	498	0.05
Collins Stewart	383,000	972	0.09	Societe Generale	7,000	607	0.06
Tullett Prebon	383,000	2,488	0.23	ST Microelectronics	60,000	568	0.05
Man	892,000	4,661	0.42	Technip	14,400	503	0.05
Investment Companies 2.00%				TF1	20,000	379	0.03
Merrill Lynch British Smaller Companies Trust	1,794,000	6,660	0.61	Total	102,800	3,785	0.34
Eaglet Investment Trust	528,000	2,121	0.19	Vinci	5,444	355	0.03
Electra Investment Trust	320,000	4,675	0.43	Vivendi Universal	21,500	429	0.04
Montanaro UK Smaller Companies Investment Trust	1,200,000	3,699	0.34	GERMANY 0.94%			
Throgmorton Trust	2,193,700	3,735	0.34	Allianz	21,800	2,274	0.21
ML World Mining Trust	220,000	976	0.09	Altana	12,150	383	0.03
Software & Computer Services 0.15%				BBI	45,000	403	0.04
Sage	606,860	1,643	0.15	BMW	10,000	293	0.03
EUROPE 7.42% (31.12.05, 7.34%)				Commerzbank	21,000	406	0.04
BELGIUM 0.13%				Deutsche Bank	16,600	1,136	0.10
Dexia	45,000	628	0.06	Deutsche Telekom	129,700	1,213	0.11
GBL	13,040	800	0.07	Fortune Management	39,533	101	0.01
GBL Strip	440	0	0.00	Grammer	25,000	434	0.04
FINLAND 0.64%				Infineon Technologies	47,000	337	0.03
Fortum	42,000	609	0.06	MVV Energie	39,742	695	0.06
Kemira	66,000	757	0.07	SAP	48,000	1,304	0.12
Neste Oil	15,000	233	0.02	Siemens	13,200	671	0.06
Nokia	273,500	2,853	0.26	Stada	21,000	612	0.06
Raisio	362,669	433	0.04	IRELAND 0.08%			
Stockmann B	14,000	343	0.03	Bank of Ireland	38,000	449	0.04
Teleste	149,000	1,168	0.11	CRH	20,500	436	0.04
YIT	37,062	523	0.05	ITALY 1.18%			
FRANCE 2.65%				Aedes	110,000	460	0.04
Air Liquide	3,500	518	0.05	Assicurazioni Generali	18,800	420	0.04
Air Liquide Rights	770	0	0.00	Autostrada Torino Milano	26,250	303	0.03
Alcatel	91,000	668	0.06	Banca Inesta Sanpaolo	110,000	421	0.04
Arkema	2,730	71	0.01	Banca Pop di Verona e Novara	46,000	673	0.06
Atos Origin	17,400	526	0.05	Beni Stabili	1,220,000	1,002	0.09
Axa	92,000	1,901	0.17	Credito Emiliano	41,000	297	0.03
BNP Paribas	13,710	763	0.07	Enel	67,250	354	0.03
Bouygues	20,700	678	0.06	ENI	150,000	2,578	0.23
Carrefour	11,200	347	0.03	ERG	50,000	588	0.05
Christian Dior	7,700	419	0.04	IGD	556,583	1,397	0.13
Cie Generale de Geophysique	8,300	918	0.08	Luxottica	26,000	409	0.04
CNP	6,800	388	0.04	Mediobanca	54,000	651	0.06
				Saipem	90,000	1,198	0.11
				Telecom Italia	12,450	19	0.00
				Telecom Italia RNC	338,000	437	0.04
				Unicredito Italiano	395,500	1,771	0.16

COIF Charities Investment Fund

Portfolio Statement

at 31 December 2006

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
NETHERLANDS 0.32%				Costco Wholesale	9,367	253	0.02
Aegon	43,000	418	0.04	CVS Corp	17,365	274	0.02
ING	43,000	973	0.09	Dell	38,090	488	0.04
Philips Electronics	38,000	731	0.07	Devon Energy	9,279	318	0.03
Wolters Kluwer	91,800	1,347	0.12	Disney (Walt)	27,352	479	0.04
SPAIN 0.35%				Dominion	6,432	275	0.03
Banco Bilbao Vizcaya Argentaria	132,333	1,626	0.15	Dow Chemical	22,319	455	0.04
Gamesa Corp Tecnologica	52,600	736	0.07	Du Pont De Nemours	19,223	478	0.04
Repsol	19,200	339	0.03	Duke Energy	26,262	445	0.04
Telefonica	102,213	1,109	0.10	eBay	22,225	341	0.03
SWEDEN 0.32%				Electronic Arts	12,387	318	0.03
Nordea	173,000	1,363	0.12	EMC	32,870	222	0.02
SEB	63,000	1,023	0.09	Emerson Electric	19,084	430	0.04
Securitas	28,000	221	0.02	Exelon	14,162	447	0.04
Securitas Direct	28,000	45	0.00	Exxon Mobil	60,785	2,380	0.22
Securitas Systems	28,000	58	0.01	Fannie Mae	16,625	504	0.05
Svenska Handelsbanken	56,000	866	0.08	Fedex	8,005	444	0.04
SWITZERLAND 0.81%				First Energy	4,917	151	0.01
Basilea Pharmaceutica	7,150	636	0.06	Ford Motor	73,357	281	0.03
Credit Suisse	7,600	271	0.02	Freddie Mac	12,525	434	0.04
Micronas	37,000	415	0.04	Genentech	9,776	405	0.04
Nestle	8,300	1,503	0.14	General Electric	105,984	2,014	0.18
Novartis	58,650	1,723	0.16	General Mills	10,333	304	0.03
Roche Holdings	22,200	2,030	0.18	General Motors	16,440	258	0.02
Synthes	10,600	645	0.06	Goldman Sachs	6,361	648	0.06
UBS	53,400	1,654	0.15	Google A	2,886	679	0.06
UNITED STATES OF AMERICA 5.83% (31.12.05, 4.90%)				Halliburton	18,412	292	0.03
3M Company	11,690	465	0.04	Harley-Davidson	8,342	300	0.03
Abbott Laboratories	23,888	594	0.05	Hewlett-Packard	31,616	665	0.06
Alcoa	20,684	317	0.03	Home Depot	33,227	681	0.06
Allstate	14,611	486	0.04	Honeywell	19,843	458	0.04
American Express	18,949	587	0.05	I.B.M.	17,350	861	0.08
American International	30,636	1,120	0.10	Idearc	1,676	24	0.00
Amgen	15,062	526	0.05	Illinois Tool Works	10,424	246	0.02
Anheuser-Busch	19,618	493	0.04	Intel	70,490	729	0.07
Apple Computer	13,963	605	0.06	JPMorgan Chase	38,080	939	0.09
Applied Materials	13,417	126	0.01	Johnson & Johnson	32,205	1,085	0.10
Archer - Daniels - Midland	14,030	229	0.02	Kimberly Clark	9,364	325	0.03
AT & T Inc	38,904	710	0.06	Lehman Brothers	12,274	490	0.04
Automatic Data Processing	12,544	315	0.03	Lilly (Eli)	14,622	389	0.04
Bank of America	51,806	1,411	0.13	Lowes	31,004	493	0.04
Bank of New York	18,044	362	0.03	Marathon Oil	7,542	356	0.03
Bellsouth	24,011	578	0.05	McDonald's	23,800	538	0.05
Berkshire Hathaway A	11	617	0.06	Medtronic	18,734	512	0.05
Best Buy	11,225	282	0.03	Merck & Co	26,333	586	0.05
Bristol-Myers Squibb	34,911	469	0.04	Merrill Lynch	14,553	692	0.06
Burlington Northern Santa Fe	7,999	301	0.03	Metlife	16,284	491	0.04
Capital One	6,239	245	0.02	Microsoft	102,963	1,570	0.14
Cardinal Health	9,476	312	0.03	Monsanto	12,226	327	0.03
Caterpillar	15,323	480	0.04	Morgan Stanley	16,868	701	0.06
Chevron	25,065	941	0.09	Motorola	35,820	376	0.03
Cisco Systems	75,717	1,056	0.10	News Corp A	44,618	489	0.04
Citigroup	52,546	1,494	0.14	Norfolk Southern	10,017	257	0.02
Coca-Cola	33,186	817	0.07	Occidental Petroleum	19,818	494	0.04
Colgate-Palmolive	10,270	342	0.03	Oracle	65,388	572	0.05
Comcast A	24,709	534	0.05	Pepsico	24,440	781	0.07
Comcast Special A	12,642	271	0.02	Pfizer	79,502	1,052	0.10
ConocoPhillips	20,339	746	0.07	Procter & Gamble	37,431	1,228	0.11
Corning	23,760	227	0.02	Prudential Financial	12,093	530	0.05
				Qualcomm	23,934	462	0.04
				Schering Plough	19,246	232	0.02
				Schlumberger	18,700	603	0.05

COIF Charities Investment Fund

Portfolio Statement

at 31 December 2006

	<i> Holding</i>	<i> Bid</i>	<i> %</i>		<i> Holding</i>	<i> Bid</i>	<i> %</i>
		<i> Value</i>	<i> Fund</i>			<i> Value</i>	<i> Fund</i>
		<i> £'000</i>				<i> £'000</i>	
Southern	17,038	321	0.03	Mitsubishi Heavy Industrial	135,000	313	0.03
Sprint Nextel	49,774	480	0.04	Misubishi Motors	310,000	262	0.02
St Paul Travelers	18,195	499	0.05	Mitsubishi UFJ Financial	257	1,620	0.15
Starbucks	13,679	247	0.02	Mitsui & Co	50,000	382	0.03
Suntrust Banks	6,593	284	0.03	Mitsui Fudosan	32,000	399	0.04
Target	16,363	477	0.04	Mitsui Sumitomo Insurance	51,000	285	0.03
Texas Instruments	30,824	453	0.04	Mizuho Financial	220	802	0.07
Time Warner	58,601	652	0.06	Murata Manufacturing	8,200	283	0.03
TXU Corporation	8,676	240	0.02	NEC	80,000	195	0.02
Tyco International	29,023	451	0.04	Nikko Cordial	40,000	234	0.02
United Parcel Services	11,534	441	0.04	Nintendo	3,800	503	0.05
United Technologies	12,506	399	0.04	Nippon Oil	70,000	239	0.02
Unitedhealth	20,500	563	0.05	Nippon Steel	200,000	587	0.05
Union Pacific	5,590	263	0.02	Nippon Telegraph & Telephone	150	377	0.03
US Bancorp	24,057	444	0.04	Nissan Motor	84,100	517	0.05
Valero Energy	11,813	308	0.03	Nitto Denko	8,300	212	0.02
Verizon Communications	33,523	638	0.06	Nomura Securities	52,800	508	0.05
Viacom B	12,800	268	0.02	NTT DoCoMo	550	443	0.04
Wachovia	27,936	811	0.07	Orix	3,000	443	0.04
Walgreen	21,298	499	0.05	Resona Bank	210	293	0.03
Wal-Mart Stores	37,755	891	0.08	Ricoh	18,000	188	0.02
Washington Mutual	20,013	465	0.04	Rohm	4,700	239	0.02
Wellpoint	10,771	433	0.04	Secom	12,400	328	0.03
Wells Fargo	39,738	721	0.07	Sekisui House	43,000	320	0.03
Western Union	15,025	172	0.02	Seven & I Holdings	26,000	413	0.04
Wyeth	17,861	464	0.04	Sharp	30,000	264	0.02
Yahoo!	16,083	210	0.02	Shin-Etsu Chemical	12,100	413	0.04
				Softbank	15,000	149	0.01
JAPAN 2.93% (31.12.05, 3.06%)				Sompo Japan Insurance	40,000	250	0.02
Aeon	25,000	276	0.03	Sony	26,000	569	0.05
Asahi Glass	40,000	245	0.02	Sumitomo	46,000	351	0.03
Asahi Kasei	80,000	267	0.02	Sumitomo Chemical	65,000	257	0.02
Astellas Pharmaceutical	18,500	429	0.04	Sumitomo Metal	138,000	306	0.03
Bridgestone	33,200	378	0.03	Sumitomo Mitsui	150	785	0.07
Canon	34,000	977	0.09	Sumitomo Realty & Development	22,000	360	0.03
Central Japan Railway	70	369	0.03	Suzuki Motor	22,000	317	0.03
Chubu Electric Power	24,900	380	0.03	T&D Holdings	7,000	236	0.02
Daiichi Sankyo	24,515	391	0.04	Takeda Pharmaceuticals	18,000	631	0.06
Dai Nippon Printing	38,000	299	0.03	TDK	7,700	312	0.03
Daiwa House	30,000	266	0.02	Tokyo Electric Power	33,800	558	0.05
Daiwa Secs	50,000	286	0.03	Tokyo Electron	7,500	302	0.03
Denso	18,000	364	0.03	Tokyo Gas	80,000	217	0.02
East Japan Railway	122	416	0.04	Toray Industries	62,000	237	0.02
Eisai	12,000	337	0.03	Toshiba	100,000	332	0.03
Fanuc	6,800	342	0.03	Toyota Motor	57,700	1,969	0.18
Fuji Photo Film	18,000	377	0.03	Yamada Denki	6,200	269	0.02
Fujitsu	68,000	272	0.02				
Hitachi	95,000	302	0.03	PACIFIC BASIN 3.09% (31.12.05, 3.06%)			
Honda Motor	36,700	740	0.07				
Hoya	17,200	342	0.03	HONG KONG 0.78%			
Itochu	60,000	251	0.02	Bank of East Asia	164,000	474	0.04
JFE	16,500	434	0.04	BOC Hong Kong	328,000	455	0.04
Kansai Electric Power	26,200	361	0.03	China Construction	2,030,000	659	0.06
Kao	22,000	303	0.03	China Life Insurance	449,000	779	0.07
KDDI	80	277	0.03	China Merchants	192,000	402	0.04
Keyence	2,600	329	0.03	China Mobile	180,000	796	0.07
Komatsu	27,000	280	0.03	China Shenhua	340,000	418	0.04
Kyocera	6,100	293	0.03	China State Construction	726,000	234	0.02
Matsushita Electric Industries	73,000	743	0.07	CNOOC	1,200,000	582	0.05
Millea	22,500	405	0.04	Hang Lung Property	326,000	417	0.04
Mitsubishi Corp	44,200	424	0.04	HKEX	166,000	929	0.08
Mitsubishi Estate	43,000	568	0.05	Hong Kong & China Gas	142,000	163	0.01

COIF Charities Investment Fund

Portfolio Statement

at 31 December 2006

	Holding	Market Value £'000	% Fund		Holding	Market Value £'000	% Fund
Kowloon Development	370,000	336	0.03	QBE	81,000	938	0.08
Petrochina	960,000	695	0.06	Rio Tinto	15,000	448	0.04
Scud	712,000	133	0.01	Symbion Health	193,000	293	0.03
Shenzen Investment	1,450,000	309	0.03	Toll	55,000	404	0.04
Sinopec Shanghai	1,086,000	273	0.02	Westfield	45,500	384	0.03
Sun Hung Kai Properties	50,000	294	0.03	Westpac Banking	98,000	955	0.09
Swire Pacific A	78,000	430	0.04	Woodside Petroleum	37,400	574	0.05
				Zinifex	72,000	544	0.05
KOREA 0.62%				OTHER OVERSEAS 0.24% (31.12.05, 0.37%)			
Atlantis Korea Smaller Companies Fund	7,000	183	0.02	Merrill Lynch Latin America Investment Trust	118,338	458	0.04
Hana Bank	16,500	440	0.04	Invesco GT Developing Markets C	44,259	807	0.07
Hana Bank Div	165	4	0.00	JPMorgan Fleming Emerging Markets	402,752	1,465	0.13
Hyundai Securities	44,000	302	0.03	UNQUOTED 0.58% (31.12.05, 0.57%)			
Kookmin Bank	9,800	403	0.04	CCLA Investment Management Limited B	28,167	3,324	0.30
Korea Electric Power	17,000	396	0.04	CCLA Investment Management Limited D	26,000	3,068	0.28
Korea Exchange Bank	52,000	367	0.03	HV II Distributions	6,667	0	0.00
LG Card	15,800	537	0.05	PROPERTY UNIT TRUSTS 9.02% (31.12.05, 9.00%)*			
Lotte Shopping	1,650	349	0.03	COIF Charities Property Fund Income Units*	66,147,379	98,996	9.02
Orion	1,740	258	0.02	FIXED INTEREST STOCKS 6.20% (31.12.05, 7.93%)			
Samsung Electronics	6,000	2,017	0.18	UNITED KINGDOM 4.70% (31.12.05, 5.19%)			
Samsung Fire & Marine	5,800	511	0.05	Treasury 5.75% Stock 2009	602,934	613	0.06
Samsung Heavy	49,000	599	0.05	Treasury 6.25% Stock 2010	11,620,000	12,106	1.10
Shinhan Financial	17,000	443	0.04	Conversion 9% Stock 2011	4,210,000	4,877	0.44
				Treasury 8% Stock 2013	5,135,000	6,042	0.55
MALAYSIA 0.02%				Treasury 8% Stock 2015	1,050,000	1,293	0.12
Sime Darby	160,000	166	0.02	Treasury 8.75% Stock 2017	4,655,000	6,216	0.57
				Treasury 8% Stock 2021	2,180,000	2,940	0.27
SINGAPORE 0.25%				Treasury 5% Stock 2025	1,215,000	1,290	0.12
China Milk	480,000	222	0.02	Treasury 6% Stock 2028	4,400,000	5,376	0.49
Goodpack	230,000	118	0.01	Treasury 4.25% Stock 2036	2,300,000	2,317	0.21
Hong Kong Land	150,000	303	0.03	Treasury 4.75% Stock 2038	7,715,000	8,490	0.77
Olam	908,000	641	0.06	OVERSEAS 1.50% (31.12.2005, 1.76%)			
Sembcorp	575,000	651	0.06	Germany 0.99%			
Starhub	211,000	183	0.02	Bund 4.5% 2009	5,000,000	3,415	0.31
United Overseas Bank	79,040	508	0.05	Bund 5.25% 2011	5,505,000	3,886	0.35
				Bund 5.5% 2031	4,500,000	3,662	0.33
TAIWAN 0.52%				USA 0.44%			
Acer	402,360	429	0.04	US Treasury 5.625% Bond 2008	3,960,000	2,042	0.19
ASE	733,900	426	0.04	US Treasury 5% Bond 2011	1,185,000	614	0.06
Au Optronics	403,760	287	0.03	US Govt TIPS 3% 2012	3,485,000	2,058	0.19
Cathay Financial	433,949	503	0.05	Japan 0.07%			
Hon Hai	232,190	846	0.08	JGB 0.8% 2010	190,000,000	805	0.07
Lite-on Technology	405,454	280	0.03	PORTFOLIO OF INVESTMENTS		1,074,207	97.83
President Chain Store	265,000	326	0.03	NET OTHER ASSETS		23,783	2.17
Quanta Computer	423,038	391	0.04	NET ASSETS		<u>1,097,990</u>	<u>100.00</u>
Taiwan Opportunities Fund	51,905	514	0.05				
TSMC	1,122,195	1,182	0.11				
Yuanta Core Pacific	611,748	259	0.02				
THAILAND 0.02%							
Bangkok Bank	110,000	177	0.02				
AUSTRALIA & NEW ZEALAND 0.88%							
AGL Energy	60,800	396	0.04				
BHP Billiton	148,000	1,508	0.14				
Coca-Cola Amatil	168,000	522	0.05				
Mayne Pharma	260,000	425	0.04				
Metcash	280,000	527	0.05				
National Australia Bank	65,000	1,058	0.10				
Orica	34,000	332	0.03				
Origin Energy	78,000	259	0.02				

*COIF Charities Property Fund is managed by CCLA Investment Management Limited.

COIF Charities Investment Fund

Summary of Material Portfolio Changes

for the year ended 31 December 2006

	<i>Cost</i> <i>£'000</i>
Total purchases for the year	197,277
Major purchases:	
Xstrata	15,783
Treasury 4.75% Stock 2038	8,576
Treasury 6.25% Stock 2010	7,967
Anglo American	5,169
Treasury 8% Stock 2013	4,588
Resolution	4,432
Royal Dutch Shell B	4,344
Scottish Power	4,008
BP	3,950
Conversion 9% Stock 2011	3,905
SIG	3,634
Informa	3,393
Premier Foods	3,046
Treasury 8% Stock 2021	2,994
National Express Group	2,933
Man	2,564
Associated British Foods	2,506
Compass	2,505
Dana Petroleum	2,426
Mitchells & Butlers	2,401
	<i>Proceeds</i> <i>£'000</i>
Total sales for the year	234,922
Major sales:	
BAA	7,529
BP	6,757
AWG	6,699
COIF Charities Property Fund Income Units	6,000
GlaxoSmithKline	5,981
BOC	5,738
Treasury 8.5% Stock 2007	5,211
WPP	5,145
Treasury 8% Stock 2013	5,070
Royal Bank of Scotland	5,061
Treasury 5% Stock 2025	5,004
BHP Billiton	4,654
O ₂	4,522
Barclays	4,412
Treasury 7.5% Stock 2006	4,125
Vodafone B	3,804
Treasury 6% Stock 2028	3,790
P & O Dfd	3,673
Reed Elsevier	3,644
Smiths Group	3,484

The above summary reflects the 20 largest aggregate purchases and sales or those purchases and sales greater than 2% of the Net Asset Value of the Fund at the start of the period where they number greater than 20.

COIF Charities Investment Fund

Balance Sheet

at 31 December 2006

	Notes	31.12.2006		31.12.2005	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments			1,074,207		1,008,106
Debtors	8	4,381		4,572	
Cash and bank balances	9	<u>28,783</u>		<u>21,066</u>	
Total other assets			<u>33,164</u>		<u>25,638</u>
Total assets			1,107,371		1,033,744
LIABILITIES					
Creditors	10	90		157	
Distribution payable on income units		<u>9,291</u>		<u>8,505</u>	
Total liabilities			9,381		8,662
Net assets attributable to unitholders			<u>1,097,990</u>		<u>1,025,082</u>
Approved on behalf of the Board 28 February 2007		B.H.B. Wrey, <i>Chairman</i> P.E.B. Cawdron, <i>Board Member</i>			

The notes on pages 20 to 27 form part of these accounts.

COIF Charities Investment Fund

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 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.

During the year the Fund has adopted the presentation requirements of Financial Reporting Standard 25 (FRS25). FRS 25 requires that the assets attributable to investors are treated as a liability of the Fund and distributions are treated as finance costs. The effects of these changes are that unitholders' funds are now described as net assets attributable to unitholders.

The investments of the Fund have been valued at market value at close of business on the balance sheet date. Market value is defined by the new SORP as fair value which is the bid value of each security. The accounting policy has been changed from previous periods to comply with the requirements of the new SORP. As the restatement of the prior year comparatives is not required by the new SORP, the value of investments for the prior year is shown at mid market value in line with the previous accounting policy. If comparative information had been restated, the nature of the main adjustments required to the balance sheet at 31 December 2005 would be to reduce the value of investments by the spread between mid-market and bid-market values with an equal reduction in unrealised gains on investments.

(b) Income recognition

Dividends on ordinary stocks, including special dividends where appropriate, 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.

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.

(c) Management expenses

The Manager's periodic charge paid to CCLA Investment Management Limited is charged 75% to the capital and 25% to the income of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.30% p.a. plus VAT (2005, 0.30%). The Fund receives a management fee rebate credited to the income of the Fund for its holding in the COIF Charities Property Fund and for the Fund's deposits in COIF Charities Deposit Fund where, in both Funds, management fees are 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 staff and investment services and other expenses incurred by the Manager. The Corporate Trustee fee, audit, legal, safe custody fees and transaction charges and insurance are charged separately to the income of the Fund before distribution.

(d) 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).

(e) 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 CCLA Investment Management Limited 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.

(f) 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.

COIF Charities Investment Fund

Notes to the Accounts

2. Net gains on investments	31.12.2006	31.12.2005
	£'000	£'000
The net gains on investments during the year comprise:		
Non-derivative securities	<u>103,765</u>	<u>140,702</u>
Net gains on investments	<u>103,765</u>	<u>140,702</u>
3. Other (losses)/gains	31.12.2006	31.12.2005
	£'000	£'000
Other (losses)/gains comprise:		
Currency (loss)/gain	<u>(516)</u>	<u>881</u>
4. Income	31.12.2006	31.12.2005
	£'000	£'000
UK dividends	21,875	20,462
COIF Charities Property Fund dividends	4,468	4,504
Overseas dividends	4,556	4,008
Dividends on unquoted stocks	114	108
Interest on debt securities	3,442	4,224
Interest on COIF Charities Deposit Fund	777	554
Bank interest	148	149
	<u>35,380</u>	<u>34,009</u>
5. Expenses	31.12.2006	31.12.2005
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see Note 1(c)	3,700	3,265
Manager's periodic charge rebate – see Note 1(c)*	<u>(765)</u>	<u>(662)</u>
	<u>2,935</u>	<u>2,603</u>
Payable to the Corporate Trustee, associates of the Corporate Trustee and agents of either of them:		
Corporate Trustee fee	23	23
Safe custody fees and transaction charges	177	162
Travelling expenses	3	-
	<u>203</u>	<u>185</u>
Other expenses:		
Insurance	27	25
Professional fees	49	15
Audit fee	11	13
Other expenses	-	1
	<u>87</u>	<u>54</u>
Total expenses	<u>3,225</u>	<u>2,842</u>

* This amount represents the rebate of management fees credited to the Fund's income for its holding in the COIF Charities Property Fund and for the Fund's deposits in the COIF Charities Deposit Fund where, in both Funds, the management fees are charged to income.

The above expenses include VAT where applicable.

COIF Charities Investment Fund

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.

	31.12.2006	31.12.2005
	£'000	£'000
Overseas taxation suffered in the year	508	444
Overseas taxation recovered in the year	(73)	(3)
Release of provision for overseas tax in prior years	-	<u>(2,194)</u>
Total taxation	<u>435</u>	<u>(1,753)</u>

In the year ended 31 December 2004 the Fund had made a provision of £2.18m against potential US tax liabilities arising out of the Fund's tax status in the United States. During the year ended 31 December 2005 the IRS has confirmed the continued tax exempt status of the Fund, and therefore the provision shown in the 31 December 2004 Report and Accounts was reversed in that year.

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:

	31.12.2006	31.12.2005
	£'000	£'000
31 March – Interim distribution	8,002	7,921
30 June – Interim distribution	8,143	8,184
30 September – Interim distribution	8,013	7,873
31 December – Final distribution	<u>10,113</u>	<u>9,297</u>
	34,271	33,275
Add: Income deducted on cancellation of units	148	161
Deduct: Income received on creation of units	<u>(82)</u>	<u>(74)</u>
Net distribution for the year	<u>34,337</u>	<u>33,362</u>
Net income after taxation for the year	31,720	32,920
Manager's periodic charge – see Note 1(c)	2,771	2,448
Overseas taxation provision	-	(2,000)
Transfer (to) income reserve – see Note 11	<u>(154)</u>	<u>(6)</u>
Net distribution for the year	<u>34,337</u>	<u>33,362</u>

Details of the distribution per unit are set out in the distribution table on page 11.

8. Debtors

	31.12.2006	31.12.2005
	£'000	£'000
Amounts receivable on creation of units	-	153
Accrued income	4,310	4,400
Prepayments	43	19
Sundry debtors	<u>28</u>	<u>-</u>
	<u>4,381</u>	<u>4,572</u>

COIF Charities Investment Fund

Notes to the Accounts

9. Cash and bank balances	31.12.2006	<i>31.12.2005</i>
	£'000	<i>£'000</i>
Cash in COIF Charities Deposit Fund	25,111	12,140
Cash in overseas currencies	3,323	8,860
Cash at bank	349	66
	<u>28,783</u>	<u>21,066</u>

10. Creditors	31.12.2006	<i>31.12.2005</i>
	£'000	<i>£'000</i>
Accrued expenses	77	38
Overseas tax payable	13	-
Amounts payable for cancellation of units	-	119
	<u>90</u>	<u>157</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.

	31.12.2006	<i>31.12.2005</i>
	£'000	<i>£'000</i>
Income reserve at start of the year	1,908	1,902
Transfer to income reserve	154	6
Income reserve at end of the year	<u>2,062</u>	<u>1,908</u>

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see Note 1(e)), except for the holding in CCLA Investment Management Limited (see Note 14). 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 throughout the year and the comparative year.

Market price risk

The Fund is actively-managed and invests 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.

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.

COIF Charities Investment Fund

Notes to the Accounts

At 31 December 2006, 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:

<i>Currency</i>	31.12.2006 £'000	31.12.2005 £'000
Australian Dollar	10,069	10,900
Danish Krone	351	698
Euro	80,961	76,667
Hong Kong Dollar	8,814	6,059
Japanese Yen	33,017	31,516
Malaysian Dollar	166	1,025
New Zealand Dollar	25	331
Norwegian Krone	2	2
Singapore Dollar	2,479	2,277
South Korean Won	6,728	8,393
Swedish Krona	3,710	3,161
Swiss Franc	9,010	9,177
Taiwan Dollar	5,345	6,210
Thailand Baht	180	750
US Dollar	71,648	60,909
	<u>232,505</u>	<u>218,075</u>

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.

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.

COIF Charities Investment Fund

Notes to the Accounts

The interest rate profile of the Fund's financial assets and liabilities at 31 December 2006 was as set out below:

31 December 2006

<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	25,460	51,560	797,845	874,865
Euro	1,401	10,963	68,597	80,961
US Dollar	2,128	2,656	66,864	71,648
Other	1,852	805	77,240	79,897

<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	-	-	9,381	9,381
Euro	-	-	-	-
US Dollar	-	-	-	-
Other	-	-	-	-

31 December 2005

<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	12,206	53,204	750,258	815,668
Euro	828	12,661	63,179	76,668
US Dollar	1,514	5,422	53,972	60,908
Other	6,518	-	73,982	80,500

<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	-	-	8,662	8,662
Euro	-	-	-	-
US Dollar	-	-	-	-
Other	-	-	-	-

* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or base rate. The fixed rate element of the portfolio is further analysed in the following table.

COIF Charities Investment Fund

Notes to the Accounts

31 December 2006

<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	51,560	4.76	13.80
Euro	10,963	3.98	10.22
US Dollar	4,714	3.83	3.61
Yen	805	1.09	3.97

31 December 2005

<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	53,204	4.15	11.3
Euro	12,661	3.11	7.5
US Dollar	5,422	2.85	5.7
Yen	-	-	-

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

13. Contingent liabilities

There were no contingent liabilities at 31 December 2006 (31.12.2005, £nil).

14. Unquoted and other investments

Unquoted investments include the Investment Fund's holding of 25% of the issued shared capital of CCLA Investment Management Limited, 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 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 2006, 9.0% (31.12.2005, 9.0%) of the value of the Fund was held in units in the COIF Charities Property Fund and 2.3% (31.12.2005, 1.2%) of the value of the Fund was held in the COIF Charities Deposit Fund. At 31 December 2006, 0.1% (31.12.2005, 0.1%) of the value of the Fund was held in Authorised Unit Trust Schemes.

At 31 December 2006 the COIF Charities Investment Fund held 61.1% (31.12.2005, 64.4%) of the COIF Charities Property Fund which may not be readily realisable. 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.

15. Board remuneration

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

COIF Charities Investment Fund

Notes to the Accounts

16. Related party transactions

The Manager's periodic charge is paid to CCLA Investment Management Limited and the Corporate Trustee fee, safe custody and transaction fees 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. In addition, CCLA Investment Management Limited made a voluntary, without prejudice, payment made up of professional fees £11,175 (31.12.05, £77,450), and penalties in relation to US tax issues of £28,725 (31.12.05, £nil).

The COIF Charities Property Fund is a related party to the Fund. At 31 December 2006 the Fund held 61.1% (31.12.05, 64.4%) of the shares of the COIF Charities Property Fund. The net assets of the COIF Charities Property Fund have not been consolidated as, due to the Trustee arrangements, the Fund is unable to exercise control over the COIF Charities Property Fund.

A rebate of management fees is credited to the Fund's income for its holding in the COIF Charities Property Fund and for the Fund's deposits in the COIF Charities Deposit Fund where, in both Funds, the management fees are charged to income as disclosed in Note 5.

At 31 December 2006 the balance, due to CCLA Investment Management Limited and HSBC Bank plc were as set out below:

	31.12.2006	31.12.2005
	£'000	£'000
CCLA Investment Management Limited	-	-
HSBC Bank plc - Corporate Trustee fee	10	6
HSBC Bank plc - safe custody fees and transaction charges	13	15

There were no other transactions entered into with CCLA Investment Management Limited or HSBC Bank plc during the year.

17. Portfolio transaction costs

	31.12.2006	31.12.2005
	£'000	£'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	196,838	158,802
Commission	439	279
Gross purchases total	<u>197,277</u>	<u>159,081</u>
Analysis of total sale costs:		
Gross sales in period before transaction costs	234,485	182,768
Commissions	437	293
Total sales net of transaction costs	<u>234,922</u>	<u>183,061</u>

COIF Charities Investment Fund

Statistical Summary

INCOME UNITS

Valuation Date	Units in Issue '000	Net Asset Value Pence per Unit	Bid Price Pence per Unit	Offer Price Pence per Unit	Annual Dividend Pence per Unit	Total Capital & Income Return %
31 December						
1997	75,765	917.61	910.73	924.49	34.80	+ 22.3
1998	77,026	1,023.93	1,016.25	1,031.61	35.00	+ 15.6
1999	80,495	1,171.49	1,162.70	1,180.28	35.50	+ 18.1
2000	82,540	1,113.69	1,105.34	1,122.04	35.50	- 1.9
2001	84,356	958.54	951.35	965.73	32.50	- 11.0
2002	84,842	758.53	752.84	764.22	32.50	- 17.7
2003	89,140	842.75	836.43	849.07	32.50	+ 15.8
2004	87,710	899.06	892.32	905.80	31.50	+ 10.7
2005	85,911	1,041.51	1,033.70	1,049.32	33.50	+ 19.9
2006	83,704	1,146.58	1,140.27	1,152.89	35.50	+ 13.6
10 year cumulative						+ 109.3

ACCUMULATION UNITS

Valuation Date	Units in Issue '000	Net Asset Value Pence per Unit	Bid Price Pence per Unit	Offer Price Pence per Unit	Total Capital & Income Return %
31 December					
1997	2,365	4,456.23	4,422.81	4,489.65	+ 22.3
1998	2,250	5,148.86	5,110.24	5,187.48	+ 15.5
1999	2,304	6,082.40	6,036.78	6,128.02	+ 18.1
2000	2,312	5,964.17	5,919.44	6,008.90	- 1.9
2001	2,407	5,304.35	5,264.57	5,344.13	- 11.1
2002	2,400	4,366.60	4,333.85	4,399.35	- 17.7
2003	2,368	5,053.76	5,015.86	5,091.66	+ 15.7
2004	2,114	5,591.13	5,549.20	5,633.06	+ 10.6
2005	1,945	6,700.10	6,649.85	6,750.30	+ 19.8
2006	1,822	7,614.11	7,572.23	7,655.99	+ 13.6
10 year cumulative					+ 108.9

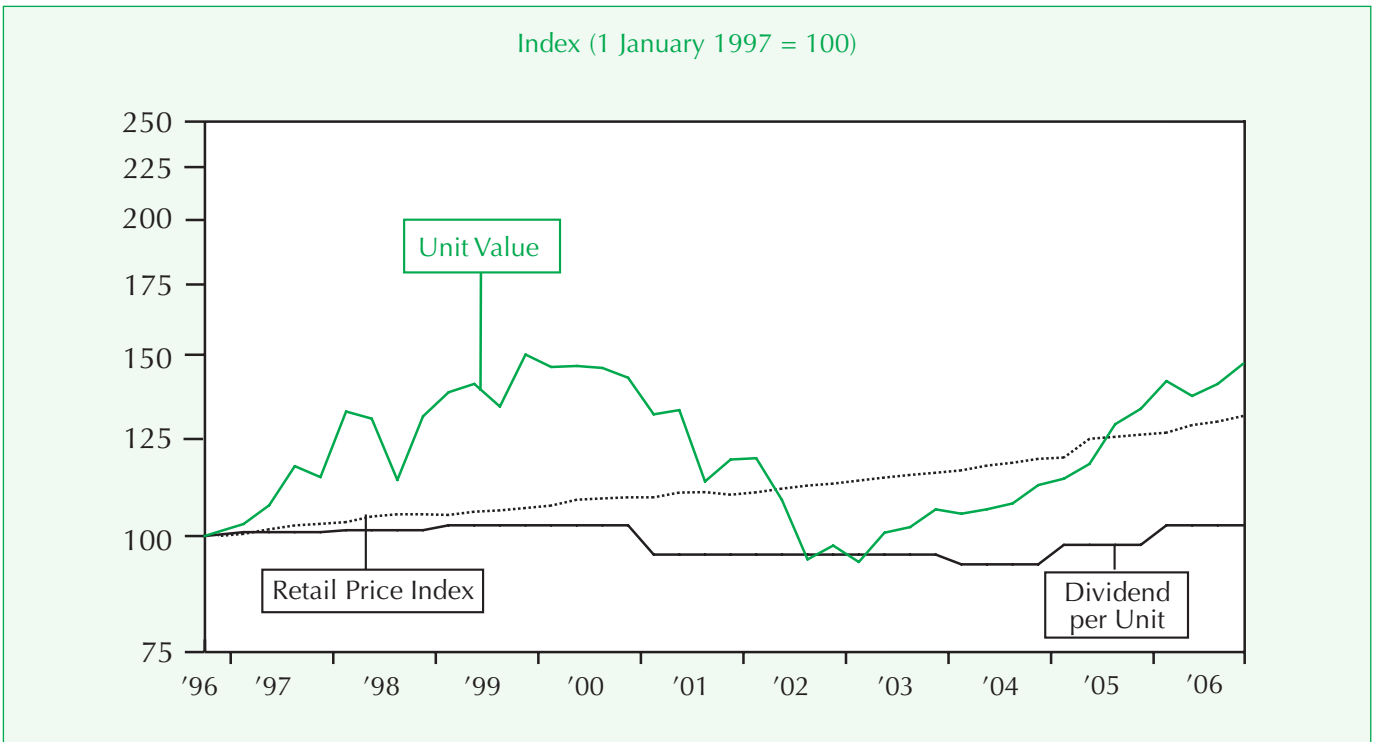
The Total Capital and Income Return for the Income Units is based on the percentage change in quarterly Net Asset Values plus dividends declared and for the Accumulation Units on the percentage change in monthly Net Asset Values including reinvested income.

The Net Asset Values are based on mid-market prices of investments at close of business on the valuation date.

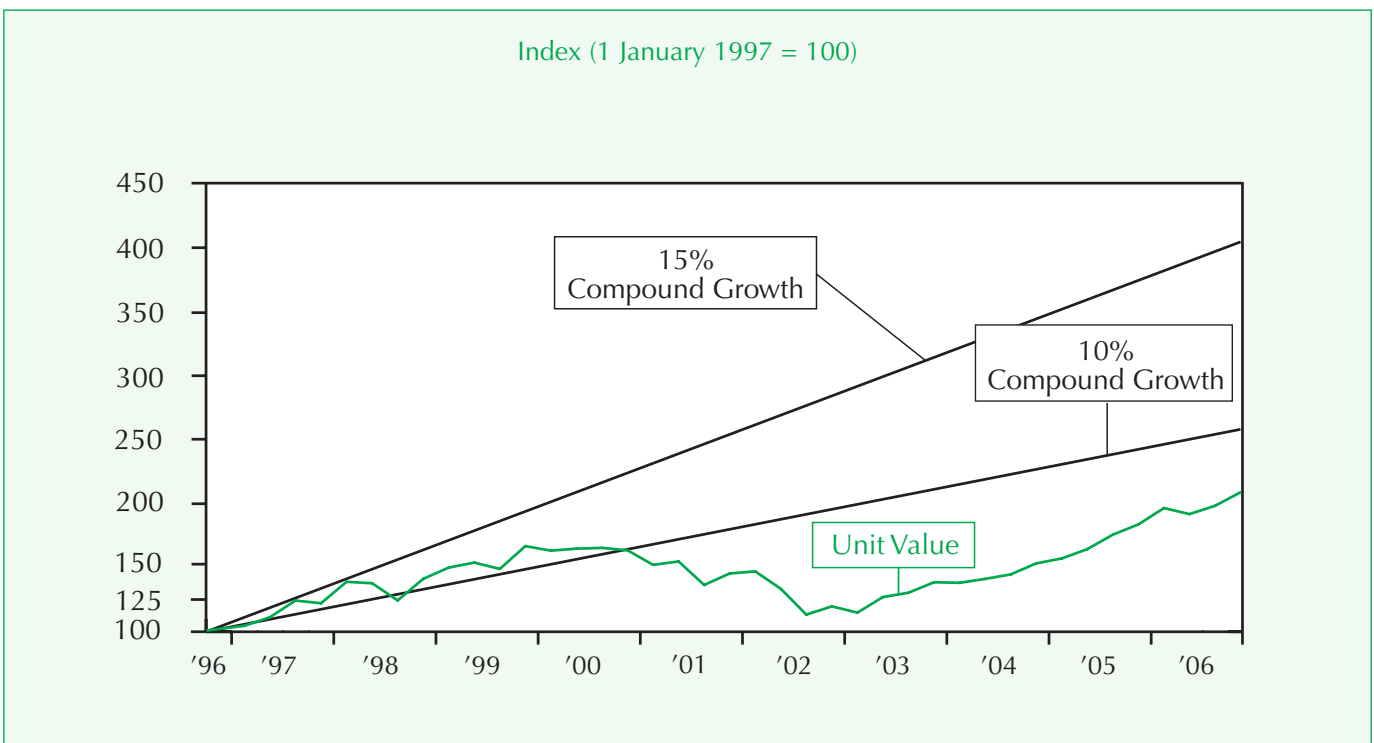
The weekly prices of Income and Accumulation Units are published in the Unit Trust Sections of *The Times*, *The Daily Telegraph* and *Financial Times*.

COIF Charities Investment Fund

Income Unit Values and Dividends – 1997-2006



Accumulation Unit Values – 1997-2006



COIF Charities Fixed Interest Fund

Report of the Investment Manager

for the year ended 31 December 2006

- A high-income fund for long-term capital
- Invested only in Sterling fixed income stocks
- Gives no long-term protection for capital against inflation

The Fund outperforms as bond returns moderate

Over the past 12 months the Fund has been unable to rely on superior returns from non-government fixed income securities relative to government bonds (gilts). The 12-month total returns from the best quality non-government borrowers were similar to comparable gilts. As we had forecast, total returns from fixed interest assets have generally moderated and, while generally positive, returns were actually lower than from cash. The Fund achieved a total return, before expenses, of 1.03%, some 0.34% higher than the gilt index. Performance was helped by successful decisions in selecting the mix and type of fixed income securities.

We continue to think that risk is not being adequately priced into non-government securities and have as a consequence reduced the Fund's credit holdings. The Fund's credit weighting has been reduced from 27.9% to 16.3%. This change has been orchestrated by outright sales where bonds look overly expensive or by taking advantage of company debt restructuring by selling stock back at attractive levels.

The FTSE UK Government bond short and long dated total return indices rose 2.60% and 0.03% respectively, the medium total return index fell by 0.15%. The FTSE UK Government All Stocks total return index rose 0.69%, while the Barclays Corporate bond index rose 0.66%.

Over the twelve months to 31 December 2006 the value of an accumulation unit rose from 462.05p to 465.51, or by 0.75%. The value of a COIF Charities Fixed Interest Fund income unit fell by 4.65%, from 133.98p to 127.75p.

COIF Charities Fixed Interest Fund Total Capital and Income Return

To 31 December 2006	1 Year % p.a.	5 Years % p.a.	10 Years % p.a.
<u>Performance Against Benchmark & Market Indices</u>			
COIF Charities Fixed Interest Fund	+ 1.03	+ 5.59	+ 7.26
WM Co CFS Universe, UK Bonds	+ 1.05	+ 5.45	+ 7.15
FTSE UK Government All Stocks Index	+ 0.69	+ 5.26	+ 6.89
Source: WM Co & CCLA			
<u>Performance After Expenses*</u>			
Income Units	+ 0.77	+ 5.39	+ 7.06
Accumulation Units	+ 0.75	+ 5.37	+ 7.02

* Net Asset Value to Net Asset Value plus income re-invested

Comparison with the benchmark

For calendar year 2006 the COIF Charities Fixed Interest Fund achieved a total return before expenses of 1.03%. This was in line with the Fund's benchmark, the fixed interest element of the WM Co Charity Fund Universe, which achieved a total return of 1.05%.

Inflationary concerns cause yields on short-dated gilts to rise

At the end of December 2005 the price of the 50-year gilt was 108, yielding a remarkably low 3.9%. By mid-January the price had risen sharply by more than 7% with the yield falling back by 0.35% to 3.55%.

Although this fall in yield occurred against a background of strong global demand for bonds, the movement within the gilt market was particularly strong. The gilt market distortion was associated with the Pension Protection Fund announcement regarding the basis of levy calculations on top of the remorseless move to liability-focused investing. Pension funds were required to submit details of their deficits by the end of March 2006. The levy was to be based on the size of the deficit and the fund's risk, so by improving the asset liability matching, companies were hoping to reduce the levy on their pension funds.

During the year central banks all over the world, including the Bank of England, were tightening monetary policy. Economic data implied that rising energy costs were beginning to feed through the economy and were being passed on to the consumer. In November, the Bank of England Inflation Report indicated that unless monetary policy was tightened the rate of inflation would remain above target and could exceed the Bank of England's Monetary Policy Committee's upper limit of 3%. The Monetary Policy Committee was concerned that this higher rate of inflation would be reflected in excessive wage demands.

The prospect that further monetary tightening would be required in the new year put renewed pressure on gilt yields, most noticeably on those with shorter maturities. There has been continued underlying support for Sterling fixed interest assets from liability-driven investment strategies, as well as overseas central banks allocating more reserves to sterling-denominated assets. As a consequence, yields on longer-dated gilts have remained low, falling below yields on shorter-dated securities. The yield on the 50-year gilt was 4.0% at the end of December, 1.0% lower than the official Bank of England bank rate.

COIF Charities Fixed Interest Fund

Report of the Investment Manager

for the year ended 31 December 2006

Distribution Rate for current period

On the 31 December 2006 income unit price of 127.75p, and annual distribution rate of 7.2p, the annualised income yield is 5.64%. The corresponding gross redemption yield, which is an estimate of the total return of the Fund over the long-term, after management expenses, is 4.5%.

Risk Warning

The COIF Charities Fixed Interest Fund's income yield is an indication of the expected level of income. The corresponding gross redemption yield is an estimate of total return over the long term. The Fund's income and gross redemption yields are not guaranteed and will change over time, due to changes in interest rates and the average maturity date of the securities held by the Fund. When the Fund's income yield is higher than the gross redemption yield, income is being paid at the expense of capital.

Outlook

For some time, yields on gilts have been driven lower by pension funds and life companies buying from the limited supply of current issues to hold against future liabilities. There is therefore sensitivity to future supply. The Chancellor has announced the prospect of an increase in borrowing over the next few years which would involve providing new gilts but the scale of new supply will be dependent on actual growth and borrowing requirements.

Equally the demand for gilts will at least in part reflect any further drive by institutional investors to hold fixed interest assets against liabilities as well as more fundamental factors such as the outlook for inflation. Our expectation is that there is more risk of gilt yields rising and prices falling.

Assuming the Chancellor's economic growth forecasts are reached, gilt issuance will remain relatively high. However, if growth fails to meet his higher expectations it is likely that the gilt market will come under additional pressure as the Treasury reverts to further issuance. So, looking forward, we believe that investors will once again become more sensitive to economic data rather than accounting issues.



Stuart Freeman
Fund Manager
CCLA Investment Management Limited

28 February 2007

COIF Charities Fixed Interest Fund

Report of the Independent Auditors

to the unitholders of COIF Charities Fixed Interest Fund

We have audited the accounts of COIF Charities Fixed Interest Fund for the year ended 31 December 2006 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 accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of Board, Manager and Auditors

The Manager's responsibilities for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Manager's responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion has been prepared for and only for the unitholders of the Fund as a body in accordance with the Scheme of the Charity Commissioners under the Charities Act 1993, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with 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 accounts, if the Manager has not kept proper accounting records for the Fund, if the accounts 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 accounts. 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 accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts:

- give a true and fair view, in accordance with United Kingdom Accounting Standards of the financial position of the Fund at 31 December 2006 and of the net income and the net losses of the property of the Fund for the year then ended; and
- have been properly prepared in accordance with UK generally accepted accounting principles, 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28 February 2007

Footnotes to the Report of the Independent Auditors

The accounts are published on the www.ccla.co.uk website, which is a website maintained by CCLA. The maintenance and integrity of the website maintained by CCLA is, so far as it relates to the Fund, the responsibility of CCLA. The work we carry out as auditors does not involve consideration of the maintenance and integrity of this website

and accordingly we accept no responsibility for any changes that may occur to the accounts following their presentation on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

COIF Charities Fixed Interest Fund

Net Asset Value, Unit Price Range, Net Distributions 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
2004	169,457	131.36	115,437,105	429.27	4,150,458
2005	170,214	133.98	113,298,517	462.05	3,986,163
2006	163,545	127.75	111,342,883	465.51	4,646,292

* The net asset value is calculated on a mid-market value basis compared to the Balance Sheet where the investment are valued on a bid-market value basis in accordance with the December 2005 IMA SORP.

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
2002	139.55	131.12	392.52	357.29
2003	140.43	130.18	408.57	390.08
2004	134.68	127.73	432.86	399.57
2005	135.84	129.50	462.97	423.60
2006	135.99	127.49	472.51	450.86

Net Distributions

Year to 31 December	Income Units Pence per Unit	Accumulation Units Pence per Unit
2002	8.80	24.07
2003	8.80	24.76
2004	8.80	25.85
2005	7.20	25.87
2006	7.20	25.63

Unit Prices at 31 December 2006

	Bid Price Pence per Unit	Offer Price Pence per Unit
Income Units	127.49	128.01
Accumulation Units	464.58	466.44

The Unit prices are published in *The Times*, *The Daily Telegraph* and *Financial Times*.
The offer and bid prices are calculated on the net asset value plus or minus a 0.20% surcharge or deduction.

Total Expense Ratio

	31.12.2006	31.12.2005
Total expense ratio	0.29%	0.29%

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

COIF Charities Fixed Interest Fund

Summary of Investments and Maturity Profile

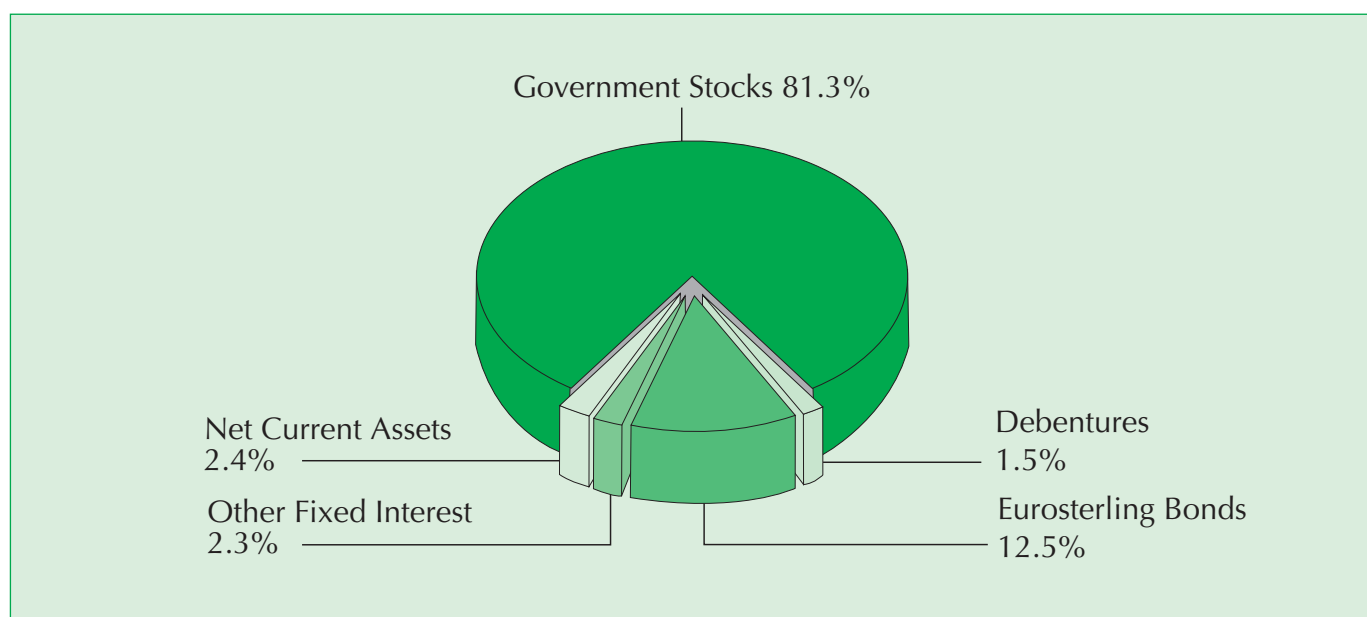
at 31 December 2006

	31.12.2006 <i>Nominal Value £'000</i>	31.12.2006 <i>Market Value £'000</i>	31.12.2006 <i>% of Total</i>	31.12.2005 <i>% of Total</i>	31.12.2006 <i>Interest Yield %</i>	31.12.2006 <i>Gross Redemption Yield %</i>
By Sector						
Government Stocks	116,081	133,278	81.33	69.75	5.88	4.72
Debentures	1,850	2,384	1.46	2.09	8.29	5.73
Eurosterling Bonds	17,670	20,586	12.55	23.45	6.73	5.38
Other Fixed Interest Stocks	3,202	3,767	2.30	2.36	8.92	5.55
Other assets	3,875	3,875	2.36	2.35	4.77	4.86
Total	<u>142,678</u>	<u>163,890</u>	<u>100.00</u>	<u>100.00</u>	<u>6.07</u>	<u>4.84</u>
By Maturity						
Net current assets	3,875	3,875	2.36	2.35	4.77	4.86
0–5 years	49,590	54,455	33.23	36.52	7.10	5.19
5–10 years	22,107	26,894	16.41	16.20	7.11	5.17
10–15 years	17,486	23,426	14.29	9.29	6.32	4.83
15–20 years	2,630	2,652	1.62	13.26	4.76	4.74
Over 20 years	46,465	51,532	31.44	21.75	4.48	4.31
Undated	525	1,056	0.65	0.63	5.72	5.52
Total	<u>142,678</u>	<u>163,890</u>	<u>100.00</u>	<u>100.00</u>	<u>6.07</u>	<u>4.84</u>

Average term to maturity: 13.7 years (31.12.2005, 11.2 years)

Asset Allocation

31 December 2006



COIF Charities Fixed Interest Fund

Distribution Table

for the year ended 31 December 2006

<i>Period Ended</i>	<i>Date of Payment</i>	<i>Distributions Payable Pence per Unit</i>	
		2006	2005
Income Units			
31 March 2006	31 May 2006	1.80	1.80
30 June 2006	31 August 2006	1.80	1.80
30 September 2006	30 November 2006	1.80	1.80
31 December 2006	28 February 2007	1.80	1.80
		<u>7.20</u>	<u>7.20</u>
		<i>Income Accumulated Pence per Unit</i>	
Accumulation Units			
31 March 2006		6.38	6.47
30 June 2006		6.29	6.48
30 September 2006		6.43	6.42
31 December 2006		6.53	6.50
		<u>25.63</u>	<u>25.87</u>

COIF Charities Fixed Interest Fund

Statement of Total Return

for the year ended 31 December 2006

	Notes	31.12.2006		31.12.2005	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the year	2		(8,108)		2,591
Income	3	9,795		10,453	
Expenses	4	(472)		(480)	
Net income for the year			<u>9,323</u>		<u>9,973</u>
Total return before distributions			1,215		12,564
Finance costs: Distributions	6		(9,169)		(9,315)
Change in net (liabilities)/assets attributable to unitholders			<u>(7,954)</u>		<u>3,249</u>

Statement of Change in Unitholders' Net Assets

for the year ended 31 December 2006

	31.12.2006		31.12.2005	
	£'000	£'000	£'000	£'000
Net assets at start of the year		170,214		169,457
Movement due to creations and cancellations of units				
Amounts receivable on creation of units	11,391		12,240	
Less: Amounts payable on cancellation of units	<u>(10,901)</u>		<u>(15,779)</u>	
		490		(3,539)
Change in net (liabilities)/assets attributable to unitholders (see above)		(7,954)		3,249
Retained distribution on accumulation units		<u>1,140</u>		<u>1,047</u>
Net assets at end of the year		<u>163,890</u>		<u>170,214</u>

The notes on pages 40 to 44 form part of these accounts.

COIF Charities Fixed Interest Fund

Portfolio Statement

at 31 December 2006

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Government Stocks 81.33% (31.12.05, 69.75%)			
Treasury 8.5% Stock 2007	1,000,000	1,017	0.62
Treasury 5% Stock 2008	5,500,000	5,488	3.35
Treasury 6.25% Stock 2010	9,285,000	9,673	5.90
Conversion 9% Stock 2011	25,435,000	29,464	17.99
Treasury 8% Stock 2013	7,235,000	8,513	5.19
Treasury 8% Stock 2015	6,175,000	7,604	4.64
Treasury 8.75% Stock 2017	5,835,643	7,792	4.75
Treasury 8% Stock 2021	8,650,000	11,664	7.12
Treasury 5% Stock 2025	500,000	531	0.32
Treasury 6% Stock 2028	13,475,000	16,465	10.05
Treasury 4.25% Stock 2032	1,380,000	1,373	0.84
Treasury 4.25% Stock 2036	11,740,000	11,829	7.22
Treasury 4.75% Stock 2038	19,870,000	21,865	13.34
Debenture Stocks 1.46% (31.12.05, 2.09%)			
Monks Inv Trust 11% Deb. Stock 2012	550,000	689	0.42
British Sugar 10.75% Deb. Stock 2013	800,000	1,020	0.63
BAA Lynton 10.25% Deb. Stock 2017	500,000	675	0.41
Eurosterling Bonds 12.55% (31.12.05, 23.45%)			
BP Capital 5% Bond 2007	1,000,000	996	0.61
Barclays 9.875% Bond 2008/Undated	1,250,000	1,316	0.80
EIB 6.25% Bond 2008	1,000,000	1,016	0.62
Halifax 6.375% Bond 2008	600,000	606	0.37
Tesco 6.625% Bond 2010	1,000,000	1,036	0.63
Toyota Motor Credit 4.625% 2011	1,000,000	971	0.59
Blue Circle 10.75% Bond 2013	1,500,000	1,933	1.18
RBS 10.5% Bond 2013	1,000,000	1,254	0.77
Bank of Scotland 10.25% Bond 2015	900,000	1,169	0.71
Network Rail Bond 4.875% 2015	1,265,000	1,247	0.76
Aviva 9.5% Bond 2016	2,000,000	2,570	1.57
EIB 8.75% Bond 2017	2,000,000	2,592	1.58
Halifax 10.5% Bond 2018	500,000	703	0.43
Network Rail Bond 4.75% 2024	2,130,000	2,121	1.29
Nat West 11.5% Conv Bond	525,000	1,056	0.64
Other Fixed Interest Stocks 2.30% (31.12.05, 2.36%)			
EIB 9.5% Bond 2009	1,250,000	1,393	0.85
World Bank 9.5% Bond 2010	750,000	855	0.52
Barclays 12% ULS Bond 2010	520,260	624	0.38
BOC 12.25% ULS 2012/17	682,000	895	0.55
PORTFOLIO OF INVESTMENTS		<u>160,015</u>	<u>97.64</u>
NET OTHER ASSETS		<u>3,875</u>	<u>2.36</u>
NET ASSETS		<u><u>163,890</u></u>	<u><u>100.00</u></u>

COIF Charities Fixed Interest Fund

Summary of Material Portfolio Changes

for the year ended 31 December 2006

	<i>Cost</i> <i>£'000</i>
Total purchases for the year	130,839
Major purchases:	
Treasury 6.25% Stock 2010	28,716
Conversion 9% Stock 2011	25,898
Treasury 4.75% Stock 2038	21,803
Treasury 8% Stock 2021	12,271
Treasury 8% Stock 2013	8,639
Treasury 8% Stock 2015	7,695
Treasury 5% Stock 2025	7,121
Treasury 5% Stock 2008	6,574
Treasury 4.25% Stock 2036	4,897
Treasury 8.75% Stock 2017	2,494
Treasury 4.25% Stock 2032	1,035
Toyota Motor Credit 4.625% 2011	1,000
Treasury 6% Stock 2028	953
Telefonica 5.375% Bond 2018	748
Telefonica 5.375% Bond 2026	500
BAA 5.125% Bond 2023	495
	<i>Proceeds</i> <i>£'000</i>
Total sales for the year	128,937
Major sales:	
Treasury 8.5% Stock 2007	23,066
Treasury 6.25% Stock 2010	19,691
Treasury 5% Stock 2025	17,010
Treasury 7.5% Stock 2006	14,938
Treasury 4.25% Stock 2032	8,860
Treasury 8% Stock 2021	8,035
Treasury 5% Stock 2008	7,686
Treasury 5% Stock 2012	6,573
ICO 5% 2009	2,494
Network Rail 4.75% Bond 2035	2,394
ICO 4.5% Bond 2011	1,938
GECC 7.25% Bond 2007	1,432
GE Capital 4.75% Bond 2011	1,371
Wal-Mart Stores Inc 4.75% Bond 2013	1,368
BAA 8.5% Bond 2021	1,363
British Telecom 12.25% Bond 2006	1,266
Treasury 8.75% Stock 2017	1,247
McDonalds 6.375% Bond 2020	1,075
Whitbread Hotel 9.875% Deb. Stock 2015	1,064
GlaxoSmithKline 5.25% Bond 2033	1,040

The above summary reflects the 20 largest aggregate purchases and sales or those purchases and sales greater than 2% of the Net Asset Value of the Fund at the start of the period where they number greater than 20.

COIF Charities Fixed Interest Fund

Balance Sheet

at 31 December 2006

	Notes	31.12.2006		31.12.2005	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments			160,01		166,209
Debtors	7	2,706		2,987	
Cash and bank balances	8	<u>3,199</u>		<u>3,081</u>	
Total other assets			<u>5,905</u>		<u>6,068</u>
Total assets			165,920		172,277
LIABILITIES					
Creditors	9	26		24	
Distribution payable to income units		<u>2,004</u>		<u>2,039</u>	
Total liabilities			2,030		2,063
Net assets attributable to unitholders			<u><u>163,890</u></u>		<u><u>170,214</u></u>
Approved on behalf of the Board 28 February 2007		B.H.B. Wrey, <i>Chairman</i> P.E.B. Cawdron, <i>Board Member</i>			

The notes on pages 40 to 44 form part of these accounts.

COIF Charities Fixed Interest Fund

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 and the Statement of Recommended Practice (Accounting & 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.

During the year the Fund has adopted the presentation requirements of Financial Reporting Standard 25 (FRS 25). FRS 25 requires that the assets attributable to investors are treated as a liability of the Fund and distributions are treated as finance costs. The effects of these changes are that shareholders' funds are now described as net assets attributable to shareholders.

The investments of the Fund have been valued at market value at close of business on the balance sheet date. Market value is defined by the new SORP as fair value which is the bid value of each security. The accounting policy has been changed from the previous period to comply with the requirements of the new SORP. As the restatement of the prior year comparatives is not required by the new SORP, the value of investments for the prior year is shown at mid market value in line with the previous accounting policy. If comparative information had been restated, the nature of the main adjustments required to the balance sheet at 31 December 2005 would be to reduce the value of investments by the spread between mid-market and bid-market values with an equal reduction in unrealised gains on investments.

(b) Income recognition

Interest on Government stocks, debentures, eurosterling bonds, other fixed interest stocks and bank and COIF Charities Deposit Fund balances is accrued on a daily basis.

(c) Management expenses

The Manager's periodic charge paid to CCLA Investment Management Limited is charged to the income of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.22% (2005, 0.22%) p.a. plus VAT, less a management fee rebate for the Fund's deposits in COIF Charities Deposit Fund. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. The Corporate Trustee fee, audit, legal, safe custody fees and transaction charges and insurance are charged separately to the income of the Fund before distribution.

(d) 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 10).

(e) 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, de-listed or suspended investments are stated at cost or valuation by CCLA Investment Management Limited 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.

2. Net (losses)/gains on investments

31.12.2006
£'000

31.12.2005
£'000

The net (losses)/gains on investments during the year comprise:

Non-derivative securities

(8,108)

2,591

Net (losses)/gains on investments

(8,108)

2,591

3. Income

31.12.2006
£'000

31.12.2005
£'000

Interest on debt securities

9,666

10,272

Interest on COIF Charities Deposit Fund

111

177

Bank interest

18

4

9,795

10,453

COIF Charities Fixed Interest Fund

Notes to the Accounts

4. Expenses	31.12.2006	31.12.2005
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see Note 1(c)	430	437
Manager's periodic charge rebate– see Note 1(c)*	(8)	(10)
	<u>422</u>	<u>427</u>
Payable to the Corporate Trustee, associates of the Corporate Trustee and agents of either of them:		
Corporate Trustee fee	18	20
Safe custody fees and transaction charges	21	21
	<u>39</u>	<u>41</u>
Other expenses:		
Insurance	4	5
Audit fee	7	7
	<u>11</u>	<u>12</u>
	<u>472</u>	<u>480</u>

* This amount represents the rebate of management fees credited to the Fund's income for its deposits in the COIF Charities Deposit Fund where the management fees are charged to income.

The above expenses include VAT where applicable.

5. 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.

6. Finance costs

Distributions

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

	31.12.2006	31.12.2005
	£'000	£'000
31 March – Interim distribution	2,295	2,333
30 June – Interim distribution	2,258	2,340
30 September – Interim distribution	2,311	2,310
31 December – Final distribution	2,308	2,298
	9,172	9,281
Add: Income deducted on cancellation of units	73	114
Deduct: Income received on creation of units	(76)	(80)
Net distribution for the year	<u>9,169</u>	<u>9,315</u>
Net income for the year	9,323	9,973
Transfer to income reserve – see Note 10	(154)	(658)
Net distribution for the year	<u>9,169</u>	<u>9,315</u>

Details of the distribution per unit are set out in the distribution table on page 35.

COIF Charities Fixed Interest Fund

Notes to the Accounts

7. Debtors	31.12.2006	31.12.2005
	£'000	£'000
Accrued income	2,706	2,920
Prepayments	-	3
Amounts receivable on creation of units	-	64
	<u>2,706</u>	<u>2,987</u>
8. Cash and bank balances	31.12.2006	31.12.2005
	£'000	£'000
Cash in COIF Charities Deposit Fund	2,579	3,018
Cash at bank	620	63
	<u>3,199</u>	<u>3,081</u>
9. Creditors	31.12.2006	31.12.2005
	£'000	£'000
Accrued expenses	26	13
Amounts payable for cancellation of units	-	11
	<u>26</u>	<u>24</u>

10. 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.

	31.12.2006	31.12.2005
	£'000	£'000
Income reserve at start of the year	881	223
Transfer to income reserve	154	658
Income reserve at end of the year	<u>1,035</u>	<u>881</u>

11. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see Note 1(e)). 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 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 throughout the year and the comparative year.

Market price risk

This Fund is actively-managed and invests in Sterling fixed interest securities. 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.

Currency risk

There is no exposure to foreign currency fluctuations as all investments, income and short-term debtors and creditors are denominated in Sterling.

COIF Charities Fixed Interest Fund

Notes to the Accounts

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. The corporate bond holdings in the Fund are also exposed to the risk of issuer default.

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of Sterling fixed interest securities and Sterling cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of units that unitholders may wish to make.

Interest rate risk

The Fund invests in fixed interest securities. The income may be affected by changes in interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns following 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.

The interest rate profile of the Fund's financial assets and liabilities at 31 December 2006 was as set out below:

<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	3,199	160,015	2,706	165,920

<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	-	-	2,030	2,030

31 December 2005

<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	3,081	166,209	2,987	172,277

<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	-	-	2,063	2,063

* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or base rate. The fixed rate element of the portfolio is further analysed in the following table.

COIF Charities Fixed Interest Fund

Notes to the Accounts

31 December 2006

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which the rate is fixed years</i>
Sterling	158,959	4.84	13.7
Sterling - undated	1,056	5.52	-

31 December 2005

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which the rate is fixed years</i>
Sterling	165,137	4.29	11.2
Sterling - undated	1,073	5.61	-

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

12. Board remuneration

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

13. Related party transactions

The Manager's periodic charge is paid to CCLA Investment Management Limited and the Corporate Trustee fee is payable to HSBC Bank plc, both related parties to the Fund. The amounts paid in respect of the Manager's periodic charge and the Corporate Trustee fee, safe custody fee and transaction charges are disclosed in Note 4. A rebate of management fees is credited to the Fund's income for its deposits in the COIF Charities Deposit Fund where the management fees are charged to income. At 31 December 2006, the balances due to CCLA Investment Management Limited and HSBC Bank plc were as set out below:

	31.12.2006	31.12.2005
	£'000	£'000
CCLA Investment Management Limited	-	-
HSBC Bank plc Corporate Trustee fee	6	5
HSBC Bank plc safe custody fees and transaction charges	2	2

There were no other transactions entered into with CCLA Investment Management Limited or HSBC Bank plc during the year.

17. Portfolio transaction costs

	31.12.2006	31.12.2005
	£'000	£'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	130,838	54,592
Commission	1	-
Gross purchases total	<u>130,839</u>	<u>54,592</u>
Analysis of total sale costs:		
Gross sales in period before transaction costs	128,933	55,492
Commissions	4	-
Total sales net of transaction costs	<u>128,937</u>	<u>55,492</u>

COIF Charities Fixed Interest Fund

Statistical Summary

INCOME UNITS

Valuation Date	Units in Issue '000	Net Asset Value Pence per Unit	Bid Price Pence per Unit	Offer Price Pence per Unit	Annual Dividend Pence per Unit	Total Capital & Income Return %
31 December						
1997	69,683	133.23	132.96	133.50	11.60	+ 14.7
1998	88,108	144.59	144.30	144.88	10.40	+ 16.9
1999	102,408	131.92	131.66	132.18	10.40	- 1.5
2000	104,730	135.14	134.87	135.41	8.80	+ 9.4
2001	111,177	133.44	133.17	133.71	8.80	+ 5.4
2002	122,546	136.72	136.45	136.99	8.80	+ 9.3
2003	124,542	131.93	131.67	132.19	8.80	+ 3.0
2004	115,437	131.36	131.10	131.62	8.80	+ 6.5
2005	113,299	133.98	133.71	134.25	7.20	+ 7.7
2006	111,343	127.75	127.49	128.01	7.20	+ 0.8
10 year cumulative						+ 97.9

ACCUMULATION UNITS

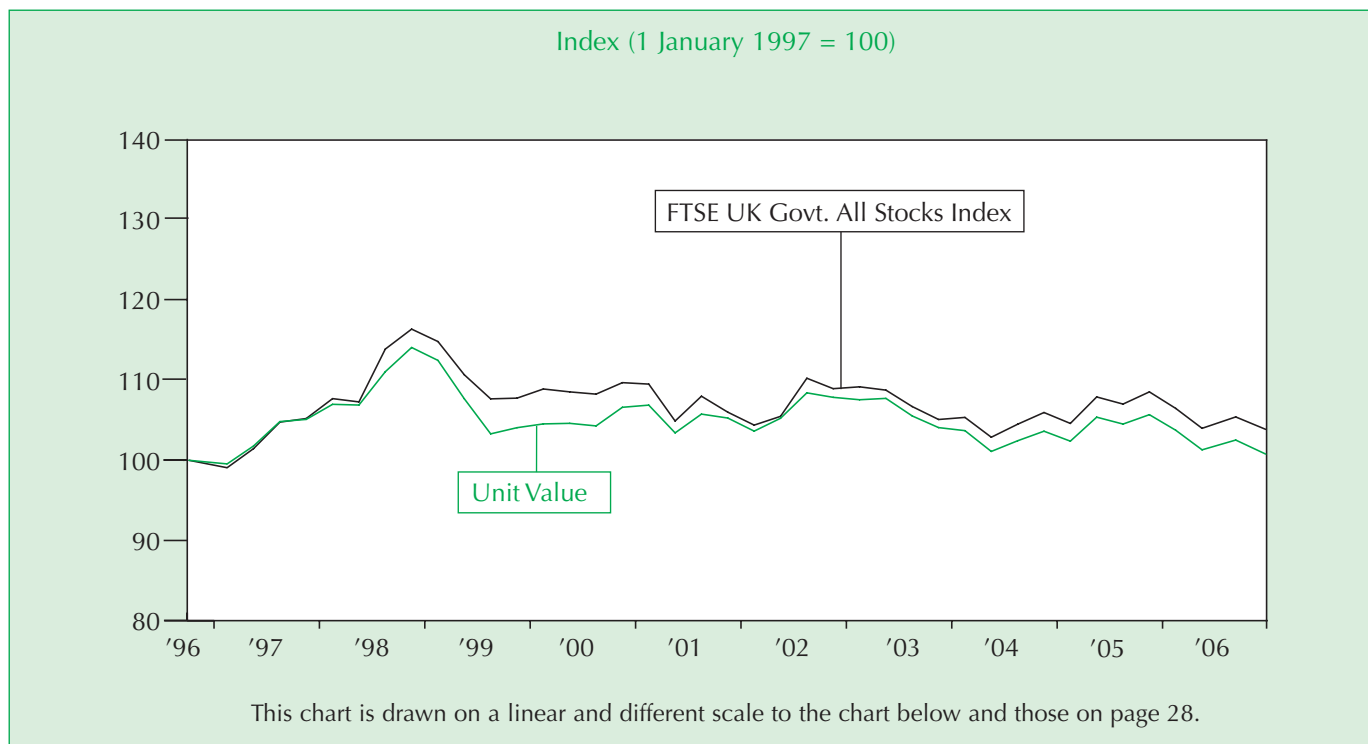
Valuation Date	Units in Issue '000	Net Asset Value Pence per Unit	Bid Price Pence per Unit	Offer Price Pence per Unit	Total Capital & Income Return %
31 December					
1997	2,199	270.44	269.90	270.98	+ 14.5
1998	3,356	316.02	315.39	316.65	+ 16.9
1999	3,461	311.08	310.46	311.70	- 1.6
2000	3,358	340.17	339.49	340.85	+ 9.4
2001	3,087	358.46	357.74	359.18	+ 5.4
2002	3,747	391.74	390.96	392.52	+ 9.3
2003	4,128	403.24	402.43	404.05	+ 2.9
2004	4,150	429.27	428.41	430.13	+ 6.5
2005	3,986	462.05	461.13	462.97	+ 7.6
2006	4,646	465.51	464.58	466.44	+ 0.7
10 year cumulative					+ 97.1

The Total Capital and Income Return for the Income Units is based on the percentage change in quarterly Net Asset Values plus dividends declared and for the Accumulation Units on the percentage change in monthly Net Asset Values including reinvested income.

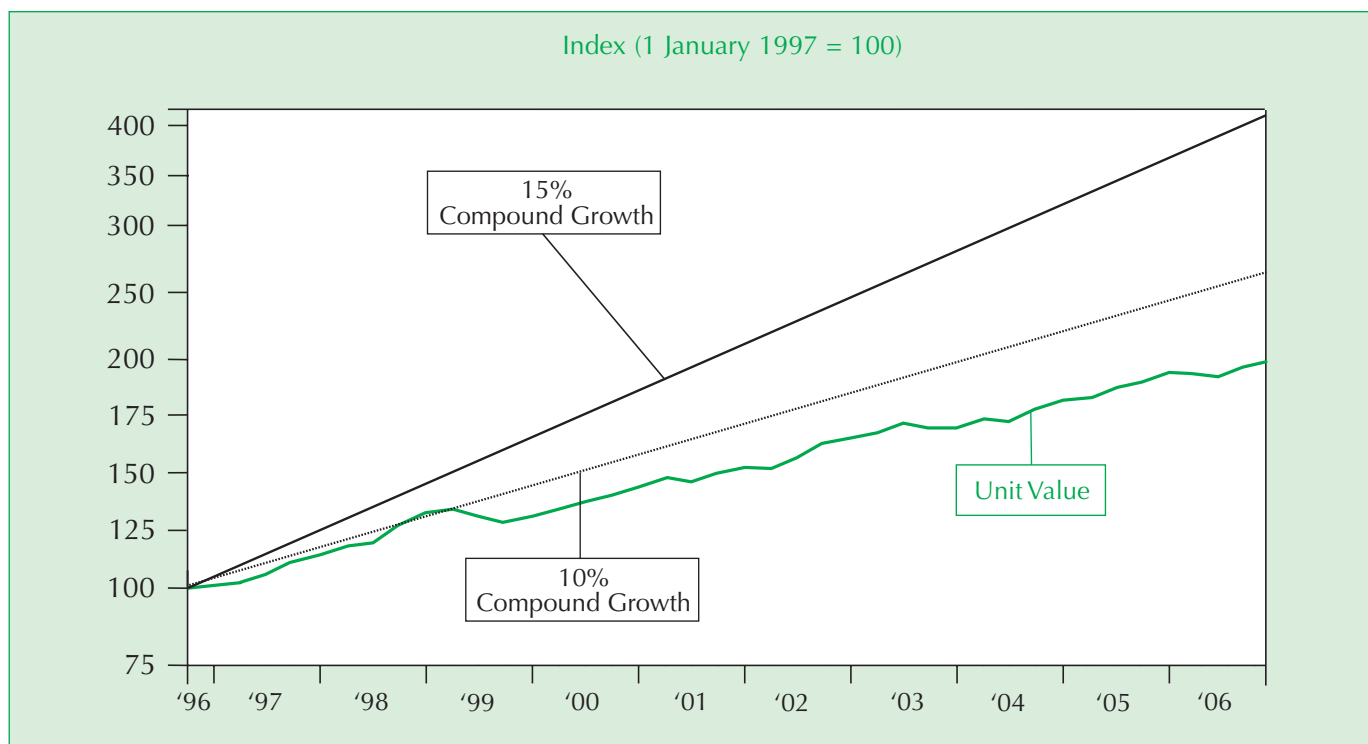
The Net Asset Values are based on mid-market prices of investments at close of business on the valuation date.

The weekly prices of Income and Accumulation Units are published in the Unit Trust Sections of *The Times*, *The Daily Telegraph* and *Financial Times*.

COIF Charities Fixed Interest Fund Income Unit Values – 1997-2006



Accumulation Unit Values – 1997-2006



COIF Charities Investment Fund COIF Charities Fixed Interest Fund

Statement of Board, Corporate Trustee and Manager Responsibilities

Responsibilities of the Board

The Board is required by the Schemes of the Charity Commissioners made under the Charities Act 1993, dated 29 November 2000, for each of the Funds to:

- prepare an annual report and to inform the Charity Commissioners if it is not satisfied with the Corporate Trustee's or the Manager's compliance with the Schemes or the Scheme Particulars;
- meet regularly to receive reports and monitor the progress of the Funds;
- obtain Charity Commission orders for the discharge and appointment of the Corporate Trustee and Manager of the Funds;
- appoint the Auditors of the Funds and to agree their terms of engagement;
- determine the rate of remuneration of the Corporate Trustee and Manager in accordance with the Schemes.

Responsibilities of the Corporate Trustee

The Corporate Trustee is required by the Schemes to:

- ensure that the Funds are managed by the Manager in accordance with the Schemes and Scheme Particulars and that proper accounting records have been maintained;
- safeguard the assets of the Funds and hence take reasonable steps for the prevention and detection of fraud and other irregularities;
- appoint and supervise the Registrar of the Funds;
- be responsible for any winding-up of the Funds in accordance with the Schemes.

Responsibilities of the Manager

The Manager of the respective Funds is required by the Schemes to prepare accounts for each of the Funds 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 Funds and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by 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 judgements and estimates that are reasonable and prudent;
- prepare the accounts on the basis that the Funds will continue in operation unless it is inappropriate to presume this.

The Manager is required to manage and administer the Funds in accordance with the Schemes, maintain accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities.

The Corporate Trustee has appointed the Manager to act as Registrar to the Funds.



CCLA INVESTMENT MANAGEMENT LIMITED

COIF Charities Investment Fund

(Charity Registration No. 218873)

COIF Charities Fixed Interest Fund

(Charity Registration No. 803610)

Board

B.H.B. Wrey, Chairman of the Board, *Former Chairman, Henderson Global Investors*

P.E.B. Cawdron, *Company Director*

R. Fitzalan Howard, *Chief Executive, FF&P Asset Management Limited*

D. Henderson, *Company Director, (from 27.7.2006)*

A. Huntley, *Chartered Surveyor*

Mrs. F. Quint, *Barrister*

N.S. Wilson, *Solicitor, Former Partner, Slaughter and May*

Secretary

Mrs. J. Glass (up to 24.8.2006)

Mrs. J.E. Fox (from 24.8.2006)

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

80 Cheapside, London EC2V 6DZ

T: 020 7489 6000

Client Service: Freephone: 0808 220 2252

T: 020 7489 6010

F: 020 7489 6126

www.ccla.co.uk

Directors Responsible for the COIF Charities Investment Fund and COIF Charities Fixed Interest Fund

A.G. Gibbs (Chief Executive up to 8.3.2006)

M.F. Quicke (Chief Executive from 8.3.2006)

T.H. Lavis (Corporate Relationship up to 14.7.2006)

A. Robinson (Director of Market Development from 6.11.2006)

J. Bevan (Chief Investment Officer from 6.11.2006)

C.J. Peters (Investment)

D.A.W. Butler (Chief Operating Officer)

C.G. Finch (up to 2.2.2007)

N.I. Debenham (from 2.2.2007)

S.P. Freeman

Mrs. M.J. Gow (up to 14.7.2006)

T.J. Sambrook

M.J. Goddings

Mrs. J. Glass (up to 24.8.2006)

Mrs. J.E. Fox (from 24.8.2006)

Mrs. J. Glass (up to 24.8.2006)

J. Hough (from 24.8.2006 to 16.10.2006)

T. Kemp (from 16.10.2006)

Mrs. A.V. Young

HSBC Bank plc

8 Canada Square, London E14 5HQ

The Royal Bank of Scotland plc

62/63 Threadneedle Street, London EC2R 8LA

Eversheds LLP

Senator House, 85 Queen Victoria Street, London EC4V 4JL

PricewaterhouseCoopers LLP

Southwark Towers, 32 London Bridge Street,

London SE1 9SY

Fund Managers

Client Relationship Manager

Company Secretary

Head of Compliance

Socially Responsible Investment (SRI) Unit

Corporate Trustee and Custodian

Bankers

Solicitors

Auditors

COIF Charities Deposit Fund

Report of the Trustees

for the year ended 31 December 2006

We have pleasure in presenting our annual report on COIF Charities Deposit Fund.

Responsibilities of the Trustees

We have met quarterly during the year to carry out our responsibility for the approval of strategy, to monitor investment diversification, suitability and risk, and to review the performance of the Fund. In addition we have monitored the administration and expenses of the Fund and are also responsible for the appointment of the Fund's Investment Manager and Administrator, and the Auditors.

Review of investment activities and policies of the Fund

During the year we met quarterly with the Investment Manager to review the investments, transactions and policies of the Fund. The Investment Manager's report on the Fund, which appears later, provides further details. In addition to receiving regular reports on the management of the Fund, the Trustees also met as an audit committee to approve the annual accounts.

Delegation of functions

Following our regular meetings and consideration of the reports and papers we have received, we are satisfied that CCLA Investment Management Limited, to whom we have delegated the administration and management of the Fund, has complied in all material respects with the terms of the Scheme and with the relevant management agreement.

Controls and Risk Management

The Trustees receive and consider regular reports from the Manager and ad hoc reports and information are supplied to the Trustees as required. The Manager has established 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.

The Trustees receive an annual report on the controls of the Manager (FRAG 21). The last report covered the year ended 31 December 2005 and included a report by the Manager's reporting accountants, PricewaterhouseCoopersLLP.

During the year, the Trustees, assisted by the Manager, reviewed the Fund's system of internal control. At each quarterly meeting the Trustees receive from the Manager, and review, 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 exposure and residual exposure after application of mitigating controls.

New Director

The COIF Charities Deposit Fund is pleased to announce that David Henderson has joined the Trustees from 27 August 2006.

Auditors

Following a review of the audit arrangements for COIF Charities Deposit Fund and after completion of the current year's audit the Trustee will be asking Ernst & Young LLP to become Auditors to the Funds. We would like to thank our current Auditors, PricewaterhouseCoopers LLP, for all of their hard work over many years.



B.H.B. Wrey
Chairman of the Trustees

28 February 2007

COIF Charities Deposit Fund

Report of the Investment Manager

for the year ended 31 December 2006

- **A money fund for short-term cash**
- **Competitive rates of interest (even on small balances)**
- **Rated Aaa by Moody's Investors Service**
- **Withdrawal on demand with no loss of interest**

Monetary policy tightened as inflation pressures rise

The money market had become attuned to a period of stable interest rates, at a time when the oil price was reaching new highs. While the manufacturing sector has experienced noticeable increases to input prices there was an inability or reluctance to pass these costs on to consumers.

However, the energy suppliers made fuel price hikes during the summer which the Bank of England's Monetary Policy Committee believed posed a significant risk to the inflation outlook. After 11 consecutive months of unchanged base rates the Monetary Policy Committee raised the official bank rate by 0.25% at its August meeting, to restrain inflationary pressure ahead of the 2007 wage round.

In November the Monetary Policy Committee increased the official bank rate by a further 0.25% to 5%. The Committee highlighted a number of key risks to its Central View, including rapid growth in money and credit, and pressure from rising wages, energy prices and import prices. But the committee's Central View remained that consumer price inflation (CPI) will rise further above target in the near term, before falling towards the 2% target over the two-year horizon, pointing to the risks to economic growth and inflation as being evenly balanced.

A strong rise in client deposits

The COIF Charities Deposit Fund has continued to attract new clients and additional deposits. Over the year total deposits (excluding those of the COIF Charities Investment, Fixed Interest and Property Funds) increased by £70 million to £1.108 billion at 31 December 2006.

A highly competitive deposit rate which averaged 4.47%

The Deposit Fund rate averaged 4.47% over the year, equivalent to an Annual Equivalent Rate (A.E.R.) of 4.55%. The Deposit Fund rate at 31 December 2006 was 4.91% (5.00% A.E.R.).

Fund outperforms its benchmark

Over the twelve months to 31 December 2006 the Fund achieved a total return before management expenses of 4.82%. This was nine basis points higher than the Fund's benchmark, the London Inter-Bank 7-Day Bid rate, which averaged 4.73%.

A high quality Deposit Fund rated Aaa by Moody's Investors Service

The Fund is rated Aaa (Triple A) by Moody's Investors Service. This is the highest money market fund rating that can be awarded and reflects the high quality of the Fund's Approved Lending List, the employment of an appropriate investment policy, a low overall level of risk through diversification and the quality of management and internal controls. This excellent credit rating confirms to depositors the high credit quality of this Fund.

A further rate increase may be required

The Bank of England's November Inflation Report implied that further modest monetary tightening would be necessary to hit its 2% CPI inflation target.

However, recent weakness in the US Dollar has caused sterling, on a trade weighted index, to reach a six-year high, which will have the effect of tightening UK domestic monetary conditions. In the light of strong pre-Christmas retail sales and house price inflation approaching double digits the Monetary Policy Committee raised its bank rate to 5.25% at its January meeting. We now expect one further rate rise during the first half of 2007 which may then mark the peak of the current interest rate cycle.



Stuart Freeman
Fund Manager
CCLA Investment Management Limited

28 February 2007

COIF Charities Deposit Fund

Report of the Independent Auditors

to the Trustees of COIF Charities Deposit Fund

We have audited the accounts of COIF Charities Deposit Fund for the year ended 31 December 2006 which comprise the statement of total return, the balance sheet, the interest paid table and the related notes. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of the Trustees, Manager and Auditors

The Manager's responsibilities for preparing the annual report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Manager's responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion has been prepared for and only for the depositors of the Fund as a body in accordance with the Scheme of the Charity Commissioners under the Charities Act 1993, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with 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 accounts, if the Manager has not kept proper accounting records for the Fund, if the accounts 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 accounts. 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 accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts:

- give a true and fair view, in accordance with United Kingdom Accounting Standards of the financial position of the Fund at 31 December 2006 and of the net income of the property of the Fund for the year then ended; and
- have been properly prepared in accordance with UK generally accepted accounting principles, Regulation 4 of the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993, dated 27 June 1995.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28 February 2007

Footnotes to the Report of the Independent Auditors

The accounts are published on the www.ccla.co.uk website, which is a website maintained by CCLA. The maintenance and integrity of the website maintained by CCLA is, so far as it relates to the Fund, the responsibility of CCLA. The work we carry out as auditors does not involve consideration of the maintenance and integrity of this website

and accordingly we accept no responsibility for any changes that may occur to the accounts following their presentation on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

COIF Charities Deposit Fund
Rates of Interest Paid
for the year ended 31 December 2006

<i>Month</i>	<i>Actual % p.a.</i>	<i>A.E.R.* %</i>
January	4.30	4.37
February	4.30	4.37
March	4.30	4.37
April	4.30	4.37
May	4.31	4.38
June	4.38	4.45
July	4.43	4.50
August	4.46	4.54
September	4.56	4.64
October	4.64	4.73
November	4.76	4.85
December	4.89	4.98

<i>Years to 31 December</i>	<i>Actual % p.a.</i>	<i>Gross A.E.R.* %</i>
2002	3.68	3.73
2003	3.41	3.45
2004	4.18	4.24
2005	4.46	4.54
2006	4.47	4.55

* A.E.R. = Annual Equivalent Rate

COIF Charities Deposit Fund
Statement of Total Return
for the year ended 31 December 2006

	<i>Note</i>	31.12.2006 £'000	31.12.2005 £'000
Income		52,242	49,773
Expenses	2	<u>(2,658)</u>	<u>(2,540)</u>
Net income and total return		49,584	47,233
Finance costs: Distributions		<u>(49,447)</u>	<u>(47,022)</u>
Net increase in income reserve		<u><u>137</u></u>	<u><u>211</u></u>

The notes on pages 55 to 57 form part of these accounts.

Interest Paid Table
for the year ended 31 December 2006

<i>Period ended</i>	<i>Date of Payment</i>	Total £'000	<i>Average Rates of Interest Paid</i>	
			2006 %	2005 %
31 March 2006	7 April 2006	11,496	4.30	4.56
30 June 2006	7 July 2006	11,809	4.33	4.60
30 September 2006	5 October 2006	12,499	4.48	4.30
31 December 2006	6 January 2007	<u>13,643</u>	<u>4.76</u>	<u>4.30</u>
		<u><u>49,447</u></u>	<u><u>4.47</u></u>	<u><u>4.46</u></u>

COIF Charities Deposit Fund

Balance Sheet

at 31 December 2006

	Notes	31.12.2006 £'000	31.12.2005 £'000
Cash at bank		2,394	1,688
Debtors	4	6,132	4,166
Deposits		1,150,058	1,067,740
TOTAL ASSETS		1,158,584	1,073,594
Current deposits	5	1,140,798	1,057,981
Creditors	6	13,707	11,671
Income reserve	7	4,079	3,942
TOTAL LIABILITIES		1,158,584	1,073,594
Approved on behalf of the Trustees 28 February 2007		B.H.B. Wrey, <i>Chairman</i> P.E.B. Cawdron, <i>Trustee</i>	

The notes on pages 55 to 57 form part of these accounts.

Summary of Deposits Placed by Maturity

at 31 December 2006

Repayable	31.12.2006		31.12.2005	
	£'000	%	£'000	%
On call	56,058	4.87	207,740	19.46
Within 5 business days	239,000	20.78	155,000	14.52
Within 30 days	421,000	36.61	354,000	33.15
Between 31 and 60 days	244,000	21.22	240,000	22.48
Between 61 and 91 days	180,000	15.65	111,000	10.39
Between 92 and 182 days	10,000	0.87	-	-
Between 183 days and one year	-	-	-	-
Total deposits	<u>1,150,058</u>	<u>100.00</u>	<u>1,067,740</u>	<u>100.00</u>

COIF Charities Deposit Fund

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis and in accordance with the Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commission in March 2005.

(b) Income recognition

Interest on bank and building society deposits is accrued on a daily basis.

(c) Management expenses

The Manager's periodic charge paid to CCLA Investment Management Limited is charged to the income of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.20% p.a. plus VAT (2005, 0.20%). Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. Audit, legal, insurance and bank charges are charged separately to the income of the Fund before distribution.

(d) Distributions

Interest is paid quarterly. The Fund utilises an income reserve to facilitate the payment of interest to depositors (see Note 7).

(e) Basis of valuation

The Money Market Deposits have been valued at cost.

2. Expenses

31.12.2006 31.12.2005
£'000 £'000

Payable to the Manager, associates of the Manager and agents of either of them:

Manager's periodic charge – see Note 1(c)	<u>2,606</u>	<u>2,491</u>
	<u>2,606</u>	<u>2,491</u>

Payable to the Trustees, associates of the Trustees and agents of either of them:

Other expenses:

Insurance	24	29
Audit fee	8	8
Bank charges	11	10
RBS monitoring fee	7	2
Sundry expenses	<u>2</u>	<u>-</u>
	<u>52</u>	<u>49</u>

Total expenses	<u><u>2,658</u></u>	<u><u>2,540</u></u>
----------------	---------------------	---------------------

The above expenses include VAT where applicable.

3. 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 depositors.

COIF Charities Deposit Fund

Notes to the Accounts

4. Debtors	31.12.2006	31.12.2005
	£'000	£'000
Interest receivable	6,132	4,145
Prepayments	-	21
	<u>6,132</u>	<u>4,166</u>

5. Current deposits	31.12.2006	31.12.2005
	£'000	£'000
Charities and Trusts	1,107,947	1,038,337
COIF Charities Investment Fund	25,111	12,140
COIF Charities Fixed Interest Fund	2,579	3,018
COIF Charities Property Fund	5,161	4,486
	<u>1,140,798</u>	<u>1,057,981</u>

Deposits are repayable to clients on demand.

6. Creditors	31.12.2006	31.12.2005
	£'000	£'000
Interest payable	13,254	11,245
Accrued expenses	12	8
Amounts payable on withdrawals from Fund	441	418
	<u>13,707</u>	<u>11,671</u>

7. Income reserve

The Fund utilises a reserve, which is accumulated out of income and held by the COIF Trustees on trust for depositors for the time being. The principal purpose of the reserve is to facilitate the payment of interest to depositors at each quarter-end, as a proportion of the income earned by the Fund over the quarter will not be received until the maturity date of individual deposits. It is also held as a provision against potential default of counterparties and is available to augment the Fund's deposit rate.

	31.12.2006	31.12.2005
	£'000	£'000
Income reserve at start of the year	3,942	3,731
Transfer to income reserve	137	211
Income reserve at end of the year	<u>4,079</u>	<u>3,942</u>

8. Financial instruments

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 throughout the year and the comparative year.

Interest rate risk

The Fund invests in fixed rate and floating rate deposits with an approved list of institutions maintained by the Manager. Changes in the interest rates may result in income either increasing or decreasing.

COIF Charities Deposit Fund

Notes to the Accounts

The interest rate profile of the Fund's financial assets and liabilities at 31 December 2006 was as set out below:

<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	58,452	1,094,000	6,132	1,158,584

<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	1,144,877	-	13,707	1,158,584

31 December 2005

<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	209,428	860,000	4,166	1,073,594

<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	1,061,923	-	11,671	1,073,594

*The floating rate financial assets and liabilities earn and pay interest at rates based on either LIBOR or base rate.

9. Trustees' remuneration

The Trustees receive no remuneration from COIF Charity Funds. Mr R. Fitzalan Howard is a Director of CCLA Investment Management Limited and receives remuneration from CCLA Investment Management Limited, which is disclosed in that Company's accounts.

10. Related party transactions

The Manager's periodic charge is paid to CCLA Investment Management Limited, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in Note 2. There were no outstanding balances due to CCLA Investment Management Limited at 31 December 2006 (31.12.2005, £nil). There were no other transactions entered into with CCLA Investment Management Limited during the year.

COIF Charities Deposit Fund

Statement of Trustees and Manager Responsibilities

The Trustees of the COIF Charities Deposit Fund are required by the Scheme of the Charity Commissioners made under the Charities Act 1993, dated 27 June 1995, to prepare accounts in accordance with any rules, regulations or standards of practice issued by the Secretary of State or the Charity Commissioners affecting the keeping of accounts of common deposit funds.

The Trustees are required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable them to demonstrate that the accounts, as prepared, comply with the above requirements;

- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustees have delegated to the Manager the day-to-day management, accounting and administration of the Fund as permitted by the Scheme.

The Manager is required to manage the Fund in accordance with the Scheme and take reasonable steps for the prevention and detection of fraud and other irregularities.



CCLA INVESTMENT MANAGEMENT LIMITED

COIF Charities Deposit Fund

(Charity Registration No. 1046249)

Trustees

B.H.B. Wrey, Chairman of the Trustees, *Former Chairman, Henderson Global Investors*
P.E.B. Cawdron, *Company Director*
R. Fitzalan Howard, *Chief Executive, FF&P Asset Management Limited (from 1.2.2005)*
D. Henderson, *Company Director, (from 27.7.2006)*
A. Huntley, *Chartered Surveyor*
Mrs. F. Quint, *Barrister*
N.S. Wilson, *Solicitor, former Partner, Slaughter and May*

Secretary

Mrs. J. Glass (up to 24.8.2006)
Mrs. J. Fox (from 24.8.2006)

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

80 Cheapside, London EC2V 6DZ

T: 020 7489 6000

Freephone: T: 080 8220 2252

Client Service: T: 020 7489 6010

F: 020 7489 6126

www.ccla.co.uk

Directors Responsible for the COIF Charities Deposit Fund

A.G. Gibbs (Chief Executive up to 8.3.2006)
M.F. Quicke (Chief Executive from 8.3.2006)
T. Lavis (Corporate Relationship up to 14.7.2006)
A. Robinson (Director of Market Development from 6.11.2006)
J. Bevan (Chief Investment Officer from 6.11.2006)
C.J. Peters (Investment)
D.A.W. Butler (Chief Operating Officer)

Fund Manager

S.P. Freeman

Client Relationship Manager

M.J. Goddings

Company Secretary

Mrs. J. Glass (up to 24.8.2006)

Mrs. J. Fox (from 24.8.2006)

Head of Compliance

Mrs. J. Glass (up to 24.8.2006)

J. Hough (from 24.8.2006 to 16.10.2006)

T. Kemp (from 16.10.2006)

Bankers & Monitoring Service

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

Solicitors

Eversheds LLP
Senator House, 85 Queen Victoria Street, London EC4V 4JL

Auditors

PricewaterhouseCoopers LLP
Southwark Towers, 32 London Bridge Street,
London SE1 9SY



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**

Mainly invested in equities in the United Kingdom and overseas. Intended for a charity's long-term capital. Income and Accumulations Units available. Weekly dealing dates.

- **COIF CHARITIES FIXED INTEREST FUND**

Invested in fixed interest stocks to provide a good income yield and supplement where necessary the lower income yield on COIF Charities Investment Fund. Intended for long-term investment but offers no protection against inflation. Income and accumulation units available. Weekly dealing dates.

- **COIF CHARITIES DEPOSIT FUND**

Designed for a charity's cash balances. Competitive rate of interest even on small sums. Daily deposit and withdrawal facilities.

- **COIF CHARITIES PROPERTY FUND**

Invested in commercial and industrial property. Intended for part of a charity's long-term capital to provide a good initial income yield and the prospect of some income and capital growth. Income and accumulation units available. Monthly dealing dates.

ADDITIONAL INFORMATION

Each unitholder (Depositor for the COIF Charities Deposit Fund) will receive annual Reports and Accounts within three months of the end of the relevant period and half-yearly Reports and Accounts within two months of the end of the relevant period. Under the FSA Conduct of Business Rules, a unitholder in the COIF Charities Property, Investment and Fixed Interest Funds is entitled to request an unaudited periodic report to be provided within 25 days after the end of the period to which it relates.

RISK WARNING

The value of COIF Charities Property, Investment and Fixed Interest Funds 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 Property Fund's unit value will reflect fluctuations in property and share values. The Investment Fund's unit value will reflect fluctuations in share prices and currency exchange rates. The Fixed Interest Fund's income yield is an indication of the expected level of income. The corresponding gross redemption yield is an estimate of total return over the long term. The Fixed Interest Fund's income and gross redemption yields are not guaranteed and will change over time, due to changes in interest rates and the average maturity date of the securities held by the Fund. When the Fixed Interest Fund's income yield is higher than the gross redemption yield, income is being paid at the expense of capital.

The Property Fund's units are intended only for long-term investment and not suitable for money liable to be needed in the near future. They are realisable only on each monthly dealing date and a period of notice not exceeding six months may be imposed for redemption of the units. The Investment Fund and Fixed Interest Fund's units are intended only for long-term investment and are not suitable for money liable to be needed in the near future. They are realisable only on each weekly dealing date.

The Trustees of COIF Charities Deposit Fund cannot give guarantees regarding repayment of deposits in the Deposit Fund but undertake to exercise reasonable care in placing of deposits. The daily deposit rate will fluctuate. Past performance is no guarantee of future returns.

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