

COIF Charities Investment Fund

Annual Report and Accounts
Year to 31 December 2007

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Details of Board and Manager

(inside back cover)

Description of COIF Charity Funds

(outside back cover)

Disability Discrimination Act 1995

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

COIF Charities Investment Fund

Report of the Board

for the year ended 31 December 2007

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

Structure and management of the Fund

The Fund was set up in 1962 as a Common Investment Fund under the Charities Act 1960. The Scheme dated 29 November 2000 was adopted with effect from 1 January 2001, which replaced the previous Charity Commission Scheme dated 28 June 1995. The Scheme was made under section 24 of the Charities Act 1993.

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

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

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

The Board is responsible for setting and subsequently advising on the investment policy of the Fund, monitoring performance, obtaining Charity Commission orders for the appointment and discharge of the Manager and Corporate Trustee (the Trustee), appointing the Auditor to the Fund and agreeing the fees charged by the Trustee, the Manager and the Auditor.

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

Objective and benchmark of the Fund

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

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

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

Investment Policy

The Manager may, within the Regulations and the Investment and Borrowing powers set out below, invest the property of the Fund.

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

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

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

COIF Charities Investment Fund

Report of the Board

for the year ended 31 December 2007

Up to 35% of the Fund may be invested in British government and other public securities issued by any one issuer. Not more than 35% in value of the property of the Fund may be invested in units in common investment funds, common deposit funds, authorised collective investment schemes and unregistered collective investment schemes subject to the conditions of the Scheme governing the Fund being met.

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

Review of investment activities and policies of the Fund

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

The Board reviewed the progress of the Manager and approved the valuation of the investments in the company, which are shown on page 11 in the Portfolio Statement for the Fund.

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

Responsible investment

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

In addition, the Board has adopted a responsible investment policy. First, the Board's policy, within its fiduciary duty, is for the 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 Fund, with the companies in which it invests on environmental, social and governance 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 2007, the Manager undertook 130 instances of engagement with 92 companies, including 64 meetings with companies. Areas of engagement included mining in sensitive areas, such as the Philippines, access to medicines, sustainable timber and logging, and human rights abuses in Sudan and Burma. Details of engagement can be found in the quarterly bulletin section of the CCLA website at www.ccla.co.uk.

Governance

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

During the year to 31 December 2007, the Manager voted at 126 UK company meetings comprising 1,388 resolutions. 93% of votes were cast in support of management, 3% against and the Manager abstained in 4% of cases. Details of voting actions and other information can be found on the socially responsible investment section of the COIF Charity Fund's part of the CCLA website at www.ccla.co.uk.

Controls and risk management

The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. The Manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

During the year, the Board, assisted by the Manager, reviewed the Fund's systems of internal control. At each quarterly meeting the Board receives from the Manager, and reviews, a formal risk management report setting

COIF Charities Investment Fund
Report of the Board
for the year ended 31 December 2007

out the main risks facing the Fund, the controls in place to mitigate the risks and the assessment of each risk in terms of both gross and residual exposure after application of mitigating controls.

Note to unitholders

With effect from 1 January 2007, the Fund is required to account for income from debt securities on an effective yield basis.

Effective yield is a method of recognising income from debt securities that takes account of any difference (i.e. premium or discount) between the amount paid for the security and the amount that will be received if the security is held until its redemption date. It has the effect of adjusting the income arising from a debt security to a level aligned with the yield over the lifetime of the security by transferring any premium or discount to or from capital. As such it does not affect total return.

Prior to this change debt security income was generally accounted for and distributed on a coupon basis. The new rules require the accounting treatment to change to the effective yield method; however, it is permissible in certain circumstances to continue to distribute income on a coupon basis.

The Board has determined that the objective of the Fund is best served by adopting a distribution policy that follows the coupon basis for recognising income and, therefore, the income available for distribution will not be affected by the change in accounting policy.

B Wrey
Chairman of the Board

26 February 2008

COIF Charities Investment Fund Report of the Investment Manager for the year ended 31 December 2007

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

Performance

Over the year under review the Fund returned +5.8% before management expenses, compared with return of 6.2% from the benchmark WM Co Charity Fund Universe. Dividends totalling 37.5p per Income Unit were declared for the year. The overall income payment for 2007 was 5.6% higher than for 2006.

The Fund slightly underperformed its benchmark. A strong performance in UK equities was offset primarily by the Fund's overweight exposure to property relative to the benchmark. The Fund's UK equities outperformed the FTSE All-Share Index by a good margin over the period despite volatile conditions in the second half of the year.

The property investments held by the Fund performed significantly better than the IPD property index over the quarter as a result of strong positions in areas that performed relatively well, such as Central London offices, and the focus on rental growth. The property sector overall however weakened sharply in the second half of the year, following a prolonged period of strong performance. We believe that the level of exposure to property within the Fund remains appropriate to meet long term objectives. We also expect that our strategy of focusing in quality properties with good rental streams will lead to relative out-performance of the asset class within the Fund as fundamentals reassert themselves.

Market review

With the benefit of hindsight, we can see that the early part of 2007 was characterised by optimism and speculative excess as investors sought to take advantage of low interest rates and readily available liquidity. Following a prolonged period of comparative stability, investors were increasingly tempted into making risky investments. The huge flows of money available to markets affected the broader economy, helping to fuel the rise in UK house prices and supporting the spending boom on the High Street.

The rally in markets came to an abrupt halt in the middle of the year as a result of a rapid rise in loan defaults on sub-prime mortgages in the United States (US). These provided a first indication of the extent of irresponsible lending and borrowing that had taken place. Investors in a range of high risk assets started to suffer significant losses, which were sufficient to undermine the confidence of lenders. This resulted in a general unwillingness amongst banks to lend to any but the safest of institutions, threatening to shut-off the daily money flows which the economy requires to function. Thankfully, central banks such as the Bank of England reacted quickly to shore up the global financial system, which hopefully will avert a serious crisis.

Despite these challenges, over 2007 as a whole, the Fund, which contains a diversified spread of equities, bonds and property, delivered a reasonable income yield, grew income by more than inflation and provided growth to protect against the adverse effect of inflation. The Fund delivered a 5.6% increase in income and underlying capital growth of 2.1%, against core Consumer Price Index Inflation of 1.4% at 31 December 2007.

COIF Charities Investment Fund Total Capital and Income Return

To 31 December 2007

	1 Yr	5 Yrs	10 Yrs
	% p.a.	% p.a.	% p.a.

Performance against benchmark
& market indices (before expenses)

COIF Charities Investment

Fund	+ 5.8	+ 13.3	+ 6.3
WM Co Charity Fund Service Universe	+ 6.2	+ 13.4	+ 6.5
FTSE All-Share Index adjusted	+ 4.3	+ 14.9	+ 5.8
FTSE All-Share Index	+ 5.3	+ 15.4	+ 6.2
FTSE World (ex UK) Index	+ 9.7	+ 13.5	+ 6.1
FTSE UK Govt All Stocks Index	+ 5.3	+ 4.5	+ 6.0
IPD Monthly Property Index	- 5.5	+ 11.9	+11.4

Source of data: WM Co & CCLA

Performance after expenses*

Income units	+ 5.4	+ 13.0	+ 6.9
Accumulation units	+ 5.3	+ 13.0	+ 6.1

* 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 2007

Strategy

Relative to the WM Universe, the Fund remained overweight in equities and property and underweight in bonds and cash over the period. We reduced the Fund's exposure to UK equities and added to the weighting in US equities, which now offer better value than in recent years following a prolonged period of relative underperformance. We also made purchases in a broad range of overseas markets towards the end of the year with a view to reducing reliance on UK equities.

During the year the Fund made an initial investment in an infrastructure fund. Infrastructure businesses and assets are defined as asset-intensive businesses, providing essential services over the long term, often on a regulated basis, or with a significant component of revenues and costs that are subject to long-term contracts.

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

Outlook

Looking forward, the economic outlook for the developed economies has certainly been clouded by recent events and we should expect growth rates to decline as a result. In contrast, emerging economies are likely to continue to experience solid growth. These economies are important because they now contribute about half of the activities in the world economy and about three quarters of the growth.

The consensus expectation of analysts is that despite the more difficult environment, companies will deliver decent profits growth in 2008. This and other factors support the view that equities are cheap and offer good value to investors. However, while we can calculate 'value' we have no control over prices, which, in an environment where economic risks are greater than normal and investor sentiment is fragile, are likely to be volatile. As a result, the immediate outlook for bonds, equities and most other asset classes is uncertain.

We believe that the best investment approach within equity markets is to focus on strong companies with good cash flows and solid asset backing, which can deliver increasing income over time. In bond markets, we believe that too little attention is being paid to the risk of higher inflation, which would be particularly negative for longer dated stocks. As a result we favour bonds with shorter dated maturities from high quality issuers. We expect that sentiment in the UK commercial property market will improve during 2008. We will continue to focus on growth areas of the market, paying particular attention to the level and quality of income flows.

M Humphreys
Fund Manager
CCLA Investment Management Limited

26 February 2008

Risk warning

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

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

This Fund may invest in emerging market countries which could be subject to political and economic change. The Fund

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

COIF Charities Investment Fund
Report of the Corporate Trustee
for the year ended 31 December 2007

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

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

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

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

26 February 2008

COIF Charities Investment Fund

Report of the Independent Auditor

to the unitholders of COIF Charities Investment Fund

We have audited the financial statements of COIF Charities Investment Fund for the year ended 31 December 2007 which comprise the statement of total return, the statement of change in unitholders' net assets, the portfolio statement, the balance sheet, the summary of material portfolio changes, the related notes and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Scheme of the Charity Commissioners under the Charities Act 1993. Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board, Manager and Auditor

The Manager is responsible for the preparation of the annual report and financial statements in accordance with Accounting Standards (United Kingdom generally accepted accounting practice) as set out in the Statement of the Board, Trustee and Manager responsibilities in relation to the financial statements. Our responsibility is to audit the financial statements in accordance with United Kingdom legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom generally accepted accounting practice, the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993. We also report to you if, in our opinion, the Report of the Investment Manager is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Fund, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the

audited financial statements. This other information comprises only the Report of the Investment Manager and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom generally accepted accounting practice of the financial position of the Fund at 31 December 2007, the net income and the net gains and losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom generally accepted accounting practice, Regulation 4 of the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993, dated 29 November 2000.

Ernst & Young LLP
Registered Auditors
London

26 February 2008

The maintenance and integrity of the CCLA Investment Management Limited web site is the responsibility of the directors; the work carried out by the auditors of the COIF Charities Investment Fund does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes

that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Net Asset Value, Unit Price Range, Net Distributions, Unit Prices and Total Expense Ratio

Net asset value

At 31 December	Net asset value £'000	Income units		Accumulation units	
		Net asset value pence per unit	Number of units in issue	Net asset value pence per unit	Number of units in issue
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
2007	1,095,313*	1,170.55	82,043,630	8,020.51	1,694,997

* 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
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
2007	1,223.93	1,109.56	8,288.54	7,469.09

Net distributions and re-investment

Year to 31 December	Annual distributions	
	Income units pence per unit	Accumulation units pence per unit
2003	32.50	187.18
2004	31.50	188.36
2005	33.50	209.05
2006	35.50	230.32
2007	37.50	267.03

COIF Charities Investment Fund

Net Asset Value, Unit Price Range, Net Distributions, Unit Prices and Total Expense Ratio

Unit prices at 31 December 2007

	<i>Bid price pence per unit</i>	<i>Offer price pence per unit</i>
Income units	1,164.11	1,176.99
Accumulation units	7,976.40	8,064.62

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

The offer and bid prices are calculated on the net asset value plus or minus a 0.75% surcharge or deduction.

Total expense ratio

	<i>31.12.2007</i>	<i>31.12.2006</i>
Total expense ratio	0.36%	0.38%

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
Statement of Total Return
for the year ended 31 December 2007

	Notes	31.12.2007		31.12.2006	
		£'000	£'000	£'000	£'000
Net gains on investments during the year	2		27,442		103,765
Other losses	3		(2,611)		(516)
Income	4	38,899		35,380	
Expenses	5	(3,258)		(3,225)	
Net income before taxation		<u>35,641</u>		<u>32,155</u>	
Taxation	6	(515)		(435)	
Net income after taxation for the year			35,126		31,720
Total return before distributions			<u>59,957</u>		<u>134,969</u>
Finance costs: distribution	7		(35,840)		(34,337)
Change in net assets attributable to unitholders			<u>24,117</u>		<u>100,632</u>

Statement of Change in Unitholders' Net Assets
for the year ended 31 December 2007

	31.12.2007		31.12.2006	
	£'000	£'000	£'000	£'000
Net assets at start of the year		1,097,990		1,025,082
Movement due to creations and cancellations of units				
Amounts receivable on creation of units	21,931		25,854	
Less: amounts payable on cancellation of units	(51,080)		(57,943)	
		(29,149)		(32,089)
Change in net assets attributable to unitholders (see above)		24,117		100,632
Voluntary repayment of professional charges		-		11
Retained distribution on accumulation units		4,662		4,354
Net assets at end of the year		<u>1,097,620</u>		<u>1,097,990</u>

The notes on pages 18 to 25 form part of these accounts.

COIF Charities Investment Fund Portfolio Statement

at 31 December 2007

	<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				Pharmaceuticals & Biotechnology 3.12%			
UNITED KINGDOM 57.62% (31.12.06, 62.52%)				AstraZeneca 420,665 9,099 0.83			
Oil & Gas Producers 10.59%				GlaxoSmithKline 1,758,288 22,471 2.05			
BG	2,228,517	25,606	2.33	Shire 225,000 2,583 0.24			
BP	6,055,005	37,208	3.39	Food & Drug Retailers 2.32%			
Cairn Energy	100,000	3,073	0.28	Morrison (WM) Supermarkets 1,500,000 4,826 0.44			
Dana Petroleum	341,000	4,743	0.43	Tesco 4,331,074 20,659 1.88			
Royal Dutch Shell B	2,189,088	45,730	4.16	General Retailers 0.69%			
Chemicals 0.26%				Carphone Warehouse 550,000 1,893 0.17			
Croda International	500,284	2,904	0.26	Marks & Spencer 1,017,801 5,695 0.52			
Forestry & Paper 0.06%				Media 1.16%			
Mondi	143,802	611	0.06	Aegis 1,945,432 2,271 0.21			
Mining 6.00%				BSkyB 1,000,000 6,185 0.56			
Anglo American	551,433	16,979	1.55	Informa 600,000 2,769 0.25			
BHP Billiton	1,099,257	16,984	1.55	Trinity Mirror 450,000 1,567 0.14			
Rio Tinto	370,145	19,677	1.79	Travel & Leisure 2.11%			
Xstrata	342,659	12,161	1.11	Compass 1,800,000 5,549 0.51			
Construction & Materials 0.30%				FirstGroup 786,076 6,403 0.58			
Balfour Beatty	652,428	3,243	0.30	Intercontinental Hotels 261,013 2,306 0.21			
Electronic & Electrical Equipment 0.19%				National Express 461,875 5,732 0.52			
Spectris	300,000	2,039	0.19	Whitbread 228,270 3,194 0.29			
Industrial Engineering 0.21%				Fixed Line Telecommunications 1.18%			
IMI	585,654	2,305	0.21	BT 4,759,461 12,970 1.18			
Support Services 1.53%				Mobile Telecommunications 3.99%			
Capita	459,677	3,206	0.29	Vodafone 23,306,352 43,746 3.99			
G4S	1,050,000	2,573	0.23	Electricity 1.07%			
Homeserve	218,686	3,650	0.33	Scottish & Southern Energy 715,147 11,707 1.07			
Mouchel	700,000	3,288	0.30	Gas Water & Multiutilities 2.49%			
SIG	388,568	2,903	0.26	Centrica 1,309,014 4,693 0.43			
Wolseley	185,032	1,372	0.12	Kelda 476,000 5,160 0.47			
Beverages 1.75%				National Grid 1,613,326 13,447 1.23			
Diageo	600,864	6,483	0.59	Severn Trent 257,922 3,933 0.36			
SAB Miller	720,000	10,188	0.93	Banks 9.00%			
Scottish & Newcastle	340,000	2,519	0.23	Barclays 2,500,329 12,589 1.15			
Food Producers 2.76%				HBOS 1,426,225 10,476 0.95			
Associated British Foods	300,000	2,697	0.25	HSBC 4,046,727 34,053 3.10			
Dairy Crest	375,000	2,184	0.20	Lloyds TSB 3,092,400 14,588 1.33			
Premier Foods	2,573,687	5,263	0.48	Royal Bank of Scotland 2,914,603 12,934 1.18			
Unilever	1,063,821	20,096	1.83	Standard Chartered 767,015 14,136 1.29			
Household Goods 1.55%				Nonlife Insurance 0.67%			
Barratt Developments	165,252	752	0.07	Royal & Sun Alliance 5,000,000 7,405 0.67			
Persimmon	205,000	1,639	0.15	Life Insurance 2.49%			
Reckitt Benckiser	500,000	14,565	1.33	Aviva 1,234,831 8,304 0.76			
Health Care Equipment & Services 0.20%				Friends Provident 1,455,089 2,376 0.22			
Smith & Nephew	377,211	2,186	0.20	Legal & General 5,840,243 7,622 0.69			
				Prudential 1,265,059 9,001 0.82			
				Real Estate 0.91%			
				Great Portland Estates 646,014 3,035 0.28			

COIF Charities Investment Fund
Portfolio Statement
at 31 December 2007

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Hammerson	87,670	898	0.08	Total	51,876	2,162	0.20
Shaftesbury	290,000	1,454	0.13	Valeo	23,500	486	0.04
Unite	460,000	1,632	0.15	VICAT	1,100	51	-
Workspace	1,100,893	2,992	0.27	Vinci	22,453	835	0.08
				Vivendi	43,576	1,004	0.09
General Financial 0.72%				Germany 0.91%			
3i	2,872	29	-	Allianz	18,600	2,021	0.18
Man	1,393,000	7,919	0.72	Altana	10,935	133	0.01
Equity Investment Instruments 0.30%				Ireland 0.06%			
Dunedin Income Growth				Bank of Ireland	38,000	284	0.03
Investment Trust	75,000	183	0.02	CRH	20,500	356	0.03
Invesco Income Growth Trust	100,000	228	0.02	Italy 0.59%			
Jupiter Green Investment Trust	799,899	966	0.09	Aedes	21,507	51	-
Warrants 31.07.11	144,456	54	-	Banco Popolare	54,720	608	0.06
Merchants Trust	100,000	466	0.04	CIR	374,600	699	0.06
Princess Private Equity	242,500	1,423	0.13	Credito Emiliano	75,461	525	0.05
EUROPE 5.54% (31.12.06, 7.42%)				Netherlands 0.31%			
Belgium 0.13%				Aegon			
Dexia	38,880	492	0.04	ING	37,152	330	0.03
GBL Strip	440	-	-	Philips Electronic	43,392	941	0.09
Groupe Bruxelles Lambert	15,340	981	0.09	Unilever NV	40,000	739	0.07
Finland 0.31%				Wolters Kluwer			
Kemira	27,264	288	0.03		36,288	599	0.05
Neste Oil	12,960	229	0.02	Spain 0.46%			
Nokia	113,680	2,214	0.20	BBVA	132,333	1,628	0.15
Stockmann	12,100	264	0.02	Gamesa Corp Tecnologica	22,600	529	0.05
Teleste	88,677	435	0.04	Iberdrola	120,000	916	0.08
France 2.00%				Repsol			
Air Liquide	8,370	624	0.06	Telefonica	102,213	1,667	0.15
Alcatel-Lucent	78,624	285	0.03	Sweden 0.15%			
Arcelor Mittal	13,440	525	0.05	Nordea Bank	79,472	665	0.06
Arkema	2,730	89	0.01	SEB	54,432	698	0.06
Atos Origin	15,034	389	0.04	Securitas	24,192	168	0.02
AXA	67,488	1,354	0.12	Securitas Direct	28,000	56	0.01
BNP Paribas	9,910	540	0.05	Securitas Systems	28,000	50	-
Bouygues	15,792	660	0.06	Switzerland 0.62%			
CGG Veritas	8,772	1,249	0.11	Credit Suisse	7,296	220	0.02
Dassault Systemes	23,328	692	0.06				
Electricite de France	8,163	489	0.04				
Eurazeo	10,047	648	0.06				
France Telecom	67,665	1,224	0.11				
Groupe Danone	29,688	1,339	0.12				
Lafarge	10,248	937	0.09				
LeGrand	18,240	310	0.03				
LVMH Moet Hennessy Louis Vuitton	19,384	1,177	0.11				
Nexity	11,500	264	0.02				
PPR	3,155	255	0.02				
Publicis Groupe	6,886	135	0.01				
Rhodia	27,173	525	0.05				
Sanofi-Aventis	19,200	888	0.08				
SCOR	33,600	432	0.04				
Societe Generale	6,148	447	0.04				
ST Microelectronics	54,720	393	0.04				
Suez	25,000	855	0.08				
Television Francaise 1	35,280	474	0.04				
Theolia	13,212	196	0.02				

COIF Charities Investment Fund Portfolio Statement

at 31 December 2007

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Valero Energy	13,431	472	0.04	Takeda Pharmaceuticals	23,200	683	0.06
Verizon Communications	38,115	836	0.08	Tokyo Electric Power	33,800	438	0.04
Viacom B	8,152	180	0.02	Tokyo Gas	158,000	370	0.03
Wachovia	31,763	605	0.06	Toshiba	100,000	375	0.03
Walgreen	24,215	463	0.04	Toyota Motor	77,800	2,110	0.19
Wal-Mart Stores	42,927	1,024	0.09	Yamada Denki	6,200	355	0.03
Wellpoint	8,080	356	0.03				
Wells Fargo	52,458	793	0.07				
Wyeth	20,307	450	0.04				
JAPAN 2.55% (31.12.06, 2.93%)				PACIFIC BASIN 3.49% (31.12.06, 3.09%) Australia 0.92%			
Astellas Pharma	18,500	403	0.04	AMP	142,493	625	0.06
Bridgestone	33,200	296	0.03	ANZ Bank	42,900	518	0.05
Canon	39,600	926	0.08	BHP Billiton	113,003	2,001	0.18
Chubu Electric Power	24,900	325	0.03	Commonwealth Bank of Australia	37,647	980	0.09
Central Japan Railway	70	299	0.03	Goodman	225,133	477	0.04
Daiichi Sankyo	24,515	378	0.03	Macquarie	36,335	1,221	0.11
Denso	18,000	369	0.03	Macquarie Infrastructure G	505,924	669	0.06
East Japan Railway	122	504	0.05	National Australia Bank	40,064	666	0.06
Fanuc	6,800	331	0.03	Perpetual	14,488	421	0.04
FujiFilm	18,000	381	0.03	QBE Insurance	44,943	656	0.06
Hitachi	95,000	355	0.03	Telstra	370,277	766	0.07
Honda Motor	36,700	614	0.06	Westpac Banking	62,008	763	0.07
Itochu	60,000	292	0.03	Zinifex	58,096	318	0.03
JFE	16,500	418	0.04				
Kao	22,000	331	0.03	Hong Kong 0.97%			
Kobe Steel	188,000	307	0.03	ASM Pacific Technology	276,500	1,023	0.09
Komatsu	43,900	596	0.05	Cheung Kong	187,000	1,736	0.16
Matsushita Electric Industries	73,000	755	0.07	China Mobile	183,600	1,630	0.15
Millea	51,800	876	0.08	Esprit	79,500	599	0.05
Mitsubishi Chemical	101,000	388	0.04	Hang Seng Bank	227,400	2,359	0.21
Mitsubishi	44,200	606	0.06	HKEX	125,500	1,785	0.16
Mitsubishi Electric	75,000	391	0.04	Li & Fung	248,000	503	0.05
Mitsubishi Estate	43,000	518	0.05	Orient Overseas International	175,000	651	0.06
Mitsubishi Heavy Industries	135,000	290	0.03	Petrochina	538,000	481	0.04
Mitsubishi UFJ Financial	304,000	1,424	0.13				
Mitsui OSK Lines	50,000	527	0.05	Indonesia 0.11%			
Mitsui Fudosan	32,000	347	0.03	Intl Nickel Indonesia	153,000	788	0.07
Mitsui Lines	65,000	415	0.04	Telekomunikas Indonesia	793,000	428	0.04
Mizuho Financial	220	526	0.05				
Morant Wright Japan Income Trust	412,500	299	0.03	Korea 0.55%			
Nintendo	3,800	1,143	0.10	Daegu Bank	70,720	590	0.05
Nippon Steel	200,000	621	0.06	Daelim Industrial	4,604	442	0.04
Nippon Telegraph & Telephone	150	376	0.03	Hyundai Mobis	8,034	376	0.03
Nissan Motor	84,100	465	0.04	Hyundai Motor	18,948	727	0.07
Nomura	75,900	645	0.06	Hyundai Steel	9,952	421	0.04
NTT DoCoMo	550	458	0.04	LG Electronics	8,689	466	0.04
Orix	4,350	372	0.03	Posco	2,011	621	0.06
Ricoh	35,000	323	0.03	Samsung Electronic	2,091	479	0.04
Rohm	8,600	377	0.03	Shinhan Financial	33,567	962	0.09
Secom	12,400	340	0.03	S-Oil	16,409	695	0.06
Seven & I	26,000	380	0.03	Woori Investment & Securities	24,070	340	0.03
Shin-Etsu Chemical	12,100	381	0.03				
Softbank	35,200	365	0.03	Malaysia 0.14%			
Sony	33,800	941	0.09	PPB Group Berhad	896,500	1,484	0.14
Sumitomo	46,000	327	0.03				
Sumitomo Metal Mining	34,000	292	0.03	Singapore 0.28%			
Sumitomo Mitsui Financial	241	903	0.08	DBS	77,000	556	0.05
Sumitomo Realty & Development	22,000	272	0.02	Keppel	102,000	460	0.04
Suzuki Motor	22,000	331	0.03	Singapore Petroleum	388,000	1,025	0.09
				Singapore Post	2,712,000	1,051	0.10

COIF Charities Investment Fund Portfolio Statement

at 31 December 2007

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
Taiwan 0.47%				Overseas Fixed Interest 1.58% (31.12.06, 1.50%)			
ASE	108,567	55	0.01	Germany 1.06%			
AU Optronics	625,798	615	0.06	Bund 4.5% 2009	€5,000,000	3,693	0.34
China Steel	926,000	623	0.06	Bund 5.25% 2011	€5,505,000	4,175	0.38
Formosa Chemical & Fibre	394,000	503	0.05	Bund 5.50% 2031	€4,500,000	3,700	0.34
Formosa Plastics	496,000	699	0.06				
High Tech Computer	56,900	527	0.05	USA 0.44%			
Mediatek	55,000	358	0.03	US Govt TIPS 3% 2012	US\$3,485,000	2,204	0.20
Quanta Computer	8,460	6	-	US Treasury 5.625% Bond 2008	US\$4,010,000	2,031	0.18
Realtek Semiconductor	202,650	352	0.03	US Treasury 5% Bond 2011	US\$1,185,000	631	0.06
Siliconware Precision Industries	757,000	682	0.06				
Synnex Technology	520,000	652	0.06	Japan 0.08%			
				JGB 0.8% 2010	¥190,000,000	855	0.08
Thailand 0.05%							
Siam Cement	149,600	513	0.05				
				PORTFOLIO OF INVESTMENTS		1,060,246	96.59
OTHER OVERSEAS 0.37% (31.12.06, 0.24%)				NET OTHER ASSETS		37,374	3.41
Aberdeen Asian Income Fund	262,500	288	0.03				
Invesco Emerging Markets Equity Fund	44,259	1,070	0.10	NET ASSETS		<u>1,097,620</u>	<u>100.00</u>
JPMorgan Fleming Emerging Markets	402,752	1,952	0.18				
Merrill Lynch Latin America Investment Trust	118,338	643	0.06				
UNQUOTED 1.68% (31.12.06, 0.58%)							
CCLA Investment Management Limited B	28,167	4,194	0.38				
CCLA Investment Management Limited D	26,000	3,871	0.35				
HV II Distributions	6,667	-	-				
RREEF Pan-Euro Infrastructure	1	10,410	0.95				
PROPERTY UNIT TRUSTS 8.27% (31.12.06, 9.02%)							
COIF Charities Property Fund Income Units*	66,147,379	90,807	8.27				
GLOBAL EQUITY INCOME UNIT TRUSTS 4.57% (31.12.06, 0.00%)							
COIF Charities Global Equity Income Fund Accumulation Units*	1,000	1	-				
COIF Charities Global Equity Income Fund Income Units*	34,054,635	50,159	4.57				
FIXED INTEREST STOCKS 6.24% (31.12.06, 6.20%)							
United Kingdom 4.66% (31.12.06, 4.70%)							
Conversion 9% Stock 2011	£4,940,000	5,671	0.52				
Treasury 5% Stock 2008	£1,105,000	1,105	0.10				
Treasury 5.75% Stock 2009	£13,300,000	13,642	1.24				
Treasury 6.25 % Stock 2010	£11,850,000	12,472	1.14				
Treasury 5.25% Stock 2012	£3,010,000	3,106	0.28				
Treasury 8% Stock 2013	£10,755,000	12,621	1.15				
Treasury 8% Stock 2015	£1,050,000	1,287	0.12				
Treasury 8.75% Stock 2017	£465,000	615	0.06				
Treasury 8% Stock 2021	£400,000	537	0.05				

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

COIF Charities Investment Fund
Balance Sheet
at 31 December 2007

	Notes	31.12.2007		31.12.2006	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments			1,060,246		1,074,207
Debtors	8	4,695		4,381	
Cash and bank balances	9	<u>43,102</u>		<u>28,783</u>	
Total other assets			<u>47,797</u>		<u>33,164</u>
Total assets			<u>1,108,043</u>		<u>1,107,371</u>
LIABILITIES					
Creditors	10	86		90	
Distribution payable on income units		<u>10,337</u>		<u>9,291</u>	
Total liabilities			<u>10,423</u>		<u>9,381</u>
Net assets attributable to unitholders			<u>1,097,620</u>		<u>1,097,990</u>
Approved on behalf of the Board 26 February 2008			B Wrey, <i>Chairman</i> R Fitzalan Howard, <i>Board Member</i>		

The notes on pages 18 to 25 form part of these accounts.

Summary of Material Portfolio Changes

for the year ended 31 December 2007

	<i>Cost</i>
	<i>£'000</i>
Total purchases for the year (note 17)	348,902
Major purchases:	
COIF Charities Global Equity Income Fund	51,082
Treasury 5.75% Stock 2009	12,937
Royal Dutch Shell B	10,066
SAB Miller	9,291
Unilever	8,997
Royal & Sun Alliance	7,232
BSkyB	6,760
Treasury 8% Stock 2013	6,602
RREEF Pan-Euro Infrastructure	6,368
BHP Billiton	5,615
HSBC	5,448
Diageo	4,785
Premier Foods	4,740
Marks & Spencer	4,109
Scottish & Southern Energy	3,845
MAN	3,633
Reckitt Benckiser	3,271
Compass	3,109
Treasury 5.25% Stock 2012	3,096
Mouchel	3,011
	<i>Proceeds</i>
	<i>£'000</i>
Total sales for the year (note 17)	386,636
Major sales:	
BP	10,245
Scottish Power	9,350
Rio Tinto	9,097
Treasury 4.75% Stock 2038	8,566
Resolution	7,917
Land Securities	7,146
Treasury 6% Stock 2028	6,815
GlaxoSmithKline	6,572
Hanson	6,344
Merrill Lynch British Smaller Companies Trust	5,729
Treasury 8.75% Stock 2017	5,524
Electra Investment Trust	5,198
ICI	4,982
AstraZeneca	4,874
Diageo	4,735
Hammerson	4,628
3i	4,405
HBOS	4,227
Northern Rock	3,849
Yell	3,835

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

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 policies set out below, the Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commission in March 2005 and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005.

(b) Income recognition

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

With effect from 1 January 2007, income on debt securities has been accounted for on an effective yield basis. Prior to this, income on debt securities was calculated on an accrual of coupon basis. In accordance with paragraph 1.15 of the IMA SORP 2005, the Fund has not restated comparative information to reflect this change in accounting policy. If comparative information had been restated the main adjustments required would be to decrease income on debt securities with a corresponding increase in net gains on investments. There would be no overall net impact on the total return before distributions or on the net assets of the Fund.

(c) Expenses

During the year the Manager's periodic charge, paid to the Manager, was charged at 75% to the capital of the Fund and 25% to the income of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund. During the year this was 0.30% p.a. plus VAT (2006, 0.30% p.a. plus VAT). The Fund received 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 during the year, in both Funds, management fees were charged to income. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. The Trustee fee, audit, legal, safe custody fees and transaction charges and insurance fees are charged separately to the income of the Fund before distribution.

(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).

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

(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 the Manager and reviewed by the Board.

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

COIF Charities Investment Fund

Notes to the Accounts

(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.

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
2. Net gains on investments		
The net gains on investments during the year comprise:		
Non-derivative securities	<u>27,442</u>	<u>103,765</u>
3. Other losses		
Other losses comprise:		
Currency losses	<u>(2,611)</u>	<u>(516)</u>
4. Income		
UK dividends	23,672	21,875
COIF Charities Property Fund dividends	4,432	4,468
COIF Charities Global Equity Income Fund dividends	89	-
Overseas dividends	6,345	4,556
Dividends on unquoted stocks	114	114
Interest on debt securities	2,540	3,442
Interest on COIF Charities Deposit Fund	1,454	777
Bank interest	<u>253</u>	<u>148</u>
	<u>38,899</u>	<u>35,380</u>
5. Expenses		
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(c)	3,822	3,700
Manager's periodic charge rebate – see note 1(c)*	<u>(798)</u>	<u>(765)</u>
	<u>3,024</u>	<u>2,935</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee fee	23	23
Safe custody fees and transaction charges	186	177
Travelling expenses	-	3
	<u>209</u>	<u>203</u>
Other expenses:		
Insurance fee	16	27
Professional fees	-	49
Audit fee	9	11
	<u>25</u>	<u>87</u>
Total expenses	<u>3,258</u>	<u>3,225</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 were 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.

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
Overseas taxation suffered in the year	591	508
Overseas taxation recovered in the year	(76)	(73)
Total taxation	<u>515</u>	<u>435</u>

7. Finance costs

Distributions

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

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
31 March – interim distribution	7,839	8,002
30 June – interim distribution	8,369	8,143
30 September – interim distribution	8,162	8,013
31 December – final distribution	<u>11,329</u>	<u>10,113</u>
	35,699	34,271
Add: income deducted on cancellation of units	218	148
Deduct: income received on creation of units	(77)	(82)
Net distribution for the year	<u>35,840</u>	<u>34,337</u>
Net income after taxation for the year	35,126	31,720
Amortisation under effective yield (FRS 26)	527	-
Manager's periodic charge – see note 1(c)	2,866	2,771
Transfer to income reserve – see note 11	<u>(2,679)</u>	<u>(154)</u>
Net distribution for the year	<u>35,840</u>	<u>34,337</u>

Details of the distribution per unit are set out in the distribution table on page 26.

8. Debtors

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
Accrued income	4,649	4,310
Prepayments	17	43
VAT receivable	29	-
Sundry debtors	-	28
	<u>4,695</u>	<u>4,381</u>

9. Cash and bank balances

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
Cash in COIF Charities Deposit Fund	34,714	25,111
Cash in overseas currencies	3,539	3,323
Cash at bank	<u>4,849</u>	<u>349</u>
	<u>43,102</u>	<u>28,783</u>

COIF Charities Investment Fund

Notes to the Accounts

10. Creditors

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
Accrued expenses	86	<i>77</i>
VAT payable	-	<i>13</i>
	<u>86</u>	<i><u>90</u></i>

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.

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
Income reserve at start of the year	2,062	<i>1,908</i>
Transfer to income reserve	2,679	<i>154</i>
Income reserve at end of the year	<u>4,741</u>	<i><u>2,062</u></i>

12. 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 their fair value.

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

Market price risk

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

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 2007, the Fund's foreign currency exposure was predominantly from the overseas equities it was invested in, which are detailed in the portfolio statement. The total exposure at 31 December was:

Currency	31.12.2007	31.12.2006
	£'000	£'000
Australian Dollar	10,097	10,069
Danish Krone	38	351
Euro	78,239	80,961
Hong Kong Dollar	10,764	8,814
Indonesian Rupiah	1,216	-
Israeli Shekel	13	-
Japanese Yen	28,708	33,017
Malaysian Dollar	1,484	166
Mexican Peso	7	-
New Zealand Dollar	36	25
Norwegian Krone	-	2
Singapore Dollar	3,091	2,479
South Korean Won	6,202	6,728
Swedish Krona	1,634	3,710
Swiss Franc	6,739	9,010
Taiwan Dollar	5,358	5,345
Thailand Baht	513	180
US Dollar	74,573	71,648
	<u>228,712</u>	<u>232,505</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 are set out below:

31 December 2007

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

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

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	797,846	874,866
Euro	1,401	10,963	68,597	80,961
US Dollar	70	4,714	66,864	71,648
Other	1,852	805	77,239	79,896
Total	28,783	68,042	1,010,546	1,107,371

<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

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

There were no derivatives held by the Fund at 31 December 2007 (31.12.2006, £nil).

COIF Charities Investment Fund

Notes to the Accounts

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

31 December 2007

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

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
Other	805	1.09	3.97

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

13. Commitments and contingent liabilities

There were contingent liabilities of £144,456 at 31 December 2007 (31.12.2006, £nil) in relation to warrants and a commitment of £16,903,473 at 31 December 2007 (31.12.2006, £nil) in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund.

There were no other commitments or contingent liabilities as at 31 December 2007 (31.12.2006, £nil).

14. Unquoted and other investments

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

Not more than 20% in value of the Fund may be invested in units in Authorised Unit Trust Schemes and collective investment and deposit schemes as provided in the Fund's Scheme.

At 31 December 2007, 8.3% (31.12.2006, 9.0%) of the value of the Fund was held in units in the COIF Charities Property Fund, 4.6% (31.12.2006, 0.0%) of the value of the Fund was held in units in the COIF Charities Global Equity Income Fund and 3.2% (31.12.2006, 2.3%) of the value of the Fund was held in the COIF Charities Deposit Fund. At 31 December 2007, 0.6% (31.12.2006, 0.1%) of the value of the Fund was held in Authorised Unit Trust Schemes.

At 31 December 2007 the Fund held 100.0% (31.12.2006, 0.0%) of the COIF Charities Global Equity Income Fund and 63.1% (31.12.2006, 61.1%) of the COIF Charities Property Fund. The COIF Charities Fund may not be readily realisable as the Manager may impose a period of notice or delay not exceeding six months before carrying out a redemption of units in that Fund if it is deemed to be necessary to protect the interests of unitholders of the Fund or to permit properties to be sold to meet a redemption.

COIF Charities Investment Fund

Notes to the Accounts

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

15. Board remuneration

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

16. Related party transactions

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

At 31 December 2007 the balance, due to the Manager and HSBC Bank plc were as set out below:

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
CCLA	-	-
HSBC Bank plc - Trustee fee	6	10
HSBC Bank plc - safe custody fees and transaction charges	15	13

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

At 31 December 2007 a cash balance of £34,713,796 (31.12.2006, £25,111,064) was held in the COIF Charities Deposit Fund.

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

During the year the Fund received rebates of management fees for the Fund's holdings in the COIF Charities Property Fund and deposits in the COIF Charities Deposit Fund. In both Funds, the management fees were charged to income as disclosed in note 5.

17. Portfolio transaction costs

	31.12.2007	<i>31.12.2006</i>
	£'000	<i>£'000</i>
Analysis of total purchase costs:		
Purchases in period before transaction costs	348,425	196,838
Commissions	477	439
Total gross purchases	<u>348,902</u>	<u>197,277</u>
Analysis of total sale costs:		
Gross sales in period before transaction costs	387,227	235,359
Commissions	(591)	(437)
Total sales net of transaction costs	<u>386,636</u>	<u>234,922</u>

COIF Charities Investment Fund
Distribution Table
for the year ended 31 December 2007

<i>Period ended</i>	<i>Date of payment</i>	<i>Distributions paid/payable pence per unit</i>	
		2007	2006
Income units			
31 March 2007	31 May 2007	8.00	7.90
30 June 2007	31 August 2007	8.40	8.25
30 September 2007	30 November 2007	8.50	8.25
31 December 2007	29 February 2008	12.60	11.10
		<u>37.50</u>	<u>35.50</u>
		<i>Income accumulated pence per unit</i>	
Accumulation units			
31 March 2007		65.66	66.46
30 June 2007		79.33	60.81
30 September 2007		63.45	58.21
31 December 2007		58.59	44.84
		<u>267.03</u>	<u>230.32</u>

Statement of Board, Corporate Trustee and Manager Responsibilities

Responsibilities of the Board

The Board shall comply with the duty of care when exercising their powers and discharging their duties under the Scheme of the Charity Commission made under the Charities Act 1993, dated 29 November 2000, for the Fund to:

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

Responsibilities of the Trustee

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

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and competently discharging the duties conferred or imposed on it by or pursuant to the provisions of the Scheme and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the provisions of this Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with the Scheme;
- the creation and cancellation of units in accordance with the instructions of the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions to Participating Charities holding income units and making allocations to Participating Charities holding accumulation units in proportion to their respective units in the property of the Fund;
- preparing an annual report on the discharge of its responsibilities for the management of the Fund; and
- the authorisation of payment out of the property of the Fund of any reasonable costs or expenses of the Board members incurred by them in the execution of their duties in accordance with the Scheme.

Statement of Board, Corporate Trustee and Manager Responsibilities

Responsibilities of the Manager

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

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in December 2005;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enables the Manager to demonstrate that the accounts as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

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

CCLA INVESTMENT MANAGEMENT LIMITED

COIF Charities Investment Fund

(Charity Registration No. 218873)

Board

B Wrey, Chairman of the Board, *Former Chairman, Henderson Global Investors*
P Cawdron, FCA, *Company Director*
T Clark (appointed 26.02.08), *Solicitor*
A Daws (appointed 26.02.08), *Solicitor*
R Fitzalan Howard, *Chief Executive, FF&P Asset Management Limited*
D Henderson, FCA, *Company Director*
A Huntley, FRICS
F Quint, *Barrister*
N Wilson (retired 26.02.08), *Solicitor, a former Partner, Slaughter and May*

Secretary

J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

80 Cheapside, London EC2V 6DZ

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Client Service:

Freephone: 0800 022 3505

Facsimile: 0844 561 5126

Email: clientservices@ccla.co.uk

www.ccla.co.uk

Directors responsible for the Fund

M Quicke	(Chief Executive)
J Bevan	(Chief Investment Officer)
S Curran	(Chief Operating Officer from 1 May 2007)
D Butler	(Chief Operating Officer to 30 April 2007)
C Peters	(Investment Director)
A Robinson	(Director Market Development)

Fund Manager

N Debenham	(to 31 December 2007)
M Humphreys	(from 1 January 2008)

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Socially Responsible Investment

A Young

Corporate Trustee and Custodian

HSBC Bank plc
8 Canada Square, London, E14 5HQ

Banker

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

Solicitors

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

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

Independent Auditor

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



CCLA INVESTMENT MANAGEMENT LIMITED **COIF Charity Funds**

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

- **COIF CHARITIES INVESTMENT FUND**

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

- **COIF CHARITIES GLOBAL EQUITY INCOME FUND**

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

- **COIF CHARITIES FIXED INTEREST FUND**

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

- **COIF CHARITIES PROPERTY FUND**

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

- **COIF CHARITIES DEPOSIT FUND**

- A competitive rate
- Interest paid gross
- No minimum balance
- Easy access
- Simple operation
- Excellent service
- Free BACS transfers
- Aaa (triple A) credit rating*

*The Deposit Fund has consistently achieved a Aaa rating from the credit rating agency Moody's Investors Service – the highest possible.

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

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

CCLA Investment Management Limited (registered in England No. 2183088 - registered office 80 Cheapside, London, EC2V 6DZ) is authorised and regulated by the Financial Services Authority and is the manager of the COIF Charity Funds (Registered Charity Nos. 218873, 803610, 1046249, 1093084 and 1121433).

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