

THE JERUSALEM TRUST

ANNUAL REPORT

31 DECEMBER 2008

Allington House (First Floor),
150 Victoria Street
London SW1E 5AE

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THE JERUSALEM TRUST

REPORT OF THE TRUSTEES

Legal and Administrative

The Jerusalem Trust (No. 285696) was established under a Trust Deed dated 28 September 1982 and became a registered charity on 13 December 1982.

Trustees	Sir Timothy Sainsbury Lady Susan Sainsbury Dr V.E. Hartley Booth Mrs Phillida Goad Dr Peter Frankopan	
Registered Office	Allington House (First Floor) 150 Victoria Street London SW1E 5AE	
Principal Officers	Mr A Bookbinder Mr P Spokes Mrs B Cass The Revd M Woodruff Miss J Ecclestone	Director Finance Director Executive Executive Executive
Bankers	Child & Co 1 Fleet Street London EC4Y 1BD	
Solicitors	Portrait Solicitors 1 Chancery Lane London WC2A 1 LF	
Auditors	Horwath Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	
Investment	BlackRock Investment Management (UK) Limited 33 King William Street London EC4R 9AS	

Investment Powers

The Trust Deed empowers the Trustees to appoint investment advisers, who have discretion to invest the funds of the Trust within guidelines established by the Trustees.

REPORT OF THE TRUSTEES (continued)

Objects

The objects of the Trust as given in the Trust Deed are:

- i) to or for the advancement of the Christian religion and the promotion for charitable purposes only of any Christian body or organisation;
- ii) to or for the advancement of Christian education and learning;
- iii) to or towards or for the benefit of such one or more charitable purposes or charitable institutions as shall be supported, undertaken or effected by any Christian body or organisation at such time or times in such manner and in such proportions as the Trustees may from time to time at their discretion determine.

Organisation

The Trust is one of the Sainsbury Family Charitable Trusts, which share a common administration.

The other Sainsbury Family Charitable Trusts which are administered from the joint office are as follows:

The Alan & Babette Sainsbury Charitable Fund	The Linbury Trust
The Ashden Trust	The Mark Leonard Trust
The Elizabeth Clark Charitable Trust	The Monument Trust
The Gatsby Charitable Foundation	The Monument Historic Buildings Trust
The Glass-House Trust	The Staples Trust
The Headley Trust	The Tedworth Trust
The Indigo Trust	The Three Guineas Trust
The J J Charitable Trust	The True Colours Trust
The Kay Kendall Leukaemia Fund	The Woodward Charitable Trust

Policies

The Trustees are advised by consultants with appropriate expertise.

During the year the Trustees considered proposals under the following categories:

Christian Evangelism and Relief Work Overseas
Christian Education
Christian Media
Evangelism and Christian Mission in the UK
Christian Art

Proposals are generally invited by the Trustees or initiated at their request. Trustees do not normally make grants towards building or repair work for churches and grants are not normally made to individuals.

There have been no significant changes in the grant making policies of the Trust over the year under review.

REPORT OF THE TRUSTEES (continued)

Policies (continued)

Trustees and staff are committed to reducing the Trust's carbon footprint. An environmental audit was commissioned in 2007 and an environmental policy drawn up.

Reserves Policy

It is the policy of the Trustees to approve grants for payment over a period of years, subject to certain conditions over the life of the grant. Those expected to be paid within twelve months of the year end are accrued in the accounts, whilst those due to be paid later than this are not accrued. These are referred to in note 3 to the accounts and amount to £804,740. They represent funds earmarked for continued support to certain existing beneficiaries, although formal commitments have not yet been made. Cash flow projections for income and expenditure are regularly reviewed to ensure that the level of available resources is adequate and that the Trust is in a position to meet all its commitments.

The Trustees consider that when possible it is appropriate to hold free funds, both to meet the short-term working capital needs of the Trust and in anticipation of the potential payment of subsequent grant instalments. The free unrestricted reserves of the charity at 31 December 2008 amounted to £307,000 compared to a deficit of £369,000 at 31 December 2007. In the unlikely event that the Trustees find themselves unable to meet current commitments from unrestricted reserves, they would be willing to draw on expendable endowment in order to meet those commitments, as they see fit.

Investment Policy and Performance

Trustees meet with their investment managers regularly to discuss investment strategy and also to seek to ensure that the Trust's income requirements are met and that long term capital growth is in line with relevant indices.

The value of the Trust's portfolio fell in value by about 20.5% during the year, the investment managers underperforming their benchmark by 2.8%. However, the Trustees normally hold investments for the long term and look to income for their grant making rather than the use of capital. Income for the past year increased by 25% to £3.22 million.

Risk Assessment

The Trustees have examined the major strategic, business and operational risks to which the Trust may be exposed. Through the joint office of the Sainsbury Family Charitable Trusts, systems are in place adequate to meet such potential risks as the Trustees have identified. The Trustees continue to be vigilant and to keep processes under review.

REPORT OF THE TRUSTEES (continued)

Review of the Past Year

During the year the asset value of the Trust decreased from £85.3 million at 31 December 2007 to £67.1 million at 31 December 2008, a fall of 21% resulting from the fall in value of global markets. The net unrestricted income of the Trust for the year after charging support and governance costs was £2.96 million, an increase of 29% on the previous year's figure of £2.29 million. Income from equities was 46% ahead of 2007 as a result of a number of abnormal but significant distributions from certain investments.

Because of possible fluctuations in income from year to year and Trustees' decision to draw on expendable endowment as necessary to fund any grant payments in excess of available income, Trustees have decided that the best way of benchmarking the expenses incurred in running the charity, is to measure these costs relative to its day to day activity of grant-making, as income alone is an unsuitable benchmark for charitable activity. On that basis, support costs and governance costs represented 12.9% and 0.7% respectively of the value of grants paid, which totalled £1.9 million.

The Trustees met four times during the year to make grants and a further two times to review investment activity.

Grants approved during the year may be analysed by number and by value in the categories set out below:

	Grants Approved	Value £	Average Grant £
Christian Evangelism and Relief Work Overseas	24	480,141	20,006
Christian Education	17	871,400	51,259
Christian Media	9	423,375	47,042
Evangelism and Christian Mission in the UK	58	724,052	12,484
Christian Art	6	21,500	3,583
	114	2,520,468	22,109

GRANTS APPROVED

CHRISTIAN EVANGELISM AND RELIEF WORK OVERSEAS - £480,141

Trustees are particularly interested in proposals for indigenous Christian training centres, the provision of Christian literature in Central and Eastern Europe and Anglophone Sub-Saharan Africa.

Advantage Africa - £60,000

Towards the salary costs of a programme manager.

Barnabas Fund - £25,000

Towards the costs of a building project to house Christian Iraqi refugees in Syria.

Bethlehem Bible College - £20,000

Towards the construction costs of a new student centre.

Carlile College - £35,214

Towards the salary costs of the head of training, specifically to work with smaller organisations in Nairobi's informal settlements.

Firm Foundation Trust - £9,000

Towards the costs of translating and publishing Christian titles into Turkish.

Franciscan Friars of the Atonement - £25,000

Towards the cost of work with orphans and drug dependent adults.

Intercontinental Church Society - £9,000

Towards the support costs for the first Area Bishop for North Africa.

Kenya's National Alliance of Churches - £25,120

Towards the cost of Kenya's National Alliance of Churches' small loan programme to help re-build businesses in Nairobi's informal settlements.

Luis Palau Evangelistic Association - £10,000

Towards the Bucharest Festival.

Matheteuo - £22,500

Towards the costs of a programme of Theological Education by Extension in the Anglican Province of Uganda.

Missionary Training Service - £47,500

Towards the costs of the Evangelical Training Database.

St John's Community Centre, Nairobi - £45,000

Towards the costs of staff salaries for those working on the organisation's youth outreach programme in Pumwani, Nairobi.

Tearfund - £70,000

Towards the costs of their work in Burma following Cyclone Nargis and the Kale Heywet community development training programme in Ethiopia.

World Vision UK - £59,532

Towards the costs of their work in Burma following Cyclone Nargis and the costs of a water and sanitation project in Banja Wordea in Ethiopia.

Grants of £5,000 and under totalling £17,275 were also made to:

ACCTS Military Ministries International
Aim International
Church of South India Hospital
Great Lakes Outreach
Novi Most International
Serving in Mission (UK)
St Paul's University, Limuru, Kenya
Uganda Christian Lawyers Fraternity
Wood World Mission
World Horizons

CHRISTIAN EDUCATION - £871,400

Trustees are particularly interested in the development of Christian curriculum resource materials for schools in RE and other subjects; the support, training and retention of Christian teachers in all subjects; and lay training.

Bible Reading Fellowship - £20,000

Towards the costs of making Foundation 21 fully accessible via the internet.

Christian Education Movement - £50,000

Towards Christian resources aimed at Key Stage 2 on sex and relationships.

Christian Friends of Israel - £10,000

Towards the Keshet DVD course.

Churches Together in Earley & East Reading - £9,100

Towards REinspired.

Dare 2 Engage - £137,100

Towards developing Christian RE in school sixth forms and FE colleges.

Open The Book - £26,000

Towards the costs of developing resources for congregations in support of RE through drama and storytelling in local schools.

Right to Life Charitable Trust - £20,000

Towards costs of DVD and resource packs on abortion.

St John's College, Nottingham - £135,000

Towards costs of the Story of the Church of England.

Stapleford Centre - £110,000

Towards the organisation's core costs.

Small grant scheme for Christian RE resources - £65,000

Towards the costs of providing small grants for Christian resources for schools administered by the Stapleford Centre.

Transforming Lives - £220,000

Towards Transforming Lives core costs.

University of Aberdeen - £25,000

Towards the costs of developing resources to train lay people to support the Christian faith of people with physical and learning disabilities.

Vital Partnerships Ltd - £40,000

Towards the costs of the Spirituality and Learning Programme.

Grants of £5,000 and under totalling £4,200 were also made to:

CWR

Navigators

Royston Trust

Schools Outreach

CHRISTIAN MEDIA - £423,375

Trustees are interested in supporting media projects that promote Christianity. They are also interested in supporting training and networking projects for Christians working professionally in all areas of the media and for those considering media careers.

Churches' Media Council - £80,000

Towards the salary costs of the director.

Evangelical Alliance - £20,000

Towards the costs of setting up two media hubs.

Gospel Radio Fellowship Christian Radio - £9,000

Towards core support.

Jerusalem Productions Ltd - £250,000

For disbursement by Jerusalem Productions during the calendar year of 2008.

Jerusalem Productions Ltd - £12,500

Towards paperlesschristmas.

Kairos Media Trust - £10,000

Towards the costs of the rights for Miracle Maker and towards the costs of dubbing the programme into 5 languages used in Central Asia.

Middle East Media - £10,875

Towards the costs of the 'Glimpses of Glory' series.

World Share - £25,000

Towards the costs of ECTV in Turkey.

YMCA - £6,000

Towards the Winchester Passion.

EVANGELISM AND CHRISTIAN MISSION IN THE UK - £724,052

Trustees are particularly interested in Christian projects that develop new ways of working with children and young people; in church planting and evangelistic projects and those that undertake Christian work with prisoners, ex-prisoners and their families.

2011 Trust - £30,000

Towards the organisation's core costs.

Adventure Plus - £10,000

Towards the cost of AdventureImpact.

Alliance of Religions and Conservation (ARC) - £10,000

Towards the Green Gospels.

Bradford Churches for Dialogue and Diversity - £7,500

Towards salary costs.

Catalyst Urban Trust - £50,000

Towards the costs of developing the Urban Mission Toolkit.

Christian Enquiry Agency - £10,000

Towards the organisation's core costs.

Council of Black Led Churches - £46,000

Towards the salary of a development worker.

Foundation for Church Leadership - £30,000

Towards the organisation's core costs.

Frontier Youth Trust - £22,500

Towards the costs of project looking at the overlap between statutory youth work and Christian youth work.

Global Day of Prayer London - £50,000
Towards the Global Day of Prayer 2008.

Hebron Trust - £18,750
Towards salary costs.

Incarinate Network - £8,000
Towards the costs of developing the organisation.

International Service Fellowship Trust (Interserve) - £20,000
Towards the costs of Urban Vision.

Lambeth Conference - £7,000
Towards the costs of two bursaries for bishops from the developing world to attend the Lambeth Conference 2008.

Lambeth Partnership - £40,000
Towards the costs of Fresh Expressions.

London Institute for Contemporary Christianity - £37,500
Towards the costs of a regional development worker for the Imagine project.

Message Trust - £37,500
Towards the costs of a development worker for the Eden project.

Philo Trust - £20,000
Towards the organisation's core costs.

Prison Fellowship - £15,000
Towards the costs of volunteering and support.

Share Jesus International - £30,000
Towards the costs of the Pentecost Festival 2009.

Springs Dance Company - £6,000
Towards the costs of a new production.

St Francis' Children's Society - £30,000
Towards the costs of support for placing children with complex needs.

St James the Less - £22,500
Towards the costs of a project manager's salary.

Stewards' Trust - £7,000
Towards the organisation's core costs

TenTen Theatre - £20,000
Towards the costs of a drama programme with young offenders.

Youth for Christ in Britain - £80,000

Towards the cost of a staff development programme.

Grants of £5,000 and under, totalling £58,802 were also made to:

Armed Forces' Christian Union
Changing Tunes
Clevedon YMCA
Countess of Huntingdon Connexion
Croatian Church Trust
Crossroads Christian Counselling Service
Eckling Grange
EVE Conference
Footprints Project
Jewel in His Crown
Jubilee Centre
Jubilee Christian Fellowship
Kingsclere PCC
Lambeth Partnership
National Prayer Breakfast
Neighbours in Poplar
On the Move
Portrack Baptist Church
Prayer Alert
Prayer Chain Ministry
SPECast
St Mark's Church, Kennington
St Mary's Church, Bunbury
St Michael's Church, Bath
Theos
The Cathedral Church of All Saints, Wakefield
The Passage, Victoria
Upper Yare Group of Parishes
Warham Trust
Westcott House
Winchester Diocesan Board of Finance
YMCA, Winchester

CHRISTIAN ART – £21,500

Trustees focus mainly on a small number of commissions of works of art for places of worship.

St Alban's Cathedral Music Trust - £10,000

Towards the costs of the community opera, Alban.

Grants of £5,000 and under totalling £11,500 were also made to:

Art & Christianity Enquiry

Art & Sacred Places
St Clement's Church, Notting Dale & St James' Church, Norlands
Sanctus 1
The Parish of St Andrew Fulham Fields

Grants Cancelled

Grants totalling £29,960 were cancelled, refunded or amended during the year.

Approved by the Board of Trustees on
by

and signed on their behalf

.....TRUSTEE

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Notes</i>	Unrestricted Funds £'000	Expendable Endowment £'000	Total Funds 2008 £'000	<i>Total Funds</i> 2007 £'000
Income and expenditure					
Incoming resources					
Donations and gifts		-	-	-	50
Investment income	2	2,986	-	2,986	2,259
Bank deposit interest		79	-	79	161
Interest on short-term deposits		156	-	156	104
Total incoming resources		3,221	-	3,221	2,574
Resources expended					
Cost of generating funds:					
Investment management fee		-	76	76	50
Charitable activity					
Grant-making	3	2,308	-	2,308	1,878
Grant related support costs	4	251	-	251	271
Cost of grant-making		2,559	-	2,559	2,149
Governance costs	4	13	-	13	13
Total resources expended		2,572	76	2,648	2,212
Net incoming/(outgoing) resources		649	(76)	573	362
Other Recognised Gains and Losses					
Gains/(losses) on investment assets:					
Realised		-	(3,378)	(3,378)	1,786
Unrealised	7,10	27	(15,374)	(15,347)	2,633
Net movement in funds		676	(18,828)	(18,152)	4,781
Balances brought forward at 1 January 2008		(369)	85,623	85,254	80,473
Balances carried forward at 31 December 2008		307	66,795	67,102	85,254

The notes on pages 15 to 21 form part of these accounts

There are no gains and losses in either the current or preceding year other than those recognised in the statement of financial activities.

BALANCE SHEET

AS AT 31 DECEMBER 2008

	<i>Notes</i>	2008	2007
		£'000	£'000
FIXED ASSETS			
Tangible fixed assets	6	12	16
Investments	7	66,977	84,230
		<u>66,989</u>	<u>84,246</u>
CURRENT ASSETS			
Debtors	8	118	68
Cash at bank and in hand		<u>2,164</u>	<u>2,741</u>
		2,282	2,809
CURRENT LIABILITIES			
Creditors - amounts falling due within 1 year	9	<u>(2,169)</u>	<u>(1,801)</u>
NET CURRENT ASSETS		113	<u>1,008</u>
NET ASSETS		<u>67,102</u>	<u>85,254</u>
CAPITAL FUNDS			
Expendable endowment	10	66,795	85,623
INCOME FUNDS			
Unrestricted funds	10	307	(369)
		<u>67,102</u>	<u>85,254</u>

The financial statements were approved and authorised for issue by the Trustees on
were signed on their behalf by:

and

.....TRUSTEE

The notes on pages 15 to 21 form part of these accounts

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities", applicable accounting standards and the Charities Act 1993, and comply with the Charities (Accounts and Reports) Regulations 2005 issued under the Charities Act 1993.

The Charity has taken advantage of the exemptions provided under the SORP 2005 and has not prepared a cash flow statement for the year.

The principal accounting policies adopted are as follows:

- a) Income
 - (i) Income is shown gross which includes the associated tax credit unless the tax so deducted is considered irrecoverable.
 - (ii) Dividends are included by reference to their due dates.
 - (iii) Interest is recorded only when it has been received.
- b) Grants payable

Grants for which there is a legally binding commitment are accounted for within the Statement of Financial Activities.

Payments that are due within one year of the year-end date are included within grants payable in the Statement of Financial Activities. Other grants are accounted for in the Statement of Financial Activities when conditions attaching to the grant are fulfilled.

Grants approved subject to conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure (see note 3).
- c) Investments

Net realised and unrealised gains and losses are reflected in the Statement of Financial Activities.

Investments are shown at mid market value.

Partial disposals are accounted for using average book value.
- d) Support costs

Most of these costs support the grant-making activity of the Trust and are so allocated. They comprise in the main a share of the staff and office costs of the joint office of the Sainsbury Family Charitable Trusts, which are allocated in proportion to time spent on Trust matters and grants paid.
- e) Charitable activities

The Trustees consider that grant-making is the Trust's sole charitable activity.
- f) Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include fees for statutory audit, legal fees where relevant, together with an allocation of support costs.
- g) Depreciation

Fixed assets are depreciated at rates which reflect their useful life to the Trust.

The following rate has been used:

Leasehold Improvements	-	10% per annum
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NOTES TO THE ACCOUNTS (Continued)

2. INVESTMENT INCOME

Income received on investments may be analysed as follows:

	2008		2007	
	£'000	%	£'000	%
U.K. Fixed Interest	580	19.4	609	27.0
U.K. Equities	2,203	73.8	1,502	66.5
Overseas Equities	203	6.8	148	6.5
	<u>2,986</u>	<u>100.0</u>	<u>2,259</u>	<u>100.0</u>

3. GRANTS PAYABLE

	2008		2007	
	£'000	£'000	£'000	£'000
Reconciliation of grants payable:				
Commitments at 1 January 2008		1,744		2,031
Grants not accrued at 1 January 2008	623		342	
Grants approved in the year	2,520		2,159	
Grants cancelled, refunded or amended	(30)		-	
Grants not accrued at 31 December 2008	<u>(805)</u>		<u>(623)</u>	
Grants payable for the year		2,308		1,878
Grants paid during the year		(1,943)		(2,165)
Commitments at 31 December 2008		<u>2,109</u>		<u>1,744</u>

Commitments at 31 December 2008 are payable as follows:

	2008	2007
	£'000	£'000
Within one year (note 9)	<u>2,109</u>	<u>1,744</u>

Commitments

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants that are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 31 December 2008 was £804,740 (2007: £623,108).

NOTES TO THE ACCOUNTS (Continued)

3. GRANTS PAYABLE (continued)

The amount payable in the year included the following:

	£
<u>CHRISTIAN EVANGELISM AND RELIEF WORK OVERSEAS</u>	
Advantage Africa	45,000
Barnabas Fund	25,000
Bethlehem Bible College	20,000
Carlie College	22,574
Church Missionary Society	15,000
Forum 18 News Service	15,000
Franciscan Friars of the Atonement	25,000
Kenya's National Alliance of Churches	25,120
Missionary Training Service	35,000
St John's Community Centre, Nairobi	30,000
Tear Fund	70,000
World Vision UK	59,532
<u>CHRISTIAN EDUCATION</u>	
Bible Reading Fellowship	20,000
Christian Education Movement	25,000
Luton Churches Education Trust	80,500
Open the Book	11,000
Right to Life Charitable Trust	20,000
St John's College, Nottingham	45,000
Stapleford Centre	235,000
University of Aberdeen	15,000
Vital Partnership Limited	30,000
<u>CHRISTIAN MEDIA</u>	
Churches' Media Council	80,000
Evangelical Alliance	20,000
Jerusalem Productions Limited	262,500
Lapido Media	20,000
Middle East Media	10,875
Rejesus.co.uk	15,000
World Share	25,000
<u>CHRISTIAN ART</u>	
Salisbury Cathedral	31,608
St Alban's Cathedral Music Trust	10,000

NOTES TO THE ACCOUNTS (Continued)

3. GRANTS PAYABLE (continued)

£

EVANGELISM AND CHRISTIAN MISSION IN THE UK

2011 Trust	30,000
Catalyst Urban Trust	50,000
Council of Black Led Churches	33,500
Feltham Community Chaplaincy Trust	30,000
Foundation for Church Leadership	20,000
Frontier Youth Trust	15,000
Global Day of Prayer	50,000
Hebron Trust	13,750
International Service Fellowship Trust	20,000
Lambeth Partnership	20,000
London Institute for Contemporary Christianity	20,000
Message Trust	27,500
More Than God	40,000
Philo Trust	20,000
Prison Fellowship	15,000
St Francis' Children's Society	30,000
St James the Less	22,500
Share Jesus International	30,000
Youth for Christ in Britain	80,000
YMCA	15,000

4. ALLOCATION OF SUPPORT COSTS

	Charitable Activity	Governance	2008 Total	2007 Total
	£'000	£'000	£'000	£'000
Staff costs	165	4	169	174
Consultancy	12	-	12	8
Office costs	63	-	63	81
Depreciation	4	-	4	4
	244	4	248	267
Legal fees	7	-	7	8
Auditor's fees	-	9	9	9
	251	13	264	284

During the year no Trustee received remuneration (2007: £nil) and one Trustee was reimbursed travel expenses of £49 (2007: £172).

NOTES TO THE ACCOUNTS (Continued)

5. ANALYSIS OF STAFF COSTS

	2008	2007
	£'000	£'000
Wages and salaries	140	144
Social security costs	16	17
Other pension costs	13	13
	<u>169</u>	<u>174</u>

As mentioned in Note 1(d), the Trust is one of the Sainsbury Family Charitable Trusts, which share a joint administration at Allington House which is the Registered Office. 7.9% of the total costs of the joint office have been allocated to the Jerusalem Trust, including a proportionate share of the costs of employing the total number of staff serving in the office in 2008. Staff costs equivalent to 4 full time employees were charged to the Jerusalem Trust, the same figure as for 2007.

6. TANGIBLE FIXED ASSETS

	Leasehold Improvements
	£'000
<u>Cost</u>	
At 1 January 2008 and 31 December 2008	<u>40</u>
<u>Depreciation</u>	
At 1 January 2008	24
Charge for the year	4
Accumulated depreciation at 31 December 2008	<u>28</u>
Net book value at 31 December 2008	<u>12</u>
Net book value at 31 December 2007	<u>16</u>

NOTES TO THE ACCOUNTS (Continued)

7. FIXED ASSET INVESTMENTS

	2008	2007
	£'000	£'000
Market value 1 January 2008	84,230	79,628
Less: Disposals	(34,056)	(22,445)
Add: Acquisitions at cost	32,150	24,414
Net (losses)/gains on revaluation	(15,347)	2,633
Market value at 31 December 2008	66,977	84,230
Historical cost at 31 December 2008	63,323	63,102

The investments held as at 31 December 2008 were as follows:

	2008	2007		
	Cost	Market Value	Cost	Market Value
	£'000	£'000	£'000	£'000
U.K. Fixed Interest	9,247	9,429	11,939	11,729
U.K. Equities	34,737	37,918	33,151	48,978
U.K. Equities – Unquoted	4,560	3,603	4,120	5,214
Overseas Equities	11,800	13,048	12,346	16,763
Cash Instruments	2,979	2,979	1,546	1,546
	63,323	66,977	63,102	84,230

Investments at 31 December 2008 included the following at market value:

U.K Fixed Interest: Charinco Distribution Units - £6,974,592

U.K. Equities: J Sainsbury Plc - £14,688,358

8. DEBTORS

	2008	2007
	£'000	£'000
Income tax recoverable	61	33
Loans receivable	50	25
Other debtors	7	10
	118	68

NOTES TO THE ACCOUNTS (Continued)

9. CREDITORS

	2008	2007
	£'000	£'000
Grants payable	2,109	1,744
Professional charges	11	11
Other creditors	49	46
	<u>2,169</u>	<u>1,801</u>

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Expendable Endowment	Totals 2008
	£'000	£'000	£'000
Fund balances at 31 December 2008 are represented by :			
Tangible fixed assets	-	12	12
Investments	726	66,251	66,977
Current assets	1,737	545	2,282
Current liabilities	(2,156)	(13)	(2,169)
Total net assets	<u>307</u>	<u>66,795</u>	<u>67,102</u>

Unrealised gains included in the above

On investment assets (see note below)	3	3,651	3,654
Total unrealised profits/(losses) at 31 December 2008	<u>3</u>	<u>3,651</u>	<u>3,654</u>

Reconciliation of movements in unrealised gains on investment assets

Unrealised gains at 1 January 2008	(24)	21,152	21,128
Add in respect of disposals in year	-	(2,127)	(2,127)
	<u>(24)</u>	<u>19,025</u>	<u>19,001</u>
Add: net (losses)/gains arising on revaluation in year	27	(15,374)	(15,347)
Unrealised gains at 31 December 2008, as above	<u>3</u>	<u>3,651</u>	<u>3,654</u>

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE ACCOUNTS

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

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

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF JERUSALEM TRUST

We have audited the financial statements of Jerusalem Trust for the year ended 31 December 2008 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 13 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 15.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities on page 22.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 December 2008 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
Date

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